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# A Political Economy Analysis Guide for Engaging with the Private Sector on Skills Development

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This guide has been prepared as part of a wider project for which UNIDO engaged ECDPM to carry out a political economy analysis (PEA) of skills development for the bauxite processing industry in Guinea. It provides an overview of why and how applying PEA to programming and implementation processes can help UNIDO in ensuring effective multi-stakeholder engagement in complex country contexts, and to foresee and mitigate risks for projects and programmes. It builds on more than a decade of political economy analyses studies by ECDPM, also drawing on thinking that is becoming increasingly mainstream in development policy on the need to ‘Think and Work Politically’.<sup>1</sup>

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# **A Political Economy Analysis Guide**

## **for Engaging with the Private Sector on Skills Development**

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A QUICK REFERENCE GUIDE

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## I. THE NEED TO THINK AND WORK POLITICALLY...

### ...in general

Although UNIDO is a technical agency and must be apolitical as an organisation, the work it engages in is an outcome of political negotiations and engagements, and has political consequences. That is the starting point for this note, and the approach that it lays out.

Any policy, project or programme by partners or governments is political. By definition it seeks to affect the distribution of (at least some) resources among groups and individuals in a society, thus affecting their interests, incentives and power relations. Notably, this does not necessarily relate to party politics.

With or without financial resources, interventions seek to benefit certain groups in pursuit of a policy objective, leading to 'winners' and 'losers' — those who stand to win or lose from a shift to the status quo. Consequently, what is often perceived by development organisations as apolitical, 'technical' or simply a 'policy intervention', nonetheless has 'political' dimensions.

For example, support to prepare a national industrial policy, local content strategy, or to adapt TVET curricula means that some actors will be the focus of new attention, if not resources. Certain organisations will gain in status through association with UNIDO or other partners, while others will not, and may indeed stand to lose.

On the other hand, to realise the benefits of a certain policy, stakeholders and their actions need to be coordinated. Such collective action is often difficult in practice due to constraints ranging from differing timelines, resources but also interests and incentives.

These factors can lead to resistance to change, implementation challenges, wasted resources due to uncoordinated interventions, circumvention, or active blocking of projects or policy reforms. The actual outcome will be shaped by the power dynamics among and between these different actors who perceive an intervention as somehow threatening/benefiting their political or economic interests, power or mandate.

Formal policies and rules form only one part of the institutions in which UNIDO and other actors operate. Here, as opposed to organisations, institutions are thought of as “the rules of the game in a society, or more formally, are the humanly devised constraints that shape human interaction”.<sup>2</sup> Policies, strategies and even rules and regulations are only one part of a wider institutional system that shapes the decisions and actions of different public, private and political actors, but there are also informal norms and practices. That implies a need to better understand not just actors and their incentives but also the institutional environment, formal and Informal in which they operate.

What is often cited as ‘lack of political will’ is in fact often rather the outcome of these political and economic dynamics.

Policymakers and partners must seek to understand and navigate the context in

which they operate, prior to, or in parallel to, planning and implementing projects and policies. That implies an explicit recognition that the interests and incentives of different groups and individual actors — from the political, public and private spheres — will ultimately shape how interventions are implemented.

The above provide a strong argument for applying a political economy approach in the design and implementation of UNIDO interventions. Such an approach will help to minimise exposure to project risks and identify politically feasible openings, particularly where UNIDO is called upon as a neutral partner to facilitate the emergence of a joint vision in multi-stakeholder contexts.

### **..in promoting industrialisation and economic transformation**

UNIDO engagement in industrialisation and economic transformation processes requires even greater understanding of the political economy. The organisation is often called upon to work with specific firms to support their investment, and to navigate complex environments in pursuit of wider development objectives. These interventions alter the current distribution of public and private resources in terms of profits, rents and market opportunities. This is particularly so in economies where specific sectors are protected through regulatory barriers. In such cases, access to licences and permissions can depend on political connections, sometimes as part of rent-distribution and clientelism. Some regions or types of firms will be preferred over others, where political buy-in from host governments is a necessity in order for UNIDO to operate. These relations, incentives and interests need to be

understood prior to engaging in different interventions.<sup>3</sup>

Operating with government ministries engaged on economic issues implies helping navigate the relations between ministries of finance, trade and industry, education and employment, mining, agriculture and others, depending on specific government structure. Even here, this implies taking decisions where some ministries and departments will be engaged and supported, and others not. This may lead to resistance to reforms or projects from those who benefit from the status quo or see a risk of losing administrative oversight or influence.

### **...for skills development for industrialisation**

UNIDO engagement on skills development for industry is no different. Different Ministries have different objectives, mandates, and revenue streams that may be affected by proposals to invest in skills development for a particular industry. These can include economic ministries but also those in charge of employment and training, usually included in education, as well as sectoral ministries such as industry, mining, transport, or agriculture. Moreover, certain projects may gain greater visibility or salience as they garner political support from political elites.

Firms keen to invest in low income economies may be tempted to 'go it alone', partly discouraged by the perceived lack of capabilities and quality in the existing/public education system. Investing, establishing their own training facilities, training staff internally or using expatriate trainers and operating the whole training internally may in fact be most efficient, from the private sector perspective and immediate interests, in some cases.

However, this can:

- run aground where there is little or no government buy-in.
- create tensions or competition with Ministries who see training for employment as part of their remit.
- put the burden for all financing and training on one firm therefore becoming a missed opportunity that could generate positive spillovers.
- undermine the sustainability of the overall project if the it is dependent on private resources only or if government is non-cooperative or raises barriers.
- undermine the already fragile education sector governance, particularly in countries where mechanisms to engage with private sector in skills development are weak or inexistent.

More broadly, formal mandates may be overlapping and inter-ministerial coordination systems weak, therefore making collective action difficult. The economic, education, and sectoral ministries, each may have a legitimate claim to lead or play a key role in professional skills development, and thus be in the scope of UNIDO work to adapt training to private sector needs. Moreover, individual Ministers can have specific ambitions that, though sometimes aligning with their mandate, can go beyond or encroach on those of other Ministers. They can reflect very narrow individual interests, political ambitions and personal connections; or broader ideology or aspirations about how the state should operate and provide education.

This implies the need to think and act politically in terms of mapping and understanding key affected actors, interests and likely responses. Based on this, UNIDO can then help guide private sector partners in their engagement with government, and to broker relations in such a

way that takes account of interests and incentives, and political priorities and pressures, thus helping make the connection between private sector investment needs, public sector and political priorities, and UNIDO's development ambitions.

## II. THINKING POLITICALLY — APPLYING POLITICAL ECONOMY LENSES

Thinking politically therefore begins with a shift in mindset. Rather than assuming that projects and policies themselves can bring about change, one needs to understand the context into which a project or other intervention will 'land'. That means understanding 'why things are as they are'. Then project design and accompanying processes can be designed accordingly.

Carrying out Political Economy Analysis (PEA) implies systematising information about the actors, interests, and incentives, and the institutional context in which they operate. This can be done through a combination of desk-based research and stakeholder interviews, the depth and scope of which will vary according to ambition and resource availability. By separating information according to the five lenses laid out below, and what is a supportive or negative contextual element, this can help lay out the context in a clear way that helps identify politically feasible openings for projects, discussed further in Section 3.

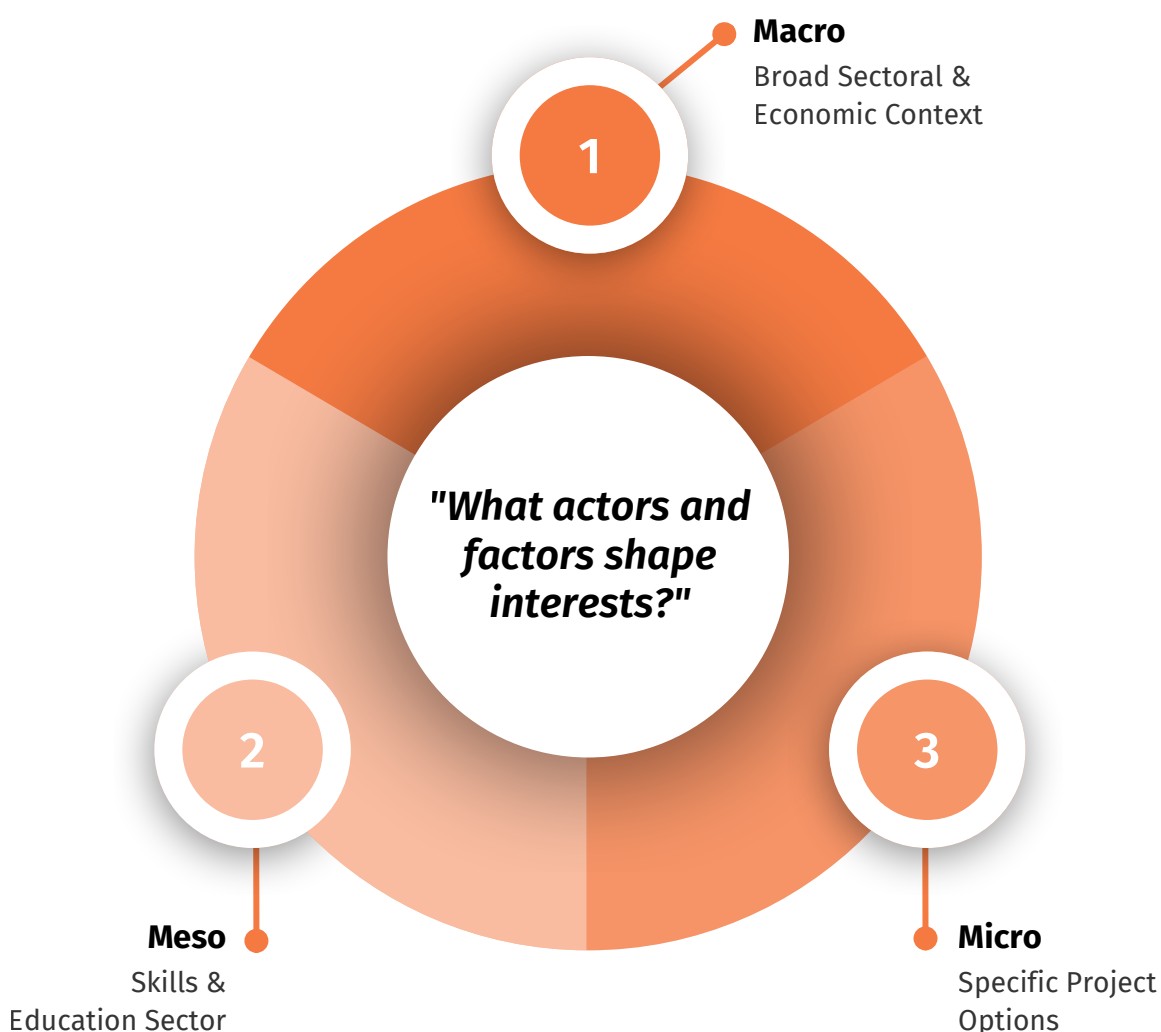
It should be underlined that PEA is not a precise science. Rather, the exercise of collecting and systematising information should provide the basis for discussion and indeed continuous updating to ensure that projects and programmes adapt to changing contexts.

## 1 Step 1 — Define the scope of the analysis & question

*Prior to applying the lenses, it is important to define the scope of analysis.*

For industrial skills development, a PEA commonly will require to find some way to choose between, or combine, an interest in: the macro level — the broad sectoral and economic context; the meso level — the skills and education sector itself; and the micro level — the potential forms and options of a specific project itself. In some cases, a study can cover all three (see Box 1) but it will be useful to distinguish between them.

Depending on the scope, the analysis should start with a clear question. Ideally this would be in the form of: 'what actors and factors shape the interests in establishing an industrial skills facility in country X'. The more clearly this can be defined, the easier it is to focus the analysis.



## 2

**Step 2 — Gather information according to the five lenses**

*There are numerous analytical political economy frameworks and tools to understand country/sector context, or for problem-driven approaches, or to better understand the effects of global dynamics on the domestic political economy.*

ECDPM uses a five-lens framework. These lenses are useful for categorising different types of information even though they need not necessarily form the structure of the analysis itself.

**Structural factors:** These are factors that are embedded in geographic, historical, demographic and economic characteristics in a country. Their influence may be hard or impossible to change — such as the location of mineral deposits, while others such as the history of state formation, natural endowments and sources of state income may simply require adaptation. Overall though, in gathering information on structural factors, the emphasis should be on defining which of these support the planned initiative in some way — the existence of a historical industrial base, or mineral deposits would be positive structural factors, while a long history of extractive political institutions would be hard to change, through any small sectoral intervention and thus could be considered as an undermining factor.

**Institutional factors:** Understood as the ‘rules of the game’ that shape how actors behave, these can be formal, written or codified rules or legal texts (e.g. policies or regulations and licences) or informal ones which are unwritten practices and norms which are harder to discern. Many partner projects focus exclusively on formal institutions, seeking to establish new laws, policies or strategies, in the hope that these will shape the behaviour of different actors, but formal institutions coexist with informal institutions,

creating rents, or informal state-business relations that provide special access or benefits. Indeed, informal institutions may have a greater bearing on how a project proceeds than formal policies and strategies.

In general, the interaction of formal and informal institutions will be key to determine the suitability of a particular project or intervention in a specific certain context. For instance, loyalty being valued over merit in the civil services, regional favouritism, political tensions or allegiances may ultimately decide what policies are implemented and how. Even if skills development is cited as a key political priority and the subject of strategies and indeed budget allocations, in practice actions are determined by formal mandates and informal (and often narrower) considerations for instance linked to political, geographic or ethnic, or any other preferences.

**Actors:** This lens seeks to identify the key individuals and groups with a common interest with respect to the planned project in question, who operate within the institutional setting and of the structural factors.

Looking at different political, public and private sector actors, the question here is who wants to

see the project or policy succeed and how much power do they have to help do so. For instance, one powerful individual, operating close to the president, for example, may have greater power over whether or not a project succeeds than the relevant minister. Similarly, if certain categories of firms or economic operators — for example protected domestic firms or groups — stand to lose from strategies to increase competition, they may be able to use contacts and other means to block such reforms. For skills development, different ministries may compete over who gets to take the lead, particularly if new resources will be available.

Different actors will therefore have varying abilities to exercise agency or capacity to act and make choices. This is likely to vary according to their economic, political and social power. An overview of key actors, their interests and power can therefore help identify potential champions who can take the reform process ahead, and potential blockers who will need to be convinced or appeased.

**External factors:** These are factors that are not within the control of governments or any of the other stakeholders involved in a project. These include natural disasters or outbreaks such as COVID19, but also wider ‘exogenous’ factors such as conflicts or other emergencies that shift the entire context in which a project is taking place. For the case of skills development for industry, external factors might relate to shifts in global demand for the outputs of the sector in question which would thus undermine the initial investment; or for the input market. The current geopolitical landscape also has a profound impact not only on the market dynamics but also on development cooperation.

**Sectoral factors:** These are specific factors or sub-sectors of the area of focus where initiatives may be subject to slightly different incentives within the broader dynamics identified through the other lenses. Subsets of the education system may be subject to different political economy dynamics — skills anticipation, curriculum reforms and school construction, for example, or TVET courses vs professional training — even if subject to the same wider context given their specificities. Construction is often more politically salient than altering bureaucratic processes so may gain greater political buy-in, for example.

*Figure 1 proposes some indicative questions that can be useful for gathering information for each of the five lenses. The information gathered should then be used to lay out the likely drives and blockers to the project. As Box 1 highlights, the lenses can be used alongside other framings — for the case of skills development, there are different levels at which to consider the different lenses: macro, meso and micro.*

Figure 1.

| Five Lenses of the Political Economy Framework and Key Questions                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Political Economy Lenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Related Key Questions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Structural or Foundational Factors</b><br>                                                                                                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>▶ What are the hard-to-change, long-run, geographical, economic and historic factors affecting current regional dynamics in the thematic area?</li> </ul>                                                                                                                                                                                                                                                                                                         |
| <b>Formal and Informal Institutions or "Rules of the Game"</b><br>                                                                                                                                                                                                                                                                                                                                                            | <ul style="list-style-type: none"> <li>▶ What are the formal institutions or rules of the game (policies, mandates, laws, regulations, treaties, accountability mechanisms, etc.)?</li> <li>▶ What are the informal norms, the ways of doing things, beliefs, customs?</li> <li>▶ How do formal and informal institutions interact and shape the incentive environment? What is amenable to medium-term reform or change?</li> </ul>                                                                     |
| <b>Actors, Agency and Incentives</b><br>                                                                                                                                                                                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>▶ Which are the main groups and coalitions of actors that affect — and are affected by — the policies being analysed or discussed?</li> <li>▶ How do institutions and incentives influence the main interest groups or stakeholders?</li> </ul>                                                                                                                                                                                                                   |
| <b>(Sub) Sector Specific Technical and Political Characteristics</b><br>  <br>  | <ul style="list-style-type: none"> <li>▶ What is the nature of the policy area and how does implementation take place — is it politically salient, visible, or less tangible?</li> <li>▶ What are the hard-to-change, long-run, geographical, economic and historic factors affecting current regional dynamics in the thematic area?</li> <li>▶ What are the hard-to-change, long-run, geographical, economic and historic factors affecting current regional dynamics in the thematic area?</li> </ul> |
| <b>External or Exogenous Factors</b><br>                                                                                                                                                                                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>▶ What are the main relevant "global" and other external drivers?</li> <li>▶ How do these external factors influence the domestic incentive environment?</li> <li>▶ How do donors, for example, alter the incentive environment for organizations, for countries or other stakeholders? To what effect?</li> </ul>                                                                                                                                                |

Adapted from [Byiers and Ronceray, 2021](#)

## Box 1 — An example from Guinea

A PEA was commissioned by UNIDO to support and inform the public-private development partnership (PPDP) project between UNIDO, Alteo and the Government of Guinea (GoG) to establish the *Ecole de Formation pour l'Alumine de Guinée (EFAG)* which is at the heart of the skills development strategy of the Alteo Refinery Guinea (ARG) investment project.

The Terms of Reference for the PEA study commissioned by UNIDO provided ten guiding questions that the study should answer. These questions were divided into the macro, meso and micro levels as defined under step 1 as explained below.

For each level, the analysis provided a broad framing question and an assumption that goes with it:

- 1 At the **macro level**, what are the main actors and factors shaping the environment around this and other alumina refinery plans, and the related government functioning and priorities that could impact on the EFAG?

*Assumption: at this level, the assumption is that the ALTEO refinery will go ahead and human resources is the key binding constraint of interest.*

This level covers the following questions from the ToR:

Q1. Beyond the ARG project, what other investment projects are likely to be approved in the next 5-10 years in the bauxite/alumina sector in Guinea; what is their estimated production capacity; what is the skills development vision of these investment projects

Q2. What actors and factors determine workforce skills and institutional capability development for value addition outcomes in Guinea's mining sector, particularly in the bauxite/alumina sector?

- 2 At the **meso level** — in terms of education and training for the industrial and mining sectors and beyond, what are the actors and factors shaping government priorities and actions that need to be taken into account for the EFAG?

*Assumption: a successful EFAG will require to work with or within the public education system, where the lack of a vocational/technical training centre aligned to industry needs is the key binding constraint of interest.*

This level covers the following questions from the ToR:

Q3. What is the current mindset of the mining industry and public actors regarding the

private sector's engagement with Guinea's TVET/higher education system, including in its governance, financing, and delivery?

Q5. What is the current mindset of Guinea's technical, financial, and development partners regarding their role in supporting skills development and in the context of strategic partnerships to access critical raw materials?

Q6. What are the underlying politics and power dynamics between different line ministries and public agencies, and between central and decentralized authorities in relation to skills development and value addition outcomes?

Q7. How do political and power dynamics affect public-private collaboration in the different functions of Guinea's skills development system, such as skills anticipation, occupational standards, curricula development, and TVET financing?

Q9. What are the opportunities for supporting broader reforms in Guinea's education system and strengthening local content policies to improve public-private collaboration in skills development for value addition outcomes in Guinea's mining sector?

3

At the **micro level**, what are the key issues and options that must be considered in thinking about the establishment, governance and financing of the EFAG?

*Assumption: the EFAG will take place and governance mechanisms to ensure short and long-term joint public and private participation is the binding constraint.*

This level covers the following questions from the ToR:

Q4. What is the current mindset of the mining industry and public actors regarding the private sector's engagement with Guinea's TVET/higher education system, including in its governance, financing, and delivery?

Q8. How do current mindsets, political dynamics, and power dynamics influence the establishment of the EFAC, its governance, and sustainability prospects?

Q10. Identify 2-3 successful industrial skills training centres/vocational training centres specialised in downstream mining activities (preferably in the alumina industry) in emerging economies or developing countries, and extract lessons relevant to UNIDO project design (e.g. governance models, business plan).

*The findings presented at these levels drew on information captured through the five lenses mentioned in step 2.*

## 1 Step 3- Apply the 5 A's for working politically

Gathering and systematising information through the 5 lenses, one can better establish where there may be blockages and hurdles to project or intervention implementation. While this helps provide an ex-post overview of 'why things are the way they are' in the skills for development sector, for example, a further step is required to think about how the project design or intervention should reflect this to make the project technically robust and politically feasible.

We propose a framework of 5 A's', summarised in Figure 2. Essentially, for each of the different factors identified under the five lenses above, the question is whether the project or intervention can somehow build in one of the five A's:

- Can the project itself **alter** the landscape, actor incentives, or institutional structures identified to allow the project to achieve its ambitions. *Often projects are designed on the basis that they will, but having examined informal institutions and actors, on reflection this seems ambitious.*
- If not, can the project **adapt** to the actors and incentives in place to achieve desired outcomes? *If two ministries seek joint ownership or inputs into a skills development process, and risk blocking it if excluded, can the programme be adapted to include them both in some way?*
- If there are key actors or factors that risk sabotaging or blocking a project, is it best to **avoid them**? *Sometimes project objectives can be met by operating with or through actors outside the government, or conversely, can avoid the sabotage from one ministry by engaging another, or the prime minister.*
- Sometimes, timing can be crucial. A project proposal that does not gain traction now may do so later once the political context has changed through elections or other shifts. An important question then is whether some of the blockages might be overcome if partners choose to **await**.
- Finally, if too many actors and factors are aligned to undermine the objectives of a project, it may simply mean the need to **abandon** the initiative at least with its current scope of ambition. For example, if a key minister shows no interest in the project, and is actively against it, this would represent a challenging context in which to work.

Figure 2.

## Five A's for Achieving a "Good Fit"

This leads us to view the policy implications in terms of five A's: Alter, Adapt, Avoid, Await, or Abandon.



Trying to **alter** the influence of structural and foundational factors and inter-state regional relations is challenging in the short to medium term. At a minimum, it requires that long-term influences and structural factors be acknowledged in policy design.

- **Key question:** Given the context laid out using the five lenses, what are the chances of being able to alter the interest of key stakeholder groups and actors?



A deeper understanding of the particular drivers of progress in specific sectors (often taking the form of willing coalitions) and of the incentives and constraints within and between states may inform policy reforms or support strategies to adapt to current drivers and constraints. This broadly creates to the call to "work with the grain" (Levy, 2024).

- **Key question:** To what degree can objectives be met, or can "the problem" be addressed building on existing incentives and informal practices?



In some cases, such an understanding may help policymakers to somehow avoid political blockages to reform, or to explicitly design approaches to avoid blocking individuals or practices that undermine reforms.

- **Key question:** What are the prospects, but also the potential costs and benefits of working through alternative and/or parallel processes and institutional forms?



There will also be circumstances in which it is advisable to await more propitious political-economic circumstances.

- **Key question:** Are there some potentially important political or other game changers on the horizon that might offer better opportunities for reform?



Finally, in the worst of scenarios, the political economy analysis may suggest that existing interventions or projects in preparation stand little to no chance of success, implying that they perhaps should be abandoned.

- **Key question:** Assuming none of the other A's apply, is abandoning the intervention or reform politically feasible or desirable, and might any negative effects otherwise be offset?

Adapted from Byiers and Ronceray, 2021

In general terms, what we identify as ‘structural factors’ will be difficult to change (by definition) and thus any skills development initiative will need to adapt to this. At an institutional level, policies around industrialisation and education often offer a ‘formal’ response that can potentially be ‘altered’ or ‘adapted to’, but the crux of the analysis will depend on the lenses incorporating ‘actors and interests’ and ‘informal institutions’. Often the laws are sound but not consistently applied, with non-uniform application of laws. Such ‘informal institutions’ or relations may lead to recommendations for the skills initiative ‘avoid’ certain areas, organisations or issues if they cannot be adapted to or altered, and in complex situations, may recommend awaiting more propitious moments or abandoning certain aspects of a project.

### III. KEY ISSUES FOR ADDRESSING SKILLS DEVELOPMENT IN INDUSTRIAL INVESTMENT PROJECTS BEYOND THE GUINEA CASE

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Beyond the above five lenses, which are generic and can be applied to many different types of UNIDO projects and interventions, we identify the following **seven key issues** that are likely to be important when looking at skills development in a particular country and industrial context.

These then should form part of the themes examined through the above lenses.

**Interests, incentives, relations and power dynamics around the project origins:** Even if the PEA is centred on the context for a specific investment and skills development project, one

key issue that needs to be understood relates to the origins of the project itself. That includes understanding who and what triggered the UNIDO project and their place ‘in the system’ made up of political, public and private actors. This will help gauge how the project could be adapted should it meet resistance or blockages, whether from public or other private actors.

**Skills development effectiveness:** A second key issue underpinning the PEA of skills development relates to approaches and outcomes more broadly. The mixed results of TVET implementation in Africa undermines the attractiveness and thus effectiveness of TVET initiatives, sometimes leading to “reputational damage” (AU-OECD, 2024).<sup>4</sup> One response is to increase private sector's trust and participation in the TVET system. While this is often where UNIDO comes in, partnering with private firms, perceptions of this move both among the general public and public institutions will be key to consider in understanding both the political traction around any skills development project, but also how best to frame and design it. PEA can provide insights into how private skills initiative can be leveraged to modernise the wider education system, drive behaviour change for collective skills solutions, and therefore benefit the broader industrial sector through scale, sustainability and impact of interventions.

**Regional disparities:** Mining, and related, industry can be concentrated around specific regions in a country — for example processing will be close to mining — often leading to criticisms of its enclave nature with limited spillovers to the wider national economy. Depending on country contexts, there can also be perceived discrimination of specific ethnic groups or regions. Skills development interventions can be used as part of a broader strategy to address these challenges thus

making it a necessary part of the design of such industrial projects to ensure wider benefits.

**Industrial and employment tradeoffs:** At a narrower level, a key contextual issue underpinning many skills for industry programmes is the need for the government to understand and address multiple tradeoffs around industrial policy and educational, training and job creation ambitions. As the recent AU-OECD African Development Dynamics report puts it, “African policymakers and educational institutions often have to choose between investing in inclusion or in selective excellence in technical disciplines” (AU-OECD, 2024). They further identify three other challenges: gender inclusion, urban-rural divides and the formal-informal activity divide, where many low-income countries exhibit large inequalities. Given these characteristics, it will be important to understand the potential resistance to investing public and private resources in industry-specific skills given these wider challenges and tradeoffs, or simply the initiatives that compete for political attention.

**National political context:** This can be very country-specific. For instance, following the coup d’état in 2021, as a recent EIU (2024) country analysis puts it, “the political situation in 2024-25 — throughout which Guinea will remain under military rule — will remain fragile” with “discontent about the increasingly authoritarian tendencies of the junta” due to persist, following a ban on political protests. At the same time, they foresee strengthening real GDP growth in 2025, much of which will relate to earnings from exports of diamonds, gold, iron ore and bauxite — underlining the political importance of the project being discussed here. Although they point to some ‘red flags’, a recent BTI (2024) report on democratic transformation highlights that “no prior Guinean government

has achieved so many major – and contested – undertakings in such a short time, and going by past experience, all of these things would normally take at least a decade to achieve”. This highlights the delicate political balance in which the particular EFAG project will take place, and thus the need to understand better where there will be politically, and not just technically, feasible approaches.

**International policy context:** In many developing countries, development partners and international policy play a very important role in determining domestic outcomes. The focus on mining and resource-based industrialisation is captured by regional and continental policies such as the African Mining Vision and the recent Africa Green Minerals Strategy. Such ambitions are also supported by the EU in its development policy, increasingly focused on sustainable transformative investments, as embodied in the EU Global Gateway and its approach to critical raw minerals (CRMs), seeking mutual benefits with partner countries, involving the EU private sector (Blot, 2024; Mardell, 2024). At the same time, partner approaches vis-à-vis mining, local content, education, or private sector development in partner countries also introduces certain shortcomings which are important to acknowledge.

- Support for mining reforms has largely centred on transparency and anti-corruption. However, given the sector's prevalence of rents and rent-seeking, a more pertinent question is how effectively these can be managed to ensure inclusiveness rather than benefiting only a few.
- Local content development initiatives often adopt external best practices, but a more profound understanding of the value chain to effectively engage the private sector to drive development beyond basic corporate social responsibility.

- Support for education reforms, often through numerous short-term projects, risks fragmenting the system and creating parallel structures instead of strengthening existing institutional capabilities.
- Resource-based industrialisation requires larger domestic private firms to become reliable suppliers to mining and refining operations often run by large multinational firms. However, development partner support for private sector development often focuses on SMEs, which struggle with competitiveness and reliable supply. Furthermore, support often excludes mining sector altogether, or in mining areas, it prioritises community activities not always linked to mining value chain.
- Broad geopolitical context: This can include specific as well as broader developments. For instance, analysts estimate that about half of China's bauxite comes from Guinea (FT, 2021), and the major investments in Guinean bauxite are from China, Russia and the UAE (GoG, 2022). While the interests of the EU and ALTEO Alumina appear to align, and on paper are also in accordance with the GoG interests, how are policies and political statements to be translated into concrete actions with financial and administrative capacity? How does the ARG project in Guinea align with the EU's broader geopolitical objective on reducing dependence on China? These geopolitical and economic issues will interact with questions around 'political will', which are more generally reflected in competing priorities, offers and interests linked to political bargaining and coalitions and competition around rents (e.g. Frederiksen, 2019).

## Key Issues for Skills Development Projects:



**Interests, incentives, relations and power dynamics around the project origins**



**Skills development effectiveness**



**Regional disparities**



**Industrial and employment tradeoffs**



**National political context**



**International policy context**



**Broad geopolitical context**

## IN CONCLUSION

With the rise in interest in UNIDO playing a broker role for firms investing in complex contexts — where skills intersect with formal government policies but implementation remains challenging — a project strategy that includes PEA is likely to help. Beyond a stakeholder analysis, this kind of approach seeks to identify where different factors could drive, or potentially block progress, and thus explore ways to adapt approaches. As a tool, the scope of the PEA can be as narrow or as broad as time and human resources allow, while ultimately the main benefit may well come from the discussions that such an analysis trigger.

All in all, the main focus is to think of UNIDO projects in political terms and not just as technical interventions.

## ENDNOTES

- <sup>1</sup> Further resources can be found at <https://twpcommunity.org/>.
- <sup>2</sup> North, D. (1990). Institutions, institutional change, and economic performance. Cambridge University Press.
- <sup>3</sup> More on this by Pritchett et al., (2017) Deals and Development: The Political Dynamics of Growth Episodes.
- <sup>4</sup> Based on analysed reports were selected from a database of 225 TVET evaluations, compiled from 2 publicly available sources: the online repository of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Evaluation Resource Centre (DEReC) of the OECD Development Assistance Committee (DAC) (AU-OECD, 2024).

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