



Building links between enterprises and training organisations

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Lack of adequate skills is often one of the most challenging obstacles in the labour markets of developing countries. Particular challenges arise when developing countries seek to shift from agriculture to manufacturing without a solid skills base. The type of skills required changes with structural transformation. When a low-income economy undergoes the process of structural change, moving from a primarily agrarian-based economy to one dominated by industry, a new set of skills is defined. Manufacturing requires skills that were not needed in agriculture.

Ethiopia is an example of this. The country has experienced a decade of high and sustained economic growth at around ten percent and is putting a specific focus on transforming the structure of its economy from being a primarily agrarian-based economy to becoming one dominated by industry. The changes have led to increased demand for skilled labor. The government of Ethiopia therefore increased the number of TVET institutions from 505 to 919 between 2011 and 2015. In 2015, more than 350,000 students were enrolled in TVET courses and the number of students is increasing every year. This rapid expansion of the system has increased the supply of skilled labor. At the same time, the economic changes have meant that new skills are demanded. To keep up colleges are hiring new teachers every year; many of whom are hired directly as graduates from TVET colleges or universities and therefore without longer practical experiences gained in a company.

What Ethiopia is experiencing often happens as low-income economies develop. A gap has developed between the training provided by the public institutions (supply) and the skills that are needed (demand). Due to a lack of proper participation of the business sector in creating standards for vocational training, the standards often do not match with the tasks and required skills expected for the companies' workplace. As a result, TVET Colleges develop curricula and train TVET students not in full accordance with the required job demands and reality on the ground.

The government together with the business sector needs to focus on diminishing the gap between supply and demand of skilled labor. Policy-makers seeking to design skills policies face challenges that are specific to the country context. For them to fully understand the nature of the context and the skills needed, policy-makers need to engage with companies. Guiding principles based on good practices shed light on the factors that play a role in



successful skills development policies. But the supply-demand mismatch for skills is also associated with the inability of the business sector to communicate the skills that are needed and, most importantly, the unwillingness to become directly involved in the creation of skills through training schemes. Firms complain about the lack of a qualified workforce, particularly as they move up the technology ladder.

The United Nations Industrial Development Organization (UNIDO) is implementing several Public-Private Development Partnerships (PPDPs) as part of its Learning and Knowledge Development Facility (LKDF) – two currently in Ethiopia –, which are a new kind of collaboration that aim to find the “point of mutual interest”, where partners’ objectives are aligned. By implementing projects that have as their objective to establish training academies, the communication between the two sides is done through concrete and practical work. Because the business sector counterpart is a direct partner in the development of the school it experiences first-hand the challenges involved in providing TVET education. Their expectations are better aligned with the realities of the context. Equally importantly, it also gives the Government valuable first-hand practical experience in how the skills needed by companies can be better met.

The project needs to be close to each partner’s core business, core values and competencies. Attention is paid to learning together, and success is ensured by continuous communication and dialogue that supports adaptive management. In the dynamic environments of the PPDPs, things change and partners learn and gather experience together. It needs to produce evidence of success through a strong learning and monitoring and evaluation feedback mechanism. This helps partners identify what’s working and this learning feeds both into the immediate project and influences the next project, and the next. The well-documented methodology can be adapted to other vocational schools and business partners in other sectors, regions, and countries, and contribute to bringing about institutional change to the TVET system the Vocational Training Centres (VTCs) become powerful role models.

At the project level, sustainability of the partnership’s efforts is a goal and another mutual interest point for partners. The partnership set up provides an inbuilt incentive for both the public and the business sector partners in making the academy financially sustainable after the completion of the project lifetime. Part of making the VTC sustainable is also the understanding that there is a need to develop essential capacities within the VTC that remain after the project cycle is completed.

These capacities include: Strengthened training delivery systems that provide students with both market-adapted technical skills and soft skills, such as critical thinking, communications, teamwork, office skills and in some cases English and computing skills; valuable understanding of the labour market situation in their country; and genuine relationships with local businesses, who become long-term partners with the VTC. PPDPs



also provide VTCs with products and services that they can sell to other clients – providing not only qualified workers to businesses, but training and advisory services.

An ultimate mutual interest point is matching qualified, market-ready students with open job vacancies in the businesses, reducing unemployment and poverty in communities. The training that students receive is hands-on, interactive and experiential. It is practical rather than theoretical, and innovative. Students report that their training in the PPDP projects gives them confidence in their skills, and provides life-changing opportunities that they would not otherwise have.

A good example of how this approach can be successful is the project Heavy Duty Equipment and Commercial Vehicles Academy (HDECoVA), which is a PPDP between the Swedish International Development Cooperation Agency (Sida), Volvo Group, Selam Children's Village (SCV) and UNIDO. HDECoVA trains and graduates heavy duty equipment and commercial vehicle mechanics, all of whom have so far obtained employment in the industry. The impetus for Volvo's involvement in the partnership is a severe shortage of skilled technicians for heavy duty machinery maintenance and operations in many countries in Africa. Although the construction sector has grown tremendously – and with it, a market for heavy-duty equipment – the lack of well-trained machine technicians is a hindrance to the development of the market.

The project has produced a fully operational academy, the first of its kind in Ethiopia. Students undertake cooperative training at local companies; they spend time in companies in separate rounds receiving practical training and experience. The academy is financially sustainable, which was an important objective of the project. It is now a model that shows how it can be done, both to policy-makers and to other business sector actors. The Government of Ethiopia is now requesting that this model be scaled up/replicated to other TVET schools in Ethiopia. Based on the experience of this project, and using the same PPDP approach, the follow-up project Training Institute for Commercial Vehicle Drivers in Ethiopia was recently started.

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