

TRICKS AND TIPS ON STAKEHOLDER IDENTIFICATION, ANALYSIS & ENGAGEMENT

This guide was prepared by CEF experts who were all strongly engaged in stakeholder consultations while they held different positions in the government. The guide is based on their experience and is intended as a practical guide for their peers who engage with stakeholders in the preparation and implementation of the ERP. It also serves as a background learning material for the exercises during the in-country workshops on stakeholder engagement.

The guide is organized in four parts which are related to four steps, or phases, of the stakeholder engagement process. The first three steps are to be done internally by line ministries responsible for a particular structural reform and the ERP coordinators. These steps are the preparatory steps for the actual consultations and comprise (1) identification of stakeholders of the reform, (2) analysis of their attributes and roles and (3) development of a strategy for approaching and communicating with the stakeholders. The last step (4) is the active engagement in, and managing of, the actual stakeholder consultation about a particular measure or the ERP as a whole.

STEP 1 – Stakeholder identification

Each project, measure or reform has many interested internal and external parties or “customers”. Often these individuals change or their interests change during the different phases of the reform process. There are usually winners and losers. Forgetting to meet the needs of just one influential and powerful stakeholder at a critical time can possibly ruin a reform. Therefore, stakeholder identification is the crucial step in the stakeholder engagement process. The purpose of this step is to identify and understand the needs and expectations of major interests inside and outside the structural reform design.

It is useful to **start by preparing a full list of stakeholders** for the reform or the reform area under your responsibility. As a guide, a table with typical groups of stakeholders for any reform is provided with some examples and some potential stakeholders by ERP areas are provided in Annex 1.

The purpose is not to make the list of stakeholders as long as possible. It should include the stakeholders relevant for the reform or the ERP. In general, these are stakeholders who

- are important for the approval (adoption) of your reform / ERP,
- are important for the implementation of the reform / ERP,
- represent social and economic groups which will be affected by the reform,
- can contribute to a better reform design or implementation by their opinion / expertise,
- influence the general public opinion about the reforms and their acceptance.

In the process of identification, you must **name the stakeholders** (sometimes individuals, i.e. experts or opinion makers) – for example, it is not enough to note that you will consult the business associations and trade union, you must state which associations and unions you have in mind. During the identification process, it is useful to also note the contacts and the responsible persons of each stakeholder.

Most stakeholders will already be known to the line ministries officials in charge of the reform. Still writing them down in an organized format is useful to make sure you don't leave anyone out. In case you are new to the reform area, or simply unsure you have identified everyone, it may be useful to consult senior colleagues, or colleagues from other ministries, or stakeholders themselves (for example, you may ask an NGO you know whether there are others which they think should be included in the consultations).

A guiding table for stakeholder identification:

Stakeholder group	Examples
Internal stakeholders	Internal units of the ministry and agencies under responsibility of the ministry who will need to contribute to the design and implementation of the reform.
Stakeholders within the government	Other line ministries, agencies and government bodies who either need to contribute to the reform or who are implementing related reforms. Ministry of finance and ERP coordinators.
Political level decision makers	Members of the government and their cabinets; parliamentary committees and parliamentarians, coalition parties, opposition parties.
Formal public consultation bodies	Economic and social committee, advisory councils (e.g. scientific or research policy councils), fiscal council.
Outside expertise	Universities, institutes, think-tanks, individual experts with specialized knowledge, technical assistance project (providers?).
Business associations	Associations representing business interest in general or specific sectors or groups of enterprises; companies or groups of companies most affected by the measure (e.g. big exporters, big energy companies, SMEs).
Employees' representatives	Trade unions representing interests of employees in general or in specific sectors or professions; professional associations (e.g. doctors, researchers).
Non-government and civil society organizations (NGOs and CSOs)	Organizations engaged in the area of the reform by their own activities or through policy advocacy; NGOs/CSOs advocating interest of particular social groups and minorities
Local and regional stakeholders	Municipal and regional administrations and councils, territory-specific NGOs, CSOs, business or employees' representative
International stakeholders	EU delegation and the European Commission, other international organizations and development partners (for example IMF, OECD, WB, UNDP, significant donors and Embassies).
Media and opinion makers (influencers)	General media and media specialized in economic issues; influential individual opinion makers.
Other	Other specific stakeholders for the reform above

STEP 2 – Stakeholder analysis

“Stakeholder analysis is a process of systematically gathering and analyzing qualitative information to determine whose interests should be taken into account when developing and/or implementing a structural reform.”¹

Once the list of relevant stakeholders is made, you need to prepare yourselves for the dialogue with stakeholders. Before you think of how to approach the stakeholders and organize and manage the consultations, it is advisable to undertake a stakeholder analysis. The general purpose of the stakeholder analysis is to **understand the attributes, interrelationships, interfaces among and between reform advocates and opponents** in the process of strategic planning.

These are some **guiding questions for the stakeholder analysis**, for each relevant stakeholder or for each group of stakeholders with similar attributes:

- how will the stakeholder be affected by the reform (what does the reform mean for them),
- how interested will the stakeholder be in the success of the reform (what benefits will the reform bring to them),
- how much knowledge about the reform area and understanding of the need for reform does the stakeholder have,
- is the stakeholder likely to support or oppose the reform, and how strongly,
- what are likely to be the main arguments of the stakeholder in the consultation process,
- what are the resources of the stakeholder to influence the decision on the reform or its implementation (financial means, contacts, political influence, influence on public opinion, influence on other stakeholders) – i.e. how effective can a stakeholder be in protecting or promoting their position,
- could the stakeholder be helpful in approaching those stakeholders who are more likely to take active steps to oppose the reform,
- could the stakeholder be helpful in the design or implementation of the reform (by their knowledge, experience, engagement).

¹ Kammi Schmer: Stakeholder Analysis Guidelines

STEP 3 – Strategies for stakeholder engagement

In much a similar way as you approach different people differently in everyday life, you also need to approach different stakeholders differently. How you want to approach and engage them depends on their attributes i.e. on the findings of your stakeholder analysis.

1) Attitude towards the reform

Most stakeholders will have their **a priori attitude towards the reform**. The aim of consultations is to convince at least some of the initial opponents to support, or at least accept, the reform. The intensity by which stakeholders support or oppose the reform will differ, so it is useful to think about it in the terms of a spectrum of positions:

Spectrum of stakeholder’s position



2) Power (influence) and knowledge of stakeholders

Stakeholders with more power and/or knowledge, i.e. those who are more likely to affect the design, the approval or the implementation of the reform, need to be engaged more intensively. The potential influence and importance of stakeholders also depends on what you expect / need from them in the consultations process, for example:

- Stakeholders you want/need to agree with the reform and take decisions,
- Stakeholders which can make decisions regarding the use of resources,
- Stakeholders from which you need cooperation in implementation,
- Stakeholders from which you only need an opinion and suggestions.

The power of relevant stakeholders with respect to their attitude towards the reform can be thought of in terms of the following matrix:

	Supporter	Neutral	Opponent
High power			
Medium power			
Low power			

3) When to include and empower stakeholders

You also need to consider which stakeholder you want to engage early in the development of the reform and more intensively, which stakeholder you only include for comments on draft, and similar (there are some modalities between the most intensive and the easiest engagement).

Types of stakeholders, with respect to their role in the process and intensity of engagement:

	Inform	Consult	Partnership	Decide
Initiation				
Planning				
Execution				
Monitoring and evaluation				
Closing				

Some stakeholders may also be **engaged in the communication of the reform**, throughout the reform process, for example opinion makers, experts and media.

4) Which platforms to use for stakeholder engagement and cooperation

Choose relevant mechanisms for each stakeholder group as one template won't fit all.

You can use:

- social dialogue (government, trade unions, employers' associations),
- interviews,
- workshops,
- focus groups (NGOs),
- public meetings (media, political influencers, experts),
- surveys,
- participatory tools (social media),
- stakeholder panels
- informal communication

STEP 4 – Stakeholder consultations

Stakeholders consultations can be difficult, especially on ambitious and thorough structural reforms. Here are some tips on how to approach the consultation.

1) Stay positive and focus on the benefits of consultations

No matter how difficult, successful consultations will bring important benefits for you:

- better understanding of possible positive and negative impact on different stakeholders and objectives (economic, social, environmental, technological effect of the proposed reform),
- better understanding of different views and concerns of stakeholders,
- better design of the measures to improve their effectiveness and acceptance,
- better implementation through cooperation with stakeholders,
- optimizing mid- and long-term benefits of the reform,
- relative satisfaction of all parties over the mid-long term.

2) Build trust and the sense of cooperation with the stakeholders

The best way to build trust is to be honest and open in your communication of the reform and to signal strong ownership, i.e. that you are convinced that the reform is really needed and that you are ready and able to implement it.

In consultation, use a cooperative and supportive communication:

- discuss issues of interest for stakeholders,
- be ready to listen to everyone and appreciate different viewpoints,
- focus on finding common ground and bringing different views together,
- help create trust and mutual understanding between stakeholders.

3) Prepare well for managing difficult / opposing stakeholders

Engaging stakeholders is a two-way process. Prioritize the issues from your side and the stakeholders' viewpoint, understanding the stakeholders' issues of most importance for them. Be realistic of what can be achieved and be ready for opposition and making trade-offs.

At the same time, define your “red lines” of acceptance and try to predict what are the red lines or what the stakeholder would be willing to accept. For you, the red line should be that, however far you go towards the standpoints of those who oppose the reform, you must assure that the reform will still have an impact and be worth the effort.

In communication, stay consistent, do not overreact, be patient, listen, but use arguments, balance between the expert and interest points of view.

Collaboration and communication can mean the difference between success and failure of a reform, so having all relevant stakeholders onboard at the right time and with the right touch is the secret of the success.

Good luck with your stakeholder engagement!

Source:

Smith, L. W. (2000). Stakeholder analysis: a pivotal practise of successful projects. Paper presented at Project Management Institute Annual Seminars & Symposium, Houston, TX. Newtown Square, PA: Project Management Institute.