

IMPACT ASSESSMENT & STAKEHOLDER ANALYSIS

CONTENTS:

Summary

Special Note

- 1 Who are Stakeholders
- 2 How to do a Stakeholder Analysis
- 3 Assessing the Influence and Importance of Stakeholders
- 4 Using the Findings of Stakeholder Analysis

ANNEX 1 : THEORETICAL STAKEHOLDER ANALYSIS OF PODE, MOZAMBIQUE

ANNEX 2: from ALBANIAN POVERTY REDUCTION STRATEGY PAPER

SUMMARY:

This note summarises more detailed Technical Notes produced by DFID's Social Development Department on how and why stakeholder analysis is critical to good programme design. It describes how to identify key stakeholders and key issues for partnership with these stakeholders. It also looks at how to assess the degree of importance and influence of stakeholders so their impact can be given the appropriate degree of priority in the programme design. This paper should be read in conjunction with other items in the EDIAIS toolbox, in particular the notes on the [Project Management Cycle](#) and [Participatory Methods](#).

SPECIAL NOTE:

Social Development Advisers can provide guidance and assist EDAs in carrying out stakeholder analysis. The following is an outline to what is involved in stakeholder analysis. Fuller descriptions can be found in SDD's Technical notes on Stakeholder analysis and participation, in particular:

"Stakeholder Participation & Analysis" DFID Social Development Division, 1995

"The Social Appraisal Annex for a Project Submission" DFID Social Development Division, December 1998

Both are available on [DFID](#) 's website

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1 WHO ARE STAKEHOLDERS?

A **stakeholder** is any person, group or institution that has an interest in a development activity, project or programme. This definition includes both intended beneficiaries and intermediaries, winners and losers, and those involved or excluded from decision-making processes.

Stakeholders can be divided into two very broad groups:

- primary stakeholders: those who are ultimately affected, ie who expect to benefit from or be adversely affected by the intervention;
- secondary stakeholders: those with some intermediary role. In an enterprise project these might include some of: DFID, trades unions, banks, Ministry of Finance, local government, export promotion agencies, business service providers

Key stakeholders are those who can significantly influence the project, or are most important if DFID's objectives are to be met. Both primary and secondary stakeholders may be key stakeholders.

Participation of **primary stakeholders** is essential in projects which are expected to have a direct positive impact on defined groups of people. Included here would be slum improvement projects, rural health or population projects, agricultural projects targeting small farmers, skills training for the unemployed/landless, small scale enterprise, rural water supply projects, primary education and forestry conservation projects.

Stakeholder participation is a process whereby stakeholders - those with rights (and therefore responsibilities) and/or interests - play an active role in decision-making and in the consequent activities which affect them.

Stakeholder analysis aims 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 expectation between stakeholders;
- assess the capacity of different stakeholders to participate.

PRIMARY AND SECONDARY STAKEHOLDERS IN PROSHIKA

Proshika is one of the largest NGOs in Bangladesh. Its objectives are: i) structural poverty alleviation; ii) environmental protection and regeneration; iii) improvement in women's status; iv) increasing people's participation in public institutions, and v) increasing people's capacity to gain and exercise democratic and human rights.

These objectives are achieved through a broad range of programmes in education and training leading to income and employment generation, health education, building of health infrastructure, and environmental protection and regeneration. The programmes are supported by research activities and advocacy campaigns.

Proshika's Primary Stakeholders are poor people who are actual or potential members of Proshika. People vary in the extent and manner of their poverty. Proshika's members are drawn from the ranks of marginal peasant households and urban slum dwellers, as well as from landless households. In all these categories, women's poverty is greater. Proshika addresses this heterogeneity (and therefore possible conflicts of interest) among the primary stakeholders by establishing separate groups, based on gender, occupation and economic status.

Proshika's Secondary Stakeholders include Proshika and its donors, government and the local and national organisations, such as other NGOs, and fundamentalist organisations, affected by Proshika's approach to development. Potential differences between the donors have been minimised through agreement to common fund and monitor the programme. Government has sanctioned the programme through its NGO Affairs Bureau. Proshika is managing its relations with fundamentalist organisations through the Association of Development Agencies of Bangladesh (ADAB). Proshika's internal management style is open and stresses collective decision making. Decision making is less centralised than that of other Bangladesh NGOs, for example BRAC.

Two major **institutional challenges** face Proshika and reflect different stakeholders' concerns:

- i) the organisation has to retain its approach to social and economic development through empowerment while instilling the organisational discipline, necessary to run the expanded credit programme - a discipline which donors see as necessary for their further support.
- ii) Proshika has to strengthen its gender and development goals. Men and women members of Proshika are unequal sets of primary stakeholders because although there are more women's groups than men - and the women's groups function better - women are under-represented in the higher-level meetings of members at the union and district level. This reflects a similar problem for paid staff in Proshika, where despite efforts to redress the imbalance between men and women in management positions, Proshika is still a "woman-unfriendly" working environment. Under pressure from Bangladeshi women activists, a women's co-ordination unit is being established to address this issue.

Adapted from PEC Submission

For more information about Proshika see <http://www.proshika.org/>

In designing the project framework the principal stakeholders need to be involved in:

- agreeing objectives, outputs and activities;
- determining and weighting risks (assumptions);
- identifying indicators for measuring progress.

Stakeholders may well select different indicators. Minimally we should expect to include some of the donor's indicators, some from the main implementing agency and some from the primary stakeholders. Experience of several NGOs has shown that [participatory processes](#) using people's own indicators can generate quantifiable and time-bound indicators which relate to outputs relatively easily.

Although indicators of purpose and goals are more difficult to develop in a participatory fashion, it is possible; and in fact debates with the other stakeholders on this issue have often started to show up differential objectives not only between beneficiary stakeholders but between them and the implementing agency, leading to a changed project purpose. This may need careful handling if, for instance, approval has been obtained only to appraise a project with the original purpose.

2 HOW TO DO A STAKEHOLDER ANALYSIS

There are several steps to doing a stakeholder analysis:

- draw up a 'stakeholder table';
- do an assessment of each stakeholder's importance to project success and their relative power/influence;
- identify risks and assumptions which will affect project design and success.

Stakeholder Tables

To draw up a stakeholder table:

- identify and list all potential stakeholders
- identify their interests (overt and hidden) in relation to the problems being addressed by a project and its objectives. Note that each stakeholder may have several interests.
- briefly assess the likely impact of the project on each of these interests (positive, negative, or unknown).
- indicate the relative priority which the project should give to each stakeholder in meeting their interests (this refers to priorities derived from DFID's policy and project objectives; usually 1 = high priority; 4 = low priority).

Box 1: Checklist for identifying stakeholders

- have all primary and secondary stakeholders been listed?
- have all potential supporters and opponents of the project been identified?
- has gender analysis been used to identify different types of female stakeholders (at both primary and secondary levels)?
- have primary stakeholders been divided into user/occupational groups, or income groups?
- have the interests of vulnerable groups (especially the poor) been identified?
- are there any new primary or secondary stakeholders that are likely to emerge as a result of the project?

Box 2: Checklist for drawing out stakeholder interests

Interests of all types of stakeholders may be difficult to define, especially if they are:

- 'hidden'; or in contradiction with the openly stated aims of the organisations
- or
- there are groups involved.

A rule of thumb is to relate each stakeholder to:

- either the problems which the project is seeking to address (if at an early stage of the project),
- or
- the established objectives of the project (if the project is already under way).

Interests may be drawn out by asking:

- what are the stakeholder's expectations of the project?
- what benefits are there likely to be for the stakeholders?
- what resources will the stakeholder wish to commit (or avoid committing) to the project?
- what other interests does the stakeholder have which may conflict with the project?
- how does the stakeholder regard others in the list?

Information on secondary stakeholders should be available from institutional appraisals; information on primary stakeholders should be available from social analyses. Especially in the case of primary stakeholders, many of the interests will have to be defined by the persons with the best 'on-the-ground' experience. Double check the interests being ascribed to primary groups, to confirm that they are plausible

Example 1: Stakeholder table for a proposed private sector population project, Pakistan (simplified and adapted)

	Interests	Potential project Impact	Relative priorities of interest
Secondary Stakeholders			
Ministry of Population & Welfare	Achievement of targets Control over funds and activities Avoid liability for any negative reactions to contraceptive promotion	+ - -	3
Pharmaceutical CO	Sales volume Profits Public image	+ =/ +/-	=2
DFID	Institutional learning Health and Pop objectives Short-term reimbursement Conserving staff inputs Avoid liability for any negative reactions to contraceptive promotion	+ + - ? -	=2
Primary Stakeholders			
Lower -middle income groups	Reproductive choice Cheaper contraceptives	+ -?	=1
Women	Reproductive choice Enhanced health status	+ +/-	=1
External Stakeholders			
Islamic clergy	Social and religious influence	+/-	4
Traditional Birth Attendants	Private incomes	-	5

Explanatory note: As a private sector project, the Ministry may perceive a loss of control over resources. Several of the secondary stakeholders with positive interests in the project are wary of the social and religious influence of the clergy on public opinion (and therefore their image). The clergy are identified as a stakeholder group posing potential risks to the project.

3 ASSESSING THE 'INFLUENCE AND IMPORTANCE' OF STAKEHOLDERS

Key stakeholders are those which can significantly influence, or are important to the success of the project. **Influence** refers to how powerful a stakeholder is. **Importance** refers to those stakeholders whose problems, needs and interests are the priority of DFID's intervention - if these 'important'; stakeholders aren't assisted effectively then the project cannot be deemed a 'success'.

By **combining influence and importance**, stakeholders can be classified into different groups, which will help identify assumptions and the risks which need to be managed through project design. Stakeholder analysis can contribute to the process of deciding how the key stakeholders are to be included in the project. Note that **'key' refers to high importance, high influence, or both.**

Example 2: Matrix classification of stakeholders (identified in example 1) according to their relative influence on and importance

High Importance

<p>A</p> <p style="text-align: center;">*5</p> <p style="text-align: center;">*4</p> <p style="text-align: center;">*3</p>	<p>B</p> <p style="text-align: center;">*2</p> <p style="text-align: center;">*1</p>
<p>D</p> <p style="text-align: center;">*7</p>	<p>C</p> <p style="text-align: right;">*6</p>
Low Importance	High Influence

* Stakeholder definitions in Example 2:

(secondary):

- 1 Ministry of Population Welfare
- 2 Pharmaceutical companies and distributors
- 3 DFID

(primary)

- 4 Lower-middle income groups
- 5 Women

(external)

- 6 Islamic
- 7 Traditional birth attendants

TOOLBOX: STAKEHOLDER ANALYSIS

The matrix can be drawn up for individual stakeholders in turn, but a summary matrix can also be constructed. A hypothetical summary matrix for the population project is shown below as Example 3.

Key stakeholders with high influence and importance to project success are likely to provide the basis of the project 'coalition of support', and are potential partners in planning and implementation. In Example 3, this coalition of support includes both the Ministry of Population and Welfare and the pharmaceutical companies. Conversely, key stakeholders with high influence, but with low importance to project success may be 'managed'; by being consulted or informed. The Islamic clergy are shown in Example 3 as one such key stakeholder group.

Example 3: Draft 'summary participation matrix' for the proposed private sector population project, Pakistan

Type of Participation	Inform	Consult	Partnership	Control
Stage in Cycle				
Identification		Pharmaceutical companies	DFID Min of Pop & Welfare	
Planning	Clergy?	Women's groups	DFID Ministry Pharm. Companies	
Implementation	DFID	Clergy	Ministry Health NGOs Women's groups Pharm. cos	TCOs/ PIU
Monitoring	DFID	Ministry	Health NGOs Women's groups Pharm. Cos TCOs/PIU Ministry	External consultants

4 USING THE FINDINGS OF A STAKEHOLDER ANALYSIS

The analysis should contribute to project design. More specifically, the findings should be included in:

- Project Concept Note:

This should briefly summarise the nature of the analysis, the key stakeholders and critical issues of influence and importance. The main findings can be presented in a table adapted from the original listing.

- Project Logframe:

This will highlight in the Assumptions column any key stakeholders and their potential influence/importance on achievement of the indicators. The overall project design, as conveyed in the logframe, should reflect the interests and impacts identified by the stakeholder analysis

- Project Memorandum

Besides summarising the main findings of the analysis, the full tables may be reproduced in an Annex to the Project Memo, perhaps as part of the Social Appraisal. The findings should also be referred to in the Risk Analysis.

SUMMARY:

Stakeholder analyses can be used to:

- Identify key stakeholders
- Identify areas of conflicting interests
- Draw out key risks and assumptions
- Identify possible areas of IA

Following is an example of a Stakeholder Analysis undertaken as part of the Social Appraisal for a DFID enterprise development intervention in Mozambique, with matrix showing influence and importance, of developing a PRSP for the Government of Albania.

TOOLBOX: STAKEHOLDER ANALYSIS

ANNEX 1: THEORETICAL STAKEHOLDER ANALYSIS OF PODE, MOZAMBIQUE (undertaken by C Pinder as part of Social Appraisal, February 1998)

PRIMARY	INTEREST/IMPACT	PRIORITY IN PROJECT	POTENTIAL IMPACT +/-
<p>Investors/employers:</p> <ul style="list-style-type: none"> • existing - informal <li style="padding-left: 40px;">- small/med formal <li style="padding-left: 40px;">- large • new, local - informal <li style="padding-left: 40px;">- small/med formal • new, foreign/large <p>Business outside of Maputo</p> <p>Women's businesses</p>	<p>Opps (opportunities) for some to move into formal employment instead; increased incomes of new job holders leads to increased trade; loss of trade from competition with more small firms and informal traders; producer groups will benefit from SSIs</p>	3	+ / -
	<p>training & support for expansion; bus opps from linkages and new markets to supply larger bus'es; but also increased competition with new/foreign bus. getting tax advantages; export hcraft buyers & whslrs benefit from SSIs</p>	1	+ / -
	<p>inc'd opps for investment; better downward bus linkages & opps/good bus climate for sub-contracting may enable down-sizing, may move into EPZs</p>	2	+
	<p>new markets and opps for trading with increased incomes of new job holders; opps as producer-groups in SSIs</p>	3	+
	<p>support and training in start-up; new opps for bus links and in SSIs</p>	1	+
	<p>incentives (eg EPZs, tax hols); support and training in start-up; more opps for sub-cont to small/med to minimise investment</p>	2	+
	<p>possible overspill of bus opps partic through bus links, but inc'd competition from some types of foreign investment (eg fisheries); opps for training and support in expansion but depends if funds left over from Maputo</p>	2	+ / -
<p>unlikely to benefit directly being mainly in informal sector and micro; may be a few opps from bus links for small formal businesses, but as these are mainly in shops, hotels, they may be threatened by incoming foreign competition</p>	2	+ / -	

TOOLBOX: STAKEHOLDER ANALYSIS

<p>Workforce:</p> <ul style="list-style-type: none"> • skilled workers - employed <li style="padding-left: 20px;">- unemployed • unskilled workers - employed <li style="padding-left: 20px;">- unemployed • women workers - urban, outside Maputo - rural 	<p>opportunities to move into better paid jobs due to skill shortages/increased demand; chance to upgrade skills further</p> <p>increased demand for skilled workers will lead to opps for well-paid work with chance to upgrade skills further</p> <p>retention of jobs; may be opps for upgrading and training</p> <p>opportunities for employment increase, but at what rates of pay and conditions?</p> <p>may create some work but limited: low skill level will mean competing for jobs with unskilled men and tradition will put women at disadvantage; also women employed in low pay sectors: clothing; food-processing. May gain from SSI's if a) emphasis put on building skills of producer-groups, and b) selected SSIs focus on areas in which women are involved (ie food/agro)</p> <p>may be increase in opps for employment and skills upgrading but will depend on non-Maputo businesses getting share of investment and training funds</p> <p>limited opps for employment except through migration to urban areas; may be some opps through SSIs; may benefit from remittances of urban employed family members</p>	<p>1</p> <p>1</p> <p>1</p> <p>2</p> <p>2</p> <p>2</p> <p>2</p>	<p>+</p> <p>+</p> <p>+</p> <p>+ / -</p> <p>+ / -</p> <p>+ / -</p> <p>+ / -</p>
<p>Government</p>	<p>continued support of electorate resulting from economic growth and creation of employment, and increased revenue from taxes on employees and consumption; but risk of increased debt if fails, and loss of public support if investment doesn't lead to jobs, or poor pay and working conditions lead to unrest, also loss of taxes if more local companies opt for EPZ status/location</p>	<p>1</p>	<p>+ / -</p>
<p>Members of the PSC (as individuals)</p>	<p>career and/or social advancement; training opportunities, additional work</p>	<p>2</p>	<p>+ / -</p>
<p>Organisations on PSC:</p>			

TOOLBOX: STAKEHOLDER ANALYSIS

<ul style="list-style-type: none"> - MICTUR - staff - CPI & IPEX - staff - CTA - employerer assoc'ns/members - staff 	<p>improved capacity of Ministry, with higher skilled workforce; more effective and modern methods of working; more work with increased accountability; possible loss of jobs through bureaucratic reform</p> <p>more work and visibility/ accountability; opps for training and advancement</p> <p>institutional strengthening; national focus leading to increased membership and subs</p> <p>more work and visibility/accountability; opps for training and advancement</p>	<p>1</p> <p>1</p> <p>1</p> <p>1</p>	<p>+ / -</p> <p>+ / -</p> <p>+ / -</p> <p>+ / -</p>
<p>Regional business associations</p> <ul style="list-style-type: none"> - assocn's/members - staff 	<p>institutional strengthening; more services; better representation</p> <p>more work and visibility/accountability; opps for training and advancement</p>	<p>2</p> <p>2</p>	<p>+ / -</p> <p>+ / -</p>
<p>Training institutions:</p>	<p>expanded market and improved quality; more competition for existing from new institutions entering market</p>	<p>2</p>	<p>+ / -</p>

TOOLBOX: STAKEHOLDER ANALYSIS

SECONDARY	INTEREST/IMPACT	PROJECT PRIORITY	POTENTIAL IMPACT +/-
Families of employees	increased household income and living standards	3	+
DFID	wants a poverty-focused project to support credible presence in economic growth in Moz; improved relations between UK & Moz and opps for more trade for both (ie Moz exports of handicrafts; UK equipment and consultants); but if PODE doesn't impact on poverty then may not have been good use of funds	3	+ / -
World Bank	repayment and return on loan if economy improves, with improved image and credibility in region; but losses and criticism if econ growth and jobs don't occur, or if leads to unrest resulting from jobs of poor pay and conditions	3	+
Trade Unions	increased membership if workforce grows, and opp to play greater role in national econ issues; but members may lose jobs if unfair competition and negotiating position may be weakened, or even withdrawn in EPZ's	4	+ / -
Ent Dev't NGO's (eg VSO, ATA)	greater financial support for programmes and opps to expand work, but greater strain on resources and staff commitment	4	+ / -

STAKEHOLDERS IDENTIFIED FOR ALBANIAN PRSP¹ (by C Pinder & others for Government of Albania, IDS Sussex, DFID & World Bank, July 2000)

Definition of stakeholder	Primary, secondary or external	Comments and examples of groups included in the definition	Importance	Present Influence
			1 - 2 - 3 - 4	1 - 2 - 3 - 4

¹ This is an extract from a study undertaken by C Pinder, J Holland and T Lines, on behalf of IDS Sussex, DFID and World Bank. Full copy of the study is available from Prof M Greeley, IDS: "Proposal for Action Plan for Development of Albania's Growth & Poverty Reduction Strategy", July 2000

ANNEX 2 - Analysis - Albanian Growth and Poverty Reduction Strategy Paper (PRSP).				
1 NON-ORGANISED				
1.1 Poor and vulnerable social groups	Primary Group	Target group: ultimate beneficiary of poverty reduction strategies	As a group 4	As a group 1
Children	Primary	School absentees; orphans; abused; street children	4	1
Youth	Primary	under/unemployed graduates; drug addicts; school drop-outs	4	1
Girls and women	Primary	under/unemployed women; single parents, victims of violent marriages, widows; unable to attend school due to fear of abduction; low skilled and low paid work	4	1
Disabled	Primary	unemployed; low benefits; dependent on family; lack of suitable care and/or rehabilitation services;	4	1
Elderly	Primary	without or with meagre pensions; dependent on remittances or family support; destitute	4	1
1.2 Poor people by location	Primary Group		4	1
Rural	Primary	subsistence farming families; low paid agricultural workers; non-farming poor in rural areas	4	1
Urban	Primary	homeless; inhabitants of illegal settlements; lack of basic amenities; unemployed following closure of factories	4	1
(Some) ethnic minorities	Primary	inhabitants of illegal settlements; low paid work;	4	1

TOOLBOX: STAKEHOLDER ANALYSIS

1.3 Poor people by economic participation	Primary Group		4	1
Low paid in the formal sector	Primary	Due to low skills; internal migrants; school dropouts	4	1
Workers in micro / informal sector	Primary	Low-skilled; internal migrants; homeworkers	4	1
Unemployed		redundancy from SOE's; school drop-outs/low skills; women; amongst graduates causing emigration and 'brain drain'	4	1
2 NOT POOR OR VULNERABLE	External group		2	2
Securely employed, adequately paid	External	Includes owners and managers of large formal sector and foreign based businesses	2	2
Successful farmers	External	producing for wider markets; employing others on regular basis; farms run as businesses	2	2
3 POLITICS AND GOVERNMENT				
3.1 National government	Secondary		4	4
Ministers	Secondary	principal policy makers	4	4
Civil servants	Secondary	implementers of policy	4	4
3.2 Regional & local government	Secondary		4	3/2
3.2.1 Regional/"circuit"	Secondary	most poor are located in regions outside Tirana	4	3
3.2.2 Commune/municipality	Secondary		4	2

TOOLBOX: STAKEHOLDER ANALYSIS

3.3 Representative process	Secondary		4-2	4/3
3.3.1 Parliament	Secondary	The primary representative body	4	4
3.3.2 Parliamentary Committees	Secondary	cross-party membership	3	3
3.3.3 Political parties	Secondary		2	4
3.3.4 Kryoplak	Primary or secondary	traditional representation	3	3
4 CIVIL SOCIETY ORGANISATIONS	Secondary Group			
4.1 Welfare groups	Secondary	eg providers of non-profit-making welfare services; membership based voluntary representation;	3	1
4.2 Civic action groups	Secondary	eg advocacy groups; civic education	3	1
4.3 Cultural, religious and sporting associations	Secondary		2	2
4.4 Research organisations	Secondary	eg Institute of Contemporary Studies	2	3
4.5 Formal sector business and representative groups	Secondary	eg BOBSH, Chambers of Commerce	3	4
4.6 Labour organisations	Secondary	eg Trade unions	3	1
4.7 Professional associations	Secondary	eg of lawyers, engineers	2	3

TOOLBOX: STAKEHOLDER ANALYSIS

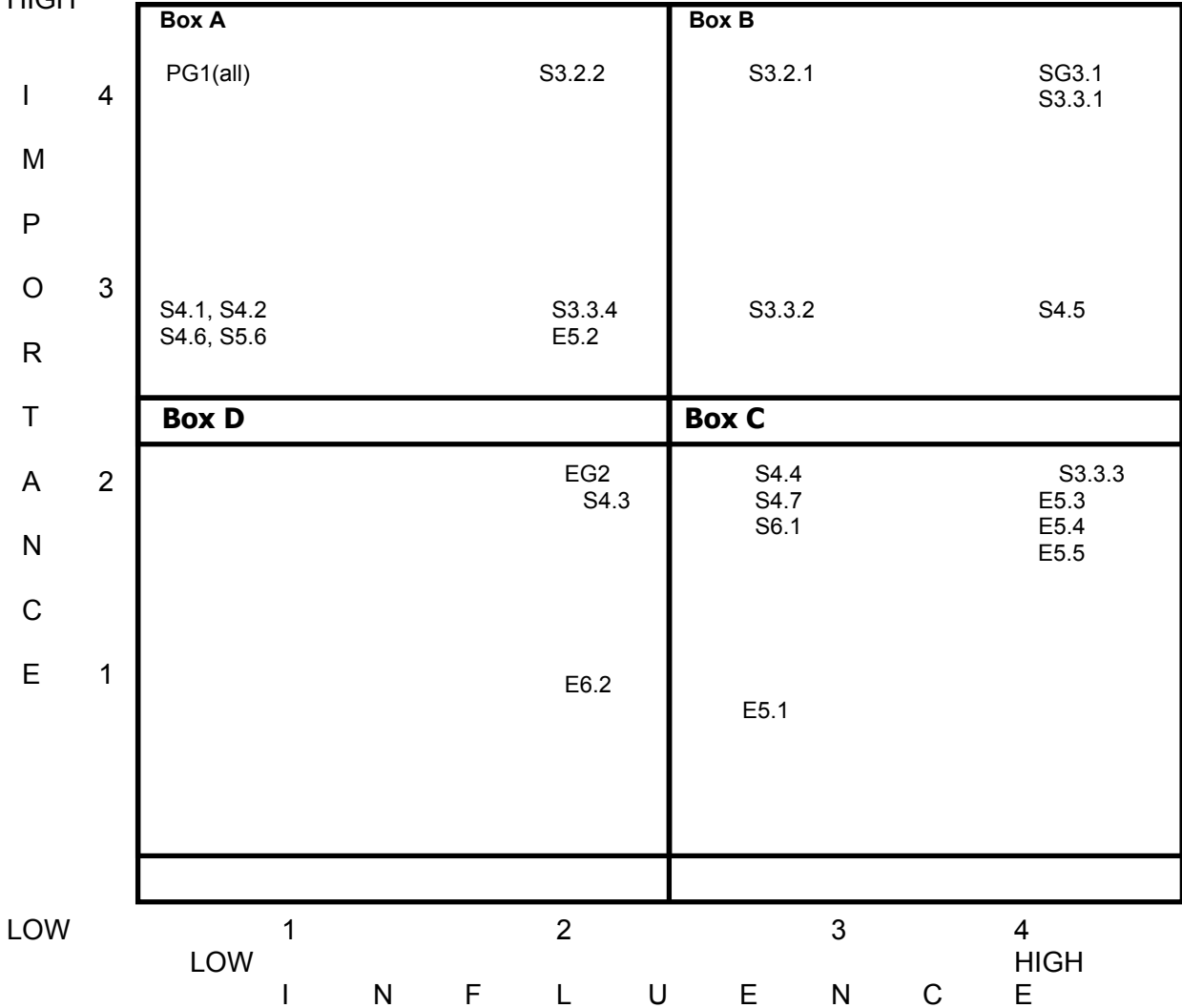
5 NON-ALBANIAN ORGANISATIONS				
5.1 Foreign embassies, governments and bilateral donors	External		1	3
5.2 Foreign investors	External	potential investors	3	2
5.3 Multilateral donors and lenders	External	eg WB, IMF, EU	4	4
5.4 International NGOs	Secondary	eg Oxfam, Care, Soros	2	4
5.5 "Stability" and security organisations	External	eg OSCE	2	4
5.6 Albanians living and working outside of Albania	Secondary	supporting domestic poverty with remittances; brain drain; need to attract back to Albania	3	1
6 MEDIA AND COMMUNICATION				
6.1 Albanian media	Secondary	State and independent radio, tv and newspapers	2	3
6.2 International media	External	Often depicts negative image of Albania	1	2

Stakeholders' importance and influence

Table 1 converts into the following chart that depicts the degree of influence and importance of each group relative to each other.

TABLE 2 IMPORTANCE AND INFLUENCE OF STAKEHOLDERS:

HIGH



- Key: P = Primary Stakeholder
- PG = Primary stakeholders as a group
- S = Secondary Stakeholder
- SG = Secondary stakeholders as a group
- E = External Stakeholder
- EG = External stakeholders as a group

The key to each box is summarised on the next page.

IMPORTANT NOTE:

IMPORTANCE measures the degree of importance, in terms of impact, that poverty reduction strategies could potentially have on stakeholders' lives, or institution's existence, whilst

INFLUENCE measures the degree of influence, or input, that the stakeholders currently have over the policy making procedure.

SUMMARY OF TABLE 2:

BOX A = HIGH IMPORTANCE / LOW INFLUENCE:

- PG1 = Non-Organised Poor and Vulnerable People
 - by social group: children, youth, women, disabled, elderly
 - by location: poor rural areas, illegal settlements, homeless and poor urban areas
 - by economic participation: low paid workers in the formal sector, workers in the informal & micro sector, unemployed
- S3.2.2 = Commune / Municipality tier of government
- S3.3.4 = Kryoplak
- S4.1 = NGO Welfare groups
- S4.2 = Civic Groups
- S4.6 = Labour Organisations
- S5.6 = Albanians living and working outside of Albania
- E5.2 = Foreign investors

BOX B = HIGH IMPORTANCE / HIGH INFLUENCE:

- SG3.1 = National Government: Ministers and civil servants
- S3.1.1 = Parliament
- S3.2.1 = Regional government / 'circuit'
- S3.3.2 = Parliamentary Committee
- S4.5 = Formal sector businesses and representative groups

BOX C = LOW IMPORTANCE / HIGH INFLUENCE:

- S3.3.3 = Political parties
- E5.3 = Multilateral donors and lenders
- E5.4 = International NGOs
- S6.1 = Albanian Media
- S4.4 = Research institutes
- E5.5 = 'Stability' and security organisations
- E5.1 = Foreign embassies and governments
- S4.7 = Professional associations

BOX D = LOW IMPORTANCE / LOW INFLUENCE:

TOOLBOX: STAKEHOLDER ANALYSIS

- EG2 = Not poor or vulnerable people (securely employed & adequately paid, successful farmers)
- S4.3 = Cultural, religious and sporting associations
- E6.2 = International media

Conclusions of the analysis

- i) Boxes A / C: The importance of poverty reduction strategies is highest to the non-organised poor, yet they have the least influence on the policy making process. Conversely the strategies will have least impact on non-Albanian organisations, yet they have considerable influence on the policy making process. Herein lies the greatest challenge for the design of an inclusive, participatory PRSP process.
- ii) Boxes A / C: Welfare NGOs and civic groups, and the people they represent, have most to gain from poverty reduction strategies yet these groups have only marginal influence on policy making processes, whilst Albanian political parties and media have little to gain from pro-poor policies yet exercise strong influence.
- iii) Box B: Amongst intermediary groups the most important and most influential are national government's Ministers and civil servants, whilst for local government poverty reduction strategies are most important, yet their influence is lower.
- iv) Box B / A: Large businesses in the formal sector have less at stake in poverty reduction strategies, yet their influence on policy making is high; conversely, the importance of pro-poor policies is high for unemployed, low paid and informal workers but they have no influence on policy making processes.

Potential tensions between stakeholders

Between Government and NGOs (both national and international)

NGOs in Albania tend to be distrusted both within government and among the population at large. This appears to be because few of them have indigenous roots but have been established with the sponsorship of foreign donors who were searching either for amenable vehicles to carry out their aid projects or to help the NGO sector to develop as part of a policy to support the progress of civil society. National NGOs are therefore often regarded as vehicles for self-employment under foreign sponsorship among members of the elite. INGOs meanwhile were widely discredited during the Kosova crisis in 1999, when many were considered to have entered the country in an opportunistic way, and were seen just as quickly to depart.

Nevertheless, there are numerous examples of good practice among both national and international NGOs. Among the former are the Children's Alliance and several of the groups which organise around women's issues. Other action is also in hand to improve the situation, for example with proposed new legislation about the status of NGOs.

Between formal and informal sectors of business

Formal businesses regard informal ones as unfair competition because their costs tend to be cheaper since they do not pay tax or have other substantial overheads. Therefore the formal sector has lobbied for more regulation to control them.

But the informal sector is growing alongside unemployment, and more attempts to control it (e.g. attempts to bring it into tax net by round-ups etc) will only lead to more marginal activities, and consequently deeper marginalisation of the very poor who rely on informal, unregistered or illegal trading.

National and sub-national levels of government

Most poverty occurs in the regions, yet less attention is paid to that level of policy making. This can be expected to change with the new law which removes the tier of districts but gives more power and functions to regions ("circles" or "circuits") and communes.

It has also been noted earlier that the interests of women (and probably also other potentially vulnerable or excluded groups such as children, youths and disabled people) may have difficulty finding adequate representation through the kryoplaks.

Poorest and most vulnerable groups, and all other (non-poor) stakeholders

There is no inherent reason to assume that non-poor stakeholders will support a national strategy or policy which will empower the poorest groups socially, economically and politically in relation to themselves. On the other hand, there is no reason to assume that non-poor groups will automatically seek to block such a strategy. However, the potential tensions between the interests of poor and non-poor do need to be borne in mind when designing the strategy.

The challenges posed by this tension are especially great because the poorest and most vulnerable are, both by definition and as observed in this analysis, those with least influence over policy processes. If the PRSP is to benefit them, their interests will need to be advocated for in the design process by organisations or actors with stronger voices than their own; and non-poor sectors will need to become convinced of the universal benefits merits of reducing their poverty and exclusion.