

Stakeholder Analysis for Private Sector Engagement Tool

Private Sector Engagement Toolkit:

Purpose

Identify key stakeholders and evaluate their influence and interest regarding a private sector engagement with Mercy Corps.

Description

Stakeholder analysis is a process that systematically develops an objective understanding of who are the key stakeholders related to our engagement, and to recognize how much influence and interest they have in our program. It also establishes a criteria-based prioritization which leads to developing an appropriate engagement strategy.

This tool helps us analyze the stakeholder interest in a private sector engagement. That may make the analysis much narrower and more focused than it would be if we were assessing stakeholders in the context of an entire program. Additionally, stakeholders are defined here as those who:

- have an interest in the success (or failure) of the engagement
- will contribute to the relationship or benefit positively or negatively from the engagement
- can directly or indirectly influence the formation and success of the engagement

Stakeholders may be part of our private sector partner’s firm, their supply chain, business partners, government officials, program participants, or other groups and individuals supporting or associated with the partnership.

Engagement Stage(s) this Tool Supports

| TOOL | ENGAGEMENT STAGE | | | | | |
|----------------------|------------------|--------------------------------------|--------------------|-------------------------|----------------------|--------------------|
| | Context Analysis | Assessing a Specific PSE Opportunity | Partner Assessment | Partnership Development | Engagement Agreement | Ongoing Management |
| Stakeholder Analysis | | | | • | | |

Stage 4: Partnership Development: This tool identifies the key actors impacted by our partnership, and focuses and prioritizes our relationship-building efforts.

Expected Output

Stakeholder Analysis report: The exact form of this is dependent upon the context but ideally should include a summary of the output from activity steps 2, 3 and 4 (below).

Key Activities:

1. Identify the key stakeholders
2. Assess stakeholder influence and level of interest.
3. Determine and map priorities
4. Develop stakeholder engagement plan

1. Identify Key Stakeholders

Identify who the key stakeholders are including individuals and groups who will be affected by our engagement, and have power, influence and an interest in whether we are successful or unsuccessful. Sometimes stakeholders are private firms or specific individuals. They can also be groups or categories of individuals such as program participants. The key is to make the identification of stakeholders targeted enough that we can plan an effective engagement. Types of stakeholders include:

- Primary private firm(s)
- Individual owners or shareholders of that firm(s)
- Key firm management or employees
- Other businesses in the supply chain of the primary firm
- Other private sector actors including competitors, industry associations
- Program participants or customers
- Mercy Corps team members
- Government officials
- Civil Society Organizations, business groups, or other interested groups.

The list of relevant stakeholders for a specific engagement should be determined based on the context including program design, existing relationships, experience in the country and sector.

2. Assess stakeholders influence and level of interest

List the identified stakeholders from Step 1 and summarize how they are connected to the engagement including; their role, their relationship to key actors involved in the engagement, how they might benefit from or be impacted by the engagement.

Once identified, assess stakeholders according to:

- Influence: What power do they have to impact the success of the engagement?
- Interest: How much are they really interested in the engagement?

Data for this step (and for the step 3, *Determine and Map Priorities*) will largely be drawn from the existing knowledge and experience of the project team and from informal research. The informal research should include meetings or conversations with the stakeholders when feasible as they may be the best source of relevant information. Additionally Mercy Corps team members who are familiar with this context or sector should be consulted as they may have present or historical knowledge about key stakeholders.

Web research may be helpful depending upon the context and the stakeholder. Political economy assessment is also helpful for stakeholder analysis as it explores the distribution and use of power and wealth in a country, which directly helps understand interest and influence

Document the stakeholders, connections, influence and interest in a form similar to Table 1 (below).

Table 1: For a program where the private sector imports and distributes solar-powered lanterns

| Stakeholder | Connection | Influence | Interest |
|-----------------------------|--|-----------|----------|
| Lantern Supplier | Will supply product for the program, and sell to importer | High | High |
| Importer | Key partnership relationship. They will import and distribute the product | High | High |
| Retailers | Local business that will sell lanterns | Med | High |
| Local Govt. Officials | Not directly involved in the program or relationship, but community is small and “everyone knows everyone” | High | Low |
| Program Participants | Will ultimately purchase the lanterns | Low | Med |
| Other supporting businesses | Not in direct competition with importer or retailer, such as transport companies, | Low | High |

Note: In this example, program participants are customers and obviously have high interest (and influence) on the success of the overall program. That interest would be assessed as part of the overall program design, rather than in this analysis that is focused more narrowly on engagement with private sector actors.

3. Determine and map priorities

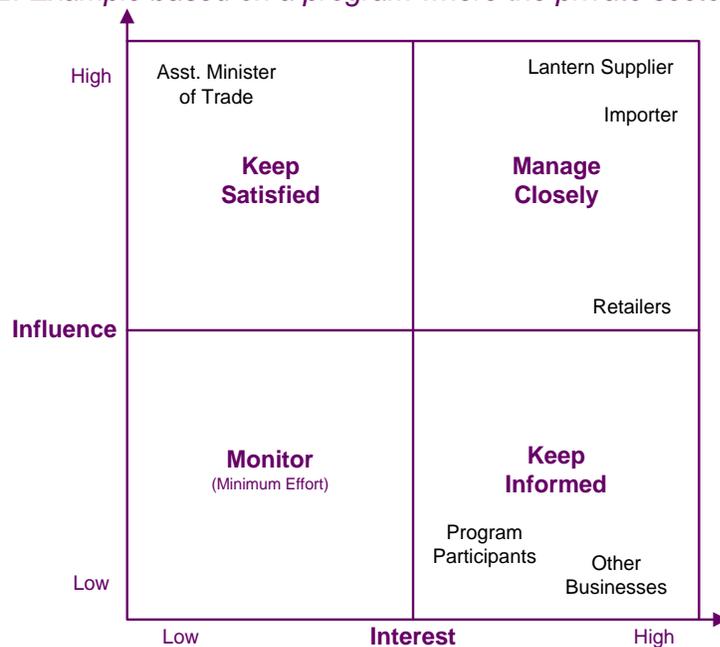
Map the stakeholders on an influence/interest grid arranged roughly by their interest, and ability to wield influence in the potential engagement.

There are four quadrants in the stakeholder mapping tool:

1. **Manage Closely:** This is the most important set of stakeholders as they carry a high level of influence and power and should be prioritized.
2. **Keep Satisfied:** This group has influence but with their low interest in the engagement we need to manage them only actively enough to keep their interests satisfied.
3. **Keep Informed:** These group needs to be kept informed of the engagement, but with their low influence we do not have to be overly concerned about satisfying their interests.
4. **Monitor:** This group needs to be monitored, but minimum effort is necessary to maintain relationships with them given their low interest and influence.

Create a grid of the stakeholders with their relative interest/influence positions as represented in Table 2 .

Table 2: Example based on a program where the private sector imports and distributes solar-powered lanterns.



4. Design a stakeholder engagement plan

Using the mapping, determine which stakeholders should be prioritized and create an action plan. The exact form of that plan can vary depending upon the context but at a minimum should include:

- **Background Information:**
 1. **Stakeholder Name:** The name of the individual stakeholder or the group / category of stakeholders if an individual is not identified, such as “program participants”
 2. **Key Contact Information**
 3. **Responsible Mercy Corps person:** Who at Mercy Corps will be responsible for the relationship and this plan? While many team members may work with the stakeholder, it is important that one individual has primary responsibility for the relationship, particularly if the stakeholder is a private business.
- **Engagement Plan:** This essentially answers the question: What will we do to ensure their support for our engagement is maintained, relative to their importance and interest? This plan can be quite simple. It can be as brief as a single sentence or set of bullets or as complex as a detailed work plan depending upon the stakeholder and the context.

Determining what kind of engagement plan is appropriate derives from data collected in Step 3 and the stakeholders themselves. Meeting with stakeholders is the most effective way to validate our assumptions about their level of interest. Output from the *Determining Private Sector Interests and Incentives* tool may

Identify the benefits key stakeholders expect to get from our engagement which should be considered when developing the plan.

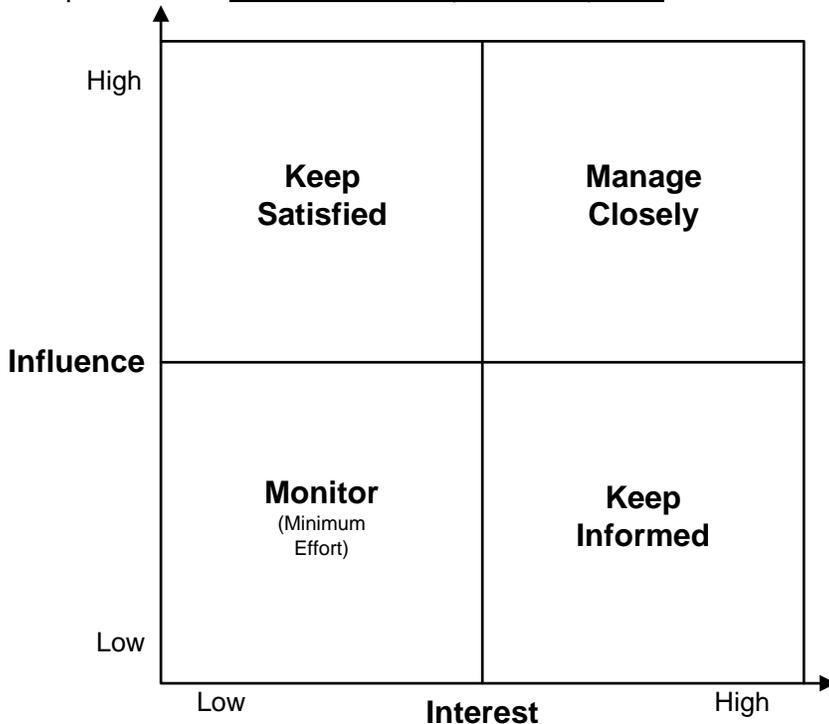
Table 3: Example based on a stakeholder with high interest and influence.

| | |
|----------------------------|--|
| Stakeholder Name | E-Tech Imports and Distribution |
| Key Contact Information | Mr. John Smith, jsmith@etech.com , 44-1-987-6543 |
| Responsible MC Team Member | Penelope Powers, Program Manager |
| Engagement Plan | <ul style="list-style-type: none"> • Conduct detailed interest assessment • With the stakeholder, create and maintain on-going relationship communication schedule • Establish and maintain transparent communication. • Facilitate informational access and meetings to other key stakeholders • Explore value-added opportunities, low-cost activities or points of engagement that can strengthen our relationship outside of the core program. • Facilitate senior introductions of MC personnel (i.e. CD, RPD, TSU, Senior Leadership) • Facilitate joint meetings with key government officials, other partners and donors. |

Resources

A. **Sample Forms:** Below are sample forms for use in stakeholder analysis.

Sample Format: Stakeholder Analysis Priority Grid



Sample Format: **Stakeholder Influence and Level of Interest table**

| Stakeholder | Connection | Influence | Interest |
|-------------|------------|-----------|----------|
| | | | |
| | | | |

Sample Format: **Stakeholder Engagement Plan**

| | |
|----------------------------|---|
| Stakeholder Name | |
| Key Contact Information | |
| Responsible MC Team Member | |
| Engagement Plan | <ul style="list-style-type: none"> • • • |

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