



## **CLOSING STATEMENT**

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### **8<sup>th</sup> Global Commodities Forum**

#### ***Building skills for sustainable development***

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## **INTRODUCTION**

- Building skills is vital for the achievement of the Sustainable Development Goals, but remains challenging for many developing countries.
- In general, many developing countries are trapped in a vicious cycle: the shortage of skilled workers dissuades investments in value added activities, limiting the number of skilled jobs in the commodity sector, which, in turn, limits the incentives for young adults to invest in their education and acquire more skills.
- In this context, panellists and participants at the eighth Global Commodities Forum examined the overall theme of “*Building skills for sustainable development*”.
- Specifically, sessions looked at different ways that developing skills and enhancing productivity in commodities sectors can contribute to diversification and long-term economic growth in developing countries, as well as increased incomes for small producers.
- This virtuous circle, with human capital as its engine, is a central feature of any story of long-term economic growth.
- It can also contribute to Sustainable Development Goals 9 (industrial development), 8 (decent work and economic growth) and 4 (quality education), among others.
- Rather than try to summarise the sessions and their outcomes, allow me to highlight four cross-cutting recommendations for skills and human capital development, as elaborated by our eminent speakers in the programme.

## 1. Match skills programmes to demand

- In most commodities industries, as well as in global value chains generally, the private sector is the main employer.
- Especially for technical and vocational education and training (TVET), governments and training institutions must therefore engage the private sector in setting programme curricula that respond to their skill needs.
- Empirical evidence also shows that successful technical and vocational training programmes typically involve on-the-job learning, with employers collaborating with training institutions to offer direct training modules and internships.
- Over time, this public-private engagement on skills can serve as a platform for dialogue on the adaptation of training programmes as development and skills needs evolve.
- Furthermore, whereas many developing countries worry about seeing their investments in professional training – for doctors and nurses, for example – lost due the “brain drain” effect, technical and vocational skills are much more tightly linked to labour demand in their domestic market, meaning returns from effective TVET programmes are more likely to be retained in the country, making direct contributions to economic development.

## 2. Be patient – developing human capital takes time

- As we know, successful national development strategies take decades to transform the national economy.
- Alongside the other essential building blocks that underpin these successful strategies – such as the rule of law, sound macroeconomic management and a conducive investment climate – developing human capital is a long-term undertaking.
- In commodities value chains, it is worthwhile for upgrading strategies to target high-skill, high-value activities over the long term, but training programmes must respond to skill needs at the intermediate steps along the way.
- Yesterday, Ms. Penny Bamber of Duke University provided a helpful typology of human capital interventions that anticipate the skill needs over time to move up the value chain, involving:
  - Early interventions that scale up and improve “what exists”, in terms of programmes and capabilities, in collaboration with employers, including on-the-job training;

- Ongoing interventions that develop new products and processes, still in collaboration with the private sector, but also engaging research institutions; and
- Future interventions that anticipate the skills required to enter long-term target markets, delivered through the education system
- Although each of these interventions prepare for a different stage in value chain upgrading, they need not be undertaken sequentially – a patient plan should include all three types of interventions in parallel.
- It may be daunting to think about 30- and 40-year timelines for a human capital plan that underpins a national development strategy.
- Thankfully, countries do not need to develop their methodologies from scratch – we heard of some useful country examples that can be adapted to national contexts, as well as proven technical cooperation programmes that can support these efforts, such as:
  - The ILO's Skills for Trade and Economic Diversification (STED) programme
  - UNCTAD's Train for Trade

### **3. Policy coherence is a win-win undertaking**

- As well as being a decades-long process, developing human capital touches on a range of policy areas, from:
  - Technical training and basic education under broader education policy; to
  - Industrial and labour policies;
  - To sector-specific policies.
- Coordinating these policies over decades, in support of a national development strategy, requires leadership and formal systems within government that allow policy makers and institutions to cooperate across their different mandates.
- Policy coherence is a therefore government-wide undertaking, with applications and benefits far beyond human capital development.
- It is also a priority theme among many bilateral donors.
- As a result, governments undertaking to improve their policy coherence can look to the potential improvements in their macroeconomic planning and management, as well as support from development partners.

#### **4. Include business skills as part of any multi-skill training**

- The sessions of this Forum have used different lenses – concepts, sectors and approaches – to examine how developing countries can develop their human capital to reduce commodity dependence and diversify their economies.
- Implicit in this examination is the need for these countries to move up the value chain and develop new markets.
- And we have heard over and over that actors throughout the chain – farmers, entrepreneurs, firms and even engineers – can capitalize fully on these opportunities only by applying business logic to their strategies.
- As a result, along with technical and vocational material, multi-skill training programmes should include modules on business skills.
- Once again, proven methodologies exist to help countries develop programmes that respond their national context:
  - Yesterday, we heard from GIZ about the German Government’s successful Farmer Business School training in West and Central Africa; and
  - Empretec, UNCTAD’s flagship entrepreneurship programme, has trained entrepreneurs in developing countries for almost 30 years and is now established in 40 countries, focussing on underserved demographic groups, such as women and youth.

#### **Thank yous**

- From these concluding remarks, I would like to thank:
- Our partners this year:
  - The ILO, especially the colleagues from the Skills and Employability Branch; and
  - The World Energy Council – Global Gas Centre
- Our eminent panellists, many of whom travelled long distances to be with us.
- You, the participants, who remained engaged in the lively discussions throughout the two days.

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