



# *Stakeholder power analysis*

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**International  
Institute for  
Environment and  
Development**

James Mayers ([james.mayers@iied.org](mailto:james.mayers@iied.org)) has steered the development of this tool, from work in the forestry and land use sector.

## Summary

**Stakeholders are the people who matter to a system. Stakeholder power analysis is a tool which helps understanding of how people affect policies and institutions, and how policies and institutions affect people. It is particularly useful in identifying the winners and losers and in highlighting the challenges that need to be faced to change behaviour, develop capabilities and tackle inequalities.**

**There are various approaches to stakeholder power analysis. A six-step process seems to work well:**

- 1. Develop purpose and procedures of analysis and initial understanding of the system**
- 2. Identify key stakeholders**
- 3. Investigate stakeholders' interests, characteristics and circumstances**
- 4. Identify patterns and contexts of interaction between stakeholders**
- 5. Assess stakeholders' power and potential roles**
- 6. Assess options and use the findings to make progress**

**Like other tools, the usefulness and strength of stakeholder power analysis depends on the way it is used. It can be carried out by individual analysts, multi-stakeholder processes, or some intermediate between these two ends of the spectrum. Stakeholder power analysis can be used progressively to empower important but marginalised groups, and to improve policies and institutions. But it should be recognised that the techniques can also be used more cynically by some - to work out who should be manipulated, undermined or disposed of. Progressive users should be aware that the cynics may be ahead of the game, and encourage all involved to be clear about their purpose, intentions and desired outcomes.**

## What is stakeholder power analysis?

People in all sorts of situations assess the positions of others on a given issue, to enable them to gauge the level of support or opposition from others, and predict how they will behave if a change is made. Stakeholder power analysis is an organised approach to this. It is an approach for understanding a system by identifying the key actors or stakeholders in the system, and assessing their respective interests in, or influence on, that system.

Stakeholder power analysis is particularly useful for assisting in decision-making situations where various stakeholders have competing interests, resources are limited, and stakeholder needs must be appropriately balanced. As well as evaluating existing policies and institutions, it can be used to appraise possible scenarios. It is about asking questions like: Whose problem? Who benefits? Who loses out? What are the power differences and relationships between stakeholders? What relative influence do they have? Analysis of answers to these questions enables the identification of institutions and relationships which need to be developed or dealt with to avoid negative outcomes and enhance positive ones.

## Why and when to use

Stakeholder power analysis may be a key tool for improving livelihoods. If for example the focus is on improving a livelihood strategy then this generally requires an increase in the capability or empowerment of the person pursuing it - the 'primary stakeholder'. This in turn requires a change in the relationship between this person and other stakeholders, and in the benefits derived from it. Policies and institutions usually shape, and often determine, these relationships between stakeholders. If these policies and institutions are to be geared towards improving livelihoods then understanding the individuals and groups that affect them, or are affected by them, is crucial at all levels. Thus, following some initial steps to understand which policies, institutions and processes

matter for livelihoods, the nature of each needs to be uncovered. Often the picture is complex – and stakeholder power analysis provides a means to start understanding it<sup>1</sup>.

The complexity of many livelihoods makes it unlikely that there will be a generalised solution - a set of policies, institutions and processes - to meet everyone's needs. Stakeholder power analysis can help understanding of the distribution of costs and benefits (e.g. between rich and poor, men and women), why things are the way they are, and what needs to change.

Stakeholder power analysis may be used at a variety of **levels and purposes**:

- *Broad-level strategic process* - to scope, build momentum and monitor a process
- *Institution or business* - to examine the health of an organisation and plan changes
- *Project or programme* – to design, steer and monitor a project
- *Particular decision* – to predict the consequences of a decision, and plan to deal with them

It is increasingly recognised that good policies and institutions are 'owned' by a broad range of stakeholders - not just the most prominent, or powerful, stakeholder group. Stakeholder power analysis can in itself provide a step towards improving policies and institutions, depending on the degree of involvement of relevant decision-makers in the process.<sup>2</sup>

### Who are the stakeholders?

Stakeholders are those who have rights or interests in a system. If you are concerned with the future of a system – the stakeholders are those you should worry about. For an organisation, for example, stakeholders are any group or individual who can affect, or is affected by the achievement of the organisation's purpose. This definition is too broad for some as it includes interested parties as well as affected parties. Some prefer to restrict the term to those who have a 'stake', claim or vested interest – those who provide something of importance to the organisation, and expect something in return.

Stakeholders can be individuals, communities, social groups, or organisations. For example, stakeholders in a forest policy might include people who live in or near the relevant forests, people who live further away who use these forests, settlers from elsewhere in the country, or abroad, workers, small scale entrepreneurs, forest officials, timber company managers, environmentalists, politicians, public servants, national citizens, consumers, forest authorities, central government agencies, local government agencies, national NGOs, academics and researchers, donors, consultants, international NGOs, community based organisations and general. All these people, if their interests in forests are indeed legitimate - and one role of stakeholder power analysis might be to examine the legitimacy of their claims - should in some way be involved in the making and implementing of policy which affects forests.

Often, a useful first **categorisation of stakeholders** is into *primary* or *secondary* depending on an assessment of whether they are immediately affected by, or can immediately affect, the system. If improving livelihoods is the focus of an intervention – those whose livelihoods the intervention is aimed at will be amongst the primary stakeholders. Another way of making a first cut of

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<sup>1</sup> As well as analysing policies and institutions, stakeholder power analysis can also be effectively utilised in understanding other aspects of sustainable livelihoods, such as how the livelihood strategies and activities of some people affect those of other people, and how livelihood outcomes have different effects on different people.

<sup>2</sup> Like many 'management' tools, stakeholder analysis was born in the private sector - in the notion of corporate social responsibility, which started gaining ground in the early 1960s. The idea that organisations, programmes and projects have stakeholders has now become commonplace. Aid agencies in particular have promoted the development and use of this tool to help sharpen the focus on poverty, social exclusion, and the role of institutions. However, also like other management tools, there is often more hype than experience and it should be borne in mind that whilst the stakeholder power analysis approach outlined below draws on the experience of a few agencies and businesses it is, as yet, far from routinely used.

stakeholders in an organisation is into three groups - internal, interface, and external stakeholders. Using the example of a hospital:

- *Internal stakeholders* are those groupings of people who operate entirely within the boundaries of the organisation, e.g. administrators, clerical staff, nurses, food service personnel, housekeeping personnel, etc.
- *Interface stakeholders* are those who function both internally and externally in relation to the organisation. The major categories of interface stakeholders include the board of directors and the medical staff.
- *External stakeholders* fall into three categories in their relationship to the organisation:
  - Those who provide inputs to the organisation - members or patients, third-party payers, and equipment and material vendors.
  - Those who compete with the organisation for members, patients and resources.
  - Those with a special interest in how the organisation functions – the Chamber of Commerce or economic development organisations.

It should be remembered that the range of stakeholders and the roles they play is not static. Different actors take on different roles, and in stakeholder power analysis it is important to try to see beyond the superficial picture of different actors' roles: who is pushing for what, and who cannot be 'heard'? Who are the 'integrators' and who are the 'dividers'? Neither should it be assumed that all actors within one category are homogenous in their perceptions. Such perceptions depend on many factors – which need to be explored through the analysis – and each situation should be considered afresh rather than jumping to conclusions about the stand that different stakeholders are likely to take.

### **Who should carry out stakeholder power analysis?**

Stakeholder power analysis may need to be instigated and steered by a range of professions - as individuals or in groups:

- Independent analysts and evaluators
- Project planners
- Managers of organisations or enterprises
- Lobbyists and activists
- Individual stakeholders
- Groups of stakeholders
- Multi-stakeholder groups

Although stakeholder power analysis is all about trying to understand the way people engage with each other, it may or may not itself involve much participation. Like other tools it is relatively value-neutral - its effects depend on who uses it and how. If the objective is to have a greater number of stakeholders making progress together – then participation of those stakeholders in the analysis will be crucial. Credibility of the analysis will also rely on the agency or group carrying it out being reflective and clear about its intentions, values and purposes.

Even where stakeholder power analysis is being utilised for the purely analytical purposes of one party it is unlikely to get a realistic picture of the range of stakeholders and their interests, influence, and power, without a reasonably participatory approach. But it is rarely feasible to start off by involving everyone – a more effective route to participatory stakeholder power analysis is to start small, and engage with more and more stakeholders over time.

**Particular skills and attitudes** may be needed to conduct stakeholder power analysis. Some of these may be hired in or trained, but others can only be acquired through experience:

- Two-way communication – getting views across, and listening to those of others
- Respect of, and for, other stakeholders
- Cultural and gender awareness,
- Chairing of meetings and workshops
- Facilitation of processes involving several stakeholders
- Trust and consensus building, and conflict management
- Developing enthusiasm, transparency and commitment
- Patience – it takes time for stakeholders to consult with their own constituencies

### **How to carry out stakeholder power analysis – a step-wise approach**

A step-wise approach is appropriate in all of the contexts mentioned above. The following approach is generalised, but is particularly framed around the type of stakeholder power analysis needed to develop, build momentum for, and monitor an effort to change a policy or institution.

#### **Step 1. Develop purpose and procedures of analysis and initial understanding of the system**

##### *Consider institutional level and purpose*

A clear understanding of the goals and boundaries of the analysis is needed – the scope of the issues to be included, clarity on what is to be left out, and identification of what can be achieved and delivered. Much will depend upon:

- *Institutional level:* a national policy analysis or strategic process will need to engage different stakeholders compared to a regional policy, a local project or a particular decision of an enterprise – the former will have greater challenges of 'vertical' representation up and down the hierarchy.
- *Purpose:* an appraisal of a possible policy will be different for example than an evaluation of an institution or process - the former needing to include considerable extra-sectoral representation, and the latter needing to emphasise local stakeholders perhaps more intensively than 'policy stakeholders'.

##### *Create conditions for quality multi-stakeholder dialogue*

Where involvement of stakeholders in the analysis is anticipated, initial consideration of how people are organised and how they operate is needed. There are several dimensions to the quality of stakeholder dialogue and these should be considered before, during, and after a participatory stakeholder power analysis as they will shape the process. Firstly, *inclusiveness* – who is included in the participatory analysis, and the *procedures* for its design and implementation, must be spelled out. **Key actions** to ensure good quality inclusiveness and procedures include:

- Allow stakeholders to assist in the identification of other stakeholders
- Ensure that stakeholders trust the convenor
- Enable dialogue, not a one-way information feed
- Ensure parties are sufficiently prepared and briefed to have well-informed opinions and decisions
- Involve stakeholders in defining the terms of engagement
- Allow stakeholders to voice their views without restriction and fear of penalty
- Include a public disclosure and feedback process

Secondly, a focus is needed on the *responsiveness* – the degree to which the various parties respond to the analysis, and the *outcomes* – what actually happens, who reaps the associated benefits and who bears the costs.

### *Develop initial understanding of the system*

To ensure that the analysis is well-focused and timely, a general understanding is needed of the key problems identified by some of the main groups, and the basic interacting factors in the system or issue. The key decision makers in the system and their relative influence need to be identified. An initial picture is what is needed - detail can be added in time as more information is gathered.

### **Step 2. Identify key stakeholders.**

There are various ways to start identifying stakeholders, each has its advantages and risks. The analysis process must recognise the risks of missing key stakeholders and work to avoid these risks. Using a combination of **approaches** will reduce the risks associated with any one particular approach.

- ❑ *Identification by staff of key agencies, and other knowledgeable individuals.* Those who have worked in the system for some time can identify groups and individuals whom they know to have interests in the key issues and to be well-informed about them. However, caution is needed about whether these individuals or groups are truly 'representative' (see below).
- ❑ *Identification through written records and population data.* Census and population data may provide useful information about numbers and locations of people by age, gender, religion etc. Key line agencies and officials often have useful contemporary and historical records on employment, conflicting claims, complaints of various kinds, people who have attended meetings, financial transactions etc. Contacts with NGOs and academics may reveal relevant surveys and reports and knowledgeable or well-connected people.
- ❑ *Stakeholder self-selection.* Announcements in meetings, in newspapers, local radio or other local means of spreading information, can elicit stakeholders coming forward. The approach works best for groups who already have good contacts and see it in their interests to communicate. Those who are in more remote areas, or are poor and less well educated and those who may be hostile to other stakeholders, may not come forward in this way. There is a risk that local elites, or others with inequitable objectives, will put themselves forward.
- ❑ *Identification and verification by other stakeholders.* Early discussions with those stakeholders who are identified first can reveal their views on the other key stakeholders who matter to them. This will help to better understand stakeholder interests and relations.

Some of the key **questions** to be asked in any of the above approaches include:

- Who are potential beneficiaries?
- Who might be adversely affected?
- Who has existing rights?
- Who is likely to be voiceless?
- Who is likely to resent change and mobilise resistance against it?
- Who is responsible for intended plans?
- Who has money, skills or key information?
- Whose behaviour has to change for success?

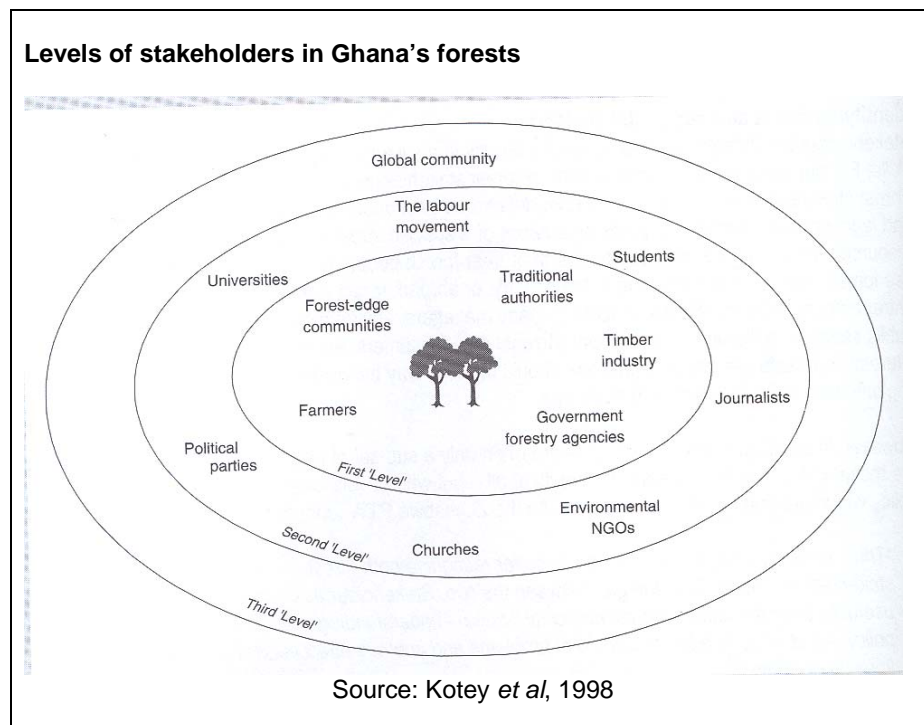
It is important that individuals involved are 'representative' of their stakeholder group or 'constituency'. Key dimensions of **representation** are:

- ❑ *Identity.* Does the representative share the views of the group/ constituency or will the representatives bring other/ multiple identities to the process e.g. tribal/ class or political

affinities? Where can such other identities help, and where might they hinder representation and outcomes?

- **Accountability:** Was the representative chosen by a particular group/ constituency, and does s/he consult with that group regularly? What kind of specificity and sanction has the group attached to the representative's accountability? Some individuals assume a mandate from members of a stakeholder group that is simply not backed up by processes of accountability with those people. Different people have different levels of embeddedness in their groups, and some are therefore more worthwhile representatives than others.

At an early stage in the process - a simple diagram of concentric circles of 'primary' and 'secondary' stakeholders can be useful to provoke debate, and provide a focus for subsequent analysis.



Such figures can help in the process of categorising, and sometimes narrowing, the field of stakeholders. Narrowing the field will be needed when a distinction is necessary between all those who potentially affect or are affected by the policy or institution into the key stakeholders whose involvement is crucial. Initial categories of stakeholders are likely to need to be disaggregated further as information is developed. For example, those affected at local level by a policy may need disaggregating by economic criteria and gender, and by degree and type of involvement. Further fine-tuning of stakeholder groups may also be needed to deal with the fact that while people might take similar actions, it is likely that they will attribute different *significance* to these actions because of their differing priorities and livelihood strategies. For example a policy initiative which enables smallholders to make cash from growing paprika in home-gardens benefits all smallholders, but is particularly significant for women who generally have to combine income-earning with domestic duties.

Depending on the nature of the problem or purpose it may be particularly important to scrutinise the **characteristics** of stakeholders in terms of:

- *The basics* - men/women, rich/poor, young/old
- *Location* - rural/urban dwellers, near to the issue/far away
- *Ownership* - landowners/landless, managers, staff, trade unions
- *Function* - producers/consumers, traders/suppliers/competitors, regulators, policy makers, activists, opinion-formers
- *Scale* – small-scale/large-scale, local/international communities
- *Time* - past, present, future generations

Each stakeholder needs to be clearly defined so that there is little ambiguity as to who is being talked about. However, squeezing people too firmly into stakeholder boxes is at best pointless, and at worst dangerous. In the same way that attempts to pigeon-hole people's livelihoods into simple categories such as farmer, hunter or fisher are often doomed to failure because people at local level are more complicated than that, stakeholders in policies and institutions also often defy neat categories like politician, business manager or NGO leader. People may in practice be in several different stakeholder groups at the same time, and may change over time. So, stakeholder identification may need to be regularly revisited and revised.

### **Step 3. Investigate stakeholders' interests, characteristics and circumstances**

Once stakeholders have been identified, their interests, characteristics and circumstances need to be better understood. At this stage it is particularly important that stakeholders express their own concerns. A checklist of **questions** for each stakeholder group might include:

- What are the stakeholder's experiences or expectations of the policy/ institution?
- What benefits and costs have their been, or are there likely to be, for the stakeholder?
- What stakeholder interests conflict with the goals of the policy/ institution?
- What resources has the stakeholder mobilised, or is willing to mobilise?

Useful **methodologies** for this step of the analysis include:

- *Brainstorming* to generate ideas and issues within a stakeholder group. This takes the form of a session in which 'anything goes' - with all points recorded. Later these points can be sorted and prioritised. *Focus groups* can then be convened with particular stakeholders to discuss particular topics.
- *Semi-structured interviews* in which an informal checklist of issues is used to guide an interview with a stakeholder group, whilst allowing other issues to arise and be pursued. This approach is particularly useful for cross-checking, identification of common ground, identification of trade-offs and identification of decision-making frameworks of stakeholders.
- *Digging up existing data* – a variety of recorded materials may shed light on stakeholders' interests, characteristics and circumstances. It is always worth probing and rummaging for reports and recorded information, there is almost always more of it than at first appears, sometimes found in the most unlikely places.
- *Time lines* can be prepared with stakeholders of the history of links and impacts of particular policies, institutions and processes, with discussion of cause and effect of various changes.
- *Diagrams* help many people to get a quick idea of what is planned or talked about. They can work well to stimulate discussion by both non-literate and literate people. In general diagrams and visualisations work because they provide a focus for attention while discussing an issue, represent complex issues simply, stimulate ideas and therefore assist in decision-making. Of



course, some people do not think or work well in terms of diagrams and prefer verbal discussion with descriptions of real *examples* and *stories*.

Through such methods, and of course through direct observation and regular one-to-one chat, the range of ***influences on stakeholders*** can begin to be unpacked. These influences include:

- *Institutional/ organisational factors*: mandates, rules, norms, functions, strengths and weaknesses; dynamics, interactions, and institutional culture
- *Individual motivation factors*: ideological predispositions, pursuit of political objectives; position and control of resources; professional expertise and experience; promoting own careers; institutional loyalties, enhancing the standing of own agencies; and personal attributes and goals, such as rent seeking

Some stakeholder interests and influences are therefore much more obvious than others. It is important to remember that many interests are difficult to define - they may be hidden, multiple, or in contradiction with the stated aims or objectives of the organisations to which stakeholders belong. Some of these interests and influences are likely to reveal themselves only slowly, whilst others, for reasons of political or personal expediency, may have to be left well alone.

#### ***Step 4 Identify patterns and contexts of interaction between stakeholders***

This step aims to understand the relationships between stakeholders, to investigate factors in conflict and cooperation, e.g. authority relationships, ethnic, religious or cultural divisions, historical contexts and legal institutions. This will enable the identification of common ground, or prevailing conflicts and potential trade-offs.

Two ***methodologies*** are particularly useful at this stage:

- *The four Rs*. This is a tool for unpacking stakeholder roles. This is used to assess stakeholders' Rights, Responsibilities, Rewards (or revenues or returns) and Relationships with other groups.
- *Narrative interviews*. This is an approach to getting the best out of key informants, allowing stakeholders to put forward information in their own way. It can be structured to be able to glean their insights into the key issues pertaining to the policy or institution – or it can be looser, based on 'telling the story', which allows these issues to be brought out without necessarily having to ask overt questions about them. The interview approach has to be modified for each individual. At one end of the spectrum is eliciting anecdotes informally in the corridor, over a beer, or on the golf course. At the other end is formal, taped interviews with transcripts reviewed for accuracy. A range of ***techniques*** can be used:
  - Presenting different perspectives/ views on a problem and getting interviewees to react to each
  - Allowing interviewees to leave their own values and definitions unstated (recognising that commitment to a particular perspective may be politically difficult for them)
  - Using 'if...then' scenarios to determine interviewees' judgements of the feasibility of possible developments or recommendations (people may be more comfortable reacting to hypothetical situations)

The analyst should be clear that policy and institutional issues are often controversial – and stakeholders need to be aware of how the information they provide will be used.

### **Step 5: Assess stakeholder power and potential**

Different stakeholders' priorities are likely to vary widely. In some contexts it may be possible to develop a system for judging the legitimacy and justification of these stakeholder interests, using criteria appropriate to the policy or institution in question. Priorities may be judged on the level and degree of social commitment which underlies them - who subscribes to them, and what impacts that has. However, there may be legitimate interests that are represented by only weak voices.

#### **Weighting stakeholder interests in forest policy**

Once different stakeholder interests have been identified it may be possible and necessary to 'weight' them, using criteria applicable to the policy issue in question. Colfer (1995) developed an approach for use in contexts where improvement of forestry standards is the goal, which attempts to redress imbalances amongst stakeholders in access to forestry decisions by ensuring that local forest actors are fully identified and 'weighted' against certain criteria. Building on Colfer's approach, in some circumstances stakeholders may be identified and weight accorded to them, depending on:

- *Proximity* to forests, woodlands or trees or farms
- *Dependence* on forests for their livelihoods (i.e. where there are few or no alternatives to forests for meeting basic needs)
- *Cultural linkages* with forests and uses of forest resources
- *Knowledge* related to stewardship of forest assets
- *Pre-existing rights* to land and resources under customary or common law
- *Organisational capacity* for effective rules and accountable decision-making about forest goods and services
- *Economically viable forest enterprise* that is based on environmental and social cost internalisation, bringing equitable local benefits

Colfer strongly suggests that an 'inverse' criterion also be used i.e. if a local group has a *power deficit* it should be weighted more heavily (to make up for such a deficit). It can be added, conversely, that some stakeholders may have considerable levels of power and influence and interests which may adversely affect the abilities of other stakeholders to pursue good forest management, or even prevent it entirely. In such circumstances, an approach is needed which weights stakeholders according to the degree to which their actions could be *mitigated or prevented*. This is, of course, difficult ground. Practical approaches such as stakeholder power analysis which can begin to open up and debate situations of power difference can enable some progress to be made.

Sources: Colfer 1995; Mayers and Bass 1999

Stakeholders have very different degrees of power to control decisions that have effects on policies and institutions, and they have different degrees of 'potential' to contribute, or 'importance', to achieving a particular objective.

- *Power* to influence policies or institutions stems from the control of decisions with positive or negative effects. Stakeholder power can be understood as the extent to which stakeholders are able to persuade or coerce others into making decisions, and following certain courses of action. Power may derive from the nature of a stakeholder's organisation, or their position in relation to other stakeholders (for example, line ministries which control budgets and other departments). Other forms of power may be more informal (for example, personal connections to ruling politicians). (See also: *Stakeholder influence mapping*).
- *Potential* to affect, or to be affected by, policies and institutions resides in particular characteristics specific to context and location – such as knowledge and rights. Of particular concern here are the stakeholders who have high potential but little power. These stakeholders' problems, needs and interests are likely to be the most '*important*' for many initiatives to improve policies and institutions processes.

A checklist of **questions** for assessing which stakeholders have power and potential (or importance) with respect to the policy, institution or process at issue might include:

- Who is dependent on whom?
- Which stakeholders are organised? How can that organisation be influenced or built upon?
- Who has control over resources? Who has control over information?
- Which problems, affecting which stakeholders, are the priorities to address or alleviate?
- Which stakeholders' needs, interests and expectations should be given priority attention with respect to the policy or institution in question?

The resulting information about stakeholder power and potential can be combined in a table or diagram. Stakeholders can be positioned in relative terms according to these two broad criteria on vertical and horizontal axes. Alternatively, or in addition, stakeholders can be categorised in terms of four general strategies for engagement.

**Four general strategies for stakeholder relations management**

Stakeholder power / potential	High potential	Low potential
High power	Collaborate with	Mitigate impacts, defend against
Low power	Involve, build capacity and secure interests	Monitor or ignore

This type of exercise in positioning stakeholders will indicate relative risks posed by specific stakeholders, and possible coalitions of support for proposed actions or changes to policies or institutions.

This is a very utilitarian approach and assumes that ethical considerations are irrelevant or subservient to the need for ensuring that some stakeholders gain advantage over others. The risks in this sort of approach are to do with the categorisation, representation and pigeon-holing involved – some stakeholders may get under-represented or misunderstood. It may also ignore very fundamental positions held by different stakeholders – to do with rights and principles of social justice and sustainability – which cannot easily be dealt with in simple utilitarian approaches. Nevertheless the issues which these approaches raise are often crucial to the prospects of change, and experimentation with such approaches is to be encouraged.

**Step 6 Assess options and use the findings to make progress**

To be useful, the analysis of the first five steps needs to be summarised in a form where everyone's interests and issues can be seen together. A series of stakeholder tables may be used to organise information about interests, power, influence and involvement of each key stakeholder or group. The following example tables/ matrix formats can be adapted to include different or additional information depending on the scope and focus of the issues being addressed:

**Stakeholder relationships with the main problem and each other**

Stakeholder	How affected by the problem	Capacity/ motivation to participate in addressing the problem	Relationship with other stakeholders (e.g. partnership or conflict)

**Expected impacts of proposed project/programme**

Stakeholder	Main objectives of stakeholder	Positive impacts/benefits	Negative impacts/costs	Net impact

**Stakeholder power analysis of a particular policy or institution**

Stakeholder	Main interest	Power	Potential	Relationships with others	Net impact	Options / ways forward

The first stage of assessing how to make progress with the information generated by the analysis is to draw out the possible options generated through the first five steps. For each option the risks and assumptions about stakeholder positions and cooperation then need to be analysed.

**Questions** for drawing out assumptions and risks include:

- What are the roles or responses of the key stakeholder that must be assumed if progress is to be made?
- Are these roles plausible and realistic?
- Are there negative responses which can be expected, given the interests of the stakeholder?
- If such responses occur what impact would they have?
- How probable are these negative responses, and are they major risks?
- In summary, which plausible assumptions about stakeholders support or threaten the proposed option?

Each option can be assessed for each stakeholder, and some clear overall, and stakeholder-specific recommendations made about appropriate ways forward. Decisions about these recommendations require concerted stakeholder dialogue, whether or not the analysis has proceeded through stakeholder engagement up to this point.

The findings of a stakeholder power analysis need to be included in proposals for changing policies, institutions and processes, and in monitoring reports and reviews. Clear records of the analysis are vital as the basis for later revision. With luck, stakeholder power analysis may come to be seen as part of an iterative process for improvement of policies and institutions allowing problems and objectives to be analysed in more detail, and changes to be made as new stakeholder revelations and creativity come to the fore.

**Strengths and weaknesses of stakeholder power analysis**

Stakeholder power analysis is a highly effective tool for developing understanding of the distributional effects of actual or proposed policies and institutions. It can also identify who is able to influence policies and institutions and how. Conducted with the active involvement of key players, stakeholder power analysis can increase ownership of decisions, enable some tricky issues to be teased apart in the first stages of negotiation, and allow some agreed priorities to be identified.

Stakeholders may not agree with each other, but through involvement in stakeholder power analysis they can learn about the perspectives of others, their power and tactics, and can recognise who is currently 'winning' and 'losing', and why. Through this experience, a few opinions will be swayed, ideas will emerge and the sort of information and organisation required for the losers to fight their corner more effectively next time can be identified. For example where stakeholder power analysis reveals information to less powerful groups, it can help them assert their roles in negotiation.

Monitoring and reporting from stakeholder power analysis can itself become a tool for making progress. By talking regularly with stakeholders, some organisations have learned not only how best to include them in decision-making processes, but also how to become more accountable.<sup>3</sup>

Stakeholder power analysis can get to the heart of a problem – but on its own is unlikely to provide full solutions. Its usage as part of processes for making further progress still needs developing. Stakeholder power analysis is far from routine in most contexts of developing or implementing policies and institutions. Only through greater experience will it be possible to meet key challenges including:

- *Analysts' agendas* - the interests and agendas of those instigating and steering the analysis need to be explained transparently and regularly interrogated
- *Equity versus prioritisation* - how to treat stakeholders in an equitable manner, whilst also developing the necessary means to prioritise or choose between them
- *Limited ability to look within* – stakeholder power analysis finds it difficult to get to grips with the internal dynamics and conflicts within stakeholder groups
- *Stakeholders won't sit still* - stakeholder groups overlap, and even within one group, people take on multiple identities
- *Fundamental value conflicts* – stakeholders may have very different value systems, and stakeholder power analysis alone may identify little common ground. However, where people are at odds with one another, it can result in greater richness of debate and of needed checks and balances
- *Marginalised groups* - whilst stakeholder power analysis can illuminate the interests of marginalised groups, it cannot in itself guarantee them stronger representation. Slipshod ranking of stakeholders according to power and potential can sometimes lead to misunderstandings and under-representivity of lesser-ranked groups
- *Playing into the hands of the powerful* - where analysis reveals information about less powerful groups, this can be dangerous as it might lead to inequitable actions on the part of the more powerful groups in the process

Many of these challenges relate to the Pandora's box of stakeholder relationships. Those conducting stakeholder power analysis who open up these relationships must take responsibility for ensuring that the consequences are not simply left hanging, but are linked to mechanisms which can continue to deal with them.

#### **Stakeholder power analysis – a tool for dirty work too**

Stakeholder power analysis can play a key part in strategies for organising and mobilising activity. But, like other tools for working on policies and institutions, requires time and resources which are often in short supply for smaller community groups. Larger entities such as government departments, companies, big NGOs and projects - interested in creating effective campaigns and strategies to help push their interests in the policymaking process are more used to undertaking stakeholder power analysis. These entities, who may be the friends or the political opponents of smaller groups, may be able to call on well-funded campaigns utilising the expertise of advisors and consultants, who have plotted policy scenarios taking numerous variables into account, including media, community support, and monetary resources, to craft multi-level strategies to protect their interests.

Stakeholder power analysis in this context seeks to assess the impact of different positions on engaging, utilising, and sustaining support for a policy while minimising or neutralising political opposition. In recent years there have been a number of books published (see further reading list) that seek to help corporations defend themselves when 'under siege' from stakeholders by providing advice on protecting a company's reputation. Software has also been developed with this in mind. Two of the most popular Windows tools in this arena are Outrage and PolicyMaker.

<sup>3</sup> Currently, such organisations and businesses are being encouraged to join a major multi-stakeholder international undertaking called the Global Reporting Initiative (2001) whose mission is to develop and disseminate globally applicable sustainability reporting guidelines for organisations incorporating stakeholder perspectives in their reporting on the economic, environmental and social dimensions of their activities.

OUTRAGE (<http://www.gest.com.au/outrage.html>) is based on the assumption that a company's successful management of risk to its reputation depends both on addressing the issues raised by critics and their potential or actual level of outrage. It lets a company select and profile the sources and stakeholders (including community activists or government agencies) that are most likely to create the most vocal opposition to the company. After selecting the inputs, it generates the predicted level of stakeholder outrage that can be expected. It then allows companies to manipulate the input variables to determine a favourable scenario for minimising the level of outrage.

How does it work? You define a situation that might lead to a controversy, and then Identify and categorise the major actors involved as allies, neutral players, or opponents. Then you map out how to rate each stakeholder, according to their level of "power" and "passion" (commitment). Depending upon this rank, you can then choose an appropriate strategy to deal with that particular stakeholder. It also determines how much trouble the company is likely to face. OUTRAGE advises companies to "deflect" stakeholders with power but no passion, by doing whatever it takes to distract them until their attention moves to other subjects. Stakeholders with passion but no power are to be "defeated," while those who lack both can be "dismissed." For those who have both power and passion, the company should "defer," or give in to their demands.

PolicyMaker (<http://www.polimap.com>) follows a similar vein – claiming to help those who wish to influence policy define and identify policy content, key players, opportunities and obstacles, and strategies, which can then be evaluated in terms of their impact and outcomes. Once you have defined your policy, you identify stakeholders via a customisable table, according to their perspectives, policy positions, political strength, or other factors. You can then generate a number of reports and graphs that graphically layout the political landscape and a ranking of key players. This includes a comparison of current policy versus future policies, feasibility and opportunities, possible coalition and network permutations, and where potential opposition may lie. A Feasibility Graph feature allows you to gauge the relative strength of your supporters versus your opposition. In effect, this gives you the opportunity to see how modifications in your proposed policy can be modified to engage potential opposition.

While PolicyMaker retails for about US\$90, the price tag for OUTRAGE gives some indication that it may not be intended for widespread use. It costs about US\$3,000 per license and US\$36,000 for an unlimited national corporate license. Both packages are available as free limited-feature downloadable versions.

Source: OMB Watch, 1999

### Links/sources of further information

Prior to carrying out stakeholder power analysis, the following tool may be productively used:

- *Stakeholder influence mapping*

Complementing stakeholder power analysis, or picking up on certain areas where it leaves off, *The four Rs* tool may be needed. These tools can be found on [www.policy-powertools.org](http://www.policy-powertools.org)

The following *references* are useful:

AusAid. 2000. *The logical framework approach: stakeholder analysis*. AusAid - The Australian Government's Overseas Aid Program. [www.ausaid.gov.au/ausguide/ausguidelines/1-2-6.html](http://www.ausaid.gov.au/ausguide/ausguidelines/1-2-6.html)

Australia National University. *Stakeholder Analysis: what is it and how is it applied?*  
[www.anu.edu.au/Forestry/prmwebpage/12/Project/saweb.html](http://www.anu.edu.au/Forestry/prmwebpage/12/Project/saweb.html)

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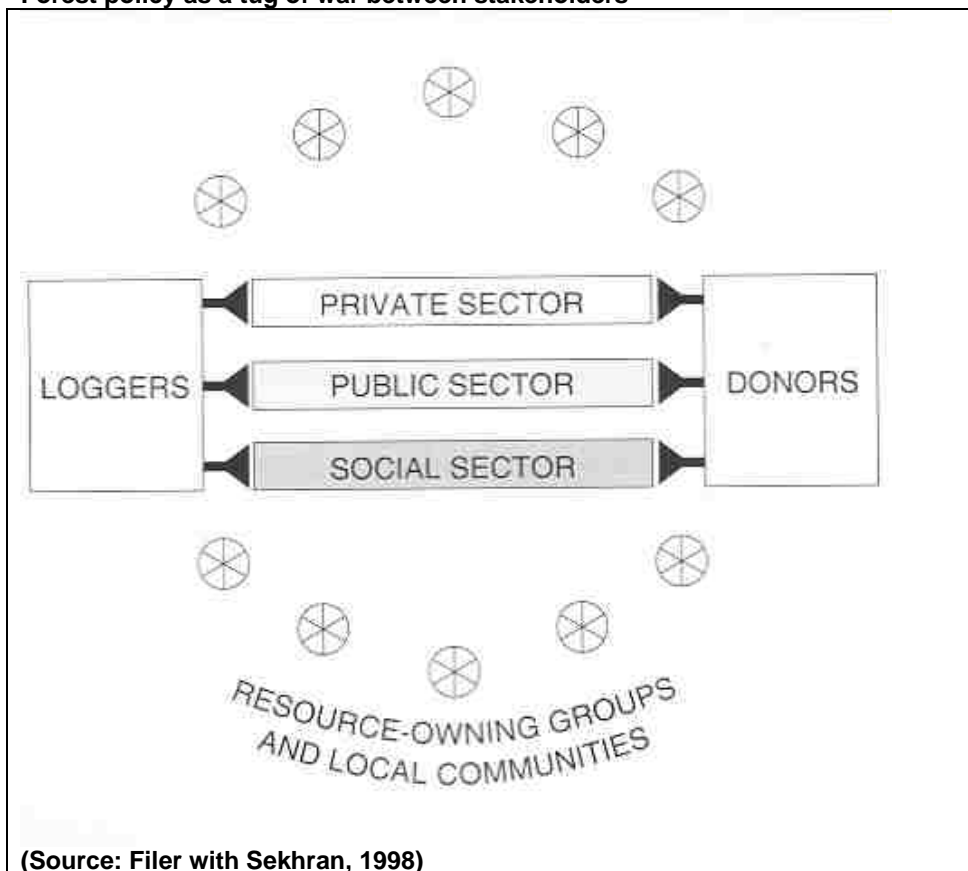
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- Mayers J., Ngalande, J., Bird, P. and Sibale, B. 2001. *Forestry Tactics: lessons learned from Malawi's National Forestry Programme*. Policy That Works for Forests and People series No.11, International Institute for Environment and Development, London
- ODA. 1995. *Guidance note on how to do stakeholder analysis of aid programmes*. Social Development Department, Overseas Development Administration, London
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- World Bank. *Conducting a stakeholder analysis*. Technical Note 9. Poverty Reduction Strategy Formulation. [www.worldbank.org/participation/tn9.htm](http://www.worldbank.org/participation/tn9.htm)

## Appendix. Examples and case studies

### 1. Stakeholders in Papua New Guinea forest policy - a cast of characters in a social drama

A useful way of considering the range of stakeholders is to perceive them as a 'cast of characters' in a social drama. This approach was used by Filer with Sekhran (1998) in analysis of the forest policy process in Papua New Guinea, where the characters in the play are politicians, public servants, industry, NGOs, donors and local resource owners. "Some characters make more noise than others, and the national policy process is centred on a struggle between the logging industry and a donor lobby for the hearts and minds of the resource owners. The former two characters have the most concerted voices, while the latter own the scenery. The weakness of the other three characters reflects the fact that nearly all Papua New Guineans are resource owners, and represent themselves in this light when flirting with the characters of politician, public servant and NGO. The theme of the play is 'sustainable forest management' but the plot revolves around the relationship between the politics of the Melanesian village and the divergent interests of assorted foreigners".

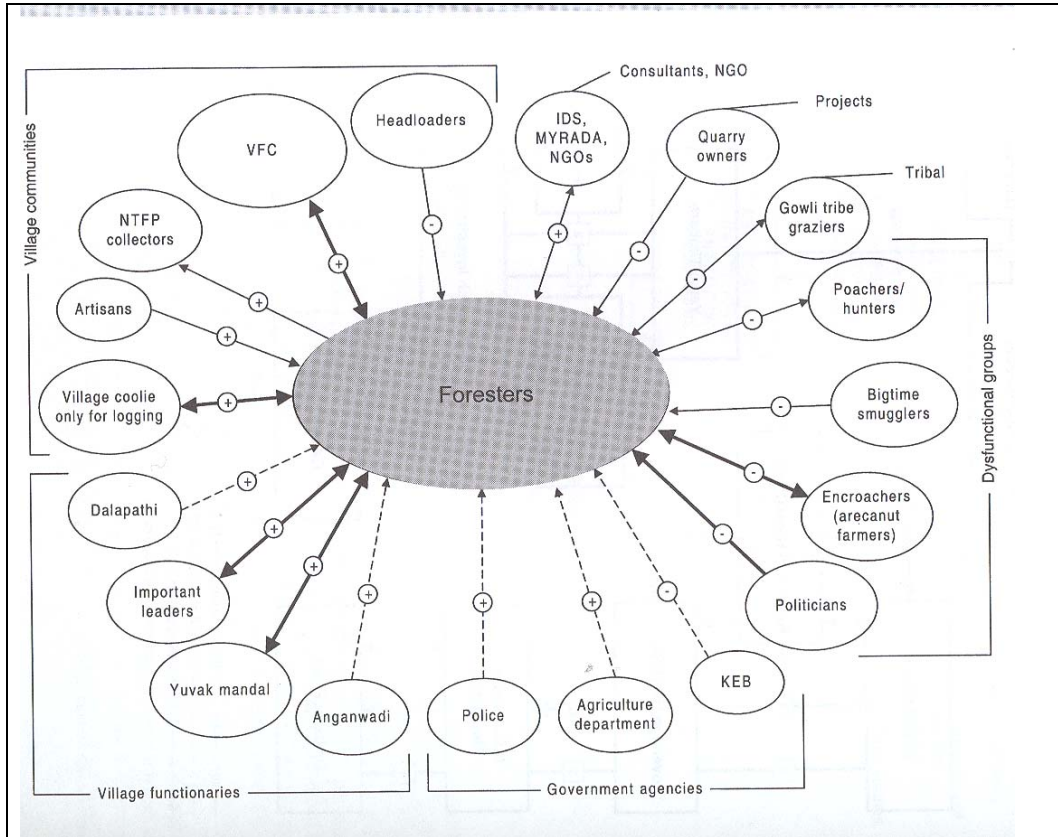
#### Forest policy as a tug of war between stakeholders



The analyst should also consider him/herself as another character in the play. Like the rest of the cast, we do not possess an all-encompassing knowledge of the wants, needs, aims and methods of all the other stakeholders in the policy process - we can only present a range of possible interpretations, or snatches of dialogue in which these stakeholders communicate such knowledge to each other.



## 2. Stakeholders relationships with Karnataka Forest Department



(Source: DFID, 1999)

This diagram was prepared by a group of foresters in Karnataka State, India. It shows the wide group of stakeholders recognised by the foresters. Each stakeholder group has been assigned a circle, and arrows are used to indicate the relationship with the foresters – the thickness and direction of the line illustrating the strength and direction of influence of one group on another. The plus or minus signs also show whether that influence is positive or negative.

In other diagrams of this type, the circle size can be adjusted to illustrate the importance of the group or the number of people in it. The gap or overlap between circles can signify closeness or distance or relationships. Lines between stakeholder groups can illustrate their relationships, while types of line can indicate whether the relationship is formal or informal, etc. The great strength of these diagrams lies in their development. Cut out circles of paper and other materials can be used in their preparation and participants do not need to be well-educated to participate. Many thorny issues are likely to be raised in discussion over development of the diagram and the outcome is a clear and immediate representation of key relationships which can be very useful to provoke further debate.

### 3. Stakeholder power analysis for a particular decision

#### Draw up a chart

Prepare a chart like this:

Write goal here					
Stakeholders	Attitude		Influence		Actions
	Est.	Conf.	Est.	Conf.	

Est. = estimate Conf. = confidence

#### List stakeholders

Identify and list the stakeholders. These may be individuals, or stakeholder groups, or some combination. If stakeholders can be treated as a group, use groups. The most effective way of doing this is to list as many stakeholders as you can on a working sheet of paper. Then transfer them to the left hand column of the chart. It may help to list them in rough order of importance. (You may change your mind about their importance after this analysis.)

#### Estimate attitude and confidence

For columns 2 to 5, work across the page. Record your estimates of the following in the columns. In order, they are:

**Column 2:** Your best estimate of the stakeholder's attitude, from supportive to opposed. A five-category code can be used:

- ++ strongly in favour
- + weakly in favour
- o indifferent or undecided
- weakly opposed
- strongly opposed

**Column 3:** How confident you are about your estimate in column 2. Here you can use:

- / (a tick) for fully confident
- ? for reasonably confident (some missing information, perhaps, or some doubts about interpretation)
- ?? for an informed guess
- ??? for wild guess or sheer fantasy

Unless the group achieves immediate agreement, then at least one question mark is warranted.

**Column 4:** Your best estimate of the influence of the stakeholder. A three-category code is usually enough:

- H high; this person or group has power of veto, formally or informally
- M medium; you could probably achieve your goals against this person's or group's opposition, but not easily
- L this person can do little to influence the outcomes of your intended actions

**Column 5:** How confident you are about your estimate in column 4. You can use the same codes as in column 2.

#### Plan strategies

Plan your strategies for approaching and involving each person or group. Your estimates in columns 2 to 5 help you to do this. Your strategy is written in column 6. It usually takes the form of obtaining more information, or of involving the stakeholder in the planning for the change. In general, question marks indicate a need for more information. The more question marks, and the more influence the person has, the greater the need. On some occasions you will choose to approach the person concerned. On other occasions you may instead approach someone else who can be assumed to know about the person's attitude or influence. In general, high influence indicates a need to involve the person in some way. (Or, if you choose not to do this, and they are opposed, you may choose to find some way to neutralise their influence.) The people or groups who require most attention are those who are influential and opposed. For involvement, decide the extent. For example: involved only as informants; consulted; directly involved in decision-making; involved as co-researchers and co-actors; or some similar categories.

(Source: Dick, 1997)

#### 4. Stakeholder analysis for a project

The following example is based on a recorded stakeholder analysis done for an aid agency project with local government. It has, however, been made general to avoid breaching confidentiality.

The stakeholder analysis provides an overall assessment of the range of interests identified during the design of the project. The stakeholders are listed in the Table below with a summary of their interest and an assessment of their impact. The stakeholders are classified as follows:

- *Direct primary stakeholders* who are the main beneficiaries from the project
- *Indirect primary stakeholders* are not direct beneficiaries but will be affected by the project
- *Secondary stakeholders* are the remaining parties in the process.

The stakeholders listed in the Table have been classified, into their comparative importance and influence. This is shown in the Figure below the Table. Importance is assessed in terms of their role in achieving the project's outputs and purpose. Influence is judged in terms of the power that they can exert over the project's process and outcome.

Those stakeholders of high importance to the project, but with low influence - shown in Box A in the Figure - include members of staff of the project executing organisations who will be responsible for project implementation, but will not necessarily be decision-makers. Service providers are also included because they will make a valuable contribution to work on the project, but will not be able to substantially alter the manner in which it is designed and implemented.

In Box B, the stakeholders with a high degree of influence and importance to the success of the project include the Minister, the senior management teams of the project executing organisations, local authorities selected for pilot studies and the provincial departments of local government.

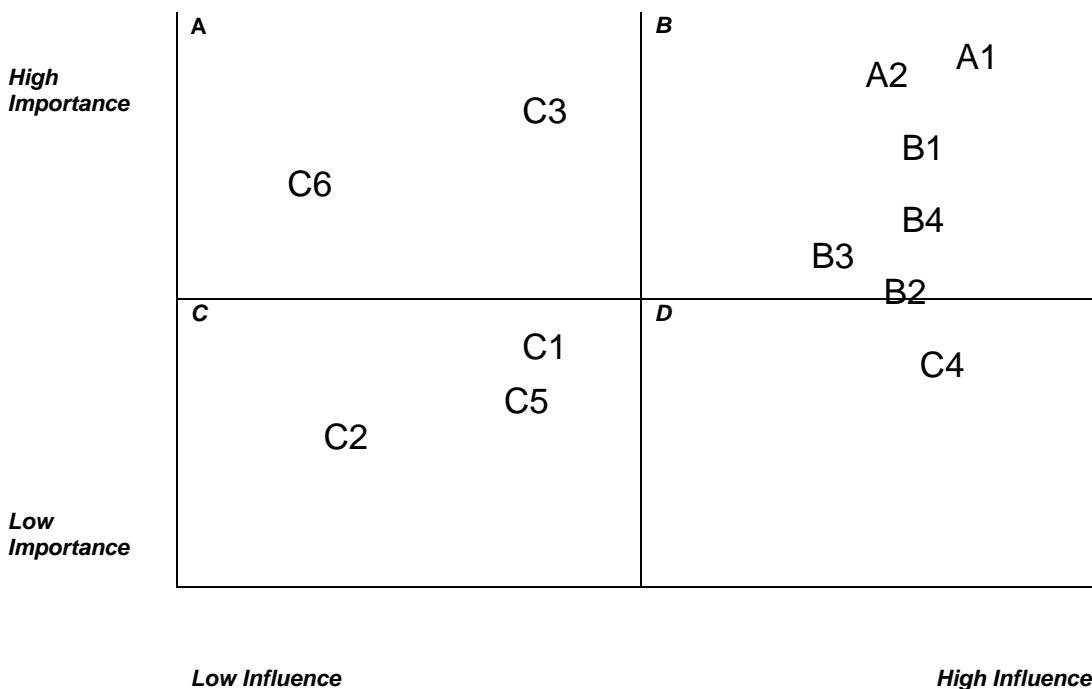
The influential stakeholders, but with less importance in achieving the project purpose and outputs, are grouped in Box D.

The final group of stakeholders, in Box C, represent the least important and influential. Their interests need to be monitored to ensure that (a) their interests are not adversely affected and (b) their importance and influence does not alter due to changed circumstances.

STAKEHOLDERS	KEY INTERESTS	IMPORTANCE TO PROJECT	INFLUENCE ON PROJECT	PARTICIPATION
<b>Primary direct</b>				
Minister	<ul style="list-style-type: none"> <li>Ensure local government transformation process is completed</li> <li>Consolidate structures and systems within the sector</li> <li>Ensure co-operative governance</li> </ul>	High. Will provide overall leadership and political support	High. Will have influence on all aspects of policy	Responsible for overall project implementation
Senior management team of project executing organisations	<ul style="list-style-type: none"> <li>Finalise all relevant legislation, regulations and systems to provide framework for implementation</li> <li>Accelerate implementation process</li> <li>Provide capacity building for provinces and local authorities</li> </ul>	High. Will provide overall leadership and political support	High. Will have influence on all aspects of policy	Responsible for overall project implementation
<b>Primary indirect</b>				
Local authorities	<ul style="list-style-type: none"> <li>Partners in piloting new systems</li> <li>Accelerate change within their own administration</li> <li>Meet national requirements</li> </ul>	High. Will provide sites for implementation and piloting	High. Will be responsible for implementation and successes of pilots	Beneficiaries of successful project implementation. Will be consulted and involved through municipal partnerships
Association of local authorities	<ul style="list-style-type: none"> <li>Represent interests of organised local government</li> <li>Accelerate change programme</li> </ul>	High. Will provide input into all systems and guidelines developed	High. Will have influence on all systems and guidelines	Consultation on all aspects of design and piloting
Local government change management programme	<ul style="list-style-type: none"> <li>Provide framework of co-ordination for donor programmes</li> <li>Provide input on usage of donor funds</li> </ul>	High. Will integrate lesson learning across all projects and pilots	Medium. Will provide input into project co-ordination and outcomes	Lesson learning directed through it
Provincial departments of local government	<ul style="list-style-type: none"> <li>Implement national systems and frameworks</li> <li>Provide direct support to local authorities</li> </ul>	High. Will provide support and co-ordination for implementation	High. Will have influence on nature of support provided	Included in consultative structures
<b>C. Secondary</b>				
Other national and provincial government departments	<ul style="list-style-type: none"> <li>Successful change of local government system</li> <li>Collaboration on joint processes,</li> </ul>	Low. Will provide mechanisms of support to project executing organisations where relevant	Low. Will only co-operate, cannot intervene	Consulted where necessary. Informed through regular updates

<b>STAKEHOLDERS</b>	<b>KEY INTERESTS</b>	<b>IMPORTANCE TO PROJECT</b>	<b>INFLUENCE ON PROJECT</b>	<b>PARTICIPATION</b>
Members of Parliament and Members of the Provincial Legislatures	<ul style="list-style-type: none"> <li>• Successful change of local government system</li> </ul>	Low. Will only provide limited input into project	Low. Will only co-operate, cannot intervene	Consulted where necessary
Service providers	<ul style="list-style-type: none"> <li>• Achievement of outputs as required</li> <li>• Provide appropriate assistance for implementation of projects</li> </ul>	High. Project success depends on their performance	Medium. Responsible for project outputs but can be dismissed for non-performance	Involved in delivering project outputs
Organised labour	<ul style="list-style-type: none"> <li>• Protection of interests of members, e.g. job loss</li> </ul>	Low. Will help determine possible courses of action in piloting	High. If supportive, can facilitate project success	Consultation and involvement at key points during implementation
NGOs, CBOs and other community structures	<ul style="list-style-type: none"> <li>• Collaborate in implementation processes</li> <li>• Provide services to local authorities</li> </ul>	Low. Will participate in pilot projects	Low. Will provide input through pilots but not directly impact	Involvement during piloting
Staff of project executing organisations	<ul style="list-style-type: none"> <li>• Success achievement of objectives</li> <li>• Capacity built through project implementation</li> <li>• Ability to cope with new systems and changing demands</li> <li>• Resistant to new systems and approaches</li> </ul>	High. Will be directly involved in implementation	Low. Cannot change structure and process of project	Involved in project implementation

## Classification of stakeholders according to relative influence and importance



### INDEX

Primary Stakeholders		Secondary Stakeholders	
A1	Minister	C1	Other national and provincial government departments
A2	Senior management team of project executing organisations	C2	Members of Parliament and Members of the Provincial Legislatures
B1	Local authorities	C3	Service providers
B2	Association of local authorities	C4	Organised labour
B3	Local government change management programme	C5	NGOs, CBOs and other community structures
B4	Provincial departments of local government	C6	Staff within project executing organisations

## 5. Mapping power and potential of stakeholders in Malawi's National Forestry Programme

The Co-ordination Unit for the National Forestry Programme (NFP) in Malawi recognised that stakeholders have very different levels of power to take action. It also attempted to propound the idea that stakeholders vary in their importance or potential for good forestry and livelihoods. Potential for good forestry and livelihoods lies in factors such as: knowledge about forest management, proximity to forests, dependence on forest goods or services, viable forest enterprise, cultural linkages to forests, and existing rights. Some stakeholders have considerable potential to bring about good forestry and livelihoods, yet have little power to do so. Others, by contrast have lower potential, yet have considerable power. To provoke debate at the meetings of the multi-stakeholder Forum, the Co-ordinating Unit developed a basic 'ranking' of stakeholder groups according to power and potential. The following table and diagrams show the results. In the table, the main current stakeholder groups are listed, and then given an indicative ranking along the following lines:

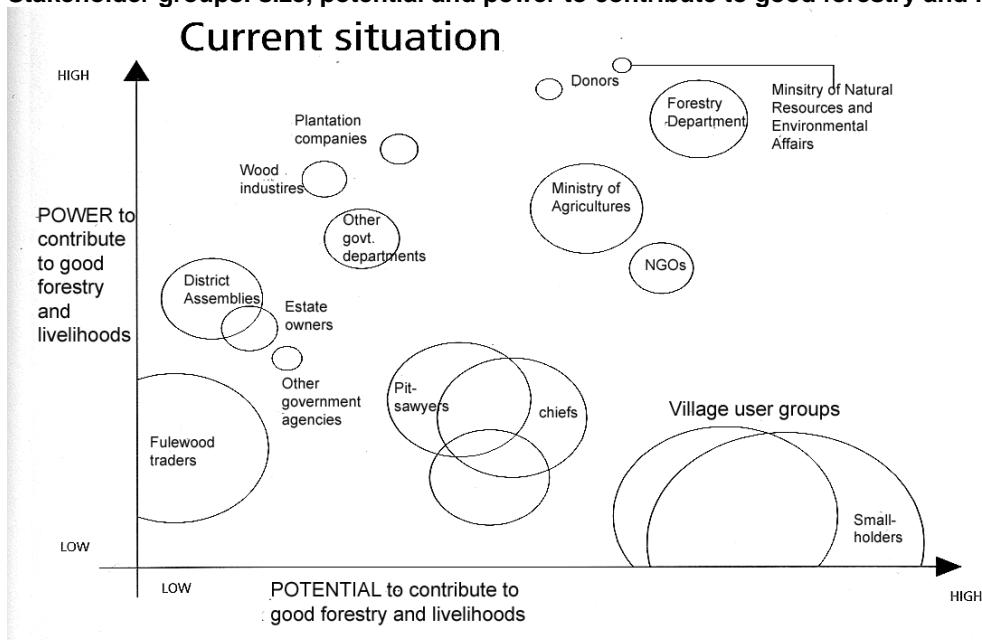
- *Size of group* (17 = largest, 1 = smallest): an indication of the number of people in the group
- *Potential* to contribute to good forestry (17 = highest, 1 = lowest): an indication of the contribution which the group could make, given their size, with their current role, level of knowledge and expertise – if they had the power to do so
- *Power* to contribute to good forestry (17 = highest, 1 = lowest): an indication of the power each group currently has to contribute

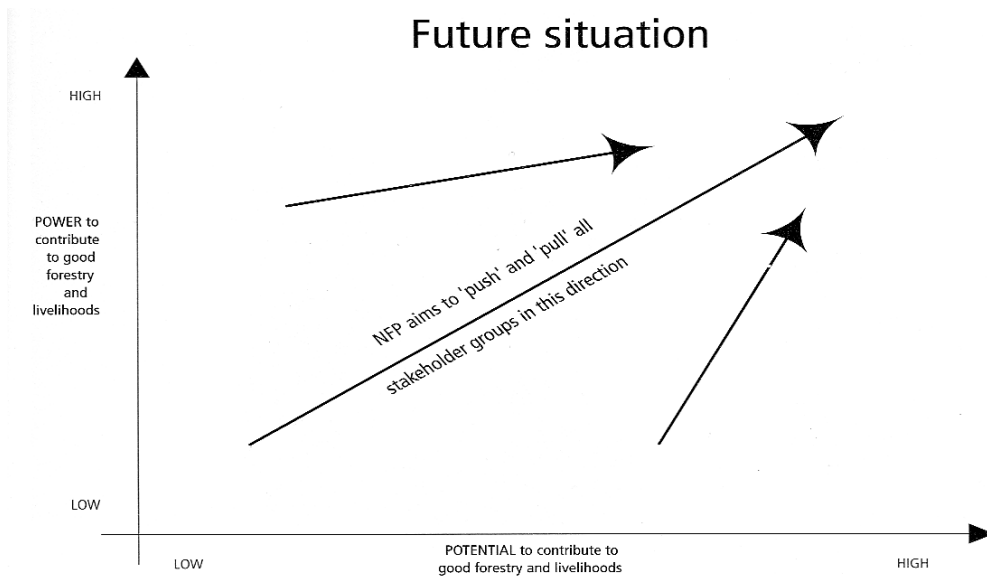
**Ranking of stakeholder groups' power and potential to contribute to good forestry (by the NFP Coordination Unit)**

Stakeholder Group	Size Of group	Potential to contribute to good forestry	Power to contribute to good forestry
Smallholders	17	17	1
Organised users and groups at community level (e.g. VNRMCS)	16	16	2
Fuelwood and charcoal sellers and traders	15	1	4
Chiefs and traditional authorities	14	10	5
Pitsawyers	13	8	6
Small NTFP enterprises	12	9	3
Ministry of Agriculture	11	12	12
District Assemblies	10	2	9
Forestry Department	9	15	15
Other departments: Department of National Parks and Wildlife, Environmental Affairs Department, Department of Energy	8	6	11
Estate owners (tobacco)	7	3	8
NGOs	6	14	10
Wood industries	5	5	13
Plantation companies (timber, rubber and tea)	4	7	14
Other government agencies: Malawi Investment Promotion Agency, Privatisation Commission	3	4	7
Donors	2	11	16
Ministry of Natural Resources and Environmental Affairs	1	13	17

The figure below is an attempt to show these rankings visually. In the figure, the various main stakeholder groups in Malawi's forest goods and services are shown by circles – the larger the circle the greater the number of people in the group. The centres of the circles are 'plotted' against the two axes – power and potential.

**Stakeholder groups: size, potential and power to contribute to good forestry and livelihoods –**





The figure shows the scale and direction of the challenge for the NFP– to push and pull stakeholders towards matching up power with potential. If progress towards better forestry and livelihoods is to be made, some stakeholders need to be empowered to make more positive contributions, whilst others need to be restrained from making destructive contributions.

(Source: Mayers *et al*, 2001)