

SKILLS FOR TRADE AND ECONOMIC DIVERSIFICATION

2nd STEERING COMMITTEE MEETING

Tuesday 28th July, 2015
09:00- 15:00hrs
Protea Hotel Ryalls, Blantyre

Agenda: Ref. Annex i

Attendance: Ref Annex ii

1. Welcome Remarks by Chairperson

- 1.1. The Chairperson welcomed everyone to the meeting thereafter requested a member to open the meeting with a prayer. He then invited all members present to introduce themselves
- 1.2. For the sake of the members who were not present at the inaugural meeting, the Chairperson gave a by a brief explanation of the objectives of the Skills for Trade and Economic Diversification (STED) Project. He explained that the purpose of Steering Committee meeting was to receive the findings of the STED background research work that was undertaken on skill supply for the horticulture and Oilseeds sectors and on the enterprise surveys in the two sectors. He added that committee members were expected to provide some feedback and inputs to the researchers.
- 1.3. The Chairperson asked the committee to agree if the quorum had been formed for the meeting to proceed. A member proposed and was seconded that the quorum had been reached and the meeting proceeded.

2. Adoption of the Agenda

- 2.1 The Agenda was presented and some corrections to it were made as follows;

3. Minutes of previous meeting

- 3.1 It was proposed that names should not be used in minutes.
- 3.2 Page 4 item 5.6. The “R” should be removed on “SMEAR” and it should read as SMEA” which stands for Small and Medium Enterprises Association.
- 3.3 Page 5, item 6.9. Replace “that” with “the” and “for” with “the.” The sentence should read, “The Chairperson being mindful of the time, suggested **the** adjournment of the meeting and reminded the Secretariat to circulate **the** following documents to the members.”

- 3.4 Page 8 the name should read “Modesto Gomani” instead of “Modeston Gomani.”
- 3.5 The minutes were adopted as amended.

4. Matters arising

- 4.1 Members requested the Secretariat to send documents and minutes in time for all to read
- 4.2 It was recommended that if a representative (proxy) was attending the meeting instead of the appointed member, the proxy must get and read the meeting documentation in preparation for the meeting.
- 4.3 The members recommended that the Secretariat should prepare a “matters arising action sheet for every committee meeting for easy of reference”)

The Chairperson invited the consultants to make their presentations. The first presentation was on Sector envisioning. The following were the highlights of the presentation

5. Presentation on Envisioning Future of Oilseeds and Horticulture Sectors

- 5.1 The Oil seeds sector is predominantly Sunflower, groundnuts and soya and trading is mostly for raw and semi-raw commodities. Not much is done on value addition products.
- 5.2 Horticulture sector is widely variety of fruits, vegetables and flowers. National Export Strategy (NES) puts horticulture as part of agro-processing sub-sector under the manufactures sector.
- 5.3 Increasing trend of (selected) oilseeds exports for Malawi between 2010 and 2014.
- 5.4 Malawi is in 3rd position after South Africa and Tanzania amongst the exporting regional countries. As a region there has been a steady increase since 2010 (Malawi, Tanzania and Mozambique)
- 5.5 Increasing trend of (selected) horticulture exports for Malawi between 2010 and 2014.
- 5.6 Malawi is in 4th position after South Africa, Tanzania and Mozambique amongst the exporting regional countries. There is a steady increase for Malawi and South Africa

Three (3) Scenarios were presented for the envisioning of the future of the two sectors.

5.6.1 Scenario one (1) is business as usual.

No actions on existing growth path, existing products (largely in raw form) and markets (mostly local and regional SADC). This scenario was deemed to be inconsistent with the NES vision.

5.6.2 Scenario two (2) is same but more.

To step up efforts to export more of existing products to same and similar markets. This is the NES short-term strategy, scale up production, improve quality and pricing of the oil seeds

5.6.3 Scenario three (3) is sector upgrade.

Adding more elements to upgrade the sector's existing products and markets, on the principle of "more new products to more new markets", with the recommendation to scale up high-value processing of products.

6. Presentation on Finding on Skills Supply Situation

The next presentation was on the finding of the survey and analysis of the status of skills supply for the oilseeds and horticulture sectors. The consultant highlighted the following.

6.1 Few training institutions offer core training programs such as food safety and hygiene, production and processing management, export regulation, product development and innovation as some of the key subjects in the value chain.

6.2 There is weak linkage between the training institutions and the national export strategy

6.3 Technical and vocational training provisions continue to be biased towards traditional technical trades- allow flexibility to offer competency based training linked to NES

6.4 Weak linkage between the training institutions and the National Export Strategy. Engage the training institutions more in the NES and national agenda setting

6.5 Limited infrastructure, teaching and learning materials affecting training provision – increase budgetary allocation on technical and vocational education

6.6 Training institutions are not producing graduates with the relevant skills for the oilseeds and Horticulture sector because it is a challenge to recruit workforce with relevant skills.

6.7 Training provisions should be geared towards making the country an export country by reorienting training provision to the NES.

7. Presentation of Oilseeds Enterprise Survey Findings

- 7.1 The subsequent presentation was on the findings of the enterprise survey of the oilseeds sector and related skills needs. The consultant presented the following highlights: - Exports of oilseeds are low and is largely unprocessed oilseeds. The SADC and COMESA are preferred export destinations.
- 7.2 Very few employers' up-grade employees' skills regularly. Professional schools and technical colleges are not the preferred source of skilled labour because the poor perceptions on skills of graduates from the training inst.
- 7.3 Enterprises find it difficult to get qualified and skilled professionals in the labour market. This lack of skills affects production of quality products. There is also poor production of packaging materials and also poor capacity to increasing volumes.
- 7.4 Professional technical schools and colleges not producing graduates with relevant skills for the oilseed sector is the cause of difficulties in recruiting workforce with appropriate skills and knowledge.
- 7.5 Government and TVET sector needs to strengthen their relationship with secondary schools and industry leaders to introduce high school students to career opportunities within the oil seed industry and as well as others and sensitize educational institutions /students regarding the required skills within the oilseed sector
- 7.6 Strengthen industry led incumbent worker training by leading an initiative of collaborative partners from the industry, industry associations, high schools, educational institutions
- 7.7 Vigorous extension services targeting the oilseed sector to address technical gaps existing in the oilseeds production and ma production of quality products and packaging material

8. Presentation of Horticulture Enterprise Survey Findings

The last presentation was on the findings of the enterprise survey of the horticulture industry. Below are the highlights of the presentation.

- 8.1 Enterprises in the sector (91%) indicated that they have to frequently retrain their workers on the job to upgrade their skills.
- 8.2 Majority of the enterprises (80%) indicated that they do not find university graduates having the required knowledge and skills for the industry. Only 18% said technical school graduates had the required skills and knowledge.
- 8.3 Some enterprises (25%) also indicated that procedural obstacles or inefficiencies were a major burden in the exportation of food products.

8.4 The researcher explained that horticulture sector in Malawi remains underdeveloped though the sector presents unexploited potential. He noted that the research showed that investment in the sector has remain significantly low and the participation of larger enterprises is very minimal. Most of the enterprises in the sector are low labour and low technology operations, with a primary focus on the domestic market.

8.5 The presentation also highlighted that skills development in the sector remains a challenge as evidenced with the need to retrain the labour force on the job by the individual recruiting enterprises. There might be some misalignment of skills needed by the industry, and the skills being developed by the training institutions.

8.6 The consultant recommended the following

- Re-orient the training in relevant colleges and technical schools to the changing needs of the industry.
- Address the technical challenges that impede on the growth and development of the horticulture export business that remains largely unexploited.
- Increase access to relevant technical information for the players in the industry

9. Deliberations and Feedback

After deliberations, members gave the following feedback and inputs to the consultants:-

9.1 Sector envisioning

Malawi needs to make a strategic decision on an area in which it can make a niche

9.1.1 Malawi should encourage foreign investment and partnerships in agro processing. There is a lot of missed opportunities because Malawians want to do things themselves.

9.1.2 The research needs to find out what limits foreign investment in agro processing.

9.1.3 Then the committee was asked to make a strategic decision on which scenario to adopt among the three scenarios presented.

- 9.1.4 Malawi cannot continue with business as usual (**Scenario 1**), there is need to upgrade and strengthen productive capacity to a level where it can effectively supply its existing local and international markets (**Scenario 2**) while upgrading the sector's existing products and markets, finding new products to enter new markets (**Scenario 3**).
- 9.1.5 A proposal was put forward to adopt both Scenario two (2) and Scenario three (3). The proposal was seconded and all the members agreed that for the country to move forward the two scenarios should be adopted together.

9.2 Skill Supply side Analysis

- 9.2.1 ECAM is championing a skills development agenda, as such it is ready to facilitate apprenticeships. Industry is not interested of student attachments because of student mindset on allowances. There is need to come up with a revised apprenticeship system that suits the employer, training institutions and student.
- 9.2.2 There is a lot of skills disconnect with the small holder farmers which needs to be addressed. LUANAR has been teaching entrepreneurship for the past 4 years but probably have ignored the small holder farmers who are doing the production.
- 9.2.3 The issue of skills requirement should examine the production side demand issues and the supply side demand issues.
- 9.2.4 Industry is not close to training system because employers don't take part employers need to take part in skills development. Training institutions need to assess the type of skills needed in industry and technology available in industry before recruiting students.
- 9.2.5 There is a big gap between the smallholder producers and the processors. Smallholder farmers need uplifting of their capacity in terms of training and machines/equipment. Smallholder farmers need to know the issues around pricing of products and doing of agriculture as a business.
- 9.2.6 Research should also look at why our training system is so supply driven. The skill supply situation as observed from the presentation is biased towards the technical trades.
- 9.2.7 Government needs to address the weak linkage between TVET and the NES and be flexible with courses aligned to the NES. Training institution should examine current and future needs as provided for in the NES and review their courses accordingly.

- 9.2.8 The current and future industry needs as it relates to the NES, the drivers of the NES should be identified clearly and those related skill development should be well spelt in the research results.
- 9.2.9 Quality of graduates is poor because intake is geared towards making money. For example, most graduates of agriculture don't have the practical skills although have qualifications. Another reason is a flush of poor graduates from the secondary education.

9.3 Oilseeds enterprise survey and Horticulture Enterprise Survey

- 9.3.1 Malawi can do better in other circles but fail to export because of quality issues just like we failed with Groundnuts (Aflatoxin levels). We therefore need to focus on both quality and quantity. We can draw lessons from OVOP and see where they failed so that we avoid their mistakes. MBS could be incorporated in the processes because quality is the main issue in most of what we are talking about.
- 9.3.2 Need for policy analysis to examine the linkages and relationships between agriculture policy and trade policy to address the existing disconnect.
- 9.3.3 Horticulture and Oilseeds very is unbalanced in the NES. i.e. Horticulture is buried under manufacturers and this is a problem that needs to be relooked at if the sectors are to make any significant contribution to export trade.
- 9.3.4 The proposal to focus on Soya is proper and there is a lot of potential in terms of product output. But we need to do a better value chain analysis before moving to new scenario/new products which we may end up having the same problems as we have always had.
- 9.3.5 Malawi needs to scale up processing and increase production because at present it is exporting raw produce without adding value. The regional markets are narrow there is need to take advantage of the EPA and increase the markets.
- 9.3.6 While Rwanda is facing the same structural challenges but its doing better in the regional markets because it was thinking outside the box. Malawi should also think outside the box and explore more markets beyond the traditional markets.
- 9.3.7 The results of the survey should be made available to the political leadership. A Brief presentation of the findings and recommendations of the research results should be presented to parliamentary committees on

agriculture, education, skills and trade as well as other key stakeholders because political leadership is vital in this drive just like it was with tobacco.

9.3.8 The consultants were encouraged to take into account the feedback and inputs provided and to finalize the research reports accordingly.

10 Date of Next meeting

The secretariat informed the committee that the tentative date for the next meeting was 10th September, 2015 but subject to confirmation.

11 Adjournment of Meeting

There being no further business to discuss, the Chairman adjourned the meeting at 13:09.

Chairperson

Secretary

MATTERS ARISING FROM THE 2ND STEERING COMMITTEE MEETING

ITEM		ACTION
1	The results of the survey should be made available to the political leadership. A brief presentation of findings and recommendations of the STED research should be presented to relevant parliamentary committees because political leadership is vital in this drive just like it was with tobacco.	Discussions have be initiated with the Ministry of Labour, Youth and Manpower Development to arrange for a possible meeting with relevant parliamentary committees and possibly submit a cabinet paper on the results and recommendations of the results of the STED research.
2	Malawi Bureau of Standards (MBS) should be incorporated in the processes because quality is the main issue in most of what we are talking about.	Consideration is being made on possibility of incorporating MBS into the STED steering committee
3	The members recommended that the Secretariat should prepare a “matters arising action sheet for every committee meeting for easy of reference”)	Done