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No. 73

STAKEHOLDER ROLES AND STAKEHOLDER ANALYSIS IN PROJECT PLANNING: A REVIEW OF APPROACHES IN THREE AGENCIES - WORLD BANK, ODA AND NRI

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March 1997

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Introduction

Stakeholder topics are one of the main ideas in development thinking that have been introduced in the last few years, certainly a concept of the 1990s. The use of stakeholder language and the application of analysis, planning and management methods directed towards different interest groups are increasingly becoming commonplace, especially amongst some anglophone donors,

Three main general applications of stakeholder ideas have been developed in the literature:

- the involvement of Stakeholders in Participatory methods of Development intended to achieve sustainable poverty relief;

- the use of Stakeholder Analysis to assure the implementation soundness of development projects; and

- its use as a means of understanding the many economic interests and processes that relate to "systems" for Natural Resource Management, this understanding to be applied in a number of developmentally beneficial uses.

Naturally the three strands of applying stakeholder ideas draw from each other. This paper looks at the emergence of thinking and applications from them all, leading towards a more full consideration of the application of Stakeholder Analysis in the planning of projects of various kinds.

Following discussion of the origins of Stakeholder Analysis as a major element in the discussion of participatory development, four main literature source series are described in some detail, before the set is reviewed in a final section.

Stakeholder Ideas in Participatory Development

Much current thinking and literature involving stakeholder consideration stems from the wider interest amongst development assistance agencies with Participation in the development process. This especially relates to questions of sustainability for poverty-related development interventions, a form of activity that became increasingly prominent in donor priorities since the early 1970s.

Thinking about participation in poverty-related development has seen, as an important element, the need for intended beneficiaries to be involved in some or all of the Processes of planning, implementation and the long-term management of the changes being brought about through a policy or project intervention. Drawing on established

ideas in the literature of corporate management, the term "Stakeholder" was introduced. Initially the term was used to designate the main groups on whom poverty related actions were targeted - including frequently women, landless people, the unemployed and other sections of society who are disadvantaged by reasons of wealth, education, ethnicity, etc.

Involving people from these groups in various project-related actions was the core of "participation", the nub of "participatory development". Many forms of participation were introduced. At the most basic level, this involved merely informing people likely to be affected by an activity of what was intended. Voluntary labour contributions from local people was also a popular element of many "community development" projects, where this work was seen as a participatory contribution. However, in the modern era - from the mid-1980s say - participation has included an element of empowerment in the planning and decision-making and implementation of actions that affect people's lives. Especially at the project level, donors sought to involve them in change activities that were part of the interventions under consideration.

Crucial to the notion of "involvement" was the need to identify who should be involved. From the participatory viewpoint, those to be involved included all of those who had a stake in the outcome of the actions proposed. Clearly this would involve the targeted beneficiaries, who could easily be described as "stakeholders" in the outcome. However, consideration of how to make community-based developments feasible and sustainable has led to a growing appreciation that those with a "stake" in the outcome of any development initiative includes many groups other than the target sections themselves. Feasibility in implementation and sustainability in the long run requires a degree of sympathy towards the developments and identity with the successful outcome on the part of many more groups and parties than the target beneficiaries. The definitions of project stakeholders are now very wide, set broadly to include all of those with an interest at some stage in the outcome of the actions being proposed.

The recent developments of stakeholder ideas in the World Bank.

It is revealing to appreciate how new is the introduction into development thinking and discussion of the "stakeholder" vocabulary and the associated concepts. Gradual and partial adoption of the idea by the development community may be illustrated from recent publications from or relating to the World Bank.

In February 1992, the Bank conducted a Workshop on Participatory Development which included inputs from both within and without the Bank. Marking the end of the first year of a major "internal learning process" lead by a team of Bank staff, more than 80 people took part, representing the Bank and 34 other institutions. Remarkably, the proceedings of this Workshop (Bhatnagar and Williams 1992) seem not to contain the word "stakeholder" at all. Despite the very wide representation of NGOs, academics and donor agencies, this set of concepts had, by then, simply not been taken up by the development community.[1]

Steps in the subsequent process of an emerging appreciation of stakeholder notions can be traced in the workings of the "Participation Learning Group" in the Bank. This body

- which no doubt grew out of the Team that inspired the 1992 Workshop - included representatives from many departments. Over three years, it developed the ideas that were finally reported in a statement on the World Bank and Participation (World Bank 1994). In the following year, a Sourcebook on participation was published (World Bank 1995), whose Introduction further developed some of the ideas brought out by the Group.

The emphasis in these papers was primarily on participation, especially as this related to the sustainability of introduced changes. The definition and involvement of stakeholders was seen especially in this context. At first, the stakeholders in view were taken to be "the poor", members of poverty-targeted beneficiary groups. This is strongly implicit in the first finding of the Group that "Participatory development is a process through which stakeholders influence and share control over development initiatives, and the decisions and resources which affect them" (p3). In this sense, the targeted beneficiaries were taken to be the stakeholders in view. During the development of its ideas, the draft report of the Group is reported (Nelson and Wright, 1995) to have used the following definition of Stakeholders, as "Parties who either affect or are affected by the Bank's actions and policies".[2] The scope of this phrase suggests inclusion of the Input actors (who affect) as well as the beneficiaries (who are affected). It can also be read to imply that in many developments, there are losers as well as gainers. The former have a stake that needs not only to be recognised through amelioration but through involvement of these parties in the design of the changes themselves.

However, it became evident that a wider constituency of actors had a role in any project, and so should be included as stakeholders. In addition to the poor,

> "other stakeholders include those expected to benefit from or be adversely affected by projects. Stakeholders also include institutions and individuals with an interest in a policy or project, including NGOs, intermediary organisations, public interest groups, private sector businesses, and technical and professional bodies." (World Bank 1994, p3)

The inclusion of a wider range of bodies gave rise to a need to distinguish into groups those with different interests in the outcome. It is reported (Nelson and Wright 1995) that draft versions of the Group report used the term "primary stakeholders" for the poor. Governments of borrowing countries were called "borrowing stakeholders", and "secondary stakeholders" were non-governmental organisations, businesses and professional bodies who had technical expertise and linkages to primary stakeholders.

The description of different types were changed before the report was finalised. Reference was made in the report to these groups:

> "key stakeholders .... are the poor[3]; Other stakeholders include those expected to benefit from or be adversely affected by projects. Stakeholders also include institutions and individuals with an interest in a policy or project, including NGOs, intermediary organisations, public interest groups, private sector businesses, and technical and professional bodies." (ibid p 3)

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The distinction here between key stakeholders and others is clear, but the latter category is very broad.

The concept developed further between publication of the Report and issue of the Sourcebook (World Bank 1994 and 1995). Reviewing bank experience, the second source refers to the different groups in these terms:

> "….part from poor and disadvantaged people who were directly affected, there were a range of *other* stakeholders for Bank supported operations. These stakeholders could affect the outcome of a proposed Bank intervention or were affected by it, and because of this their participation was critical. In addition to those directly affected by the project, these include:
>
> the Borrower - elected officials, line agency staff, local government officials, etc.
>
> indirectly affected groups - others with an interest in outcomes such as NGOs, private sector organisations, etc.;
>
> the Bank - Bank management, staff and shareholders." (pp 5 & 6)

Recognising the importance of the wider range of people with an interest in outcomes, the Sourcebook shifted its focus "from popular participation to *stakeholder participation* - the participation of all relevant stakeholders in the development process."[4]

Given the range of different types of stakeholder that have been identified, it was natural for the Report (World Bank 1994) to recognise that "Who the stakeholders are will vary from project to project. Finding out who they are and how to involve them in improving project impact usually requires a willingness to consider directly the issue of stakeholder involvement in analytical work and project preparation." (p 3)

For policy work, identifying the relevant stakeholder groups and interests could be complex. However,

> "For project investment work, stakeholders are (more) easily identified because of: (i) their responsibility for planning and implementation; (ii) their position - for or against - project objectives; (iii) the skills, knowledge, resources, relationships which they can bring to bear; and (iv) their contribution to future sustainability. Again, special efforts will need to be made to ensure that relevant stakeholders least able to actively contribute to the project process are enabled to do so because vital information for project success is often privately held by these groups and is not available in the public domain." (p 3)

The importance of power relations in the identification of stakeholders is also recognised. In its review of relevant Bank experiences, the Sourcebook noted that "sponsors and designers of development activities had to work through powerful

stakeholders in order to serve the needs of the poorest people. Attempts to bypass powerful stakeholders often resulted in opposition from them; and this opposition usually compounded the problem of getting anything useful accomplished." (p6)

The allusion here to a diversity of interests is further developed. The Sourcebook recognises that achieving consensus and reconciling key stakeholder differences is not easy, and it may entail risks such as generating or aggravating conflicts between groups and conflicting interests and priorities. Dealing with conflicts, they emphasise, often requires an understanding of the underlying societal interests inhibiting consensus and putting into place mechanisms for dispute resolution and negotiation.

These points from key World Bank documents on participation reflect the appreciation - from about 1993 perhaps - of the value of the Stakeholder idea, and moves towards the identification of different types of stakeholder, albeit with changing and still rather loose specifications of the various categories into which they may be placed.

However, perhaps further reflecting the newness of the topic, it is notable that recognition of "Stakeholder" concepts in one part of the Bank doesn't imply their adoption in all quarters. Narayan (1995), reporting on a World Bank study over a few years of participation in water supply projects, makes no use of the term. Frequent reference is made to "beneficiaries" and to "clients" - the two are often the same groups - but in this evaluative study the new stakeholder concepts were not brought into use.

Stakeholder Ideas in ODA publications

Although ODA was not represented in the 1992 World Bank Workshop on Participatory Development (Bhatnagar and Williams 1992), ideas on participation were shared between staff members in the two donor agencies. In published sources, however, some of the more important recent ideas in stakeholder perceptions and participatory action are more fully expressed in publications and papers from the UK agency than in available materials from Washington.

Stakeholder concerns in the Social Analysis of Projects

The main ODA publication where stakeholders are discussed (ODA 1995a) looks at them from the viewpoint of the social analysis of projects.

> "Social analysts look at the total social universe of a development project. They identify the various actors or stakeholders who are involved in, or likely to be affected by, aid policies and projects. They take particular care to identify and interpret the situation and needs of those who, because of their social status and role, tend to be less visible to outsiders. The social analyst must be alert to, and able to interpret, the (potentially wide) range of different perspectives and values held by the different stakeholders in the project." (pp 3 & 4)

The main purpose of this analysis is to make Stakeholder Participation effective, which is defined as: the process whereby all those with an interest (stakeholders) play an active role in decision-making and in the consequent activities which affect them.

Participation of this kind would ensure that projects are more efficient, effective and sustainable. It is wider in meaning than community or beneficiary participation: it is a concept which takes into account the concerns and interests of all the people affected by the project.

Regarding the role of stakeholders in participatory activities, it is noted that this can vary as project processes proceed.

> "The degree of participation of the various stakeholders can vary at different stages in the delivery of aid according to their involvement in:
>
> > the identification of the activity to be funded
> > decision-making and planning
> > bearing costs
> > implementation
> > receipt of benefits
> > monitoring and evaluation." (p 94)

It is also recognised that stakeholders have varying degrees of power to influence outcomes - and also to decide which other stakeholders may be invited to participate and to what extent. From the stakeholder perspective, participation can be seen as a spectrum range of possibilities from being informed through to consultation, partnership, delegation and, ultimately, to being in control. At these different levels, the question of stakeholder powers is recognised as a major issue. "Those with less power tend to want greater participation in management of resources and access to benefits, while those with power are usually reluctant to give it up." (p 95)

Enhancing participation by stakeholders can, therefore, reveal to the analyst a conflict of interests. For any project, it is suggested that there should be negotiation between all stakeholders to find good enough practical outcomes in a situation of possible paradox - one where the analysts want to make decisions based on their values, while seeking to integrate into the decision-making process the potentially different values of other stakeholders.

Issues of power and possibly negative attitudes to project objectives on the part of some powerful stakeholders are clearly appreciated, especially in the poverty-oriented projects in which it is expected that social analysts will be most frequently involved. "Projects need to be implemented so that the poor are better off, whilst ensuring that the rich do not perceive themselves as losers." (p 96)

It is also recognised that in practice participation can vary according to the type of participation that each of the stakeholders can make and the stage in the cycle of development assistance. A procedure is outlined under which the social analyst can prepare a Participation Matrix, which lists on the axes (i) the different main stakeholders and (ii) the stages in the project sequence. This matrix is illustrated in Table 1. The

names of the actors at each stage can then be written into the corresponding cells to show what role they play - of course with blanks as necessary: not everyone has to be involved with everything!

Table 1 Blank Participation Matrix

	Inform	Consult	Partnership	Delegate	Control
Identification					
Planning					
Implementation					
Monitoring & Evaluation					

Source: ODA 1995a, p.99.

Operational Papers concerning Stakeholders in Aid Activities

During 1995, the Social Development Department of ODA produced three booklets on technical aspects of stakeholder matters. (ODA 1995b, 1995c, 1995d). These unpublished notes deal in more specific terms with some of the stakeholder issues raised in other publications, especially the Social Analysis Guide (ODA 1995a), which would have been drafted earlier.

A consistent definition of a *stakeholder* is given, namely: "any person, group or institution that has an interest in an aid activity, project or programme". (ODA 1995b, p 2)[5] Division into two broad groups is made: "those with some intermediary role - *secondary stakeholders* - and those ultimately affected, *primary stakeholders,* who expect to benefit from or be adversely affected by aid." (ibid) Noting several values of stakeholder participation in aid activities - especially in strengthening local ownership of aid activities and reducing the risks of failure - it is recognised that the universe of stakeholders is potentially boundless. To set parameters on which to include, it is proposed that participation should involve only *key stakeholders,* who *"are those who can significantly influence the project, or are most important if ODA 's objectives are to be met"* (ibid, p 4)

It is further recognised that stakeholders, primary stakeholders especially, may have a role either as individuals or as groups. However, given the heterogeneity of various communities, it is recognised that different sections may need to be considered separately, often through their representation in some kinds of alliance or association of those sharing a common interest.

Stakeholder Analysis is explicitly taken up in the first two of these papers. (ODA 1995b and 1995c). The aims of this kind of analysis are "to:

identify and define the characteristics of key stakeholders;

assess the manner in which they might affect or be affected by the programme/project outcome;

understand the relations between stakeholders, including an assessment of the real or potential conflicts of interest and expectations between stakeholders;

assess the capacity of different stakeholders to participate". (ODA 1995b p 4)

It is recognised that aid activities can create stakeholder groups that are not otherwise present, including the donor. It is suggested that Stakeholder Analysis be repeated at intervals during the project cycle to ensure that the involvement of all groups is addressed and to see whether the situation of original stakeholders has changed.

Analysis of the kinds in view will include a number of institutions as stakeholders. However, it is emphasised that this analysis "differs from *institutional analysis,* which is concerned with looking at the appropriateness and effectiveness of institutional arrangements and assessing the strengths, weaknesses and development needs of individual organisations". (ibid p 5)

Stakeholder Analysis in the ODA Technical Notes

The ODA Guidance Note on how to do Stakeholder Analysis (ODA 1995c), goes into the matter in some detail. The Analysis is defined as: 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 seen to be linked to both institutional appraisal and social analysis, and contributes to project design through the LogFrame, by helping to identify appropriate forms of stakeholder participation. Undertaking such an analysis is said to: draw out the interests of stakeholders, at the identification stage in relation to the problems that the project is seeking to address, and (once it has started) to the purposes chosen for it; to identify conflicts of interest, and the related riskiness of committing resources where these exist; help to identify relations between stakeholders which can be built on; and help to assess the appropriate types of participation at successive stages of the project cycle.

Making this analysis should obviously be done early, to contribute to the LogFrame for the final project plan, but also whenever revision of the LogFrame is being considered. To the extent possible, a team approach to making the analysis will be very suitable, although this may prevent some basic underlying tensions and differences of interest from emerging - these have to be determined in other ways.

The process is seen to involve three main steps:

drawing up a "stakeholder table"

making an assessment of each stakeholder's importance to project success and their relative power/influence; and

identifying risks and assumptions which will affect project design and success.

The Stakeholder Table contains four columns, as shown in blank form in Table 2. Stakeholders are listed in the first, group according to whether they are Primary, Secondary or "External" - a new category introduced in the Guidance Note to include those parties who have an interest in the outcome of the project but are not likely to be directly involved in it as either beneficiaries or through the implementation process. Their interests may be benign, merely observing what occurs, and possibly learning from it; or active, exerting influences of different kinds to promote or to retard progress towards meeting the objectives.

Table 2 Blank Stakeholder Table

| Stakeholders	Interests	Potential project impact	Relative priorities of interest

Primary
     First
     Second
     Third
 	
Secondary
     First
     Second
     Third
 	
"External"
     First
     Second			

Source: ODA 1995c, p.7.

The second column lists in brief terms all of the main Interests of each stakeholder, as these relate to the proposed activities and objectives of the project. Multiple interests are common.

The nature of the Potential Impact on the Project stemming from each listed interest are shown in the third column, with a sign showing +ve or -ve effects. Where the effects of any interest may be multi-directional, or are uncertain, they can be shown as -/+ or +/-, as appropriate. A question mark (?) would denote that the likely impact of an interest is unknown.

The final column is to show the Relative Priorities of Interest. The concepts behind use of this column are not explained in the Guidance Note, but the illustrations indicate that this is a place where an indication is given of the importance of each stakeholder to the project objectives. On a scale running from 1 (high priority) to 5, Primary stakeholders are, of course, given a score of 1. Secondary actors are classed as 2 or 3, while External stakeholders are valued even less highly, having interest levels 4 or 5.

The second step - Assessing the Influence and Importance of the stakeholders - may be done through the preparation of a two dimensional matrix diagram for plotting these two characters against each other. This "Stakeholder Classification Matrix" is illustrated in Table 3. It is basic that all of the stakeholders listed are in the "Key" category, but within this class, they can be ranked according firstly to the extent to which they can influence the performance of the project and its "success", and secondly according to the extent to which their problems and interests are the concern of the donors or other parties sponsoring the project - i.e. deciding to provide resources and defining the objectives at the higher levels.

Table 3 Blank Matrix for Classification of Stakeholders according to relative Importance and Influence on Project Objectives
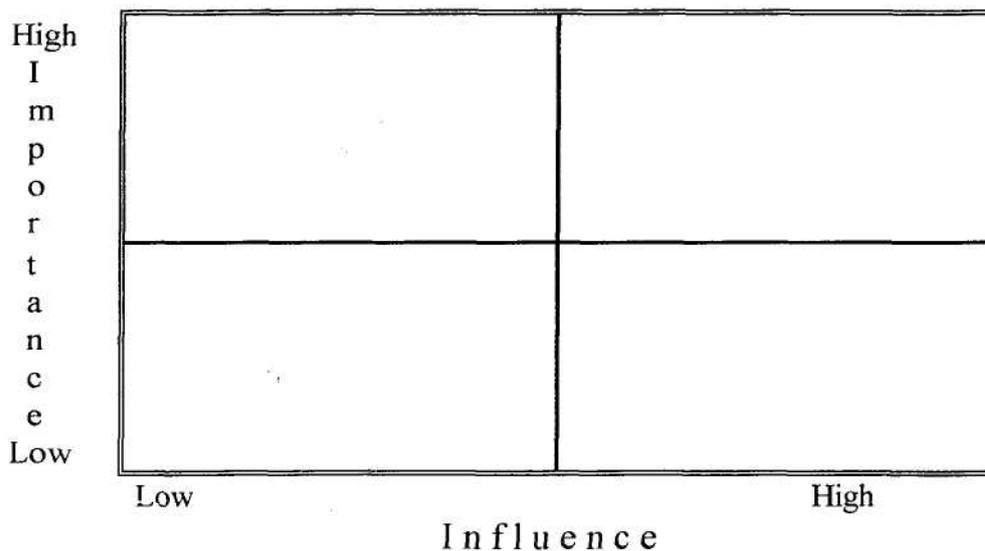
Source: ODA 1995c, p.10.

Each of these features may be graded (subjectively of course, though hopefully through a team consensus) in a spectrum from "high" to "low". The position of each stakeholder can then be plotted in the matrix diagram.

Within the diagram, it is suggested that four quadrants may be identified, three of which are of real concern to project design and selection. Of minor significance is the section of Low Importance, Low Influence. Project activities may be able to ignore them. On the other hand, stakeholders placed in the High Importance, High Influence section are unlikely to be the cause of concern if they are well involved in the project - they are likely to be targeted by the project objectives, and influential in allowing the objectives

to be met. More problematic are the other two segments. It is necessary to consider those with Low Importance but High Influence if their stake is likely to be inimical to project objectives. On the other hand, special steps need to be taken to ensure that the needs of those with High Importance but Low Influence can be met through the project interventions, met on a sustainable basis, that is.

Completion of the matrix diagram allows the final step in the process to be undertaken, the assessment of risks and the definition of the Important Assumptions stemming from them. Consideration of the assumptions may call for amendment to the definition of project Outputs and Activities in the LogFrame, but not all risks can be handled in this way. Some areas must remain as important risks of which decision makers should be aware.

These assumptions should eventually be shown in the LogFrame. If they are very serious threats, with a fair probability of arising, they may be regarded as "Killer Assumptions", so strong that the project's chances of meeting objectives are so low that it must be rejected.

A further use of the analysis mentioned in the Guidance Note is the use of the two tables to identify appropriate stakeholder participation in project actions at different stages. A third table proposed is the Participation Matrix presented in ODA 1995a and illustrated in Table 1, redrawn in the Guidance Notes with the omission of the column "Delegate".

Outturns from an analysis of the kind described would feature at several places in a project report, both in the project concept note, which is written at the time of project identification, and in the final project plan document. The latter especially will contain the full LogFrame, which will include *inter alia* elements brought in following this analysis, together with one or more of the three tables - the Stakeholder Table, the Influence/Importance Matrix and the Participation Matrix - and some discussion of the stakeholder scene and analysis as a whole. In projects where stakeholder and participatory considerations are of major importance in relation to objectives, an Annex may be devoted to stakeholder questions.

Stakeholder Analysis in the TeamUP Software

TeamUP is an integrated system of software for project preparation, whose core is eight modules for different stages in management planning. (Team Technologies, Undated, probably 1993)[6] These are developed sequentially, as follows:

1	Hierarchy of Objectives (Trees Analysis)	2	Logical Framework
3	Performance Plans	4	Stakeholder Analysis
5	Work Breakdown Structure	6	Organisation Responsibility Chart
7	Gantt Chart	8	Performance Budget.

As the title of this package suggests, it is envisaged that the build-up of a project plan through these steps will be the outcome of a Team-based activity. The core element is the Logical Framework.[7] Objectives are derived from a problem analysis, which when

ready is portrayed in the Hierarchy diagram (Tree Analysis). Remaining sections of the LogFrame (Activities, Objectively Verifiable Indicators, Means of Verification and Important Assumptions) are written into the second module. These are copied into later modules, and additional Outputs and Activities made in some later modules are carried back to the LogFrame. Integration and consistency between modules are the strong features of this tool for planning project management.

The inclusion of Stakeholder Analysis in this set of sequential project planning tools is specifically to allow the roles and interests of each actor to be determined, recorded and weighted before analysis, to see whether project design requires modification (through the addition of some Activities), mainly to remove or reduce the influence of any stakeholder interests that may be inimical to the objectives of the project.

Stakeholders to be identified are "any organisation or person who: has an interest in the project's success; contributes to or is affected by the objectives of the project; or can influence the problems to which it responds". (p 79)

They are to be identified in the software for two types of factor in the project: (i) internal - the three higher objective levels, Goals, Purposes and Outputs - and (ii) external factors, the Assumptions listed in the LogFrame that relate to the objectives at these three levels.

"The analysis is divided into two steps: identifying those persons who have a stake in the project and what their stakes are; and qualifying (sic) their stake in terms of its potential impact on achieving project objectives". (p79) Qualifying[8] their stake involves the calculation of a Stakeholder Impact value. This Impact index is the product of two elements, the Value of the stakeholder - the value placed by the stakeholder on their stake or interest in the project (scale of 1 to 5) - and the Power of the stakeholder, the ability to influence the attainment of the project objectives (scale of 1 to 6). Values of the elements can be negative, where it is thought that a stakeholder may have a negative impact on the attainment of the objectives.

The value of this analysis is to allow the Impact values of all stakeholders to be reviewed. TeamUP is not very clear on how to analyse the Impact information from this point.[9] It is suggested that the project design pays strong attention to the groups with high scores - strong Value and high Power - but the project should have no difficulty in getting to co-operate if they are brought in, and they should not be a concern. On the other hand those with negative scores, who may work against project objectives, may need to be accommodated through the addition of Activities aimed especially at their interests.[10]

This approach to Stakeholder Analysis brings a number of new elements to the toolkit of development project planning. These include, the notion of stakeholders related to each level of objectives; the identification of stakeholders associated with the important assumptions; the calculation of an Impact index, and the addition of new project Activities merely to meet needs revealed by this analysis. The potential of these elements is rather greater than the immediate one stated in TeamUP of simply considering whether additional Activities need to be incorporated in the design.

Applications of Stakeholder Analysis in Natural Resource Management - the "NRI" Method

Separately from the three developments reported above, an approach to the application of Stakeholder Analysis was independently developed by Grimble and associates at the Natural Resources Institute - NRI.[11] (Grimble and Chan 1994, Grimble and Wellard 1996). This interest in SA stemmed from

> "the concern that many policies and projects have not met their stated objectives because the consequences of the policy are perceived to be adverse by one or more stakeholder group, and therefore lead to non-co-operation or even open opposition by these stakeholders. Ways of better anticipating and dealing with stakeholder opposition and conflict, and ways of better incorporating various stakeholder interests, are therefore seen to be crucial for improving policy design and implementation" (Grimble and Chan 1994, p2)

To them, Stakeholder Analysis (SA) is defined as

> "an approach and procedure for gaining an understanding of a system by means of identifying the key actors or stakeholders in the system, and assessing their respective interests in the system. By Stakeholder is meant all those who affect, and/or are affected by, the policies, decisions, and actions of the system; they can be individuals, communities, social groups or institutions of any size, aggregation or level in society." (ibid, pp 2 & 3)

The importance in the NRI system of recognising and handling conflicts is present throughout.

The objective of SA is to improve understanding of natural resource and land-use management, and to design better projects and policies. These would be improved in two key senses: improving *effectiveness* on the ground, and to better address the *distributional and social* impacts.

Grimble and Chan (1994) is the base-line statement of the NRI approach. It points to the development of stakeholder approaches in the field of "management science" during the early 1980s. In the study of businesses, it was found necessary in assessing the effects of actions by and on the firm, to look at the wider range of relevant parties than had been the practice up till then.[12] Close parallels were seen between the needs for businesses to take a wide perspective and the concerns of natural resource management (NRM), where many development approaches had led to frustration, especially in forest management, the NRM area on which Grimble and his associates mainly concentrate.

In view of the failure of NRM schemes as a consequence of conventional methodologies and inadequate consideration of stakeholder interests, something beyond cost-benefit analysis, environmental valuation and assessment was required. SA would fill the gap left by the tendency for economic methods to overlook the fact that projects and policies often fail, due to opposition or non-co-operation of certain stakeholders who perceive

that their interests have not been served. SA would give greater attention to private costs and benefits, as they are perceived by decision-makers at various levels.

The relation of SA to participatory methods is noted, especially the sharing of important goals such as ensuring that the interests of less powerful groups are better articulated and addressed. However, it is stressed that increasing the participation of beneficiaries or target groups alone cannot guarantee that projects will work. The interests of a whole range of stakeholders need to be taken into account, and compromises sought between what may be seen as public objectives and potentially conflicting private stakeholder interests and objectives.

Based on operational experience in a number of forest situations in tropical countries, they outline the steps to be followed in a SA, what they call an "eclectic approach"[13] that can be used at particular times for NRM situations:

- identify the main purpose of the analysis
- develop an understanding of the system and decision-making in the system
- identify principal stakeholders
- investigate stakeholder interests, characteristics and circumstances
- identify patterns and contexts of interaction between stakeholders
- manage stakeholders and conflicts, exercising various management options.

In the later paper (Grimble and Wellard 1996), a seventh step is introduced after the fourth of those listed, to "determine the views of stakeholders on relevant questions". This logical addition does not change the thrust of the method, it merely adds a step that may earlier have been taken as implicit.

Writing from experience in following the methods that they have developed, Grimble and Chan (1994) point to certain limitations and weaknesses that exist. These include:

- the tendency to treat different stakeholder groups as distinct entities, the outsiders using the tool ignoring the overlaps that inevitably exist in practice

- the definition of separate groups according to the different sets of interests that they may have, which separate them from other groups, diverging from the group identities that people may recognise and operate within themselves

- the approach has as its main objective the need to deal with, analyse and manage divergent sets of stakeholder interests. This fundamental approach is generally based on the idea that interests can be defined in common terms, whereas fundamentally different conceptions of natural resource management issues may be at play. This make especially difficult the need to "trade off" different issues so as to find a means of managing the resource situations in view.

- the act of making more information available about the interests, decision frames and decision criteria of less powerful groups may in practice increase the strength of the position of the more powerful, who have the advantage of access to information.

Despite these weaknesses, Grimble and Chan (1994) stress the particular advantage of their approach to Stakeholder Analysis in the NRM context as "getting to the heart of the matter", though recognising that it does not necessarily mean that the analysis will lead to an easy solution. In some cases, the understanding thus obtained will lead to the abandonment of a plan as unworkable - obviously a step that donors at least would prefer to failure of an investment stemming from ignorance of the underlying situation.

Before the second paper (Grimble and Wellard 1996), more experience had been obtained, and the basic ODA papers on stakeholder analysis (ODA 1995b, 1995c) had become available. Retaining the perspective of Natural Resource Management, expanded definition was given: SA is "a holistic approach or procedure for gaining an understanding of a system, and assessing the impact of changes to that system, by means of identifying the key actors or stakeholders and assessing their respective interests in the system". (p 2) Stakeholders are "any group of people, organised or unorganised, who share a common interest or stake in a particular issue or system" (p 2) "The key and often neglected stakeholders in NRM are subsistence farmers and other small-scale resource users, but stakeholders can include policy makers, planners and administrators in government or organisations, commercial bodies, and more nebulous categories such as 'future generations', the 'national interest' and 'wider society'." For illustration a list of 19 possible stakeholders for tree resources is presented, divided into five institutional levels, each with its own environmental interest.

In marking the distinctions between stakeholders, a dimension is added that other sources have not emphasised, a fundamental one between those who *affect* a decision or action, and those who are *affected by* it: a distinction between *active* and *passive* stakeholders. Some groups may, it is acknowledged, be involved in both ways, but the distinction is important

Grimble and Wellard (1996) describe the main features of the ODA approach, and emphasise basic differences that exist between their Stakeholder Analysis and that of ODA. The two should not be regarded as substitutes or parallels.

The NRI approach is especially relevant to NRM issues where these are characterised by a number of specific features, including: cross-cutting systems and interests; multiple uses and users of the resource; imperfect markets; subtractability[14] and temporal trade-offs; multiple objectives and concerns; and poverty and under-representation of the poor. The emphasis of the early paper on the relevance of SA to questions of conflict and trade-offs is repeated, with some detailed illustrations from NRM situations. Some recent developments in decision making and dispute handling are also described.

The differences in approach and procedures between what are described as ODA or ODA/World Bank methods and NRI methods are tabulated, and this emphasises the differences between them, despite the amount that they have in common. The situation is summarised thus: "the ODA approach is concerned with the practicalities of consensus building and developing a workable project while the NRI approach uses SA as a tool for unpacking the economic interests and inherent conflicts of NRM" (ibid p 14).

Discussion

The four sources considered have many features in common, though some differences have also been found.

Common points include the following.

- For developments and projects of many kinds, the success of an intervention in meeting its objectives can depend on the acceptance of change by a wide range of parties, not just those involved in implementing the programme in view.

- The range of different parties involved in any programme for change may be wide and diverse, including individuals and groups with roles as beneficiaries, implementors or by-standers. All of those with a direct interest should be listed. Recognising all of those with a significant stake will not always be simple, and must depend on detailed knowledge of both the underlying situation to be changed and of the plans for change that are to be proposed.

- Once the stakeholders have been recognised, the interests of each one may not always be easily appreciated.

- The involvement in planning and implementation of the programme of both the intended beneficiaries and those who might not share the objectives of the development through an appropriate form of participation will have desirable (possibly essential) implications for the sustained success of the intervention in both the short and long terms.

- Understanding and preparing for the participatory involvement of stakeholders in a project is best achieved by undertaking a systematic Stakeholder Analysis. This can assist a range of factors: full understanding of underlying features of the situation to be altered; the identification of special activities and roles that are required to bring and keep all parties in sympathy with the objectives; and the identification of parties and interests whose expected attitudes to the proposed change are so inimical that the risk of attaining the chosen objectives are so great that it would be unwise to undertake the project being considered.

Differences between the four sets of sources also exist.

One concerns the classes into which stakeholders may be grouped. Seven adjective titles have been used: primary, secondary, borrowing, key, external, active and passive. To a large extent, some of these differences are semantic. All sources agree that the net needs to be thrown quite widely to catch all of those who might have a significant direct impact on the possibilities of a project attaining the objectives set for it. In deciding which ones to include, the practice suggested by all of these sources is to take account only of those stakeholders who are directly involved, which it can be agreed may be

called the "key" stakeholders.[15] Clearly a wide range of agents will be involved within this category. These can be classified in a variety of ways and distinction between classes can be valuable. But this is best done according to differences that the analysts may decide on. General rules for classification may not be helpful.

The *uses of SA* proposed in the different sources are not uniform. These specific uses have been suggested:

- to help identify which stakeholders might participate in different aspects of project work during stages of the project cycle so as to ensure poverty reduction in a sustainable pattern of structure and practices;

- to check the feasibility of a proposed plan of interventions against the different views and possible reactions represented by diverse stakeholder interests;

- to improve project design by adding activities that are not necessary to deliver the outputs required for specified higher objectives, but will allow those who may have important negative interests to be brought into the processes, to reduce or eliminate their threatening power; and

- to allow a full understanding of the social, ownership and economic operation features of natural resource systems, especially to allow the identification and planning of management interventions that meet poverty reduction and environmental protection goals in a sustainable way.

Not all of these uses are compatible in the sense that they can be attained from a single type of Stakeholder Analysis.

Regarding the forms of analysis, some *steps of procedure* are suggested in the three main sources that develop ideas for this technique (ODA 1995c, TeamUP Undated, Grimble and Wellard 1996). A common pattern of analysis steps would include these elements

- establish the purpose of the analysis - what position is it hoped will be reached as a result of the work to be done

- establish or receive the objectives of the actual or possible intervention in mind, if possible at the three LogFrame levels of Goal, Purpose and Outputs

- establish which stakeholders might have an interest in the objectives at these three levels, positively in their attainment, or negatively, in their frustration

- determine what is the nature of the interest of the identified stakeholders in relation to the established objectives; and

- consider the implications of the interests identified, especially those which are negative, and those where specific steps for motivation may be required.

Beyond this point, practice may vary, according to the objectives of the analysis but also as matters of "style" in applying a methodology of this kind.

Where a satisfactory programme for participation is the main interest, the information obtained from these steps may be incorporated in a "Participation Matrix" of the kind illustrated first by ODA (ODA 1995a) (See table 1).

Where the design of an effective project with an acceptably low risk of sustainable implementation success is the objective, then further analysis may be undertaken, assessing the Interests and Power of each stakeholder. These may then be plotted in an Importance/Influence matrix Diagram, (Table 3.) with individual stakeholders plotted in the diagram either in a general impressionistic way or following numerical scoring of each stakeholder's interest and power in an ordinal manner. The position of each stakeholder in the diagram can be used to decide whether their positions are sufficiently recognised in existing operational and institutional plans for the project, or whether specific additional elements need to be added.

Where the objective is merely to understand the working of a system that is complex in a social and environmental/economic way, no further analyses may be needed until specific projects are proposed, in which case some of the procedures mentioned in the two preceding instances may become relevant.

The breadth of project situations for which stakeholder analysis is appropriate have not been tested. The literature reviewed in this note is mainly concerned with developments that concern either poverty-relief or the use on natural resources, or both. However, it seems likely that stakeholder analyses for the testing of project design may be valuable in projects of many other kinds - including especially institutional development programmes and others where the "process" component is significant.

Of the sources reviewed in this note, only one (ODA 1995c) contains an illustration of the actual stakeholder analysis for a project. Even this project - a proposed private sector population project in Pakistan - appears to be a slightly reduced version for demonstration, as it contains only seven stakeholders. Full project illustrations from real field projects need to be studied to show how stakeholder analysis can be incorporated in regular project planning practice, and what additional illustrations of strengths, limitations and methods might be thrown up by additional experience. Clearly the approach is interesting, but it is not clear just how great its value is in the design of participatory, sustainable process projects of the kinds currently in vogue.

Notes

1.   Annex 2 of the report (World Bank 1992) is a "Common Vocabulary Paper". Although many sections cry out in retrospect for the insertion of this set of ideas, there is no trace of the word stakeholder in any of the defining sections.

2.   This phrase does not appear in the report of the Group (World Bank 1994), where no definition of stakeholder is provided, the meaning of the word being left implicit.

3   A more full description is given in the associated box **Stakeholders in Bank-supported activities.** "Key stakeholders are clearly those intended to be directly affected by a proposed intervention, i.e. those who may be expected to benefit or lose from Bank-supported operations; or who warrant redress from any negative effects of such operations, particularly among the poor and marginalized. Those directly involved can include persons or institutions (i) with technical expertise and public interest in Bank-supported policies and programs; and (ii) with linkages to the poor and marginalized. Such stakeholders may include NGOs, various intermediary or representative organisations, private sector businesses and technical and professional bodies." (World Bank 1994, p2)

4   Italics in the original.

5   Minor differences of expression exist between the three papers, without materially changing the content. A later ODA booklet reporting on experiences with participation in forest management (ODA 1996) uses a similar definition "Any person, group, community or body who has something to gain or lose from changes in management of the forest resource".

6   TeamUP software exists in early 1997 in three versions. TeamUP 2.0 and 3.0 use DOS, and are very similar, especially in relation to the eight management planning tools that are incorporated. They date from around 1992 and 1994. The latest version, TeamUP for Windows, is less comprehensive in the content of its initial forms, covering only three of the eight tool elements. It was first marketed in 1996. Text comments apply to the two DOS versions - stakeholder analysis is not yet available in the Windows version.

   As an aside, it is interesting to note that, although the World Bank has not adopted the Logical Framework matrix as a required component in project planning documentation, the copyright of all versions of TeamUP (from the first DOS form, dated 1990-91, to the Windows version, dated 1991-95) belongs to the World Bank.

7   For a full description of the Logical Framework and its various forms current in 1995, see MacArthur 1996. A more full background discussion of the LogFrame can be found in MacArthur 1994.

8.   This is almost certainly the wrong word, and quantifying was intended.

9.   This true of both the Manual itself, and the explanatory window provided under Help to explain this module. The latter merely describes the process of analysis with no word of usefulness, while the Manual poses two simple questions: For those with high Impact totals, how can you overcome or get around the stake? and How can you take advantage of positive stakes? Neither suggests a very clear purpose for the analysis which, at the time when it was first published, was one of the very first applications of stakeholder ideas to development problems, certainly in projects.

10.   The software window in which values of the Impact are reviewed allows for new Activities to be introduced to the project plan there and then. However, these Activities are given a special

status in planning the project. Since they are not part of the original design of Activities needed to achieve project objectives, they are not shown in the LogFrame, and they are separately listed in subsequent modules of the TeamUP software as Stakeholder Activities, components introduced only to meet needs revealed by the Stakeholder Analysis. The partially-completed illustration project that is supplied with the software contains an Activity of this kind.

11. The Natural Resources Institute (NRI) was until the early 1990s a specialised technical section of ODA. Having been established as a separate Agency under the UK Government "next steps" process, it became a Faculty in the University of Greenwich in April 1996.

12. Concerning the origin of the term "stakeholder", Grimble and Chan (1994) mention that it grew out of the more restricted idea of "Stockholder" - a North American title for what in Britain would generally be called the "shareholder".

13. The approach proposed is said to draw ideas from: management science, rapid rural appraisal (RRA), participatory rural appraisal (PRA), common property resource theory, farming systems economics and political economy.

14. Subtractibility refers to the fact that many natural resources are non-renewable. They can be depleted and contaminated but not created. The use of such resources by one user may be "subtractible" in the sense that this use may reduce the utility possibilities of others.

15. The economics analogy here would be to say include all of those economic players who have or experience partial equilibrium effects, but exclude those in the wider community to whom the implications of the project would be identified only through a general equilibrium analysis.

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