

United Nations Conference on Trade and Development

**8<sup>th</sup> GLOBAL COMMODITIES FORUM**

**23-24 April 2018, Geneva**

**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.



## 8<sup>TH</sup> 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



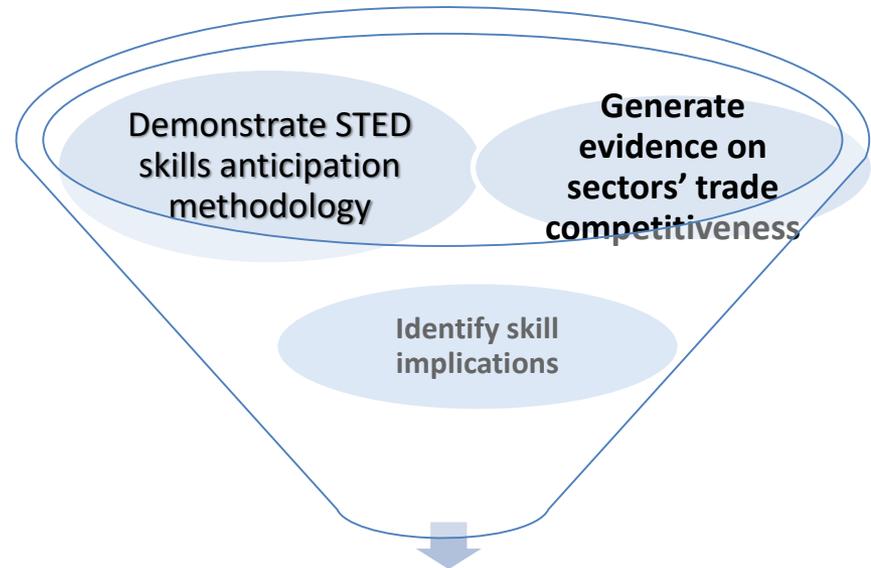
# APPLYING THE STED APPROACH....

## 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*

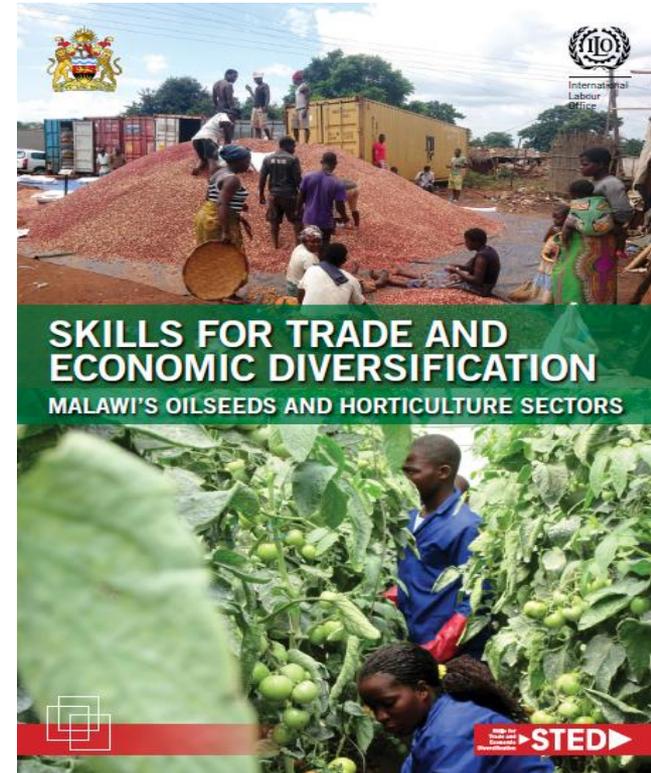
2016 →

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

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High value horticulture

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Boosting productivity  
(agronomic and business  
management)

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Inclusive business model

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ILO Supported training  
for farmers

Financial literacy

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Gender empowerment

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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)

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

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

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# FINDINGS ON CONTEXT FOR INTERVENTIONS

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## Demographics

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

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76.5% of the respondents were female.

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# 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

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## Household Socio-Economic Status

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

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# FINDINGS ON CONTEXT FOR INTERVENTIONS

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## **Business Characteristic s**

81.82% of the businesses are financed from personal savings.

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93% of beneficiaries' businesses are not registered

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## **Business Skills Self- Rating**

Knowledge and skills gaps in record-keeping and

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

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Pricing

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# FINDINGS ON CONTEXT FOR INTERVENTIONS

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## **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.

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

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Majority of respondents use their savings for emergency purposes

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Some respondents fail to service their debts timely.

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# FINDINGS ON CONTEXT FOR INTERVENTIONS

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## **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.

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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.

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# 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



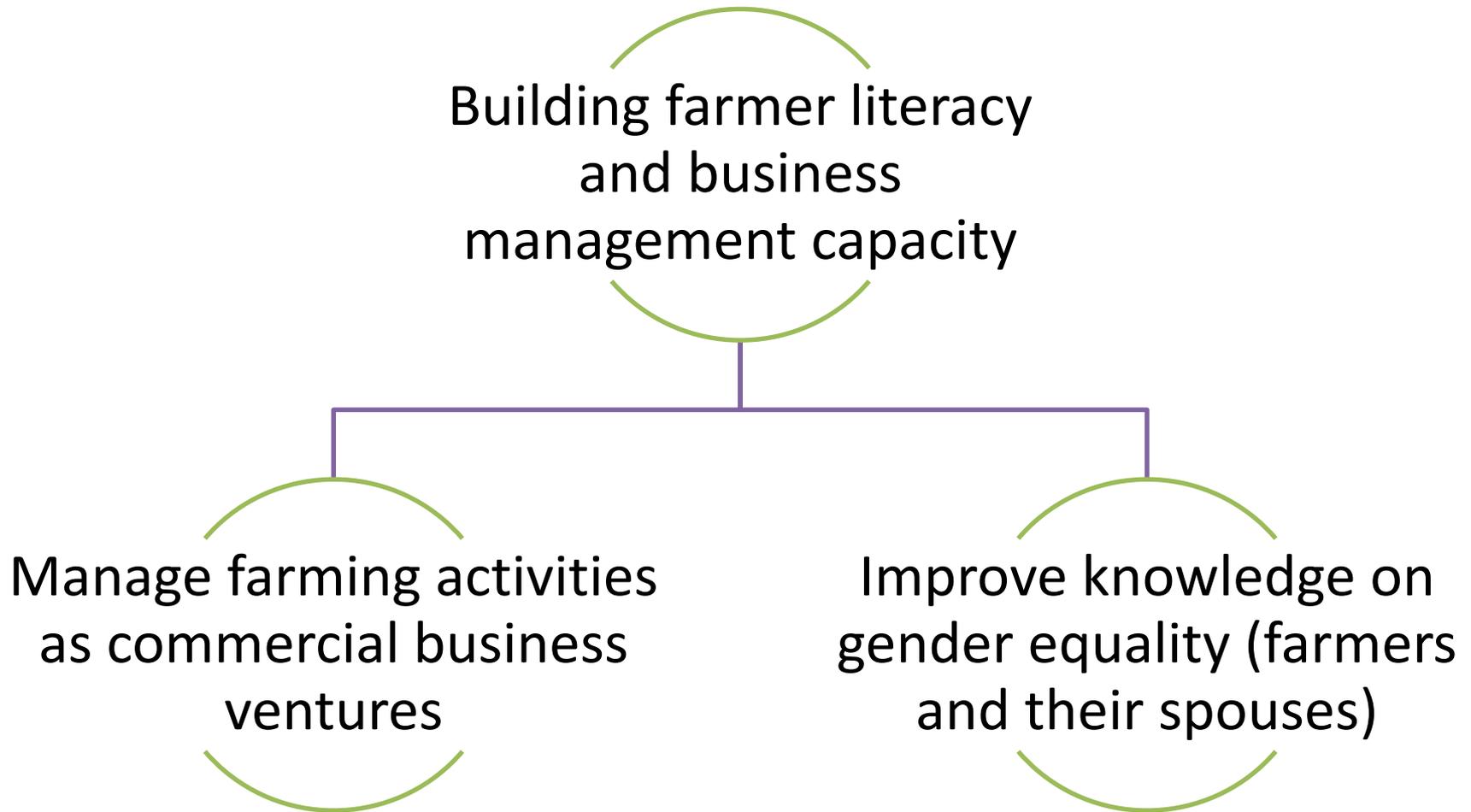
40 women and 10 men  
trained in agronomy, disease  
and pest management



Training will be available to  
be replicated across other  
regions



# INTERVENTION TWO



# 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)

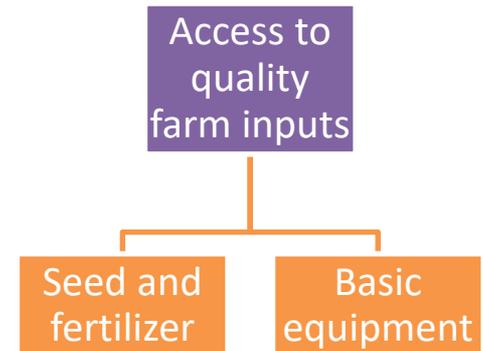
# ACHIEVEMENTS UNDER INTERVENTION 3

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

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“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

