Inter-regional Technical Forum
Skills for Trade, Employability and Inclusive Growth

Skills for Trade and Economic Diversification
Beyani T Munthali, Executive Director (ECAM)
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

Demonstrate STED skills anticipation methodology
Generate evidence on sectors’ trade competitiveness
Identify skill implications

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

1. Desk Research on Sectors’ context & envisioning
2. Oilseeds sector Enterprise Survey
3. Horticulture Enterprise Survey
4. Skills supply analysis

Synthesis & Analysis
Draft STED report

Stakeholder Validation of Findings, Conclusions, Recommendations
Final STED Report

Implementation (WIL & Productivity enhancement)

Mar/ Apr 2015
Stakeholder Consultations
On Sector selection

Sectors -- Oilseeds Horticulture

May – Aug 2015

Stakeholder Consultations

Preliminary Research

Sept – Nov 2015

Stakeholder Consultations

Final STED Report

Feb 2016

2016
STED Research Outcomes ........

Findings
Recommendations
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)
  • No certification of local products for export
  • High transportation costs

• Business capability
  • Supply: Inconsistent supply
  • Product development low value and range
  • Logistics and supply chain management
  • Management of quality and standards
  • Supply chain management
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%)
STED Research Recommendations

**Short Term 0-2 years**
- Industry Guest lecturers
- International Lecturers
- Workplace based Learning
- Enhance Dialogue - Industry + TPs

**Medium Term 2-5 years**
- Curriculum Review & Re-orientation
  - Partnerships with Industry in skill training delivery
  - Partnerships with international Institutions
  - Introduction of new informal courses

**Long Term > 5 years**
- Upgrade Qualifications of Staff
- Modernize training equipment & Laboratories
- Introduce sandwich Programs
- Institutionalize demand led apprenticeships
Skill levels required

Both Oilseeds and Horticulture sectors require expertise at
a) Artisanal/operative level
b) Technician/technologist level
c) Management and profession level

Effective value addition will require build up of sufficient skills levels in both quality and quantity at artisanal level, followed by technician levels
Thank you for your attention
(Arkoun Zikomo)