



International
Labour
Organization

**Workshop on Application of
Skills for Trade and Economic Diversification Methodology
Workshop Report**



Sunbird Nkopola Lodge, Mangochi,

13-17 June 2016

Table of Content

1. Administrative Details.....	2
2. Participants' profile.....	3
3. Background, justification and benefits	3
4. Objective	3
5. Contents.....	4
<i>Day 1 Overview and introduction of the workshop</i>	4
<i>Day 2 STED process, knowledge Sharing and STED analysis</i>	4
<i>Day 3 STED data – statistics, surveys and modelling</i>	5
<i>Day 4 Results Based Management (RBM Frameworks, and Tools)</i>	5
<i>Day 5 Institutionalizing Skills Anticipation (STED).</i>	6
5. Evaluation	7
6. Resources and materials	8
7. Annexes.....	i
Annex I: INSTITUTIONALISING STED IN MALAWI (Group 1)	i
Annex II: INSTITUTIONALIZATION OF STED Group 2.....	ii
Annex III: INSTITUTIONAL FRAME WORK FOR STED IN MALAWI (Group 3).....	iii
Annex IV: LIST OF PARTICIPANTS FOR THE STED TRAINING	iv
Annex V: Workshop Agenda	v

1. Administrative Details

Activity title	Workshop on Application of Skills for Trade and Economic Diversification Methodology
Venue	Sunbird Nkopola Lodge, Nkhwazi Room, Mangochi Malawi
Dates	13-17 June 2016
Language	English
Participating Organisations	ILO Staff working in Headquarters and STED Project (Malawi), Ministry of Labour, Youth and Manpower Development; Ministry of Industry, Trade and Tourism; Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA); National Statistical Office (NSO); Malawi Bureau of Standards (MBS); Malawi Congress of Trade Unions (MCTU); Employers Consultative Association of Malawi (ECAM); Small and Medium Enterprises Development Institute (SMEDI); Natural Resources College (NRC); National Association of Smallholder Farmers Association of Malawi (NASFAM); Lilongwe Technical College; University of Malawi- The Polytechnic; Mzuzu University.
Number of Participants	30
ILO Responsible staffs	Con Gregg (STED Global Team) Bolormaa Tumurchudur Klok (STED Global Team) Naomy Lintini (STED Project Malawi) Gift Mabvumbe (STED Project Malawi) Peter Thawale (STED Project Malawi)
Funded by	SIDA
Project title	Skills for Trade and Economic Diversification (STED) Project

2. Participants' profile

The participants profile comprised a mixed audience including representatives of government Ministries and apex organizations, representatives of Workers' and Employers' Organizations and representatives of sectoral organizations and Associations Representatives of training Institutions and Universities and research Institutions.

3. Background, justification and benefits

Skills for Trade and Economic Diversification (STED) is a sector level methodology developed by the ILO to provide guidance for the integration of skills development in sectoral policies. It is designed to help identify skills needed to support growth and decent employment creation in sectors that have the potential to increase exports and contribute to economic diversification. STED takes a forward-looking perspective, anticipating a sector's development and growth opportunities based on its global competitive position and market development. Together with an analysis of current skills supply and demand, this provides an outlook on existing and future skills shortages. Thus, STED supports the development of skills for which there is demand in the labour market and helps to avoid skills mismatches.

The Malawi National Export Strategy recommends application of Skills for Trade and Economic Diversification methodology to help identify the skill sets and the volumes of skills required to allow the productive base to emerge and to keep up with demands on consumption and imports.

The STED analytical research has already been undertaken in Horticulture and Oilseeds sectors in Malawi. However, there is a need for the STED process to be institutionalised in Malawi for it to meaningfully impact on the export trade. As such, it was deemed necessary to enhance national capacity for skills anticipation and analysis as well as acquaint national stakeholders with STED methodology as well as aspects of results based monitoring and management. Finally, the stakeholders were assisted to develop an action plan for Institutionalisation of the STED methodology in Malawi.

4. Objective

The objective of the workshop was to enhance the capacity of national and sectoral practitioners, social partners, training providers and academic Institutions to:-

- Analyse and anticipate skill needs in export-oriented sectors that have growth potential
- Design effective skills response strategies that contribute to higher and more diversified exports with more and better job creation.
- Develop an action plan for Institutionalisation of the STED methodology in Malawi.

5. Contents

The 5-day workshop adopted a good mix of technical content and action learning through group works which was organized such that at the end of the workshop, the participants will be able to identify and prioritise sectors with growth potential in which skills can make difference and anticipate sectors' development and growth opportunities based on global competitive position and market development. The workshop focussed on supporting the institutionalisation of STED in Malawi by allowing the participants to practice how to choose sectors which were then used in all the other stages of the STED methodology.

There were presentations for the 13 sessions by main presenters Cornelius Gregg (STED Global Team) Bolormaa Tumurchudur-Klok (STED Global Team), Naomy Lintini (STED Project Malawi) and Gift Mabvumbe (STED Project Malawi) based on the STED Guidebook.

Day 1 Overview and introduction of the workshop

The first day of the workshop started with an introductory session on background to STED research in Malawi and an overview of the NES. In addition, the session also discussed the key factors that drive change in skills needs as well as the issue of skills mismatch as a result of rapidly changing skills needs along with some common bottlenecks in addressing skills mismatch. The session was supplemented by the introduction of ILO's Skills Anticipation Tools as STED is part of ILO's global programme on anticipation of skill needs.

This led to a session on the STED approach by introducing the developmental logic of STED, STED sector selection and the issue of policy coherence.

Finally, a group work on sector selection was carried out where groups came up with selected sectors after following a set criteria.

Day 2 STED process, knowledge Sharing and STED analysis

The second day tackled several issues. The session looked at why STED is needed. It was highlighted that globalization has been an important driver of structural transformation, increased specialization, and the development of cross-border production networks with new forms of enterprise and inter-firm relations through outsourcing and offshoring and new lines of work

Trade and foreign direct investment have led to a higher demand for workers across the world to perform tasks and duties that require improved core work skills and technical skills

Skills development policies need to complement trade policies to facilitate growth and job creation as well as to ensure that the benefits from trade are spread more widely across the population.

STED analytical flow was also elaborated in that the first task is to choose a sector, which then is followed by a desk research to bridge gaps in information relevant to STED research. Sector Survey Analysis is then carried out followed by a synthesis of the findings. The synthesis then leads to development of conclusions and recommendations. The final part of the work flow was said to be the implementation of all or some of the recommendations made.

The sessions on STED analysis introduced the six stage STED framework and covered the first 3 stages. The presentations covered quantitative profiling and qualitative profiling such as value chain analysis, work organization, technologies, mapping sector's institutions. Moreover presentations were on tools and concept to analyse the business environment through industry competitive analysis, analysis of drivers of change as well as SWOT analysis. The last session of the day was devoted to explain how to identify gaps in business capabilities, checklist of possible gaps, how to link these gaps to skills, skills implication of those business capability gaps and different levels to address them. In addition, it also covered how to incorporate the implications of technologies and of changes in work place organization into the STED analysis.

Day 3 STED data – statistics, surveys and modelling

The sessions on day three started with descriptive scenarios for future based on visioning (product-markets, technologies, and comparative advantage). Then a session followed on how to fit numbers to scenarios and how to derive output projections.

The sessions on skills supply and gaps analysis looked at quantitative skills supply gaps (Labour market evidence, Sources of skills supply, How to measure a skill? Data on skills supply, demand and mismatch), Qualitative Skills Supply Gaps and Barriers to Training and Sourcing Skills.

It was also dedicated to introduce presentations on Skills supply, demand and mismatch covering issues such as how to measure, different types of skills mismatch, as well as practical examples of measurements. In addition there were presentations on STED proposals and recommendations to address the identified skills gaps at different levels (institutional, policy and firm level), key questions STED recommendations try to address and key issues to consider when generating recommendations, it went on bringing back the presentation on STED development logic to discuss, having a big objective, how to focus on where STED projects can achieve the most leverage with the limited resources they have in order to have a meaningful impact. It was also highlighted that routes to achieve our goals are not only through direct interventions, but also they need to include routes such as inspiring others, advising and supporting others and collaborative actions.

The day ended with a session on case studies for Malawi, Jordan, Vietnam and Tunisia on STED Recommendations

Day 4 Results Based Management (RBM Frameworks, and Tools)

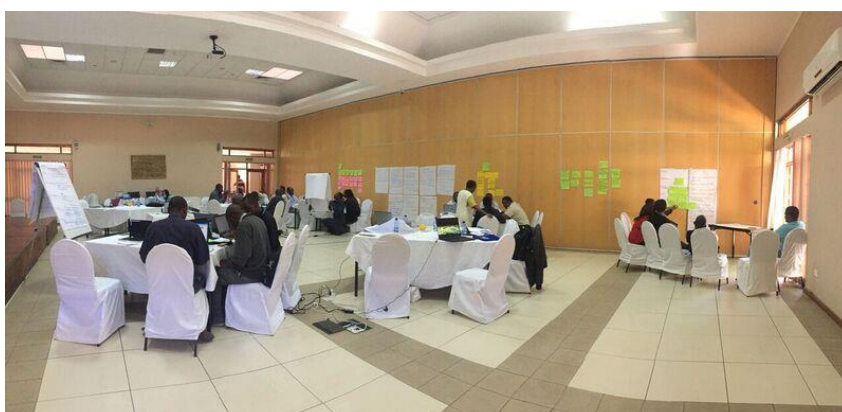
The fourth day of the training was devoted to introduce RBM and M&E frameworks and tools for STED-based projects and Key Features of STED RBM and M &E. The session also included a presentation on Case Study (WIL RBM system) for Malawi, developing Indicators and data collection methods. The day's sessions finished with a group work on developing key indicators for each result of draft results chain.

Day 5 Institutionalizing Skills Anticipation (STED).

The Morning sessions started with an overview of institutionalizing skills anticipation. It was highlighted that institutionalisation of skills anticipation should bring together main stakeholders who will provide advice and governance for the process. This will also require a secretariat capable of undertaking or managing skills research. The secretariat should also be responsible for managing the skills anticipation agenda.

Experiences from Ireland and India were discussed to highlight some of the key success factors in institutionalising skills anticipation.

Later in the day the participants discussed possible institutional arrangements for STED analysis in Malawi.



The participants were split into three groups. Each group consisted of representatives of government, employers and workers. The groups were supposed to come up with institutional mechanisms following some criteria.

Participants doing some group work

The three groups presented their recommendation as given in **annexes I- III**

During plenary session on institutionalising STED, there was a clear indication that:

The lead Institution

There were three proposals made on who should be the lead institution.

1. The need for a joint lead between Labour and Trade,
2. The need for lead by Labour, Trade, Education and Agriculture.
3. Unanimous agreement on TEVETA being the secretariat.

Governance mechanism

There were four schools of thought on the governance mechanism.

1. The Universities should be responsible for the governance and STED research work because they have a fully-fledged research department with mandate to carry out research.
2. TEVETA should be the secretariat and as well as carry out the research because they already have the TEVET levy which will financially sustain the research work.
3. TEVETA secretariat and University to carry out research.
4. National institute on STED should be established to carry out the work of STED research and as well as to be responsible for coordinating the work.

The proposal to establish a new body was dropped as government is not keen on establishment of new bodies and it was felt this would not be possible at the moment.

After a vote between the participants it was observed that proposal number 1 and 2 were the most outstanding and as such it was felt that management of Ministry of Labour, Youth and Manpower Development and Ministry of Industry and Trade should decide between the two proposals.

5. Evaluation

The participants filled in an evaluation questionnaire. The results show an excellent level of satisfaction. The Application of Skills for Trade and Economic Diversification Methodology Workshop was welcomed as extremely relevant with high quality and excellent overall assessment. With an average score of 4.1 on scale of 1-5.

The training expectations listed by the participants included:

- To learn and be trained about/on the STED methodology and sectoral approaches to skills development and how it can be applied in Malawi to improve trade and export.
- To learn experiences of Malawi STED process and for the other countries implementing STED projects.
- To develop network of colleagues who will be involved in STED process in Malawi

According to the response from the questionnaire, the expectations were met with 100% of response “yes”. The participants appreciated the training more as presenters shared not only their knowledge but also their actual experiences, challenges in addition to the good practices in implementing STED in Malawi and other countries. Some participants indicated that they now had a clear idea about the best way to start and implement a STED project and the knowledge obtained will be of immediate use as they implement STED projects. Others indicated the highlight of the training as having a great combination of speakers and participants. Very interesting presentations, lively discussions, a lot of new ideas, presentations of a state-of-the-art approach to sectoral skills development were also highlighted and all critical topics were addressed. The latter meant some compromise on the allocated time for the interactive group works as sometimes too much information provided without enough time try to work with topics and questions together in a group.

The following topics were listed by the participants as the most useful sessions in order of importance:

- STED process and analysis – sector selection
- STED analysis – Skill Supply and Skills Gap
- STED analysis – Tools and Concepts to Analyse Sector position and outlook and Future skills needs
- RBM
- Institutionalizing Skills Anticipation (STED) for responsive skills development.

Increasing the time for the training and number of group work sessions that would allow time for participants to assimilate large amounts of information and prepare for the next sessions was suggested by many participants. Another participant in addition suggested if there could be an on line session prior to face to face session so that the theoretical component can be handled through the online and let the practical sessions be handled on the face to face sessions.

6. Resources and materials

The materials presented during the workshop were available to all participants. The presentations and materials were based on the STED Guidebook- ***“Skills for Trade and economic diversification: A Practical Guide”***, By Con Gregg, Marion Jansen and Erik von Uexkull.

In addition, the following materials were used:

- Malawi National Export Strategy
- STED sector selection note
- WiL MGS-Skills Training Malawi
- Draft STED report for Malawi
- Final Skills Supply Side Analysis
- Draft report Horticulture Sector Enterprise survey
- Draft report Oilseeds Sector Enterprise survey

7. Annexes

Annex I: INSTITUTIONALISING STED IN MALAWI (Group 1)

Skill Technical Working Group very critical!!

No institution has clear mandate to do Skills Research.

STATUS QUO:

Poor coordination, cooperation & organisation between authorities, (Min. of Finance, Min. of Labour, Min. of Education, Min. of Trade, Min. of Agriculture, The Academia, TEVETA, NCHE) like Certification by TEVETA and Labour (Labour does it from 3-1, while TEVETA does from 1-3).

WHO WILL GOVERN IT?

Ministry of Labour. TEVETA to be the secretariat of the National Working Committee/National Sterling Committee of Skills Development to be reporting to Cabinet Committee on Skills Development and Parliamentary Committee on Skills Development.

Bodies to be in this Committee are: Academia, ECAMA, SMEDI,
Sub-Sectorial Committees to be instituted.

IMPLEMENTATION ARRANGEMENTS

Technical Committees will be doing Technical work such as work plans.
Quarterly meetings where work plans will be followed and monitored.

RECOMMENDATIONS

Coordination with all Stakeholders.

Group Members:

**F. CHIKUNKHUZENI,
E. CHIRAMBO,
N. KAPEREMERA,
J. MKANDAWIRE,
E. MGUWATA,
F. NANKHUNI,
K. CHINGAPA**

Annex II: INSTITUTIONALIZATION OF STED Group 2

Factors to Consider Institutionalizing STED

- Political support
- Funding
- Structure of the implementing arm
- Stakeholders involved
- Resources
- Actors/capacity
- Coordination from the two key ministries
- Two ministries are key to STED

Establishing an Independent Institute under UNIVERSITIES.

- Shall involve all universities with different specialties.
- Two ministries are key Labour and Trade
- A steering committee shall be put in place comprising of members from all areas to form skills technical groups
- The Skills Technical working groups shall be the board for the institute and there shall sector technical working groups for all sectors
- Inter-ministerial coordination and beyond that the Universities through the Vice chancellor.
- The Institute shall give technical support
- The institute shall act as secretariat
- TWG will set the board, The universities shall commence operations in the institute

Group Members:

1. **Daniel Harawa**
2. **Brandina Kagunda**
3. **Gerald Milanzi**
4. **Emmanuel Magomero**
5. **Elles Kwanjana**
6. **Dr Vanwyk Chikasanda**
7. **Lydia Kwanjana**

Annex III: INSTITUTIONAL FRAME WORK FOR STED IN MALAWI (Group 3)

PARLIAMENTARY COMMITTEE

Member of Parliament/ Politicians

STEERING COMMITTEE

Ministers, Principal Secretaries, CEOs, Development Partners, ECAM/MCCCI/Private Sector Captains/IBAM

TECHNICAL WORKING GROUPS

Government Departments, TEVET-Authority, ECAM, Training Institutions, Universities, TEVET Providers, Financial Institutions, MRA, MITC/RBM

ROLES AND NEEDS OF INSTITUTIONS

Parliamentary Committee: Enacting of supporting laws

Steering/Ministerial Committee: Formulating of policies for guiding the system

TEVETA/MBS: Regulating and quality assurance of training and products

National Statistical Offices: source of National Statistics

ECAM/MCCCI: coordinate private sector and industry contribution

Training Institution/Universities: Curriculum development and Training Delivery

GOVERNANCE

Chair- Ministry of Labour, Youth and Manpower Development

Co-Chair- Private Sector

Secretariat - Ministry of Trade

Group Members:

1. Mr Chimwemwe Safalaoh (MoLYMD)
2. Ms Gilda Ndege (NSO)
3. Ms Gertrude Mwakikunga (MBS)
4. Ms Walusungu Chibwe (ECAM)
5. Mr Yassin Mwachande (MoIT)
6. Mr Suzgika Mvalo (Lilongwe Technical College)
7. Mr Tamandani Chikoko (TEVETA)

Annex IV: LIST OF PARTICIPANTS FOR THE STED TRAINING

No.	Institution	No. of Participants	Contacts	
			Phone	email
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30		Mr. Peter THAWALE	+265 999 933 334	thawale@ilo.org
Total		30		

Annex V: Workshop Agenda

Application of STED Methodology 13th – 17th June 2016, Mangochi WORKSHOP AGENDA					
DAY/TIME	MONDAY, 13th	TUESDAY, 14th	WEDNESDAY, 15th	THURSDAY, 16th	FRIDAY, 17th
08:00hrs	Registration	Recap	Recap	Recap	Recap
08:30hrs	Welcome and Workshop Opening	The Trade – Skills Nexus Social Dialogue for Skills Development	STED Analysis Skills supply and Gap Analysis	Results Based Management (RBM Frameworks, and Tools)	Institutionalizing Skills Anticipation (STED) For responsive skills dev.
09:30hrs	Introductions Expectations Workshop Objectives	STED Analysis Literature Review and STED Primary Research	Exercise – Skills Gap analysis (Group Work)	Key Features of STED RBM and M & E	Institutionalizing Skills Anticipation (Experiences from other countries)
10:30hrs	HEALTH BREAK				
11:00hrs	Session 1 Background to STED Research in Malawi (National Export Strategy)	STED Analysis Sector Positioning and Outlook	STED Analysis Quantifying Skills Demand and Gaps	Case Study (WIL RBM system)	Institutional Arrangements for STED analysis in Malawi (Group Exercise)
12:00hrs	Session 2 Skills Anticipation What is STED	STED Analysis Identifying Business Capability Gaps	Developing STED recommendations and Remedial Actions	Developing an Intervention results Chain	Presentation of proposed Institutional arrangements
13:00hrs	LUNCH BREAK				
14:00hrs	Session 3 STED Development Logic Policy coherence Sector Selection	Exercise – Business Capability gap identification (Group Work)	STED Implementation Translating recommendations Into skills dev. Interventions	Developing Indicators and data collection methods	
15:15hrs	COFFEE BREAK				
15:30hrs	Exercise - Sector selection (Group Work)	STED Analysis/Skill Implications Case Study- Malawi STED Research	Case Studies Malawi & other countries on STED Recommendations	Group presentations	
	Group Presentations				

