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8th GLOBAL COMMODITIES FORUM

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Skills for trade and economic diversification in Malawi

By

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.



8TH GLOBAL COMMODITIES FORUM

BUILDING SKILLS FOR SUSTAINABLE DEVELOPMENT

23–24 APRIL 2018

Room XXVI, Palais des Nations, Geneva, Switzerland

SKILLS FOR TRADE AND ECONOMIC DIVERSIFICATION (STED) Presentation

by **Beyani T Munthali, ACI Arb**



MALAWI

- Small economy, dependant on primary agriculture production with Gross Domestic Product (GDP) estimated at US\$3.7 billion
- A widening trade imbalance widened from 12.1% of GDP in 2011 to 22.6% of GDP in 2014
- Narrow Economic and export bases with limited value addition
- National Export Strategy (NES, 2012) aims to broaden export base, increase productivity and enhance value addition
- Availability of Skills labour a challenge (NES, 2012) to realizing growth and export potential in priority export clusters



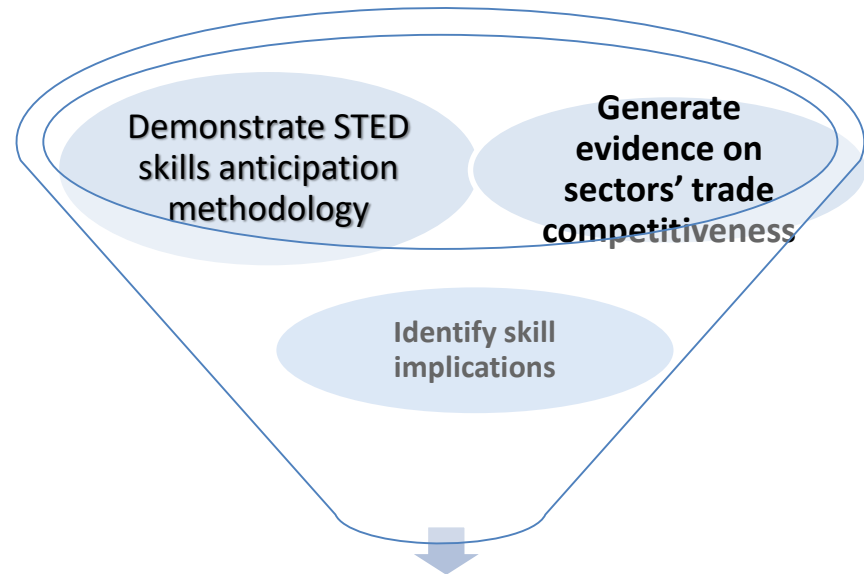
APPLYING THE STED APPROACH....

STED Research in Horticulture & Oilseeds Sectors

Why?



- Export potential
- TVET level skills and important to the sector's competitiveness in international trade.
- Contribution to economic diversification
- Potential to generate employment
- Geographic
- Stakeholder engagement
- Policy synergies



- Increasing productivity and competitiveness of enterprises
- Improving employability of local people
- Expanding inclusiveness of economic growth

OUTCOMES

1. Evidence base for strategic decision making

- ✓ **A Roadmap** for trade-related and industry focused skills development
- ✓ **A Call to Action** for Policy makers, Training Providers, Private sector & Dev. partners
- ✓ **A Resource Targeting Tool** for demand-led skills development

2. Enhanced national capacity for skills anticipation and social dialogue

- ✓ Capacity to use labour market information to direct skills development
- ✓ Foster Dialogue for skills development that is:-
 - more demand led,
 - trade-related
 - Employability focused

STED RESEARCH STRUCTURE

Preliminary Research

Mar/ Apr 2015

Stakeholder Consultations
On Sector selection



Sectors --
Oilseeds
Horticulture

May – Aug 2015

1. Desk Research
on Sectors' context & envisioning

2. Oilseeds sector
Enterprise Survey

3. Horticulture
Enterprise Survey

4. Skills supply
analysis

Sept – Nov 2015

Synthesis &
Analysis



*Draft STED
report*

Feb 2016

Stakeholder
Validation of
Findings,
Conclusions
Recommendations

Final STED Report

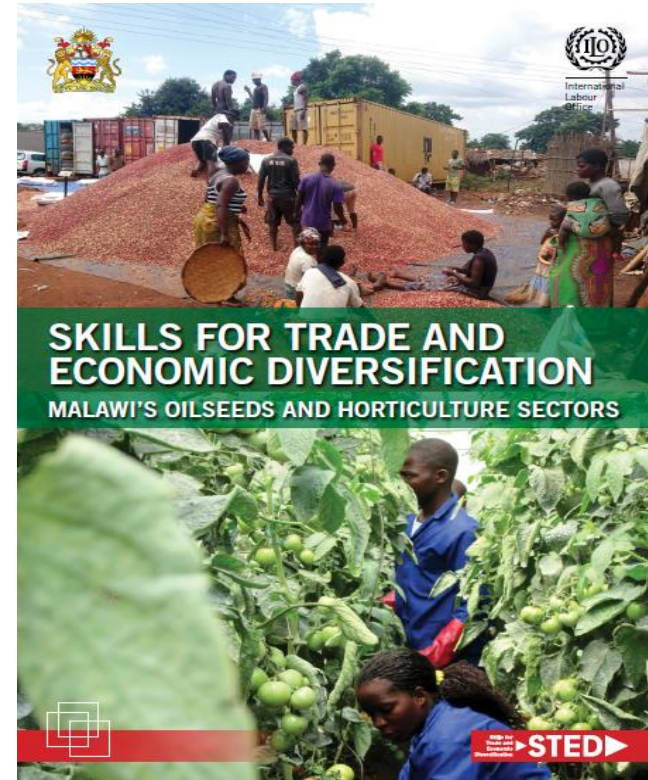
2016 →

Implementation
(WIL & Productivity
enhancement)

Stakeholder Consultations

STED RESEARCH OUTCOMES

**Findings
Recommendations**



SECTOR ENVISIONING

Preferred growth scenario for the two sectors?

Same, BUT More

Producing and exporting *more of existing products to same markets*

Sector Upgrade!

Producing and exporting *more and new higher value products to same & new markets*

Sequential and incremental approach, ensuring adequate supply of high quality local raw materials for processing

TRANSLATING THE VISION ...

Raise **Oilseed sector's** contribution to exports from 5.63% in 2014 (NSO) to around 15% in 2022

Oil seeds exports increase from \$79.6 million in 2014 to \$599 million in 2022.

Raise **Horticulture sector's** contribution to exports from 0.52% in 2014 (NSO) to around 1.4% in 2022

Horticulture exports increase from \$7.4 million in 2014 to \$55.5 million in 2022

VISION ANCHORS...

- **Shift focus from domestic to export markets**

- Scale up production and improve quality
- Re-orient industry towards exports

- **Stabilize supply to sustain growth path**

- Stabilize fluctuating supply to regional markets and build on growing local market
- Implement existing plans to enter new markets

- **Exploit and build on existing competitive advantage**

- Take advantage of proximity to regional markets
- Take advantage of LDC status & existing preferential trade arrangement



OVERVIEW OF FINDINGS

- **Skills gaps**
 - Quality of graduates
 - Filling in vacancies
 - Production
 - Handling (cleaning and grading)
 - Marketing
- **Enabling Environment**
 - Inadequate Business Development Service Providers
 - Poor access to technical assistance by producers -low productivity
 - Inefficient production techniques.
 - (66.7%) of enterprises regard Business environment as an important factor for penetrating the Common Market for Eastern And Southern Africa (COMESA)
- **Business capability**
 - No certification of local products for export
 - High transportation costs
 - Supply: Inconsistent supply
 - Product development low value and range
 - Logistics and supply chain management
 - Management of quality and standards
 - Supply chain management

STED RESEARCH FINDINGS

Sectors largely underdeveloped, serving domestic market and to a lesser extent exports to regional markets



Access to wider export markets requires

- Increased productivity and Consistent raw materials supply
- New products that meet international standards
- Improvement in logistics and better market access
- More exposure to international standards and markets
- More effective linkages across value chain



GENERAL SECTOR BUSINESS CAPABILITY GAPS

Supply: Inconsistent supply

- Weak linkages between farmers, aggregators and end markets
- Weak extension support system
- Limited mechanisation
- Low production and productivity levels

Product development: Low value products and range

- Limited knowledge of market requirements (products, pricing & quality)
- Limited understanding end user needs (80%)
- Poor grading, packaging and storage capacities
- R&D and innovation (100%)

RECOMMENDATIONS FROM STED REPORT

To strengthen dialogue and collaboration between policy-makers, industry and training institutions with a view to enhancing needs-based skills development;

Industry Guest lecturers

International Lecturers

Workplace based Learning

Enhance Dialogue- Industry + TPs

To strengthen the capacity of training institutions involved in agriculture and agro-processing to deliver demand-led skills training;

Curriculum Review & Re-orientation

Partnerships with Industry in skill training delivery

Partnerships with international Institutions

Introduction of new courses

To support firms in the oilseed and horticulture sectors- export competitiveness

Upgrade Qualifications of Staff

Modernize training equipment & Laboratories

Introduce sandwich Programs

Institutionalize demand led apprenticeships

Recognition of Prior Learning

SKILLS ENHANCEMENT INTERVENTIONS

High value horticulture

Boosting productivity
(agronomic and business
management)

Inclusive business model

ILO Supported training
for farmers

Financial literacy

Gender empowerment

Training Needs
Assessment was
conducted to establish
gaps in order to design
tailor made interventions

Entrepreneurship (Business management knowledge and skills and characteristics of businesses)

Financial literacy (Attitude towards money, money management skills, debt management, income and savings and use of financial services and

Gender (Leaders and beneficiaries' opinion on gender, issues affecting gender empowerment, and gender perceptions)

FINDINGS ON CONTEXT FOR INTERVENTIONS

Demographics

Total of 35 out of the targeted 50 respondents from two villages turned up for the assessment representing a 70% response rate.

76.5% of the respondents were female.

FINDINGS ON CONTEXT FOR INTERVENTIONS

Respondents' Characteristics

79% of the respondents are aged 30 and above implying that the target beneficiaries are largely adult learners.

A majority of them (56%) only attained basic primary education.

69.7 % of the business are family owned businesses jointly controlled by both husband and wife.

Beneficiaries perceived entrepreneurship training to be less valuable.

Majority respondents never attended entrepreneurship and did not go through vocational training

9% of respondents had not yet commenced sales. This was further supported by 14.6% respondents who recorded no monthly income. This gave indication that they were new in business.

FINDINGS ON CONTEXT FOR INTERVENTIONS

Household Socio-Economic Status

Majority of the respondents (97.1%) reported that they derive the income exclusively from farming.

FINDINGS ON CONTEXT FOR INTERVENTIONS

Business Characteristics

81.82% of the businesses are financed from personal savings.

93% of beneficiaries' businesses are not registered

Business Skills Self-Rating

Knowledge and skills gaps in record-keeping and

Failure to record average monthly profits and sales as well as how to

Pricing

FINDINGS ON CONTEXT FOR INTERVENTIONS

Financial Literacy Component

The assessment results indicate that majority of respondents do not have good attitude towards money and their money management skills are below required standard.

Majority of beneficiaries depend on savings as the main source of their financing

Majority of respondents use their savings for emergency purposes

Some respondents fail to service their debts timely.

FINDINGS ON CONTEXT FOR INTERVENTIONS

Gender Empowerment

At community level, the study revealed the following; lack of sensitization initiatives on gender issues, limited understanding on economic empowerment; and limited involvement of women in development and leadership initiatives.

At households' and club levels, the study reveals the following;

- Dominance of men in influencing business management decisions,
- Dominance of men in influencing business investment decisions,
- Dominance of men in influencing household finance management,
- and
- Clubs not encouraging equal participation.


INTERVENTION ONE

Enhance women farmers' productivity



Understanding the capacity development of the women

Building capacity for higher production and better quality vegetable produce


ACHIEVEMENTS UNDER INTERVENTION 1



40 women and 10 men
trained in agronomy, disease
and pest management



Training will be available to
be replicated across other
regions



INTERVENTION TWO

Building farmer literacy
and business
management capacity

Manage farming activities
as commercial business
ventures

Improve knowledge on
gender equality (farmers
and their spouses)

ACHIEVEMENTS UNDER INTERVENTION 2

Training materials developed and translated

50 farmers trained in business management. Content also available in chichewa

Women empowered economically in a short period of time

Construction of houses

Purchase of dairy cows

Managing to pay for school fees and access to private health care.

INTERVENTION THREE

Facilitating business linkages and Market Access

Partnership with a medium sized vegetable commercial farm

Introduction to high value vegetables (demanded by retail)

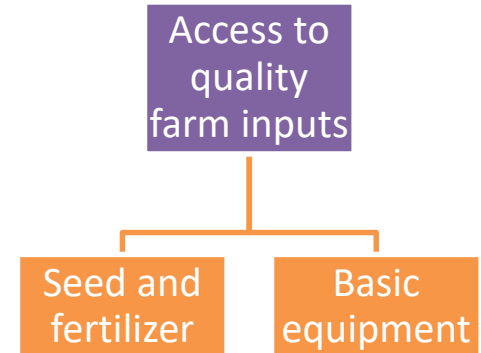
ACHIEVEMENTS UNDER INTERVENTION 3

50 SHF's signed out grower contracts with Roseberry farms.

Linkages to international vegetable value chain

Exposure to international quality requirements

STED approach adopted by 10 horticulture institutions.



INSTITUTIONALISATION OF STED

Institution

- Second STED research hosted in the Ministry of Finance and Economic Planning

Implementation progress

- 1. National STED Institutional Mechanism
 - Alignment with Government public policy priorities
 - Alignment with Government sector priorities
 - Alignment with Government skills and labour priorities
 - Alignment with TVET skills development frameworks

INSTITUTIONALISATION OF STED

Implementation progress

- **2. STED Research Reference Group**
 - Skills and Labour Technical Working Group of the Trade Industry and Private Sector Development under the National Export Strategy.
- **3. Second STED Research**
 - Currently underway led by the Ministry of Finance
 - New sector identified-Dairy

COMMENTS

“If this project had come earlier I could not have lost my child due to sickness, I failed to take my child to hospital because I could not afford a K3,000, but today I have daily cash in my pocket”

Thank you/Zikomo

