



# Youth Well-being Policy Review of Malawi



# YOUTH WELL-BEING POLICY REVIEW OF MALAWI



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## *Foreword*

Today's world youth population aged 10-24 is 1.8 billion strong, the largest cohort ever to be transitioning into adulthood. More than 85% live in developing countries. In many places, they represent 30% of the population – and the numbers keep growing. Many developing countries have the potential to realise a demographic dividend, if the right social and economic policies and investments are in place. As such, youth is increasingly taking centre stage in policy debates as a driver of development. Targeting young people, however, requires addressing challenges on multiple fronts, from decent employment and quality education to youth-friendly health services and active citizenship.

Timely interventions directed at young people are likely to yield a greater return for sustainable development than attempts to fix their problems later in life. Gaps in initial education and skills, for example, are forcing too many young people to leave education at an early age, unprepared for work and life. Today, one out of four children in the world drops out of primary education. Surprisingly, no progress has been made in this area over the last decade. Youth joblessness and vulnerable employment are widespread; young people are three times more likely to be unemployed than adults. Adolescent reproductive and sexual health needs are poorly addressed, while new health risks have emerged. Moreover, not all youth have equal opportunities for mobility, and too many remain excluded from decision-making processes that affect their lives.

The opportunity to close the youth well-being gap is nonetheless real. Measuring and analysing the problems of disadvantaged youth is a prerequisite for developing evidence-based policies. Sharing good practices and exchanging information on what works and doesn't plays a crucial role in youth policy making in both developing and developed countries. Policies that intervene at critical stages can significantly reduce the risks of youth becoming further disadvantaged. For example, facilitating the transition into the world of work through labour market counselling and comprehensive on-the-job training is helping the economic inclusion of youth. Evidence also suggests that cultural and creative activities, violence prevention programmes and juvenile justice services can support active citizenship among youth.

The Youth Inclusion project, co-financed by the European Union and implemented by the Development Centre of the Organisation for Economic Co-operation and Development (OECD), analyses these aspects in ten developing and emerging economies (Cambodia, Côte d'Ivoire, El Salvador, Ethiopia, Jordan, Malawi, Moldova, Peru, Togo and Viet Nam) through Youth Well-being Policy Reviews. The reviews are intended to support governments by providing evidence and concrete advice on how to assess youth challenges from a multi-dimensional perspective and how to involve youth in national development processes. The reviews shed light on the determinants of youth vulnerabilities and what constitute successful transitions in each of the countries. Tapping into the evidence to design better policies is one of the best ways to minimise challenges and maximise potential, turning the youth bulge into a youth dividend. The Youth Inclusion project is part of the work of the Development Centre on inclusive societies and

aims to support countries in finding innovative solutions to social challenges and to build more cohesive societies.

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## *Abbreviations and acronyms*

ADC	Areas Development Committee
AfDB	African Development Bank
AFIDEP	African Institute for Development Policy
AfriYAN	African Youth and Adolescents Network
AIDS	Acquired Immune Deficiency Syndrome
CBET	Competence-Based Education and Training
CBO	Community Based Organisation
CFC	Common Fund for Commodities
CRC	Convention on the Rights of the Child
CSDC	Community Skills Development Centre
DEM	District Education Manager
DfID	Department for International Development
DHO	District Health Officer
DYO	District Youth Officer
EMIS	Education Management Information System
EMN	European Microfinance Network
EU	European Union
FAO	Food and Agricultural Organization
FPAM	Family Planning Association of Malawi
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Virus
HSSP	Health Sector Strategic Plan
ICT	Information and Communication Technology
IHPS	Integrated Household Panel Survey
ILO	International Labour Organization
IMF	International Monetary Fund
ISCO	International Standard Classification of Occupation
ISIC	International Standard Industrial Classification
JCE	Junior Certificate of Education
LDC	Least Developed Country
M&E	Monitoring and Evaluation
MACE	Malawi Agriculture Commodity Exchange
MACRA	Malawi Communications Regulatory Authority
MAGGA	Malawi Girl Guides Association
MC	Master Craftsman
MEDF	Malawi Enterprise Development Fund
MGDS	Malawi Growth and Development Strategy
MLFS	Malawi Labour Force Survey
MoAFS	Ministry of Agriculture and Food Security
MoAIWM	Ministry of Agriculture, Irrigation and Water Management

MoDPC	Ministry of Ministry of Development Planning and Cooperation
MoEPD	Ministry of Economic Planning and Development
MoEST	Ministry of Education, Science and Technology
MoGCDSW	Ministry of Gender, Children, Disability, and Social Welfare
MoH	Ministry of Health
MoIT	Ministry of Industry and Trade
MoITT	Ministry of Industry, Trade and Tourism
MoLYSMD	Ministry of Labour, Youth, Sports and Manpower Development
MoYS	Ministry of Youth and Sports
MP	Member of Parliament
MSCE	Malawi School Certificate of Education
MSME	Micro, Small and Medium Enterprises
MWK	Malawian Kwacha
NAP	National Agricultural Policy
NEET	Neither in Employment nor in Education or Training
NELP	National Employment and Labour Policy
NES	National Export Strategy
NESP	National Education Sector Plan
NGO	Non-Governmental Organisation
NSO	National Statistical Office
NTT	National Trade Test
NYCOM	National Youth Council of Malawi
NYP	National Youth Policy
OECD	Organisation for Economic Co-operation and Development
PSI	Population Services International
SACMEQ	Southern and Eastern Africa Consortium for Monitoring Educational Quality
SADC	Southern African Development Community
SE4ALL	Sustainable Energy for All
SIGI	Social Institutions and Gender Index
SNE	Special Needs Education
SRH	Sexual Reproductive Health
SSA	Sub-Saharan Africa
STED	Skills for Trade and Economic Diversification
STI	Sexually Transmitted Infection
SWG	Sectoral Working Group
SWO	Social Welfare Officer
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TEVET	Technical, Entrepreneurial, Vocational Education and Training
TEVETA	Technical, Entrepreneurial and Vocational Education and Training Authority
TWG	Technical Working Group
UDHR	Universal Declaration of Human Rights
UHC	Universal Health Coverage
UIS	UNESCO Institute for Statistics
UN	United Nations
UNCDF	United Nations Capital Development Fund

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UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNDEF	United Nations Democracy Fund
UNICEF	United Nations
UNFPA	United Nations Population Fund
USAID	United States Agency for International Development
USD	United States Dollar
VSTP-VYP	Vocational Skills Training Project for the Vulnerable and Young People
WAASA	Women in Agribusiness in Sub-Saharan Africa
WEF	World Economic Forum
WFP	World Food Programmes
WHO	World Health Organization
WTTC	World Travel and Tourism Council
YFHS	Youth Friendly Health Services
Y-MDI	Youth Multi-dimensional Deprivation Indicator
YC	Youth Centre
YN	Youth Network
YOMIS	Youth Management Information System

## *Executive summary*

With more than 46% of the population below age 15, and youth (aged 15-29) accounting for more than one-quarter of the population, Malawi is a youthful country and will remain so in the years to come. Young Malawians face multiple and interconnected challenges. As a result, many suffer simultaneous well-being deprivations which in turn require relying on a comprehensive approach to youth challenges. The *Youth Well-Being Policy Review of Malawi* aims to support the government in assessing the situation of the country's youth using a multi-dimensional approach, and to provide recommendations to address major policy gaps in youth well-being.

Chapter 1 provides an in-depth analysis of the situation of Malawian youth in the areas of health, education, employment and civic participation. Chapter 2 describes key youth policies and programmes in Malawi, and discusses the challenges of the current institutional framework for youth policy making and implementation. Chapter 3 discusses the relevance and effectiveness of Malawi's technical, entrepreneurial and vocational education and training (TEVET) system to improve youth employment outcomes. Chapter 4 documents the constraints and opportunities for developing rural youth entrepreneurship in Malawi.

### **Key findings**

In the last decade, the overall health situation of youth improved substantially, notably due to a decrease in HIV/AIDS prevalence among young women. Yet, HIV/AIDS-related deaths remain high among youth (295 in 2015) in comparison to the global average of 149. Early initial sexual intercourse, combined with relatively low contraceptive use, increases health risks and results in frequent early pregnancies and high fertility rates among young women.

Despite the recent increase in school enrolment, a large share of young people drops out very early and do not acquire basic skills. Only 35% of the students in primary education complete the cycle and as a result, the net enrolment rate in secondary education remains very low (18%), as well as in vocational and tertiary education (2.2% and 1.0% respectively). Financial constraints appear by far the most important obstacle to education in Malawi.

The majority of young Malawians participate in the labour market and work, but female participation remains low and employment quality is a major challenge. Around 20% of young women are neither in employment nor in education or training (NEET) in 2014 compare to only 7% of young men. Despite relatively low unemployment rate among youth, job quality remains an important challenge. Most working youth are indeed engaged in low-quality employment, either because they work in the informal sector (84%), face underemployment (25%) or are not adequately qualified for their current job.

Malawi recognises the importance of addressing youth challenges in its policy framework but faces several obstacles to co-ordinate and implement youth policies effectively. Despite existing policies to improve the situation of youth such as the Malawi Growth and Development Strategy (MGDS) III (2017-2022) and the adoption of the National Youth Policy (2013), the Ministry of Labour, Youth, Sport and Manpower Development (MoLYSMD) lacks both human and financial resources to leverage partnerships and manage policy co-ordination across stakeholders.

The government has been putting great emphasis on improving education and skills of youth by adopting various policies and strategies. Investment in TEVET has been one of them and although TEVET capacity among youth has increased substantially in recent years, training opportunities remain limited compared to both the demand from the youth (with 87% of technical colleges' applications rejected) and the needs of the labour markets. High academic entry requirements, financial constraints and cultural issues prevent disadvantaged youth from enrolling in TEVET institutes.

At the same time, ensuring the quality and relevance of training remains challenging. The majority of vocational training is provided informally by master craftsmen or by private institutions without sufficient supervision and control from the government. Insufficient linkages to industries, lack of up-to-date teaching resources and equipment, and poorly trained teachers hinder the quality of TEVET. Moreover, the distribution of formal TEVET courses is concentrated in a few trades such as construction, administrative studies and vehicle repair. The current TEVET system also fails to supply trainees at all qualification levels, leaving firms with inadequate labour supplies. Skills gaps and shortages remain in strategic sectors such as mining, agro-processing, construction and tourism.

In the absence of decent job opportunities, rural youth often start businesses out of necessity. Rural youth entrepreneurs have low education levels and 80% acquire business skills informally either through self-teaching (44%) or by learning from family members (36%). Typically, rural youth businesses are small, informal, mostly in agriculture, with very limited value added to the products they sell, poor operating conditions, limited access to infrastructure and information and communication technology (ICT), and consequently low profits. Access to financing and market integration are perceived as the main challenges for rural youth entrepreneurs who also lack support and assistance from business organisations.

## Recommendations

### *Strengthen the institutional framework and governance of youth policies*

- Strengthen the vertical and horizontal co-ordination framework for youth policy.
- Ensure adequate human resources by increasing the number of qualified and trained staff at district and national levels.
- Support MoLYSMD's capacity to mobilise resources and improve the transparency of youth programmes.
- Develop a more comprehensive information system on youth programmes to improve their monitoring and evaluation.
- Strengthen youth empowerment by increasing their direct participation in policy making.

*Improve the quality and relevance of technical and vocational education to facilitate youth's transition into the labour market*

- Improve TEVET governance by clarifying the roles and responsibilities of key stakeholders and training providers.
- Develop a comprehensive information system on technical and vocational education.
- Simplify the qualification framework of TEVET system to make training options more accessible to trainees and signalling easier to employers.
- Improve the access and equity of TEVET opportunities by increasing the number of TEVET institutions and courses, and offering more options with lower entry requirements.
- Recognise the importance of informal training and support traditional apprenticeships through a multipronged approach that includes capacity development, financial incentives, certification schemes and community involvement.
- Improve teaching quality and strengthen entrepreneurial skills teaching and practicum in all TEVET courses.
- Strengthen industry engagement mechanisms for curriculum development, on-the-job training and financial contribution.

*Unlock the potential of rural youth entrepreneurship*

- Integrate entrepreneurship education into formal schooling.
- Expand and scale up TEVETA's business skills development programmes, in particular targeting rural youth.
- Develop youth-friendly financial products.
- Provide information and counselling on access to finance and improve the regulatory framework for start-up finance.
- Alleviate administrative procedures and reduce business registration costs to make formalisation more attractive.
- Develop business development and support services.
- Support initiatives and institutions that allow young people to exchange ideas and share experiences.
- Improve access to basic infrastructure services and ICT.



## *Assessment and recommendations*

With more than 46% of the population below age 15, and youth (aged 15-29) accounting for one-quarter of the population in 2015, Malawi is a youthful country and will remain one in the years to come. Young Malawians face multiple and interconnected challenges. As a result, many suffer simultaneous well-being deprivations. Sectoral policies are insufficient to alleviate multi-dimensional deprivations; a comprehensive approach to youth challenges is necessary. The *Youth Well-Being Policy Review of Malawi* aims to support the government in assessing the situation of the country's youth using a multi-dimensional approach, and to provide recommendations to address major policy gaps in youth well-being.

Chapter 1 provides an in-depth analysis of the situation of Malawian youth in the areas of health, education, employment and civic participation. Chapter 2 describes key youth policies and programmes in Malawi, and discusses the challenges of the current institutional framework for youth policy making and implementation. Chapter 3 discusses the relevance and effectiveness of Malawi's technical, entrepreneurial and vocational education and training (TEVET) system to improve youth employment outcomes. Chapter 4 documents the constraints and opportunities for developing rural youth entrepreneurship in Malawi. Themes in Chapters 3 and 4 were selected by the Government of Malawi as major issues to address for youth well-being.

### **Profile of Malawian youth**

**In the last decade, the overall health situation of youth improved substantially, although HIV/AIDS-related deaths remain high and access to sexual and reproductive health (SRH) remains insufficient.** The decrease in HIV/AIDS prevalence, notably among young women, led to a decline in youth mortality rates, from 471 deaths per 100 000 young people in 2005 to 295 in 2015. This is lower than the sub-Saharan African average of 354 but still very high compared to the global average of 149. The reduction was highest among young women aged 20-29. Between 2005 and 2015, the number of deaths related to HIV/AIDS fell threefold (from 307 to 92) for young women and twofold (from 139 to 73) for young men. Yet, HIV/AIDS remains the leading cause of death for young people in Malawi. Moreover, early initial sexual intercourse, combined with relatively low contraceptive use, increases health risks and results in frequent early pregnancies and high fertility rates. By age 20, 85% of women and 66% of men had had sexual intercourse. Only 37% of sexually active women aged 15-19 used a contraceptive method, while 62% of women aged 25-29 did. In 2015, adolescent birth rates reached 136 births per 1 000 women aged 15-19. Although in decline, maternal conditions constitute the second leading cause of death among young women. Importantly, SRH behaviours vary significantly by social background, with young women from less educated and poorer backgrounds much more likely to experience early sexual intercourse and HIV/AIDS infection. On a positive note, alcohol

and tobacco use are not particularly high in Malawi, although they should be kept under surveillance.

**Despite the recent increase in school enrolment, a large share of young people drops out very early and do not acquire basic skills.** Access to primary education has steadily increased, with the net enrolment rate reaching 89% in 2013. This also means around 10% of primary school aged children do not attend school at all. Moreover, school dropout is widespread; only 35% of the students in primary education complete the cycle. As a result, enrolment in secondary education decreases to no more than 18% of that school age group. Similarly, enrolment in vocational and tertiary education remains extremely low, with no more than 2.2% and 1.0% of young people aged 15-29 graduating, respectively. In addition to the low educational attainment rate, young Malawians experience poor education quality, resulting in a large share of students without functional literacy and numeracy skills. The latest Southern and Eastern Africa Consortium for Monitoring Educational Quality achievement test in 2007 revealed only 57.4% of grade 6 learners in Malawi had basic reading skills and only 41.1% had basic numeracy skills.

**There are large disparities in educational attainment across youth groups in Malawi.** Socio-economic background is a strong driver of educational attainment among young people. In 2014, 49% of young people living in rural areas did not complete primary education compared to only 33% of urban youth. More than 80% of young people whose mothers had no education had either no or only primary education. By comparison, more than 80% of young people whose mothers had some tertiary education had either a vocational or tertiary degree. Youth raised in wealthier households were also more likely to complete higher education levels. Indeed, financial constraints appear by far the most important obstacle to education in Malawi. In the 2014 *School-to-Work Transition Survey*, 52% of young women and 66% of young men cited economic reasons for dropping out of school. Social and cultural environment also factor. The second most important constraint to educational attainment was lack of interest, which concerned around 15% of youth, while around 20% of young women stop schooling because they were pregnant (12%) or wanted to get married (8%).

**The majority of young Malawians participate in the labour market and work, but female participation remains low.** The transition from education to the labour market is a critical stage in young people's lives and can have long-lasting consequences to well-being. In Malawi, more than 75% of young people are active in the labour market. In 2014, most young people aged 15-29 in the labour market were working, and only 4.2% were unemployed and looking for work. Adolescents, urban youth and young women are less active. Despite an increase from 67% in 2012 to 71% in 2014, the female participation rate remains lower than that of males (79%). Young women also face a higher probability of unemployment. The share of young women neither in employment nor in education or training (NEET) declined from 25.5% in 2012 to 20.0% in 2014 but remained much above the 2014 7.0% NEET rate of young men.

**Most working youth are engaged in low-quality employment.** While around 22% were wage employed in 2014, 60% were self-employed, and 17% were unpaid family workers. Self-employment and unpaid family work are often associated with poor working conditions compared to wage employment, which generally provides higher job security, regular income and, more often, some entitlements to benefits. Indeed, in 2012, around 32% of young wage workers received a meal allowance, 8.5% a transport allowance, and 10% overtime payment and paid leave, among other benefits. This partly explains why

self-employment and unpaid family work are often not a first choice for young people. Although young men living in urban areas find formal jobs more easily, informal employment is a widespread source of low-quality employment for Malawian youth in general. Around 83.5% of young workers are engaged in an informal sector activity, and 9.5% are in informal employment. Underemployment also affects employment quality. More than one-quarter of young workers underuse their skills. Last, the pervasive presence of skills mismatch reduces job quality and satisfaction. A large share of young workers have jobs that do not match their skills. While 30% of young workers consider themselves underqualified and 18% overqualified, a normative measurement of skills mismatch revealed close to 82% of young workers were underqualified and only 1.6% overqualified in 2014. Overall, although labour force participation is high, the vast majority of young workers face harsh working conditions.

**In terms of social capital, religious groups play a central role in providing support to communities and youth in Malawi.** The ability to rely on family and friends greatly contributes to well-being, particularly in helping young people cope with adverse economic or health shocks, for example. Yet, between 2010 and 2015, youth's ability to activate their social networks declined by 12 percentage points to 56%, on average. The ability to benefit from networks increases sharply with education level. Only 38% of people who did not complete primary education can rely on their networks compared to 91.5% of tertiary graduates. By contrast, religious affiliations are widespread among Malawian youth and play a central role in providing support to communities. Faith-based organisations are seen as valuable community resources and contribute greatly to individual social capital, as reflected in the large share (around 60%) of young people who declare membership in such groups.

**Youth civic and political engagement has reached relatively high levels, but trust in institutions remains limited.** In 2015, around 77% of young people reported having engaged in a civic action in the last month, up from 64% in 2011. Civic engagement is slightly higher among young men than woman (81% vs. 73%) and substantially higher in urban areas than in rural (89% vs. 75%). Political participation is also quite high, with as high as 71% youth turnout in the 2014 election. Political participation is similar for men and women but significantly lower in urban areas (55%) than in rural (74%). Additional signals of the general interest in politics include the increased share who declare interest in politics and public affairs, from 60% in 2011 to 72% in 2015, and the decreased share who never discuss politics, from 35% to 24%. At the same time, only around half of young people claim to trust institutions. While trust in the military and police is relatively high compared to other sub-Saharan Africa countries, the share of youth who trust the judiciary system decreased to 55% in 2015. Remarkably, only slightly more than one-third of young Malawians trust the honesty of elections, despite the high interest in politics.

**Young Malawian women face important difficulties reporting and seeking help for widespread sexual, physical and emotional violence.** Violence against women increased between 2004 and 2015; 30% of women aged 15-29 had experienced violence as of age 15 in 2004, rising to 38% in 2015. Among women aged 15-49, 21% had suffered sexual violence, 25% emotional violence, and more than 33% physical violence. Women living in rural areas are slightly more subject to violence than those in urban areas (43% vs. 40%). Not only do they suffer from physical and sexual violence, they often deal with the consequences of all types of violence alone. There appear important barriers to reporting and seeking help. In 2015, 53% of female victims of physical violence never sought help or told anyone, while 12% never sought help but told

someone. Sexual violence is reported even less: 64% of victims never sought help or told someone. Among women who have been married, the perpetrator is the current husband or partner in 53% of cases and the former husband in 31% of cases. Women also sometimes internalise and normalise violence. Only 16% of female adolescents aged 15-19 report they can refuse sexual intercourse to partners or force condom use; in 2015, 21% agreed husbands or partners are justified in hitting or beating wives for not fulfilling their duties.

**Malawian youth face well-being deprivations in various dimensions, as reflected in relatively low self-declared well-being.** Given the relatively high mortality rates, high HIV/AIDS prevalence, weak access to contraceptive methods, low educational attainment, limited formal work opportunities and tough working conditions, many youths in Malawi experience multiple deprivations. Thus, in 2015, the average subjective assessment of life satisfaction was relatively low at 4.2 (on a scale of 10). Yet, life satisfaction remains higher among youth than adults (3.68), on average. Unsurprisingly, self-declared life satisfaction increases with educational attainment and subjective wealth. In 2015, life satisfaction was slightly higher for young women (4.26) than men (4.05) and for youth in urban areas (4.46) than in rural (4.13).

### Policies and institutional framework for youth development

**Malawi has several policies and mechanisms to improve the situation of youth.** A number of instruments recognise youth rights and serve to guide youth policy making. Regional and global instruments adopted by Malawi containing youth provisions include the Universal Declaration of Human Rights (1948), the ILO Minimum Age Convention (1973), the Convention on the Rights of the Child (1989) and the African Youth Charter (2006). In addition, several laws target youth, such as the Malawi Youth Act (1996), while others support the implementation of policies relevant to youth. The Malawi Growth and Development Strategy (MGDS) III (2017-2022) is the overarching policy document to achieve the long-term aspirations outlined in Vision 2020. It recognises youth development as a cross-cutting area and aims to mainstream youth development in key priority areas to ensure comprehensive and inclusive implementation. Another significant policy development was adoption of the National Youth Policy (2013), which aims to empower Malawian youth, encourage their participation in developmental processes and support realisation of their potential. It provides broad guidelines from which youth programmes and services can be developed to facilitate their meaningful participation and involvement in overall national development efforts. The seven priority areas for youth include participation and leadership; economic empowerment; national service; education; science, technology and environment; health and nutrition; and social services, sports, recreation and culture.

**Wide-ranging policies and programmes from various ministries and institutions also aim to improve youth well-being.** Policies developed by the Ministry of Education, Science and Technology (MoEST), the Ministry of Gender, Children, Disability, and Social Welfare, and the Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA) focus on enhancing the quality of education, improving access and participation, particularly among young women, and addressing dropout. The Ministry of Labour, Youth, Sports and Manpower Development (MoLYSMD) and TEVETA also equip young people with knowledge and skills through technical and vocational training, encourage entrepreneurship and support a vibrant local entrepreneurial sector, particularly micro, small and medium enterprises. The Ministry of

Health and development partners focus on providing youth-friendly health services and addressing SRH matters. The National Youth Council of Malawi (NYCOM) and the MoLYSMD co-ordinate youth activities in Malawi and enable a positive environment for youth engagement, empowering youth by facilitating meaningful participation and capacity building at different levels.

**Co-ordination of youth policies relies on a defined structure of vertical and horizontal mechanisms.** In terms of vertical co-ordination, consultations are made at the national, district and community levels. At the national level, ministries are responsible for the formulation and oversight of policy development. At the district level, officers oversee the implementation, co-ordination and supervision of programmes, with support from community-level youth organisations, which contribute to planning, implementation, monitoring and advocacy. Sectoral working groups (SWGs) are the main mechanism for horizontal co-ordination, providing the means for negotiations, policy dialogue and agreement on plans and undertakings between government bodies (including the MoLYSMD, NYCOM and district level representatives) and a broad range of key implementing partners (including development partners, civil society organisations [CSOs] and the private sector). Among the 16 SWGs, the Gender, Children, Youth and Sports Sector Working Group tackles youth-related and gender-related issues. Three technical working groups – Gender and Integrated Community Development; Child Development and Social Welfare; and Youth and Sport – provide technical assistance.

**Despite efforts to involve all stakeholders, the government struggles to guarantee an inclusive policy environment for all youth stakeholders.** While the government tries to consult with national-, regional- and district-level organisations, it faces difficulties consolidating and integrating the various opinions to obtain a consensus. Integrating the views of multi-sectoral actors is particularly challenging. Indeed, the dissemination of policies and programmes tends to be concentrated at the ministerial and high decision-making levels but often fails to reach other ministries, the districts and non-governmental organisations (NGOs). In addition, there is a lack of government ownership of policies, which not only affects programme sustainability but results in lack of access to evidence-based programming, available data and documentation. Moreover, stakeholders do not always follow recommended evaluation and monitoring frameworks, which limits the information and indicators available for government assessment. Additional challenges exist in policy co-ordination, particularly in the reporting, collaboration and communication structures. Hierarchical bureaucracy, lack of communication channels, limited qualified and skilled staff, and lack of co-operation, mobilisation and management of financial resources affect the quality and the availability of programmes and lead to duplication of efforts.

**The MoLYSMD faces important obstacles to leading the co-ordination and implementation of youth policies effectively.** Although officially mandated to champion the development, co-ordination and implementation of youth interventions, the MoLYSMD crucially lacks both human and financial resources. The ministry benefits from core staff members but lacks the technical and operational staff to leverage partnerships, ensure day-to-day co-operation and support evidence-based programming. Lack of skills in leadership, networking, partnership, policy analysis, project management and monitoring and evaluation (M&E) also critically impede policy co-ordination. Lack of central-level capacity is all the more restricting in that district staff often require central-level staff assistance for planning and co-ordination. The difficulties are compounded by unclear reporting and communication channels and procedures, which not only affects policy co-ordination but contributes to duplication of efforts. Inadequate

funding and untimely and inconsistent distribution of funds are also major challenges, leading to prioritisation of functioning costs over programme implementation. This results in the lack of strategic focus of long-term goals.

**Various institutions and stakeholders empower Malawian youth to participate in society and policy making at different levels.** As the main government actor, the NYCOM is mandated to facilitate youth participation and empowerment, notably through the registration, management and co-ordination of youth organisations. It constitutes a central interface between youth and the government, conducts M&E of youth-related policies and programmes, and advocates for youth representation at different levels of decision making. Formal government-led initiatives to engage youth in policy making include Youth Empowerment for Participation in Local Governance, aimed to empower youth through their effective and official participation in local governance, and the Youth Parliament, which provides a consultation platform for youth from all districts. However, NGOs and CBOs are the most common channels for youth participation in Malawi. Indeed, participating in the activities of youth organisations constitutes the main opportunity for youth to be actors of change. While primary activities are advocacy and mainstreaming youth issues into the political agenda, youth organisations also support youth capacity building with training opportunities. The private sector also plays a crucial empowerment role in this respect, providing training and internship opportunities that can contribute to young people's economic autonomy. Moreover, young people themselves use social media and community radio, and attend social marketing and communications institutions, to raise awareness about social and health issues and relay youth voices.

**Yet, youth participation and engagement remain limited in scope and nature.** Youth have opportunities to contribute to the society and affect policy making, but participation is often limited to relaying information and consulting; chances for direct collaboration and empowerment are scarce. Moreover, such opportunities to be involved in the evaluation, development and implementation of policies often take a top-down approach, which risks side-lining youth's contribution. Two important challenges contribute to this situation. One major hindrance is attitudes among older people, who tend to dismiss young opinions as inexperienced, resulting in discouragement among youth. Second, members of youth organisations often lack skills to report, communicate and take on leadership roles when they have the opportunity.

## Technical and vocational training opportunities for better employment outcomes in Malawi

**Recognising the importance of education and skills for Malawi's development, the government adopted various policies and strategies, but much remains to be done in terms of regulation and co-ordination.** The MGDS III (2017-2022) identifies education and skills development as one of five key priority areas. In addition, the National Education Policy highlights guiding policy principles, and the TEVETA Strategic Plan (2013-2018) specifies strategic priorities for technical and vocational skills development. The creation of the TEVETA in 1999 as an independent regulating body overseeing overall TEVET provision and monitoring the gaps in skills supply and demand was an important step towards sound transversal governance of TEVET across ministries and stakeholders. Indeed, TEVETA is responsible for mainstreaming TEVET across ministries and sectors, and ensuring the coherence and co-ordination of TEVET policies. Yet, TEVET governance lacks clarity regarding the responsibilities of main actors, such as the MoEST. Moreover, the TEVETA does not exert authority over all TEVET

provision, which falls under various ministries. The recent harmonisation of various qualifications in one unique certificate is likely to facilitate TEVETA's ability to supervise the provision of technical and vocational competences. Overall, although TEVETA faces important challenges in co-ordinating the entire sector, notably in terms of financial and human resources, it remains the main player in regards to TEVET in Malawi.

**Malawi has a wide array of training opportunities and support for youth skills development.** The public sector mainly offers post-secondary formal technical and vocational training opportunities, e.g. through technical colleges. Private institutions and NGOs provide many vocational training and apprenticeship opportunities often preparing to official examination but also sometimes sanctioned by private non-formal certificate. Although the scope of their activities is not well documented, they constitute large TEVET providers in Malawi. These are complemented by diverse informal or semi-formal training mechanisms, ranging from traditional apprenticeships with master craftsmen (MCs) to community-based training centres and on-the-job-training. These informal and semi-formal routes are the most common training opportunities for young people with low educational attainment. Training opportunities cover different fields, vary in level and length, and differ in terms of "attachment" (apprenticeship during training) to a professional occupation. Overall, TEVET in Malawi is very diverse in type but uncoordinated and not well documented, which hampers its development.

**TEVET capacity has increased substantially in recent years, especially among young women, but remains small compared to the needs.** Between 2000 and 2015, the number of students recruited to technical colleges each year increased threefold to 1 283. Total enrolment in technical colleges reached 8 125 in 2015, including 3 435 regular students and 4 690 parallel, non-subsidised students. However, student demand for technical education increased even faster, resulting in up to 87% of applications being rejected in 2015 and generating fierce competition for access to formal TEVET. In parallel, TEVET still suffers from a negative image and constitutes a second choice for many youth who apply, feeding high dropout rates. The supply of TEVET trainees is complemented by various programmes managed by TEVETA and, more importantly, the large number of young people trained in private institutions, NGOs and traditional apprenticeships. Although access to TEVET remains higher among men, gender equity has improved, thanks to government initiatives favouring female participation. Female TEVET participation is increasing; 30% of apprentices recruited to technical colleges were women in 2015 although it is concentrate in administrative and commercial studies. Overall, an upper limit of the total number of apprentices trained in non-formal institutions could be as high as 45 000 in 2015, assuming its capacity increased apace with that of formal technical colleges. Yet, capacity remains small compared to demand. Limited capacity and a relatively high dropout rate (30%) leads to the current youth labour market situation whereby only 2.2% (65 000) of young workers possess a vocational training diploma, and 6.5% benefited from any sort of professional training. The insufficiency appears even more acute when considering the flow of young workers joining the labour force each year, which could be as high as 350 000 in 2015.

**The convoluted system, high academic entry requirements, financial constraints and cultural issues can prevent disadvantaged youth from enrolling in TEVET.** Given the large youth population, the main constraint to higher enrolment in TEVET remains lack of capacity. However, four notable constraints hinder enrolment by certain youth groups and could become important hurdles to their higher enrolment in the future. First, on top of a bad reputation, the convoluted system can reduce

its attractiveness. The multiplicity of opportunities, their heterogeneous quality, and the lack of evidence and communication about their relative efficiency make it difficult for potential users to navigate the system. The recent harmonisation of TEVET certification is likely to facilitate the navigability of the system and partly solve this issue. Second, formal TEVET entry strongly based on education achievement excludes a large share of youth. Although entry normally requires to hold a senior secondary degree (MSCE), regular admission to technical college is restricted to the best senior secondary graduates in practice (with the exception of female and disable students, who benefit from affirmative action) due to limited supply. Yet, in 2014, the gross secondary education enrolment rate was only 25%, and only 15% of those aged 15-29 completed secondary education. Third, financial constraints prevent many students from enrolling in TEVET. Although highest-performing students receive government subsidies, most students pay substantial amounts for TEVET and the heavy indirect costs. Thus, financial constraints likely divert students into informal apprenticeships. Indeed, when asked the reason for choosing informal apprenticeship, 84% cited the high cost of formal training. The opportunity cost of informal apprenticeships could also be prohibitive for most disadvantaged youth. Last, socio-demographic and cultural issues constitute important impediments to TEVET enrolment for poor young women. Family obligations, marriage, mobility issues and stereotypes often prevent women from taking advantage of training and increase the probability of dropout.

**Although satisfaction surveys reveal that TEVET graduates are generally satisfied with their training, challenges in ensuring its quality remain.** A subjective assessment of TEVET courses revealed former students were relatively satisfied with their training but highlighted many areas for improvement, such as provision of adequate learning and teaching materials and better engagement of industry. Around 80% of TEVET graduates were satisfied with their programmes, institutions and training. In terms of study conditions and provisions, on average, graduates were not particularly satisfied with the supply of quality learning and teaching materials and equipment. They were more satisfied with the opportunity to consult the teaching staff and with the quality of instructors and classrooms. In terms of link to employment, the main weakness identified was insufficient support for attachment to industry and good employment opportunities after graduation, including setting up a business. Lack of adequately trained teachers and instructors is also a major drawback to fostering quality TEVET. Despite teacher recruitment efforts, the rapid increase in enrolment has led to a higher student-teacher ratio in technical colleges, reaching 30 in 2014. Moreover, the lack of resources and guidelines to the institution dedicated to training TEVET instructors leads to inadequate pedagogy and teaching skills. This issue is particularly important for informal apprenticeship providers.

**The supply of formal public TEVET focuses on mainstream trades but also provides training opportunities not covered by other providers.** The distribution of technical college graduates across courses shows a large proportion concentrated in a few mainstream trades. In 2014/15, around 30% of technical college students were registered in construction-related courses, 25% in administration or information and communications technology (ICT), and 10% in vehicle repair and mechanics. Interestingly, among the institutions tracked by TEVETA (which excludes private and NGO training), technical colleges are by far the main providers of training in ICT, administrative studies and auto mechanics, probably because they require equipment and/or a relatively high education level and are not taught through traditional apprenticeships. Equipment-intensive industrial training is also mainly offered in public



institutions, as other providers cannot invest in the necessary equipment. Informal training through apprenticeships covers a spectrum of fields, which largely overlap with technical college training. Indeed, the bulk of apprentices train in tailoring and design, construction and manufacturing. Yet, informal training also covers occupations colleges do not, such as soap maker, hair dresser, baker or tin smith. The scope of private and NGO training is not easily available but probably focuses more on service-related occupations. In particular, a great share of private commercial institutions focuses on administrative and commercial studies, which are cheaper to provide.

**Despite multiple certification levels, the TEVET system failed to supply trainees at all qualification levels.** The supply of apprentices trained in similar fields is not necessarily redundant, provided each institution focuses on different training levels, with more or less sophistication in the mastery of a specific process or field. However, existing qualifications functioned in parallel, with institutions training to similar, although imprecisely defined, levels of proficiency. Consequently, a not negligible share of TEVET graduates accumulated certifications from the three co-existing qualification frameworks: competency-based approach to training, Malawi Craft Certificate and National Trade Test. Moreover, although academic requirements to enrol in technical college are high, most TEVET graduates hold a Level 1 certificate (lowest qualification level), while only 13% of students hold a Level 3 certificate (highest qualification level to date). While the implementation of a unified certification framework in 2017 will avoid the accumulation of certifications, it is also important to ensure a diversity of graduates in terms of level of qualification.

**TEVET promotes labour market participation among young men but not women, and efficiency depends on type of institution and qualification.** Graduating from vocational training increases the probability of labour market participation for young men but is not related to higher female participation. Indeed, only 4.4% of male secondary vocational graduates are inactive compared to more than 8.0% of secondary general graduates. However, the effect is offset by the figures for women: 23% vs. 15%, respectively. TEVET certification also increases the likelihood of employment compared to secondary and tertiary education. Around 83% of secondary vocational graduates and 96% of post-secondary vocational graduates are employed compared to 79% of workers with secondary general and 88% with tertiary education. Again, this higher likelihood of employment is not the case for female TEVET graduates. In terms of intensity of labour market participation as measured by working time, a vocational certificate (secondary or post-secondary) does not lead to higher activity. On the contrary, the average for secondary vocational graduates is 23.9 hours per week vs. more than 28.4 hours for those with secondary general degrees, and post-secondary vocational graduates work fewer hours (28.5) than tertiary graduates (31.2). The employment efficiency of TEVET also depends on type of institution and qualification. A follow-up survey of TEVET graduates revealed, while 80% of technical college graduates found a job around one year after graduation, only 39% of selected Community Skills Development Centre (CSDC) graduates did.

**Overall, TEVET graduates enjoy high job quality, but it varies substantially by level of qualification and type of diploma.** TEVET graduates are more likely to find wage employment and less likely to become unpaid family workers than secondary general graduates. In 2014, around 36% of secondary or post-secondary TEVET graduates were engaged in wage employment compared to 30% of secondary general graduates. Yet, variation in employment status between 2014/15 technical college and CSDC graduates again highlights level of vocational qualification matters. Wage employment is 75%

among technical college graduates vs. 14% among CSDC graduates. TEVET graduates also experience relatively good working conditions compared to workers with general secondary education. Among wage-employed youth, TEVET graduates are as likely as secondary general graduates to have open-ended contracts, and 82% have written contracts vs. 56% of secondary general graduates. Comprehensive of the wage employed and self-employed, TEVET graduates are also more likely to work in a registered business (36%) compared to those with secondary general education (15%). Post-secondary vocational education pays off in income levels, but secondary vocational does not. On average, low-level vocational education leads to income levels comparable to having primary education and lower than having general education. By contrast, the average monthly income of post-secondary vocational trainees is twice that of secondary general graduates. Thus, student (and government) investment in post-secondary technical education seems beneficial, especially compared to secondary general. However, at all levels of vocational training, monthly incomes vary substantially by field.

### *TEVET's efficiency in meeting demand for skills*

**In terms of labour market relevance, only high-level TEVET education improves qualification matching.** According to a normative definition of qualification mismatch, which assigns necessary education level to occupations, close to 75% of secondary general graduates are adequately qualified (i.e. work in middle skilled occupations) compared to 61% of secondary vocational graduates. The difference stems exclusively from the higher share of overqualified secondary vocational graduates, who are more likely to end up in elementary occupations, although avoiding agriculture. This is consistent with graduates' subjective assessment of their qualification. Around 75% of post-secondary TEVET graduates declare their studies match their job requirements vs. 67% of tertiary educated workers. By contrast, only slightly more than 25% of secondary vocational graduates declare having appropriate skills vs. 43% of secondary general graduates.

**Although employers are generally satisfied with the skills of TEVET graduates, proficiency in technical and organisational skills is lacking.** Most employers (90%) are satisfied with young workers and TEVET graduates overall, but 25% note poor technical skills, and 21% note insufficient breadth of education and inadequacies in applying knowledge. This suggests that mastering technical competencies is important but not sufficient and that workers must also exhibit a certain level of general knowledge. More than 15% of employers were dissatisfied with TEVET graduates' skills in leadership, communication and writing, and time-management and prioritisation. This contrasts with graduates' subjective assessment they had acquired them. While the primary objective of TEVET should be to train core technical competencies, trainees must also gain basic organisational skills – all the more important since most TEVET graduates pursue self-employment and need these capabilities to run a business.

**Skills gaps and shortages remain in strategic sectors, such as mining, agro-processing, construction and tourism.** The modernisation of the mining sector requires developing specific mining-related training and upgrading the qualification criteria of some courses to match sector requirements. Employers currently rely on skilled workers from neighbouring countries for specific jobs (e.g. driller, blast man, etc.) and for heavy equipment manipulation, due to poor or non-existent training in these fields. Agro-processing is another promising sector to stimulate inclusive growth as it employs 58% of youth. TEVET can contribute to filling agro-processing skills gaps through supply of technicians and operatives, notably by training food technologists, farm supervisors and

tool machining mechanics and improving training in marketing and product design. Although tourism training is well developed, the sector lacks entrepreneurial, language and soft skills. Construction suffers from shortages in low-skill activities and requires a more diverse set of skills among artisans and supervisors. Apprentices need to upgrade their technical knowledge to adapt to modern equipment, which entails only limited investment. In addition, there is a strong need to improve workers' management and planning skills, now neglected in TEVET.

## Rural youth entrepreneurship

**The typical rural youth entrepreneur in Malawi is a married man older than 24 who started a business out of necessity in the absence of job opportunities.** In rural areas, 58.9% of young entrepreneurs are older than 24, 85.0% are married, and 57.5% are men. Rural youth entrepreneurship appears primarily necessity-driven. Unemployment, together with the inability to find a job, is the most frequent reason reported by rural young entrepreneurs for opting to start a business (38%). The lack of better employment opportunities and the poor quality of entrepreneurship employment (as reflected, in particular, by high underemployment and multiple concurrent jobs) suggest the decision to enter entrepreneurship is most likely driven by necessity. In fact, rural young entrepreneurs devote limited time to a business: 55.7% work less than five days per week at it, and 20.3% work less than four hours per day. This partly results from the significant number who run multiple businesses (25.3%). The main business often does not generate a sufficient living, pushing them into additional productive activities.

**Rural youth entrepreneurs have low education levels and acquire business skills informally.** As much as 74.7% of rural youth entrepreneurs have primary education at best, 24.5% attained secondary school, and almost none reached university (0.2%) or benefited from work-related training (0.6%). Accordingly, most rural youth entrepreneurs do not seem to possess the necessary basic skills to run a business successfully. The vast majority (80.3%) developed business skills informally, either by being self-taught (43.9%) or through family members (36.5%). A small minority acquired business skills from mentoring (6.1%) or previous work experience (3.9%); very few did so through training programmes (3.1%) or formal education (2.7%). Lack of proper managerial capital and lack of business skills among rural youth entrepreneurs are major concerns, as they constitute key factors for success. In Malawi, entrepreneurship education is virtually absent from formal curricula. TEVETA is the institution responsible for regulating and administering business skills development programmes, but the number and coverage are limited. Also notable is the lack of nationally recognised TEVET-level qualification for the agricultural sector.

**Typically, rural youth businesses are small, agricultural retailers that add no value to the products and thus generate low profits.** A large majority of owners (68.9%) are individual entrepreneurs, running businesses alone. Rural youth entrepreneurship accounts for relatively few micro businesses (28.8%), a negligible share of small businesses (2.3%) and no medium businesses, as designated by number of employees. Overall, most young entrepreneurs in Malawi are unable to generate employment or make their businesses grow. Not surprisingly, given Malawi's dependence on traditional commodities, youth entrepreneurship is concentrated in agricultural activities (47.8%). The wholesale and retail trade sector is large, encompassing 40.3% of businesses owned by rural youth, in contrast with the manufacturing and services sectors (7.7% and 4.2%, respectively). A full 89.4% of rural youth entrepreneurs are retailers, while only 10.6%

are service providers. Almost all sell products, particularly agricultural goods, but only 16.2% re-sell products after adding value, which entails light manufacturing. In most cases (40.5%), products sell in the same form they were bought, meaning rural youth entrepreneurs are mainly vendors. A significant share sells products they grew (17.6%) or made (10.3%); nonetheless, profits are relatively low, with 40.4% earning no more than MWK 25 000 (Malawian kwacha) per month or USD 100 (United States dollar, using the 2012 official exchange rate [USD 1 = MWK 249]). The poor income-generating capacity of rural youth businesses raises all the more concern since most of them have been in operation for years.

**Informality is the norm among rural youth businesses, along with poor operating conditions and very limited access to infrastructure and ICT.** As many as 98.1% are not registered with the authorities and therefore operate informally. Three-quarters are informal either because their businesses are too small (41.0%) or because they do not know how to carry out registration and licensing (35.2%). Others cite inability to pay registration costs (10.8%). Registering a business is indeed not easy in Malawi. The number of procedures, the time it takes and the cost are burdensome and not conducive to business creation. Informality most often involves poor access to infrastructure services and ICT. Only 9.7% of rural youth businesses are connected to electricity, and no more than 3.0% have access to running water and 2.6% to toilets inside the business establishment. With respect to ICT, a slight majority have a cell phone (51.2%), but extremely few have a computer (0.7%) or Internet access (0.2%). Most (85.0%) do not have dedicated premises and operate either from home (35.9%) or at trading centres or markets (49.1%), which sheds light on findings of unfavourable physical operating conditions. The lack of basic infrastructure services and ICT greatly reduces the capacity of rural youth businesses to interact with markets and hampers their performance and chances of success.

**Access to financing and market integration are the main challenges upon start up for rural youth entrepreneurs.** Virtually all (96.7%) report challenges in starting a business. Accessing finance is the most pervasive reported constraint (36.1%). Rural youth entrepreneurs have very limited access to formal financial institutions; only 6.4% get start-up capital through business or personal loans. Most therefore rely on informal sources to start up, such as friends and family (22.0%), other businesses (20.1%) or personal savings (7.4%). Financial markets are poorly developed in Malawi, and lack of access to credit is a strong driver of the non-conducive business environment. In particular, collateral requirements and high interest rates play major roles in limiting or preventing access to formal loans. Apart from accessing finance, many rural youths starting a business find it hard to connect with and integrate into the local market due to its small size and strong competition. Indeed, Malawi's domestic market is notably small, which affects productivity by hampering both economies of scale in production and incentives for innovation. Taken together with youth entrepreneurs who face difficulties in targeting the potential client base (2.4%) or identifying the appropriate products or services to sell (0.6%), 24.1% of rural youth starting a business are concerned with issues related to market integration.

**Many rural youth entrepreneurs are not supported by business organisations or networks; most get support primarily from informal networks, especially religious groups.** Nearly half (47.9%) claim to have no business support network at all, and very few are assisted by professional institutions, such as business networking groups (5.8%), business organisations (2.9%) or trade unions (1.4%), although these institutions are perceived to be the most helpful. Instead, rural youth entrepreneur support networks are

essentially informal: church and religious groups mainly (32.9%), distantly followed by women's groups (5.4%). Most striking is the large number of rural youth entrepreneurs unaware of existing business support organisations (42.0%). Some have been helped or given advice at some point by the microfinance institutions Foundation for International Community Assistance (12.4%) or Malawi Rural Finance Company (8.6%), likely in obtaining a loan or training to support a loan.

## Recommendations

**Young Malawians face numerous, interconnected challenges that affect them in different ways, depending on social background and individual characteristics.** Not addressing youth challenges means leaving a large share of the population out, reducing the chances of reaching development objectives and jeopardising social cohesion. Investing in youth well-being should be a pressing objective of the government. Results of this review suggest three main areas of action for reform: i) strengthen the institutional framework and governance of youth policies; ii) improve the quality and relevance of technical and vocational education to facilitate youth transition into the labour market; and iii) unlock the potential of rural youth entrepreneurship.

### *Strengthen the institutional framework and governance of youth policies*

**Strengthen the vertical and horizontal co-ordination framework for youth policy.** Although the National Youth Policy identifies the Ministry of Youth and Sports (MoYS) as the lead institution for co-ordinating implementation and M&E of youth policies, there is insufficient detail on how these responsibilities pass to the MoLYSMD and a lack of precise guidelines and rules as to the ministry's specific functioning, prerogatives and rights regarding other stakeholders. The MoLYSMD's central role should be reaffirmed and its power made explicit and sanctioned by law, if necessary. Youth policy coherence would benefit from mainstreaming youth issues in the various sectoral strategies. This implies i) providing incentives for ministries to co-operate and ensure continuous collaboration; and ii) specifying a regulatory framework that necessitates ministries refer to the MoLYSMD whenever youth issues are discussed rather than develop their own agendas. Vertically, involvement of district-level and youth organisation representatives needs strengthening. In particular, a quorum of these key stakeholders could be required in SWGs and TWSs to support effective dissemination of information at different levels of governance.

**Ensure adequate human resources by increasing the number of qualified and trained staff at district and national levels.** Coping with the substantial governance challenges requires disposing sufficient qualified personnel able to work in good conditions. It is imperative to strengthen human, material and logistical capacities to enable ministries, particularly the MoLYSMD, to execute all missions for which they are responsible in an effective and timely manner. A critical hindrance is the limited skills of staff, especially in leadership, networking, partnership, policy analysis, project management and M&E. Developing training tailored to the specific needs of institutions and providing incentives for (particularly district-level) government personnel and youth organisations to engage would improve programming co-ordination. The effectiveness of these measures depends on the availability of appropriate material and logistical resources and a certain uniformity and compatibility in approaches, methodologies and systems across stakeholders.

**Support MoLYSMD capacity to mobilise resources and improve the transparency of youth programmes.** To increase the scope of activities and develop new activities in favour of youth, the sector needs more budget but also to improve financial management and make progress in the efficiency of budget allocation. This is tightly connected with improving co-ordination and capacity development. Improving capacity to mobilise both government and international development partner resources should be important objectives. A first step is to map all funding dedicated to youth policies, comprehensive of all ministries and public institutions. This could be challenging, as youth-specific budget lines do not necessarily exist in some ministries. Mapping would allow for more transparent reporting of expenditure flows and help detect synergies and duplications, leading to efficiency gains. Developing clear procedures and standards is important to guarantee traceability and transparency. Given the general lack of financial resources, the sector could increase its chances of external funds (notably, from international partners) by identifying clear youth programme priorities to be financed.

**Develop a more comprehensive information system on youth to improve M&E.** Developing, planning and implementing youth policies and programmes need sound and comprehensive quantitative and qualitative data about young people's lives and situation, disaggregated by sex, age, income, geographic area, education level and other factors. Existing information systems in different sectors contribute to national statistics. In such processes, it is crucial to analyse the specific outcomes of young people compared to the total population. The Youth Management Information System still falls short in providing up-to-date data and statistics, which poses a major challenge for youth policy planning. It is critical the information system addresses key issues affecting youth and provides accurate data on the situation prevailing in various sectors. Youth-friendly platforms that provide timely, relevant and accurate information are essential to widespread dissemination. It is the government's role to ensure basic tools are in place for youth to access, comprehend and engage with realities affecting them. Such information systems and platforms should be easily accessible by citizens and particularly by youth organisation, which can collaborate on design and maintenance but would also use it to monitor their activities and government actions related to youth. It may also increase awareness and understanding of youth needs among policy makers sometimes unfamiliar with the specific challenges.

**Strengthen youth empowerment through increased support for direct participation in policy making.** With NYCOM and the Youth Parliament, young Malawians benefit from a supportive institutional environment. Yet, youth engagement often takes the form of consultation, collaboration or training activities. Moreover, many youth empowerment programmes take a top-down approach, viewing young people as passive receivers not actors in such activities. Youth participation from inception should be fostered to ensure their perspectives are accounted for. Regarding political engagement, the contribution of the Youth Parliament could be strengthened by legislation binding the assembly to deliberate the opinions expressed. The education system could also strengthen youth civic participation by providing civic education and supporting youth-led activities in schools and universities. Furthermore, the government could promote volunteerism and youth community engagement through certification and recognition within the curriculum.

***Improve the quality and relevance of technical and vocational education to facilitate youth's transition into the labour market***

**Improve TEVET governance by clarifying the roles and responsibilities of key stakeholders and training providers.** Given the complexity of Malawi's TEVET

system, it is important to clarify the role and prerogatives of key governmental actors, namely TEVETA, the MoEST and the MoLYSMD. Although TEVETA is designated to monitor TEVET policies and programmes, its coverage is currently limited. To improve co-ordination and monitoring of TEVET provision, TEVETA's monitoring activities should be expanded to all programmes and certifications offered by both the MoLYSMD and sectoral ministries. The TEVET Act should be modified to ensure TEVETA is provided with a rapid access to all information relevant to TEVET activities. The repartition of activities across institutions should follow a logical framework without duplication across institutions. Currently, TEVETA's activities encompass various types of programmes of relatively small scale, including activities under the responsibility of ministries concerned with labour or industry, such as on-the-job training and support for businesses activities. Regrouping similar activities under a limited number of umbrella programmes would probably facilitate co-ordination of the sector and simplify the system. Guiding informal (mainly traditional apprenticeships) and non-formal (private and NGO) TEVET providers into the institution framework should be an important objective. It is critical these providers be incorporated into the piloting of the sector, along with national and district-level representatives from the ministries and public TEVET institutions. The government could also support and supervise their activities by providing specific guidelines, offering assistance in specific dimensions in which difficulties exist and evaluating their performance.

**Develop a comprehensive information system on technical and vocational education.**

Sound governance of the TEVET relies on precise, up-to-date and exhaustive information. This requires improving information collection in a variety of dimensions, including type and content of courses; characteristics of institutions, equipment, students and teachers/instructors; and follow-up on both TEVET graduates and the resources allocated to different institutions and programmes. A quality TEVET information system has a number of important advantages. It is a critical tool to monitor the internal and external efficiency of various TEVET activities. It is also a powerful tool to track and improve efficiency in financial and human resource allocation. Moreover, if exhaustive, it provides an accurate picture of the quantity and type of skills available in Malawi, important to achieving the overall development strategy. Developing such a system should be at the centre of skills provision, building on existing mechanisms in education and the labour market information system. A first step is to assemble and centralise the existing but fragmented tracking tools of different institutions and programmes. Equally urgent is to conduct a census among formal and non-formal TEVET providers to fill information gaps building on information already collected by TEVETA.

**Maintain the efforts to improve the TEVET system's navigability for users and employers by simplifying the qualification framework.**

The recent transition to a single, competence-based qualification framework covering various fields with clearly defined qualification levels will simplify the system and make it more transparent and functional for both applicants and employers. A related objective should be to avoid repetition and redundancy in the certification process. Ideally, each certificate would cover a unique field and level of proficiency. Improving the system navigability also requires circulating precise information on the content of the different curricula in terms of competencies and skills to employers.

**Improve the access and equity of TEVET opportunities by increasing the number of TEVET institutions, courses and offerings with lower education level entry requirements.** In light of both formal TEVET's large rejection rate and labour market demand, the government must invest substantially in training capacity to increase the

share of young people enrolled. Sufficient seats should be opened to reach a target of 4% of secondary graduates joining technical colleges. Allowing parallel student enrolment should be reconsidered. To improve equity, liability and transparency, technical colleges should have a single admissions procedure, common to all colleges, based on a mix of academic, social and geographic criteria. It should aim at lowering costs to students from disadvantaged backgrounds while maintaining high quality. Further development of community colleges and CSDCs could also be instrumental in increasing TEVET access among unskilled students and foster skills development in remote areas. Communities should influence the supervision and management of these initiatives to increase the relevance of training to the local labour market and favour efficient use of resources. It is regrettable that these apparently similar initiatives are being implemented independently.

**Recognise the importance of informal training and support traditional apprenticeships through a multipronged approach that includes capacity development, financial incentives, certification measures and community involvement.** Informal training, particularly apprenticeships with MCs, are a major source of training for school dropouts and youth from the poorest families. Yet, the path has challenges in terms of quality of training and instructors, adequacy of training and support to trainees to start a business. To improve the quality and relevance of informal training, the government should increase training opportunities for MCs. In particular, MCs need to upgrade their technical skills; develop their pedagogical and teaching skills; and improve their knowledge about markets, new technologies, access to microfinance and the benefits of formalisation. The government should also ensure informal training providers meet sufficient occupational health and safety standards. The government can improve the learning environment with credit facilities to acquire equipment and with providing assistance to increase available workplace space. Promoting trade associations and community involvement could help share management and risks, reducing the organisational burden for MCs. Developing certification for informal trainers and disseminating guidelines about required competencies for apprentices to obtain official certification could also improve functioning. Meaningful progress in these directions requires the government allocate a share of the budget to the improvement of informal apprenticeship.

**Improve teaching quality and strengthen provision of entrepreneurial skills in all TEVET courses.** The lack of adequately trained teachers constitutes a major drawback for the provision of quality TEVET. A first challenge is to increase the training capacity, as high demand has increased the student-teacher ratio in recent years. The government should also officially appoint an institution to train, first and foremost, technical college teachers and provide adequate resources to do so. This institution could also include training activities for the private sector, non-formal TEVET providers and MCs. Training should ensure teachers possess sufficient theoretical knowledge and knowledge of up-to-date equipment and production techniques. It is also crucial teachers receive pre-service training in pedagogy and teaching methodologies and gain experience through in-service training. In addition, the TEVET system should provide remedial support and training in specific techniques throughout teachers' careers to ensure they keep up with technology and develop their competencies. To attract and retain qualified individuals, the system should offer competitive salaries and interesting career opportunities. Financial incentives could be provided to teachers posted in rural areas. While it is important to adapt curricula to match changing labour market needs, it is also vital to ensure graduates acquire basic entrepreneurial and organisational skills, given most become either self-employed or work in a very small business. The success of their economic activity



depends on their ability to conduct a business as well as perform a trade. The external efficiency of TEVET is likely to improve substantially if students learn to manage a budget, organise their activities and use communication skills.

**Strengthen industry engagement mechanisms in terms of curriculum development, training provision and financial contribution.** Reinforcing the relationship between TEVET providers, students and the private sector can significantly improve the relevance of training and facilitate trainees' transition to the labour market. The private sector should be involved at each step of TEVET provision, starting with consultation on curriculum development. Indeed, the private sector can identify up-to-date skills and knowledge students should acquire to work in various occupations and make sure there are no skill gaps in the curricula. Yet, it is important TEVET provide transversal competencies as much as possible, as specific skills should be acquired subsequently during apprenticeship and work experience. The private sector should also be involved in delivering training in TEVET institutions. Experienced workers are well positioned to provide training for some course components requiring specific knowledge teachers may not possess. TEVET relies on the private sector for industry placement, a critical aspect of training. To maximise the benefits of in-service training, enterprises should be involved in student assessment and supervision based on clear, agreed-upon pedagogical objectives. To persuade enterprises to accept apprentices, TEVET providers should engage more in supervision and administrative support, which are currently lacking. More generally, the government should convince industry organisations it is in the private sector's interest to develop apprenticeships, thereby contributing to the implementation of a sound skills development policy. Finally, the government could increase partnerships with strategic sectors to develop specific skills in exchange of the financial contribution of enterprises.

### ***Unlock the potential of rural youth entrepreneurship***

**Integrate entrepreneurship education into formal schooling.** Enhanced education and learning business skills are key to unlocking youth entrepreneurship potential in rural areas. Malawi must reform formal education to integrate entrepreneurship into the national curricula at all levels. At the primary level, it is important to raise awareness about entrepreneurship as a career choice, and to develop skills, knowledge and attitudes conducive to entrepreneurial behaviour. At the secondary level, efforts must be made to encourage more interactive, hands-on and experiential teaching methods, and to promote use of technology, especially the Internet. At the tertiary level, it is essential to develop curricula that provide students with basic skills for starting and operating a business, including basic accounting, and to establish university entrepreneurship centres offering training, R&D, consultancy, information and follow-up services. As discussed, more attention should be paid in vocational and technical schools to entrepreneurship training, business development skills and real-world knowledge. The government should also develop new methods of schools' assessment and accreditation.

**Expand and scale up TEVETA's business skills development programmes and target rural young people to a much greater extent.** These programmes should focus on the priority export clusters (oilseeds, sugar cane and manufacturing), which currently face significant capability gaps and skills shortages. It is also vitally important to develop a locally recognised TEVET-level qualification for the agricultural sector, saving students a costly international certification system that also limits training opportunities. Moreover, the government should pursue efforts to expand community colleges, while taking care to tackle current challenges of low access, poor quality and dropout, especially among female students.

**Develop youth-friendly financial products.** Youth-friendly financial products must be made available to rural youth to improve their financial inclusion and increase their chances of entrepreneurial success. Capital injection can be facilitated through start-up grants, allowances, and cash and in-kind transfers, while debt financing can be eased by soft loans, microfinancing and guaranteed loans, including government-backed loans provided by public credit guarantee schemes. The impact of microfinance can be substantially increased by providing clients with additional services, especially in terms of training, business assistance and support. Similarly, guaranteed loans need to be linked with managerial and technical support to be really effective, in particular as regards government-backed loans, which are often not accompanied by additional support. Moreover, government loans need to target beneficiaries better, as they are too often directed towards enterprises that would have been successful anyway. Alternative forms of guarantees or collateral must also be considered as a form of credit security in the absence of formal collateral, including the entrepreneur's business plan, education level, psychometric tests and solidarity group guarantees. Equity financing, mainly through venture capital and angel investors, must be made more accessible to young entrepreneurs, although it is generally confined to innovative start-ups with growth potential. Other forms of funding, such as co-operatives, crowd-funding, mobile money and rotating savings and credit associations are of increasing relevance to youth financial inclusion. Encouraging rural youth entrepreneurs to form informal savings clubs and village banking schemes can further contribute to improving their financial base.

**Provide information and counselling on access to finance and improve the regulatory framework for start-up finance.** Entrepreneurship centres or incubators can provide technical assistance in accessing funding. Dedicated programmes can promote financial literacy. Banks can make available a one-stop-shop service to assist young entrepreneurs with the application package and issuance of related documents. Financial products offered to young entrepreneurs must be adequately supervised, for instance through more transparent rating procedures and risk assessment, as well as shortened, simplified lending processes. The minimum capital requirement to start a business should be reduced, and young people should be encouraged to open bank accounts to build a stake in their financial future and enhance their credibility with financial institutions. In addition, young people should be granted tax relief or incentives to increase their personal savings and hence their chances of attaining sufficient start-up capital.

**Alleviate administrative procedures and reduce registration costs to make formalisation more attractive.** The regulatory framework needs to be optimised to create a more conducive environment to formal business creation and development, which begins with simplifying and alleviating administrative procedures. The business registration process should be made quicker and less expensive by reducing the number of procedures, the time needed to comply with them and the registration costs. The process can be further facilitated by promoting online business registration or ICT-based procedures for business registration and reporting, and by creating a one-stop shop, allowing entrepreneurs to complete all registration procedures at one location for a fixed fee. Tax-filing requirements and accounting methods must be simplified and bankruptcy laws reviewed to be more tolerant towards risk-taking and business failure. Tax regimes must be made more supportive, for instance by lowering tax rates or introducing tax and social contribution exemptions for young entrepreneurs. In addition, the business regulatory environment needs to be more predictable, for example by avoiding frequent changes in business regulations; making competition law more effective; guaranteeing property protection; making the regulatory framework more transparent, with clear rules of compliance and insolvency and

effective mechanisms for resolving disputes; and implementing transparency and accountability reforms, including in the provision of financial services, to tackle corruption. Since lack of knowledge about business registration and licensing strongly drives informality, improving access to information on the regulatory framework and better communicating the benefits of formalisation are important.

**Develop business assistance and support services.** For better integration to markets and local value chains, rural youth entrepreneurs need soft supports, such as information, advice, coaching and mentoring, to overcome knowledge gaps. An important first step is to make them more aware of existing services. Information can be disseminated via the Internet, government employment service centres and social networks, or mentors. One-stop shops, either physical or on line, are particularly relevant, since they allow youth to access a number of services to complete and comply with all formalities. Establishing youth-specific enterprise centres or agencies can also be useful in providing integrated services (e.g. skills training, business counselling and mentoring, access to finance). Such business development initiatives and services contribute effectively to business expansion and need to be supported with adequate resources.

**Support initiatives and institutions that allow young people to exchange ideas and share experiences,** including business clubs, chambers of commerce, platforms created by enterprises and financial institutions, and youth-led networks. They provide opportunities for young business owners to enlarge networks, meet investors and gain expertise by connecting them with established businesses and successful entrepreneurs. It is worth developing clusters, in particular within or near academic institutions, that link young entrepreneurs with financial investors. Such clusters could also provide access to technology and innovation, and facilitate knowledge exchange, product promotion and research commercialisation. Business incubators provide a good opportunity for young entrepreneurs to group together, access physical working space and benefit from a spectrum of resources and services. These range from mentoring and coaching to administrative services, technical support and legal advice on intellectual property and financing sources. Alternatively, mini-incubators providing shared work spaces but limited resources and services can be developed. Business infrastructure can be also improved through shared working hubs and provision of basic service equipment.

**Improve access to basic infrastructure services and ICT.** Integration to markets and local value chains can hardly occur without proper access to adequate infrastructure and ICT. Transport infrastructure must be developed to ease mobility, reduce transport costs and foster business growth. Likewise, the availability of storage space is crucial for keeping goods and merchandise close to markets. Promising projects, such as the European Union and Common Fund for Commodities Pilot Warehouse Receipt System, should be scaled up. Enhancing access to electricity in rural areas and exploring alternative power sources is a pressing need. To increase their productivity and add more value to their products, rural youth entrepreneurs need to be equipped with modern, powered machinery. The potential of ICT must be harnessed to improve their access to information, knowledge and means of communication. ICT allows rural youth entrepreneurs to access market information, find new business opportunities, strengthen linkages with other entrepreneurs and local value chain actors, enhance their knowledge, and learn about new technologies and innovation. ICT costs (devices and services), which are high in Malawi compared to other African countries, must be reduced. Other obstacles to address are low mobile phone and Internet penetration and ownership, lack of awareness, lack of technological skills, set-up costs, pricing issues and frequent blackouts.

## Chapter 1. Malawian youth profiles

With a fast-growing population and high fertility rate, not only is Malawi a youthful country, it will remain one for years to come (UN, 2017). While young people constitute a great opportunity for economic and political advancement, a large youth population is far from sufficient to realise the benefits of a demographic dividend (MoEPD, 2014a). That endeavour will be long, but it requires action today by facilitating youth's transition into adulthood and engaging in comprehensive policies for youth. Young people represent a chance provided they are given opportunities to thrive in various life dimensions, such as quality education, relevant skills and jobs, youth-friendly health care, and empowerment and opportunities to participate and contribute to society.

The analytical framework of this chapter is based on the Organisation for Economic Co-operation and Development (OECD) *Evidence-based Policy Making for Youth Well-being: A Toolkit* (OECD, 2017a). The toolkit takes a life cycle approach and proposes a multi-dimensional analytical framework to assess five key factors of youth well-being: education, health, employment, civic participation and subjective well-being. The analysis makes it possible to establish a profile of disadvantaged youth and to gain a better understanding of the determinants of certain vulnerabilities and negative outcomes faced by young people. The toolkit framework is based on the OECD well-being framework, which identifies 11 dimensions of well-being, emphasising both objective and subjective aspects, such as quality of life (OECD, 2011).

Chapter 1 provides a snapshot of the situation of youth in Malawi in the areas of health, employment, education and civic participation. The European Union (EU)-OECD Youth Inclusion project is undertaken for ten countries. To allow comparison, the *Youth Well-Being Policy Reviews* look at data for youth aged 15-29 whenever possible. Although the United Nations (UN) defines a young person as aged 15-24, the extended range captures factors helping or hindering successful transitions into adulthood.

### 1.1. Overview

There is no universal definition of youth. The UN defines a young person as aged 15-24, while the African Union defines it as aged 15-35. In its 2013 National Youth Policy, Malawi's Ministry of Youth and Sports (MoYS) defines youth as all persons aged 10-35, regardless of sex, race, education, culture, religion, economic, marital and physical status (MoYS, 2013). It also recognises that the definition is flexible and varies with the parameters used to characterise a young person. Youth is a period of transition, both physically and socially, as a young person leaves childhood and enters adulthood. This is a particularly vulnerable period when a combination of increasing responsibilities, life-changing decisions and rising social and peer pressure can be overwhelming. Malawi also acknowledges youth as a social entity with its own problems, concerns, needs and aspirations (MoYS, 2013).

The proportion of individuals aged 15-29 in the total population decreased slightly, from 26% in 2004 to 25% in 2015 (Table 1.1). However, the large share of the population below 15 (46%), combined with a decline in the fertility rate, will maintain or even increase the share of youth in the population in the next decades (NSO/ICF, 2005, 2011, 2016). Looking at the repartition of young people across 5-year brackets reveals that the share of youth aged 15-19 has increased by 1 percentage point in the last decade, a sign of the rejuvenation of the population in Malawi. While the share of youth is comparable across regions, more young people live in urban areas, representing 32% of the population compared to 24% in rural areas. This is principally due to the relatively higher fertility rates and therefore proportion of youth below 15 in rural areas. This trend is likely to persist and even strengthen, especially given rural youth's willingness to migrate to cities. In terms of educational attainment, the median number of years of education completed has increased by almost one year in the last decade. The improvement can be attributed almost exclusively to young women's higher educational attainment over the period.

**Table 1.1. Proportion of youth in total Malawian population and by age, place of residence and educational attainment across years (%)**

	2004-05			2010-11			2015-16		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Share of youth (15-29) in total population</b>	26.1	26.1	26.1	25	24.8	24.9	25.2	24.7	25.0
<b>Age</b>									
15-19	9.8	8.5	9.2	10.6	9.0	9.8	11.3	9	10.1
20-24	8.4	10.1	9.2	7.6	8.1	7.8	8.0	8.9	8.5
25-29	7.9	7.5	7.7	6.8	7.7	7.3	5.9	6.8	6.4
<b>Place of residence</b>									
Urban	35.5	34.9	35.1	33.8	33.1	33.4	31.1	32.7	31.9
Rural	24.2	24.5	24.4	23.3	23.4	23.3	24.3	23.3	23.7
<b>Educational attainment</b>									
None	8.2	15.0	11.6	4.8	7.1	6.0	4.0	5.3	4.7
Primary:	62.3	64.9	63.6	64.7	68.0	66.3	59.8	64.0	61.9
-Some primary				54.4	56.9	55.6	53.1	55.7	54.4
-Completed primary				10.3	11.1	10.7	6.7	8.3	7.5
Secondary and higher:	29.3	20.1	24.7	30.2	24.6	27.4	35.9	30.5	33.2
-Some secondary	..	..	..	20.4	16.3	18.3	22.6	20.6	21.6
-Completed secondary	..	..	..	8.0	6.5	7.3	10.1	6.9	8.5
-Tertiary	..	..	..	1.8	1.8	1.8	3.2	2.9	3.1
Do not know/missing	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.2
<b>Median years completed</b>	6.2	4.8	5.5	6.3	5.6	5.9	6.6	6.2	6.4

*Note:* .. = missing value or not available. The category "Primary" includes the sub-categories "Some Primary" and "Completed primary", and the category "Secondary and higher" includes the sub-categories "Some secondary", "Completed secondary" and Tertiary.

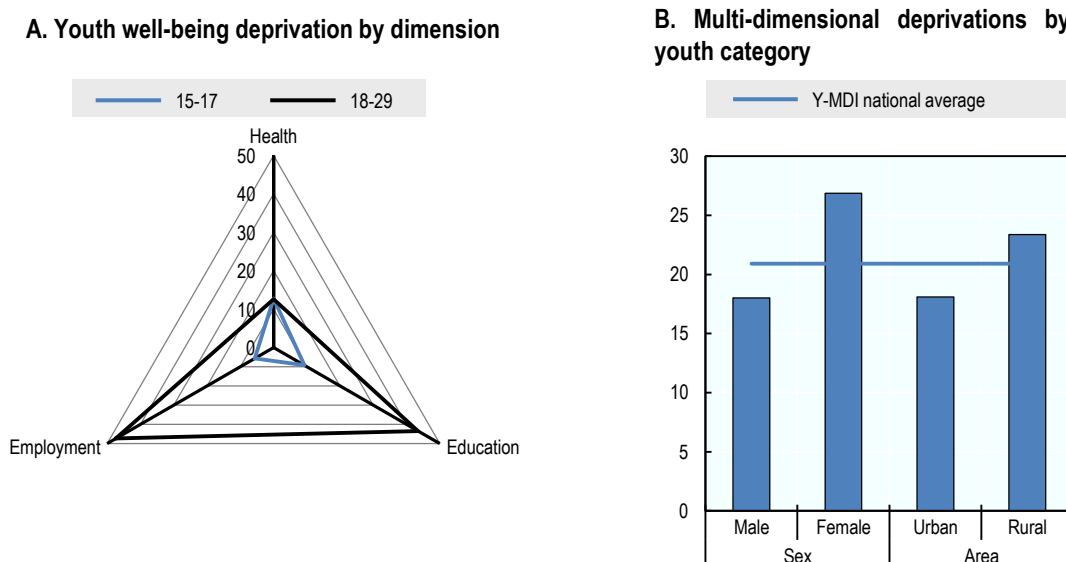
*Sources:* NSO/ICF (2005, 2011, 2016), Malawi Demographic and Health Survey 2004-05, 2010-11 and 2015-16.

Youth face multiple, interconnected obstacles and challenges and, as a result, can suffer simultaneous deprivations. Young people are confronted to number of problems affecting their well-being including health, education, access to employment or lack of recognition. While these issues are often considered separately, they can be correlated and mutually

reinforcing, which further complicates providing appropriate, effective approaches or solutions. Indeed, sectoral policies may become inappropriate in alleviating multi-dimensional deprivations, whereas a comprehensive approach to youth challenges is more promising. In response, the EU-OECD Youth Inclusion project developed a Youth Multi-dimensional Deprivation Indicator (Y-MDI), which measures the share of youth affected by multiple deficits in the areas of health, education, employment and civic participation.

More than one-fifth of Malawian youth suffer multiple well-being deprivations. It is more common among young adults aged 18-29 than adolescents aged 15-17 (28.6% vs. 5.0%) (Figure 1.1.A). This is not surprising, as most of the younger cohort are still studying and less likely to encounter job quality issues or be categorised as not in education, employment or training (NEET). The proportion is also much higher among young women than men (27% vs. 18%) and among rural youth than urban (23% vs. 18%) (Figure 1.1.B). Well-being deprivations are mainly due to employment and education dimensions in Malawi. Around 50% of young adults encounter at least one deprivation in these dimensions. Health-related issues concern 10%.

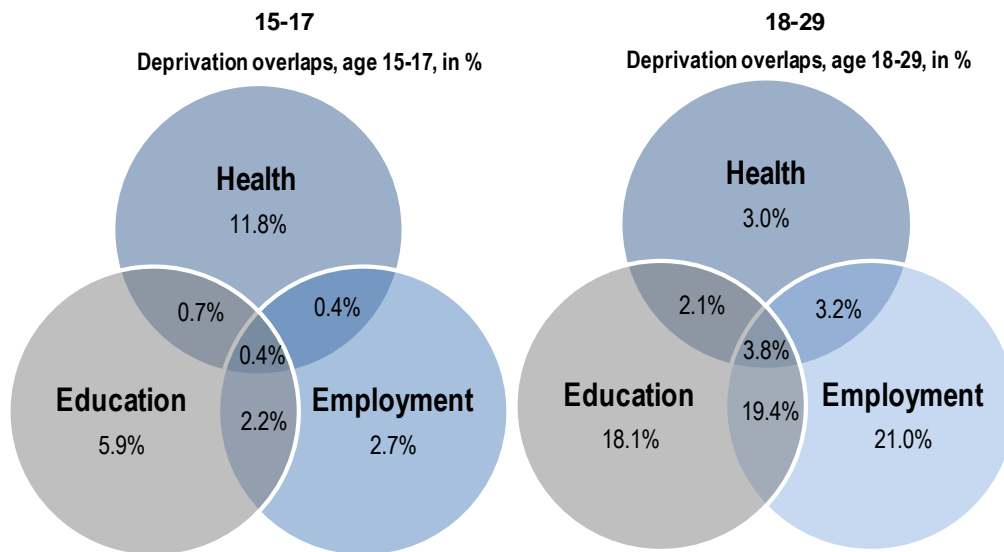
**Figure 1.1. Y-MDI in Malawi (%)**



Source: Own calculations based on ILO (2014), *School-to-Work Transition Survey – Malawi*.

Analysis reveals a strong and unsurprising overlap between education and employment deprivations but also overlap with health issues in general. About 19% of young adults face both education and employment deprivations, comparable to the share facing either alone (Figure 1.2). Interestingly, while health issues are not often combined with other deprivations for youth aged 15-17, it often is among young adults. Indeed, while 3.0% of young adults suffer only a health-related deprivation, it is combined with an education issue for 2.1%, an employment issue for 3.2% and all three for 3.8%.

**Figure 1.2. Adolescent and young adult well-being deprivation overlap in Malawi by dimension (%)**



Source: Own calculations based on ILO (2014), *School-to-Work Transition Survey – Malawi*.

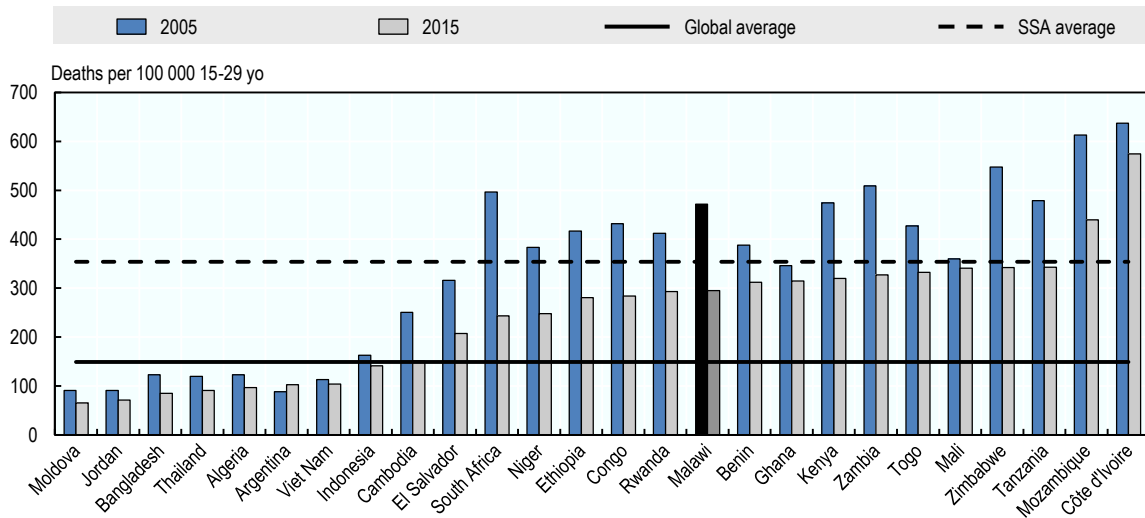
## 1.2. Health

Adolescence brings multiple challenges for which young people may not possess appropriate answers yet. New dimensions of social interaction arise, including sexual relations and substance use, which can bring risky behaviours and, ultimately, health complications. Social norms or education challenges can add further risks. These issues are particularly prominent in low- and middle-income countries, where the prevalence of school dropout reinforces young people's vulnerability to risky sexual behaviours, early marriage and childbearing (inclusive of pregnancy and motherhood). In these countries, 12% of girls are married before age 15, 34% are married or in a union before 18, and the leading causes of mortality and morbidity among young women aged 15-24 are pregnancy complications, unsafe abortions and childbirth (UNFPA, 2013). Malawi has improved greatly in some health dimensions, but youth mortality, substance abuse and sexual and reproductive health (SRH) issues are still high by international standards.

### 1.2.1. Mortality

Malawi's declining youth mortality rates have reached an acceptable level for sub-Saharan Africa (SSA) but remain high compared to other countries. The number of deaths per 100 000 young people decreased from 471 in 2005 to 295 in 2015 (Figure 1.3). This rate is substantially lower than the SSA average (354) but much higher than the global average (149); Malawi's rate is now lower than Mali (340), Kenya (319) or Ghana (314) but higher than Congo (284), Ethiopia (280), Niger (248) and South Africa (243), which have also experienced important decreases in mortality rates. Youth mortality rates are still much lower in Asian developing countries, such as Cambodia (151) or Viet Nam (103).

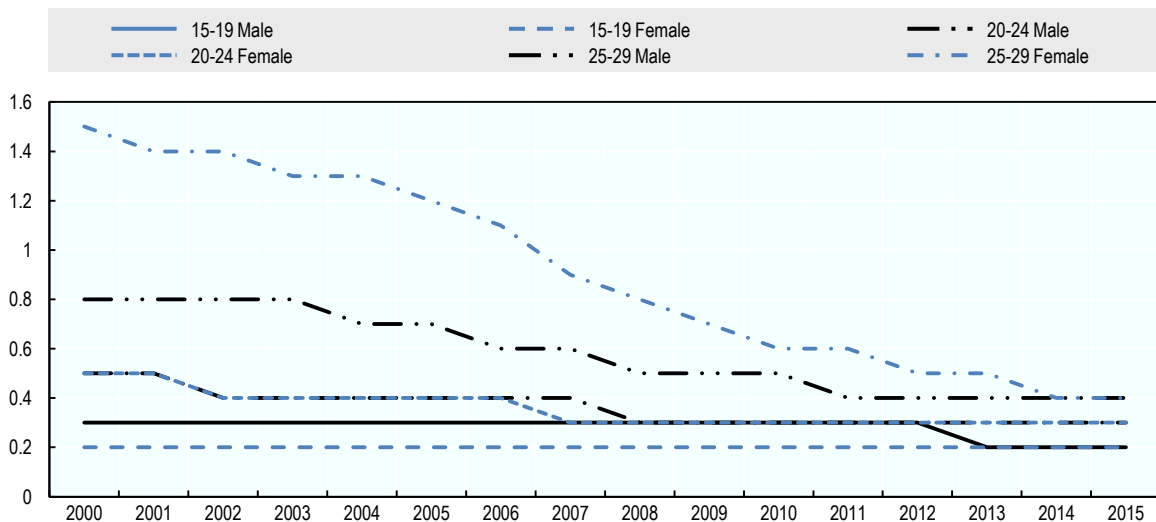
**Figure 1.3. Mortality rates per 100 000 15-29-year-olds by year**



Note: SSA refers to estimated deaths in sub-Saharan Africa. Congo refers to the Republic of the Congo. “yo”= year olds.  
Source: WHO (2017).

Young women and adults aged 25-29 have benefited the most from the reduction in mortality rates (Figure 1.4). While the death rate of both genders aged 15-19 and 20-24 only marginally decreased in 2000-15, the rate of women aged 25-29 dropped from 1.5% to 0.4%. The rate of men aged 25-29 also declined substantially, although by less. The results indicate adults aged 25-29 and women were particularly exposed to health risks successfully tackled by Malawi, closing the gap in mortality between adolescents and young adults between 2000 and 2015.

**Figure 1.4. Youth mortality rates in Malawi by age and gender, 2000-15 (%)**



Note: Showing age-specific death rates between the beginning of age group (x) and the beginning of the next age group (x + n), n being the interval of the age group.  
Source: WHO (2017).

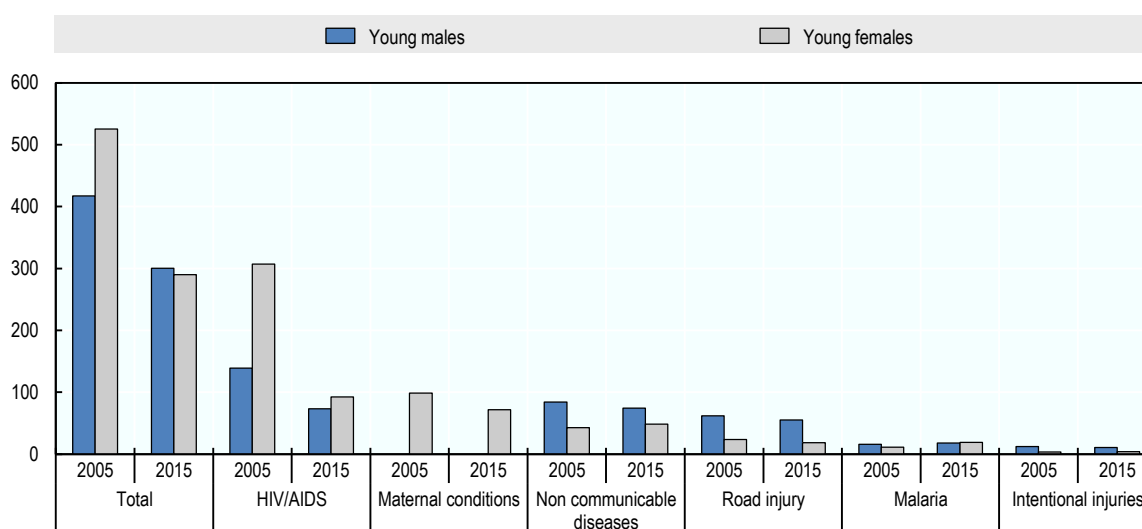


The human immunodeficiency Virus (HIV) and acquired immune deficiency syndrome (AIDS) remain the main cause of mortality among Malawi's youth. Although HIV/AIDS related deaths have substantially decreased between 2005 and 2015, they remain the major causes of mortality among the youth, followed by non-communicable diseases, maternal conditions and road injuries. In one decade, the number of HIV/AIDS-related deaths per 100 000 young people fell by a factor of three (from 307 to 92) for women and a factor of two (139 to 73) for men (Figure 1.5). This may be partly attributed to increased access to anti-retroviral therapy helping people with the virus live longer (MoEPD, 2014b). Nevertheless, the share of HIV/AIDS-related youth deaths remains extremely high by international standards. Malawi has the 6th highest rate in the world, behind other southern African countries (WHO, 2017).

Gender imbalances in youth mortality have been closed overall, but certain causes are still gender related. This equalisation owes entirely to the drop in HIV/AIDS-related female deaths between 2005 and 2015 (Figure 1.5). Deaths due to maternal conditions have declined slightly but remain high as the second leading cause of young female deaths, despite government efforts, such as introducing youth-friendly health services. Non-communicable diseases (mainly cancers) constitute the second leading cause among young men (74 per 100 000), affecting young women less often (49). These deaths have not declined significantly in the last decade, as opposed to road injuries, which are also higher among young men (55). Avoiding both these causes calls for more prevention measures directed towards detecting neoplasms early and curbing risky driving behaviour.

Results also show increased deaths due to malaria, cardiovascular diseases, and unintentional and intentional injuries. Worth highlighting among intentional injuries is the number of deaths due to self-harm and violence. Increasing drug use disorders among youth requires proper interventions.

**Figure 1.5. Number of youth deaths per 100 000 15-29-year-olds by gender and cause**



*Note:* Showing the main sources of mortality but not all; total mortality does not correspond to the sum of other columns.

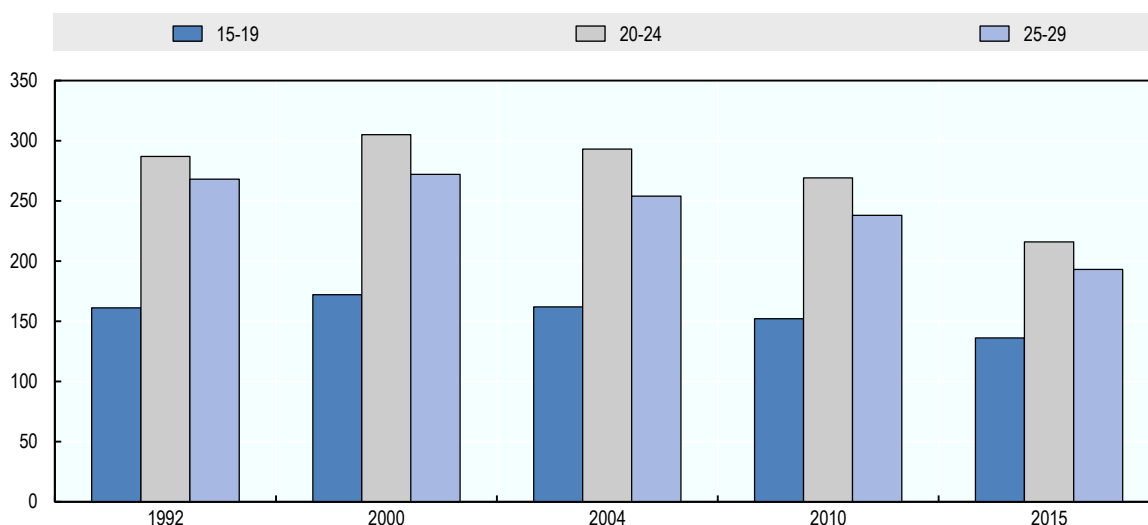
*Source:* WHO (2017).

### *1.2.2. Sexual and reproductive health*

SRH issues can have long-lasting negative effects on health and well-being and are of particular concern for adolescents and young women. According to World Health Organization (WHO) estimates (2014), most early pregnancy and childbearing occurs in low- and middle-income countries. Complications during pregnancy and childbirth are the second leading cause of death among girls aged 15-19 globally, and around 3 million girls aged 15-19 undergo unsafe abortions each year. Moreover, babies of adolescent mothers face a much higher risk of death than those of mothers aged 20-24 (WHO, 2014).

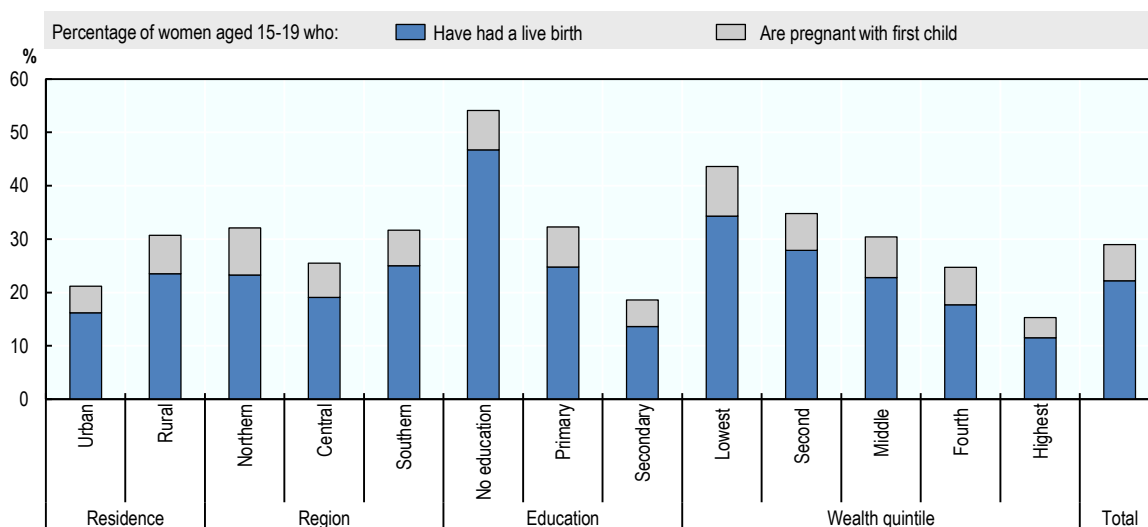
In Malawi, frequent early sexual intercourse, combined with stable, relatively low contraceptive use, results in frequent early pregnancies and high fertility rates. Early sexual initiation persists; 18% of women and 11% of men aged 25-29 had first sexual intercourse before age 15 (NSO/ICF, 2016). By age 20, 85% of women and 66% of men have had intercourse. At the same time, contraceptive use remains extremely low among sexually active women aged 15-19, with only around 37% using any contraceptive method in 2015, only slightly above the 33% observed in 2004. Contraceptive use is more frequent among older women: 55% of sexually active women aged 20-24 and 62% of married women aged 25-29 in 2015. While low, contraceptive use levels among women aged 20-29 actually decreased slightly between 2004 and 2015. An additional challenge is ensuring women use contraceptive methods effectively. Indeed, more than one-third of women aged 15-49 who began using a contraceptive method discontinued in less than 12 months.

The relatively low use of contraceptive methods is reflected in high fertility rates (Figure 1.6). Teenage childbearing decreased only slightly between 1992 and 2015, reaching 136 (from 161) per 1 000 of girls aged 15-19 (NSO/ICF, 2016). By contrast, fertility rates declined steadily for women aged 20-24 and 25-29 over the same period, reaching 287 (from 217) and 268 (from 193), respectively. Increasing the availability of contraceptive methods, in particular for adolescents, should be a priority in demographic transition. Equally important is improving young women's knowledge about fertility and making young men aware of their responsibilities, notably using condoms (Box 1.1). Condom use was only 20% among unmarried, sexually active adolescents in 2015, down from 30% in 2004.

**Figure 1.6. Malawi fertility rates per 1 000 women by age group, 1992-2015**

Sources: DHS (1992-2015).

Large variance in SRH behaviours persist among youth. Teenage childbearing is more prevalent in rural areas and in the northern and southern regions. Yet, geographical disparities are small compared to those across education and wealth (Figure 1.7). More than 54% of uneducated women aged 15-19 have had a live birth or are currently pregnant with their first child compared to 18% among those with some secondary education. Similarly, the frequency of teenage childbearing decreases sharply with wealth: 44% of women aged 15-19 in the lowest quintile compared to 15% in the highest. Similar education and wealth disparities are observed in age of first sexual intercourse, maternal health outcomes and child mortality (NSO/ICF, 2016).

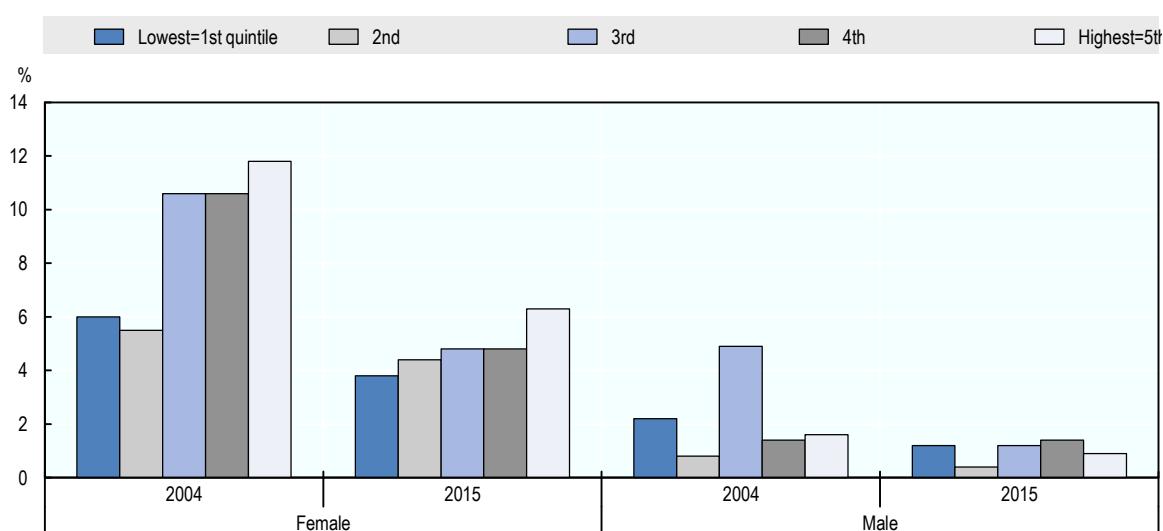
**Figure 1.7. Teenage childbearing in Malawi, 2015 (%)**

Note: Estimates for women aged 15-19 with higher than secondary education were suppressed due to small sample size.

Source: DHS (2015-16).

Prevalence of HIV/AIDS among Malawian youth has declined significantly, mostly due to the decrease among the wealthiest individuals. Between 2004 and 2015, the rates dropped from 9% to 5% among women aged 15-24 and from 2% to 1% among women aged 15-24 (NSO/ICF, 2016). This suggests, along with better access to anti-retroviral therapy, the drop mainly owes to less contamination and more use of protection, as reflected by the increased condom use among young men and women engaging in risky sexual intercourse (NSO/ICF, 2005; NSO/ICF, 2016). Interestingly, HIV/AIDS prevalence remains higher among young women from wealthier backgrounds (Figure 1.8), one explanation being they are also more educated and sexually active. HIV/AIDS prevalence among women aged 15-24 is much higher in urban than rural areas (9.0% vs. 3.9%) and in southern than northern regions (6.3% vs. 9.1%).

**Figure 1.8. HIV/AIDS prevalence among youth aged 15-24 by wealth quintile (%)**



Sources: DHS (2004-05, 2015-15).

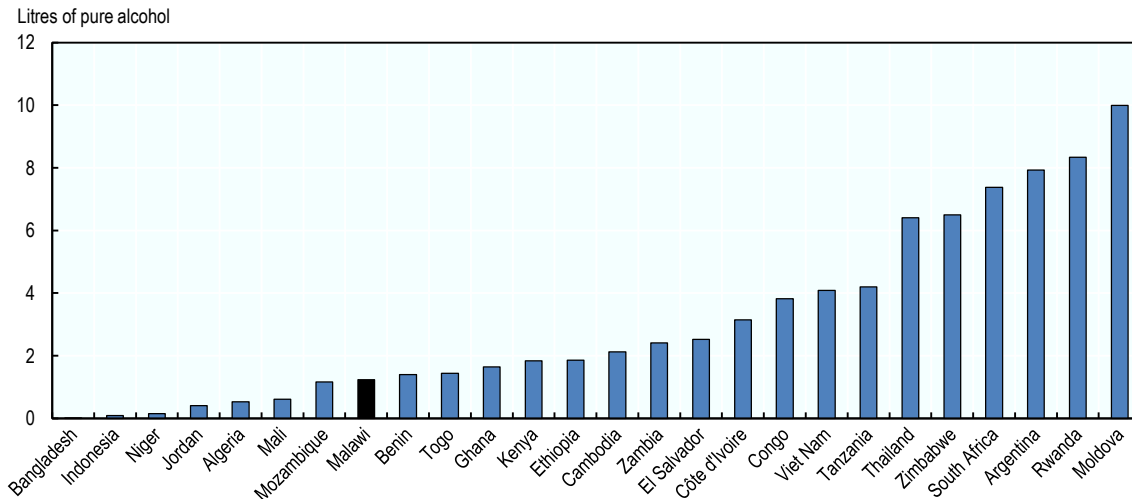
### 1.2.3. Substance use

Alcohol and tobacco use are not particularly high in Malawi. In 2011, the average alcohol consumption per capita was 1.23 L of pure alcohol, according to WHO data (Figure 1.9). Alcohol consumption is much higher, on average, in other southern Africa countries, such as South Africa (7.38 L), Tanzania (4.2 L), Zambia (2.41 L) and Zimbabwe (6.5 L). Both alcohol and tobacco consumption are higher among male youth. On average, 39% of men aged 15-19 consumed alcohol in the past 12 months compared to one-quarter of women. Similarly, tobacco use is not alarming among youth, with 11% of girls and 17% of boys aged 13-15 having smoked, but less than 1% of girls and 6% of boys currently smoking. The WHO estimated that, in 2015, 4.6% of adult women and 25.0% of adult men had smoked.

However, substance use should be better informed and monitored. Average alcohol consumption is slowly increasing; 15% of males over 15 experienced a heavy drinking episode in 2010. Moreover, alcohol use disorders affected 5.0% of males over 15 and an average of 2.8% of both sexes, just slightly under the 3.3% average for Africa (WHO, 2017). The lack of information on use of substances, especially drugs, suggests a need for more attention. Malawi has no written national policy or action plan concerning alcohol

use or objectives concerning tobacco consumption. There are also no binding regulations regarding advertising or product placement for alcohol. While probably not a priority for Malawi, maintaining good information on substance use is important in tracking societal progress and anticipating potential issues.

**Figure 1.9. Yearly alcohol consumption per capita for individuals over age 15 (L pure alcohol)**



*Note:* Estimates for the latest year available. Congo refers to the Republic of the Congo.

*Source:* WHO (2017), *Global Health Indicators*, (accessed 15 September 2017).

### 1.3. Education and skills

Quality education and relevant skills are key assets for youth to thrive in society and fulfil their professional aspirations in today's interconnected, globalised economies. Basic cognitive and socio-emotional skills are essential for participating in social and political aspects of communities and accumulating further knowledge. Moreover, achieving at school and finding relevant training opportunities are particularly helpful in protecting young people in developing countries from well-being deprivations, such as poverty, health issues, social exclusion, unemployment or low quality work. At the very least, education helps young people respond adequately to these issues and mitigate their negative impacts. Yet, universal access to quality education and training opportunities throughout life (as envisioned by UN sustainable development goal 4: “ensure inclusive and quality education for all and promote lifelong learning” [UN, 2016]) is not yet guaranteed in Malawi, and many factors prevent young people from good education prospects. While access to primary education is nearly universal, not enough young people complete primary and secondary education, and large gender, wealth and place of residence inequalities persist.

#### 1.3.1. Enrolment

Although access to primary education has become nearly universal, some populations acquire no education. The United Nations Educational, Scientific and Cultural Organization (UNESCO) gives an optimistic estimate of global net primary enrolment (97.4% in 2009). The Integrated Household Panel Survey (IHPS) reports lower levels but

also progress, from 84.8% in 2010 to 88.7% in 2013 (UNESCO, 2017; NSO, 2014). Nonetheless, the data suggest that around 10% of children aged 6-11 do not attend any primary education at all (Table 1.2). In Malawi, the share of children not attending primary in 2013 was particularly high in rural areas (12.2%), the southern region (13.8%) and among those with uneducated heads of households (12.9%). Interestingly, net primary enrolment was higher among girls (89.5%) than boys (87.9%).

**Table 1.2. Net enrolment rate in primary education in Malawi by gender and background characteristics (%), 2010 and 2013**

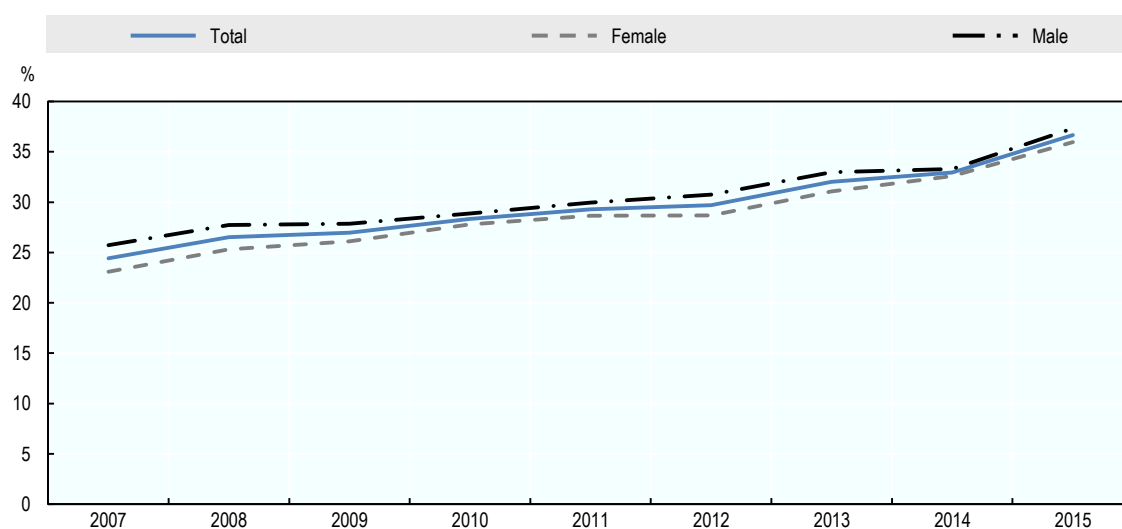
Background characteristics	Primary education net enrolment rate					
	Total		Female		Male	
	2010	2013	2010	2013	2010	2013
<b>Total</b>	84.8	88.7	85.6	89.5	82.2	87.9
<b>Place of residence</b>						
Urban	92.5	93.6	93.6	93.8	91.3	93.5
Rural	83.6	87.8	84.4	88.8	82.7	86.9
<b>Region</b>						
Northern	93.4	92.9	92.3	93.6	94.7	92.1
Central	85.2	90.1	85	90.1	85.4	90.1
Southern	81.8	86.4	84.2	88.1	79.3	84.8
<b>Level of education of household head</b>						
None	82.8	87.1	83.4	88.2	82.2	86.1
Primary	90.5	93.5	92.5	94.7	88.2	92.5
Secondary	93.0	94.2	95	93.7	91.0	94.7
Tertiary	93.9	88.4	94.1	89.8	93.7	86.9

*Note:* Net enrolment rate refers to the number of students in the official school age group expressed as a percentage of the total population in the age group.

*Sources:* NSO (2010, 2013), *Integrated Household Panel Survey*.

Despite high primary enrolment and significant improvement in attendance rates in the last decade, very few young Malawians attend secondary education. UNESCO estimated the net secondary enrolment rate rose from 24% in 2007 to 37% in 2015 (Figure 1.10). The figures from the National Statistical Office (NSO) of Malawi are more pessimistic, recording a decrease in secondary net enrolment from 11.4% in 2010 to 10.9% in 2013 (NSO, 2014). Although knowledge acquired during secondary education constitutes the minimum to enter the labour market, low enrolment indicates that, at best, almost two-thirds of the population lack access to such knowledge. Additional efforts to ensure higher secondary enrolment are paramount for Malawian youth to improve their living conditions.

Enrolment in tertiary education in Malawi is increasing but remains the lowest within the Southern African Development Community (SADC). The gross enrolment rate increased from 0.3% in 1999 to 0.8% in 2011, with most tertiary students attending one of Malawi's two public universities. Enrolment continues to rise (UNESCO, 2017); however, the current rate is by far the lowest among SADC countries (ranging from 2.4% in the Seychelles to 36% in Mauritius in 2011). By comparison, in 2012, tertiary enrolment reached 5% in Mozambique, 4% in Tanzania and Zambia and 8% in sub-Saharan Africa on average.

**Figure 1.10. Net enrolment rate in secondary education in Malawi (%), 2007-15**

*Note:* Net enrolment rate refers to the number of students in the official school age group expressed as a percentage of the total population in the age group.

*Source:* UIS (2017).

Although gender inequalities are limited, strong disparities in educational attainment exist across youth populations. Rural youth are much more likely than urban youth to have completed primary education or less (Table 1.3). According to the 2014 *School-to-Work Transition Survey – Malawi*, women aged 15-29 were less likely to attain high education levels compared to young men (ILO, 2016a). Other sources, however, indicate that girls perform better than boys up to secondary education (NSO/ICF, 2016). Social background also appears a very strong driver of educational attainment. Mothers' level of education is strongly correlated (the results hold when fathers are considered instead) (ILO, 2016a). More than 80% of young people whose mothers have no education have either no education or completed only primary; more than 80% whose mothers have some tertiary education have either a vocational or tertiary degree. Youth from wealthier households are also more likely to complete higher levels of education (ILO, 2013a).

**Table 1.3. Highest level of education completed among Malawian youth by gender and place of residence (%)**

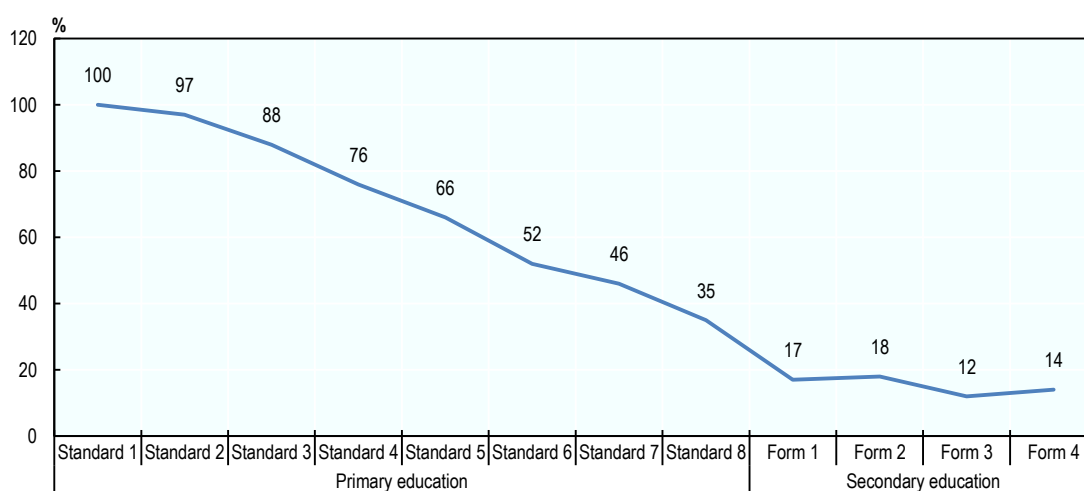
	Total	Male	Female	Urban	Rural
Less than primary (including no schooling)	47.0	42.7	50.6	33.0	49.3
Primary	36.5	36.5	36.5	31.9	37.2
Secondary vocational	1.3	1.8	0.9	3.0	1.1
Secondary general	13.5	16.2	11.3	27.0	11.3
Post-secondary vocational	0.9	1.6	0.3	2.0	0.7
Tertiary	0.8	1.2	0.4	3.2	0.4

*Source:* ILO (2014), *School-to-Work Transition Survey – Malawi*.

### 1.3.2. Progress and completion

Dropout and repetition are very frequent at different level of the education system. With close to 100% enrolment in the first year of primary education, the very low primary completion rate (around 38%) is mainly due to dropout. The high dropout rates are indirectly revealed in the steep decrease in access rates over the primary grades (Figure 1.11), indicating low internal efficiency in an education system unable to keep students in school. By contrast, low secondary completion rates owe mainly to low transition from primary to secondary education rather than dropout within the secondary cycle.

**Figure 1.11. Education access rates across grades in Malawi, 2007 (%)**



*Note:* Access rate is the share of students enrolling in each grade among all students enrolling in the first grade of compulsory education (Standard 1).

*Source:* World Bank (2010), *The Education System of Malawi*.

High repetition rates might contribute to discouragement and dropout. Malawi's gross primary enrolment rate was close to 125% in 2013, well above the net enrolment rate of 89%. Similarly, the gross secondary enrolment rate was around 35%, with net enrolment at 11% (NSO, 2014). The discrepancy indicates that large shares of primary and secondary students are either overage or underage compared to the legal schooling age. This arises from early enrolment (particularly in primary school) but more typically from grade repetition. The percentage of students repeating has reached 20% in primary education and 12% in secondary education (World Bank, 2017). While repeating a grade can improve student achievement, the literature often highlights the negative consequences to educational attainment (Glick and Sahn, 2010), in part because repeating students are not given sufficient attention. Loss of motivation from repetition likely contributes to Malawi's high dropout rates.

However, young people mainly cite economic reasons for dropout. When asked the reason they dropped out, 52% of young women and 66% of young men reported economic reasons (ILO, 2016a). Financial constraints appear by far the most important constraint to education in Malawi. Lack of interest in education is the second greatest constraint, concerning around 15% of youth. Around 20% of young women drop out due to pregnancy (12%) or marriage (8%). Lack of nearby school, failure at examinations, or parental decision together account for up to 10% of dropouts. Reasons for dropout clearly illustrate the overlap in well-being deprivations among youth in developing countries.



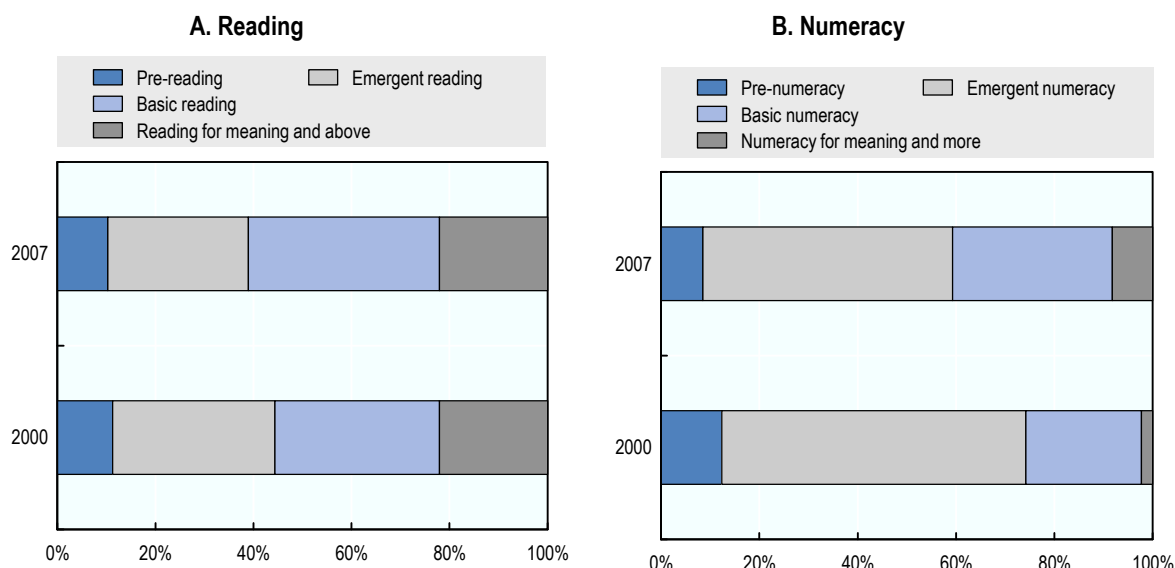
### 1.3.3. Learning achievement

A large share of grade 6 pupils does not possess sufficient numeracy and reading skills. By the end of grade 6, all pupils should be able to attain a basic reading and numeracy level. Malawi's 2007 student achievement test results showed that only 57.4% achieved basic reading and 41.1% basic numeracy (Figure 1.12). Among countries for which the Southern and Eastern Africa Consortium for Monitoring Education Quality (SACMEQ) collected data, Malawi had the lowest average score in reading (434) and numeracy (447) in 2007.<sup>1</sup> While proficiency levels improved between 2000 and 2007, too many students still do not possess the basic skills to pursue their studies. Around 10% of students only acquired pre-reading and pre-numeracy levels by the end of grade 6. A risk is that students with low reading proficiency end up illiterate.

Several factors contributed to the improved mathematics achievement between 2000 and 2007. Interventions that appear to have had a positive impact on the education quality include in-service training programmes for teachers and school heads (implemented under the Primary School Curriculum Assessment Reform programme), improvement in the entry academic behaviour of teachers and head teachers, and provision of basic learning materials (SACMEQ, 2011).

Literacy proficiency also increased between 2010 and 2015, particularly due to important improvements for young women. The literacy rate among youth aged 15-24 increased slightly overall, from 72% to 75% (UNESCO, 2017). In the same period, literacy among young women increased remarkably, from 70% to 75%, catching up with rates for young men. While the positive trends are encouraging, one-quarter of youth aged 15-24 were illiterate in 2015, reflecting the learning challenges and posing a serious threat to youth's social and economic integration. Immediate action is required to ensure basic reading and numeracy acquisition in school.

**Figure 1.12. Grade 6 reading and numeracy proficiency in Malawi, 2000 and 2007 (%)**



Sources: SACMEQ II and III, 2011.

## 1.4. Employment

The transition from education to the labour market is critical in young people's lives and can have long-lasting consequences on individual well-being. Of greater concern than unemployment is the lack of quality jobs for SSA youth. The 10.9% unemployment rate among SSA youth aged 15-25 is lower than the global average (13.1%) and expected to continue decreasing (ILO, 2016b). However, SSA continues to report the highest working poverty rates among the same cohort (70.0%), close to two times higher than the average for developing and emerging countries in 2016 (37.7%). Extreme poverty – living on less than USD 1.25 (United States dollar) per day – affects around one-third of these youth (ILO, 2016b). Youth from poor households tend to leave school early and accept any kind of work, even work with low wages and unsafe conditions. This traps them in low-quality and low-skilled jobs, often in the informal sector, leaving them vulnerable to shocks and with little chance of finding better employment. The situation is no different in Malawi, where transition into the labour market is difficult for many, as indicated by the high share of NEET, informal employment and qualification mismatch among youth.

### 1.4.1. Labour force participation

A large share of Malawian youth participates in the labour market and works. Between 2012 and 2014, the youth labour force participation rate increased from 72% to 75% (Table 1.4), high by international standards and relatively high in SSA (53% in Zambia, 48% in Tanzania and 66% in Uganda in 2012 [ILO, 2013a]). While this partly reflects the large share leaving school before completion in Malawi, working students contribute significantly to the labour force, amounting to 28% of the youth workforce in 2012 (ILO, 2013a). Noticeably, most young people participating in the labour market are also working. Only 4.2% of young people aged 15-29 were unemployed in 2014, according to the strict definition (i.e. not accounting for inactive youth not looking for a job but ready to work if offered employment), down from 5.6% in 2012 (Table 1.4).

Women, adolescents and urban residents participate less in the labour market. Despite a sharp increase from 67% in 2012 to 71% in 2014, female participation remains substantially lower than male (79%) (Table 1.4). Moreover, young women face higher probability of unemployment. In 2014, the unemployment rate of young women was 6.7%, around two percentage points higher than that of young men. Not surprisingly, labour market participation increases with age manifesting the higher probability to drop out or complete education over time; the employment rate among youth aged 15-19 was 70.5% vs. 81.3% among those aged 25-29, according to 2013 IHPS data (NSO, 2014). The employment rate was much higher among rural youth than urban youth (79% vs. 66%), which may be due to higher unemployment in urban areas rather than lower participation per se.

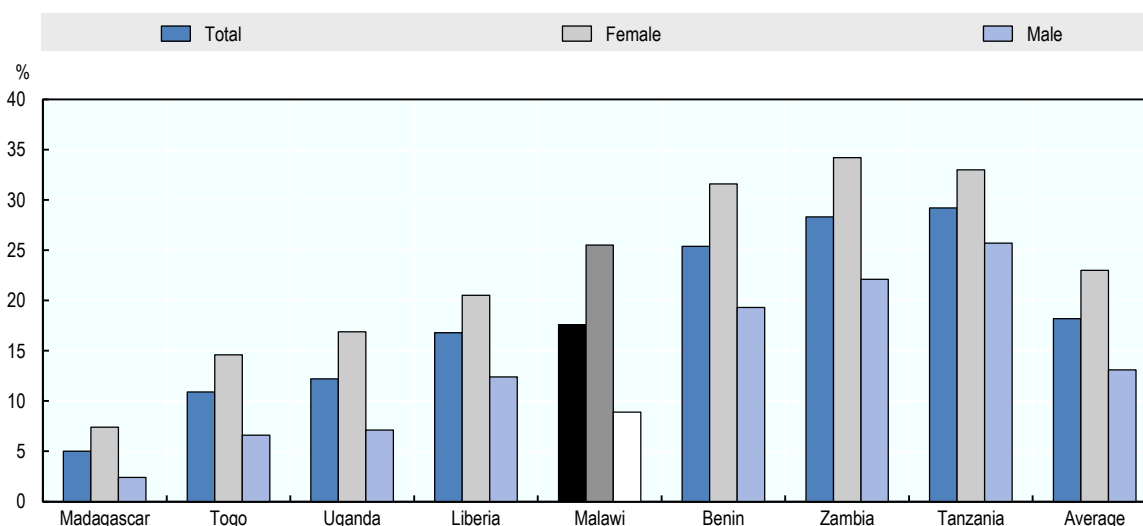
**Table 1.4. Distribution of youth labour force participation in Malawi by gender, 2012 and 2014 (%)**

Youth labour force participation	Total		Male		Female	
	2012	2014	2012	2014	2012	2014
Employed	66.5	70.9	73.2	75.7	60.3	66.3
Unemployed	5.6	4.2	4.3	3.7	6.8	4.7
Inactive	27.9	24.9	22.4	20.6	32.9	29.0
Youth labour participation rate	72.1	75.1	77.6	79.4	67.1	71.0
Unemployment rate (strict definition)	7.8	5.6	5.6	4.6	10.1	6.7

Source: ILO (2012, 2014), *School-to-Work Transition Survey – Malawi*.

A large share of young women are NEET in Malawi. While the rate declined from 25.5% in 2012 to 20.0% in 2014, it remains much above the 7.0% NEET rate of young men in 2014 (ILO, 2016a). The share of young men NEET in Malawi is actually low compared to other SSA countries, such as Tanzania (25.7%), Zambia (22.1) or Benin (19.3%) (Figure 1.13). By contrast, the share of young women NEET in Malawi is higher than average, suggesting many young Malawian women aged 15-29 stay inactive once they leave school. Indeed, 2013 IHPS data showed female employment rates increased only very slightly with age, from 69% for young women aged 15-19 to 74% for those aged 25-29, while male employment rates jumped from 72% to 90% across these age categories (NSO, 2014). Young women's reasons for leaving school before completion (pregnancy and marriage accounted for 20% of female dropout), together with low education achievement and limited professional experience, may constitute insurmountable obstacles to their labour force participation.

**Figure 1.13. Share of NEET youth across a selection of sub-Saharan countries by gender (%)**



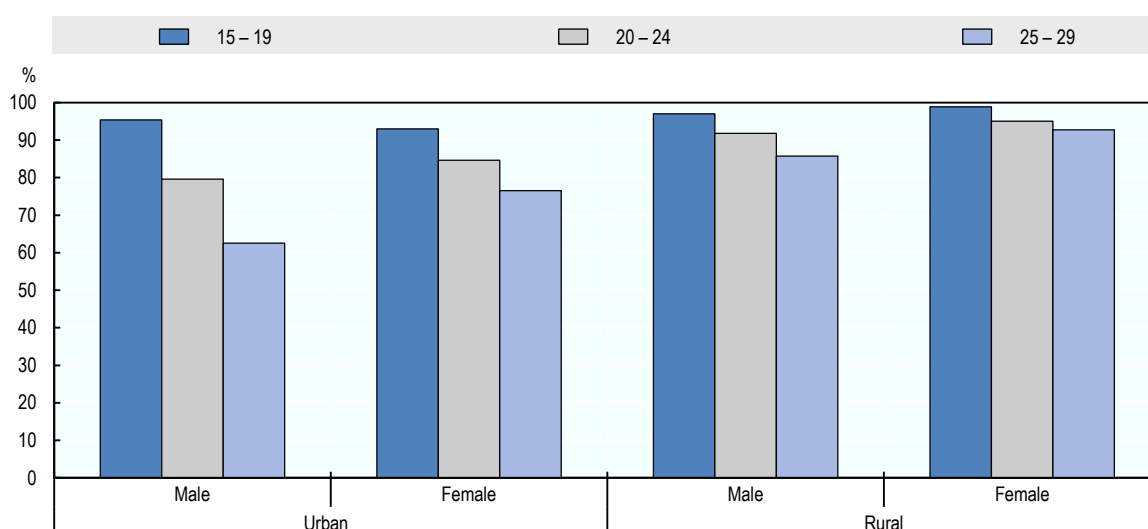
Source: ILO (2012), *School-to-Work Transition Survey – Malawi*.

### 1.4.2. Job quality

The vast majority of working youth is engaged in self-employment or unpaid family work. In Malawi, wage workers represented only 22.4% of employed youth in 2014, up from 20.8% in 2012 (ILO, 2016a). By contrast, 60.0% of young workers are self-employed (including 1.7% employers and 0.7% co-operative members), and 17.0% are contributing family workers. Employment status matters, as different worker categories face different economic risks and working conditions. Wage and salaried employment generally provide a regular income and (more often than other employment) benefits. In 2012, around 32.0% of wage workers received a meal allowance, 8.5% received a transport allowance, and 10.0% were offered overtime pay and paid leave, among other benefits (ILO, 2013a). This partly explains why self-employment and unpaid family work are often not first choices for young people, one-quarter of whom declared they were self-employed because they could not find wage employment and 12% because their families did not leave them the choice. Self-employed workers are less educated than wage employees on average but also earn less labour income with a similar level of education. Contributing family work is very common in rural areas, accounting for more than 80% of such workers, and among adolescents (ILO, 2013a).

While urban young men appear to find formal jobs, informal employment is the norm among Malawian youth. The share of formal employment among working youth increased slightly, from 4% in 2012 to 7% in 2014. More precisely, 83.5% of young workers are engaged in the informal sector, and 9.5% are in informal employment outside the informal sector (ILO, 2016a). The likelihood of informal employment, however, decreases with age. It is particularly common among adolescents (97.8%), dropping to 86.4% among young people aged 25-29 (Figure 1.14). Interestingly, the age-related decrease in informal employment occurs mainly in urban areas and among male workers: 62.5% of young men aged 25-29 work informally in urban areas vs. 85.7% in rural areas. Similarly, 76.5% of young women aged 25-29 work informally in urban areas vs. 92.7% in rural areas.

**Figure 1.14. Informal employment in Malawi by gender, age and place of residence (%)**



Source: NSO (2013), *Malawi Labour Force Survey*.

Young people in Malawi face limited labour force demand, and some therefore suffer underemployment. Underemployment (employed persons willing and available to work more but constrained by lack of opportunity) may indicate underutilisation of the productive capacity of the employed population (ILO, 2016a). Overall, 26.8% of Malawian workers experience underemployment (Table 1.5). The figure is slightly higher among young workers (27.6%), especially young women (28.5%). Interestingly, underemployment increases with age in rural areas (31.5% of young adults aged 25-29) but decreases with age in urban areas (Table 1.5). This likely reflects the comparative lack of job opportunities and slow activity in rural areas. Underemployment is also slightly higher for young women of all ages in both urban and rural areas. Not only do young people not work as much as they would like, but some work very few hours. More than half of youth work less than 20 hours per week, while 20% work between 20 and 29 hours. While some are students and not constrained, working short hours can have important subsistence consequences for young people.

**Table 1.5. Youth underemployment rates in Malawi by gender and place of residence (%)**

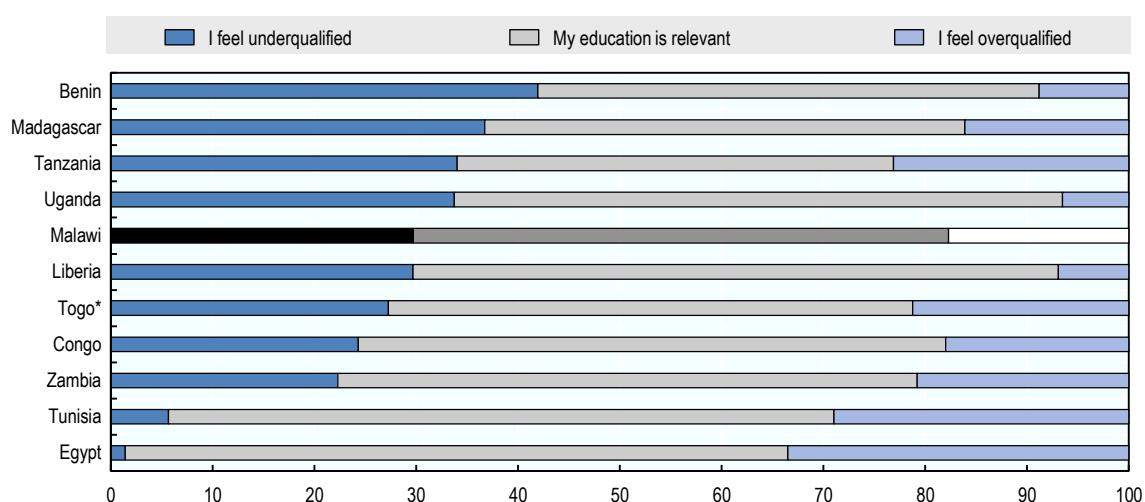
	Malawi			Urban			Rural		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
15-64	26.8	26.1	27.6	23.6	20.4	28.1	27.4	27.3	27.5
15-29	27.6	26.7	28.5	27.3	23.9	31.6	27.7	27.3	27.9
15-19	25.2	23.9	26.4	29.3	26.5	32.8	24.8	23.7	26.0
20-24	28.5	27.8	29.2	27.1	23.8	31.3	28.7	28.5	28.9
25-29	30.4	30.1	30.8	25.2	20.9	30.5	31.5	32.2	30.8

*Note:* Underemployment is measured as workers who i) answered yes to the question, “Would you have liked to work more hours than you actually worked, provided the extra hours had been paid?”, ii) were available to work additional hours, and iii) did not already work more than 48 hours (the legal full-time weekly work hours) in a usual week.

*Source:* NSO (2013), *Malawi Labour Force Survey*.

Many young Malawians occupy jobs for which they are not qualified. A normative measurement of qualification mismatch – based on the classification of occupation according to the level of education required (ILO, 2013a) – showed 81% of young workers were undereducated for their positions in 2014, 2% were overeducated, and only 17% were adequately trained (ILO, 2016a). Underqualification is particularly widespread among technicians and associate professionals, and skilled agricultural and fishery workers, both of which require at least a tertiary degree and some secondary technical education. Young workers’ subjective perspectives are more optimistic: 30% consider themselves underqualified and 18% overqualified (Figure 1.15). Youth who consider themselves adequately trained in Malawi (53%) is higher than in Tanzania (43%) or Madagascar (47%) but lower than in Zambia (57%) or Uganda (60%). While qualification mismatch is detrimental to young people’s well-being, overqualification appears more negatively associated with job satisfaction than underqualification (OECD, 2017b).

**Figure 1.15. Young workers' perceptions of their job qualification across sub-Saharan countries (%)**

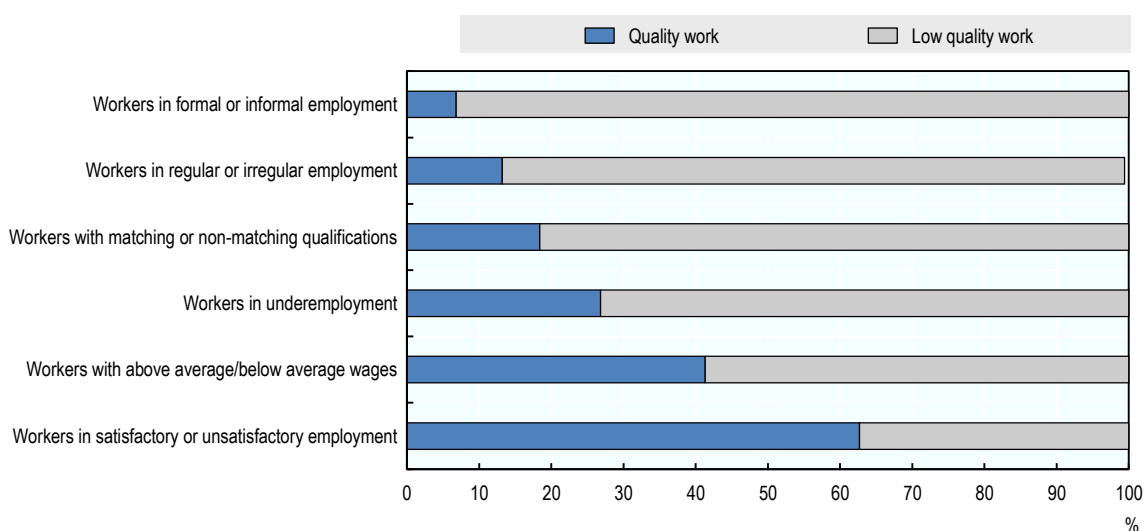


\* Estimations for Togo do not account for sampling weights, as they are missing in the data.

Note: Respondents were asked, "Do you feel your education/training qualifications are relevant in performing your present job?"

Source: Own calculations based on ILO (2012-15), *School-to-Work Transition Surveys*.

Although labour force participation is high, the vast majority of young Malawian workers experience poor working conditions. Various indicators measure employment quality, including employment status, type and duration of contract, whether the activity is registered, adequate hours and wages, and subjective job satisfaction (Figure 1.16). A large majority of young workers experience either informal employment (93%), irregular employment (86%) (including workers with contract duration of less than 12 months, own-account workers and contributing family workers), qualification mismatch (84%) or underemployment (73%), in contrast to the subjective judgement of 67% of young workers who declare themselves satisfied with their jobs. Overall, the prevalence of informal employment and low coverage of social protection and employment insurance in Malawi is such that most young workers face one or more of these job quality drawbacks.

**Figure 1.16. Indicators of job quality for working youth in Malawi (%)**

Source: ILO (2014), *School-to-Work Transition Survey – Malawi*.

## 1.5. Empowerment and participation

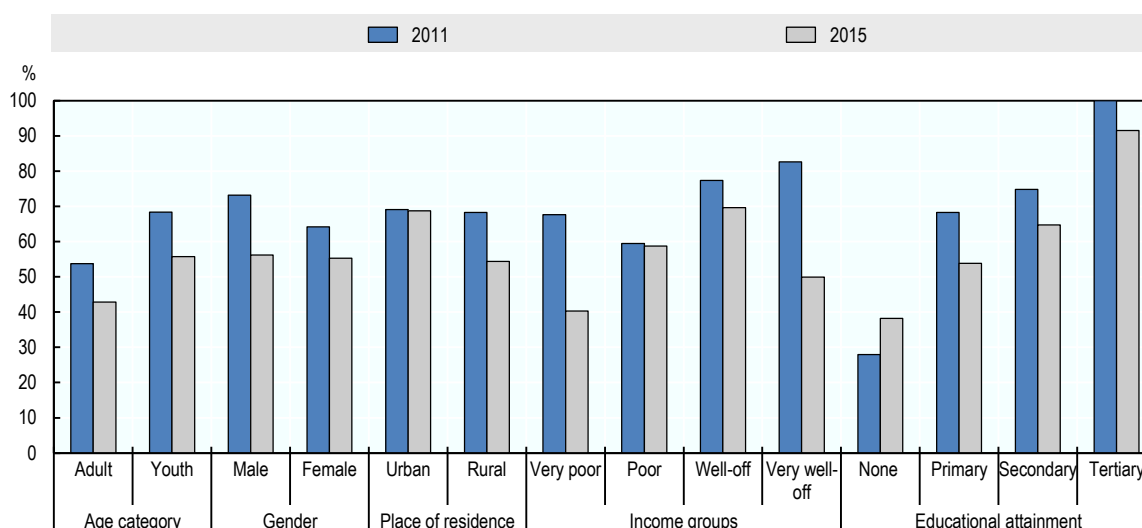
Empowerment and the ability to participate in society are essential components of youth well-being, equal to health, education and employment. Participation in social life encompasses not only engagement in political and social spheres but the importance of family, friends and community in such engagement. Youth empowerment is a broad concept touching on various aspects of well-being, such as inclusion, emancipation, autonomy and capacity. As put forward in the United Nations Development Programme (UNDP) *Youth Strategy 2014-2017*, youth empowerment requires guaranteeing the rights of youth to participate in government decision making and processes at the national, sub-national and local levels (UNDP, 2014). Participation and empowerment, however, are only made possible by the existence and enforcement of legal frameworks that protect youth rights to participate in civic and political activities and to freedom of expression. Participation and empowerment indicators usually include social capital (social support networks and trust), civic and political engagement, and crime and violence.

### 1.5.1. Social capital

Many young Malawians, particularly rural and less educated youth, cannot rely on their social networks in case of need. The ability to rely on family and friends greatly contributes to young people's well-being, allowing them to cope with adverse economic or health shocks, for example. Yet, in Malawi between 2010 and 2015, the possibility for the youth to activate their social network in has reduced by 12 percentage points down to 56% (Figure 1.17). As of 2014, reliance on social networks among youth was higher than among adults, and young women were no more isolated than young men. The ability to rely on such networks increased sharply with education level; 38.0% of those who did not complete primary education vs. 91.5% of those who attained tertiary education (Figure 1.17). Interestingly, although wealth was positively correlated with ability to rely on social networks, very well-off individuals seemed less able to rely on their networks, probably because they are those on whom others rely. People from very poor backgrounds experienced a large decrease (30 percentage points) in their ability to rely on

their social networks between 2011 and 2015, a serious issue, as they are also more likely to experience negative shocks.

**Figure 1.17. Youth ability to rely on social networks in Malawi by age, gender, place of residence, income and educational attainment, 2011 and 2015 (%)**



*Notes:* Youth = aged 15-29. Respondents are considered to benefit from a social support if they can rely on family or friends when they face a difficulty.

*Source:* Gallup (2016).

Membership in religious groups is widespread among Malawian youth. Faith-based organisations are perceived to be valuable community resources and contribute significantly to the social capital of individuals, for example in helping HIV/AIDS-infected persons in rural communities (Jong and Ranking, 2014). The large share of young people who declare being a member of such a group (around 60%) reflects their importance; around 17% of youth aged 15-29 declare non-active membership, around 30% are active members, and more than 10% are official leaders (Afrobarometer, 2017). Active participation is equal across genders and places of residence but is significantly higher among more educated individuals.

### ***1.5.2. Civic and political engagement***

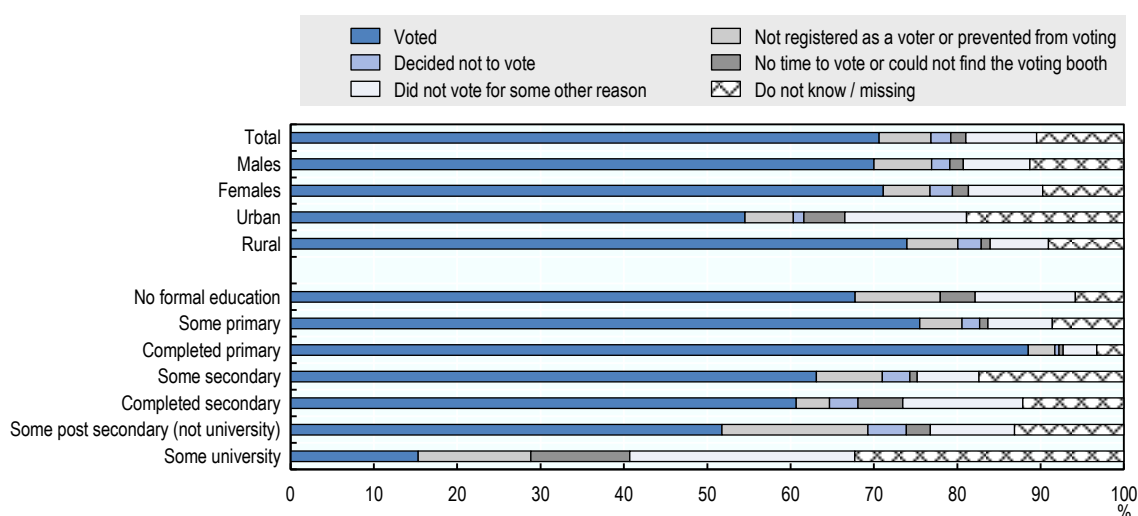
Youth civic and political engagement has increased significantly and reached a relatively high level in Malawi. Civic engagement is measured as a respondent's having done any of the following in the last month: volunteered with an organisation, donated to a charity or helped an unknown person in need (Gallup, 2016). Youth civic engagement was at 77% in 2015, up from 64% in 2011 (Gallup, 2016). It is slightly higher among young men than women (81% vs. 73%) and substantially higher in urban areas than rural (89% vs. 75%). It is stable across incomes but increases sharply with level of education.

Political participation is also quite high among Malawian youth, with up to 71% turnout in the 2014 election. Participation is similar among young men and women but significantly lower in urban than in rural areas (55% vs. 74%). Remarkably, youth voter turnout increases with educational attainment up to primary completion (89%), then decreases with higher attainment (Figure 1.18). This could potentially reflect the benefits of literacy. At higher level of education, turnout decreases. Only 63% of young people



with some secondary education turned out to vote. While this is partly due to higher share of unregistered voters, it does not seem to be due to a lack of interest in politics since the share of young people who decided not to vote remains small around 3%. However, these apparent differences are largely due to missing data and other, unspecified reasons. The principal constraint to turnout is non-registration (6%), followed by lack of interest or commitment, including not finding the voting booth or lack of time (2%). Few young people decided not to vote (2%). Overall, the share of youth who declared interest in politics and public affairs rose from 60% in 2011 to 72% in 2015, while the share who never discusses politics decreased from 35% to 24%.

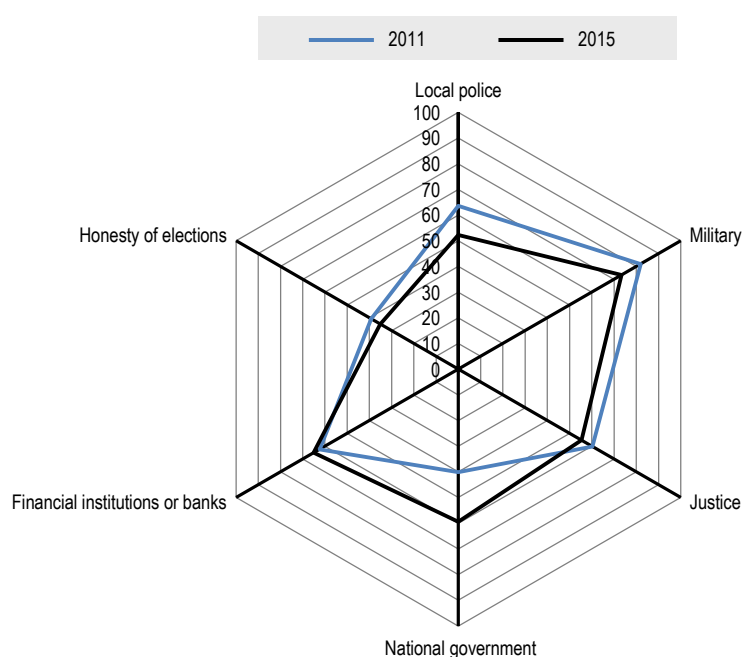
**Figure 1.18. Voting behaviour of Malawian youth by gender, place of residence and educational attainment, year (%)**



Source: Gallup, 2016.

Only around half of young people trust institutions in Malawi. Between 2011 and 2015, the level of trust in the military and police was relatively high compared to some SSA countries, such as Kenya or Côte d'Ivoire, but was comparable to Zambia (Afrobarometer, 2017). The share of youth who trusted the judiciary system also decreased between 2011 and 2015 to 55% (Figure 1.19). The level of trust in the honesty of elections was particularly low (35%), which is surprising, given the increased trust in government. Trust in traditional and religious leaders was high (75%) and was generally high towards local political leaders or institutions compared to national representatives, who inspire little confidence. Overall, the level of trust in institutions was higher among older, rural and female respondents, but it did not vary substantially with wealth and education.

**Figure 1.19. Trust in institutions among Malawian youth, 2011 and 2015 (%)**



*Note:* Youth = aged 15-29.

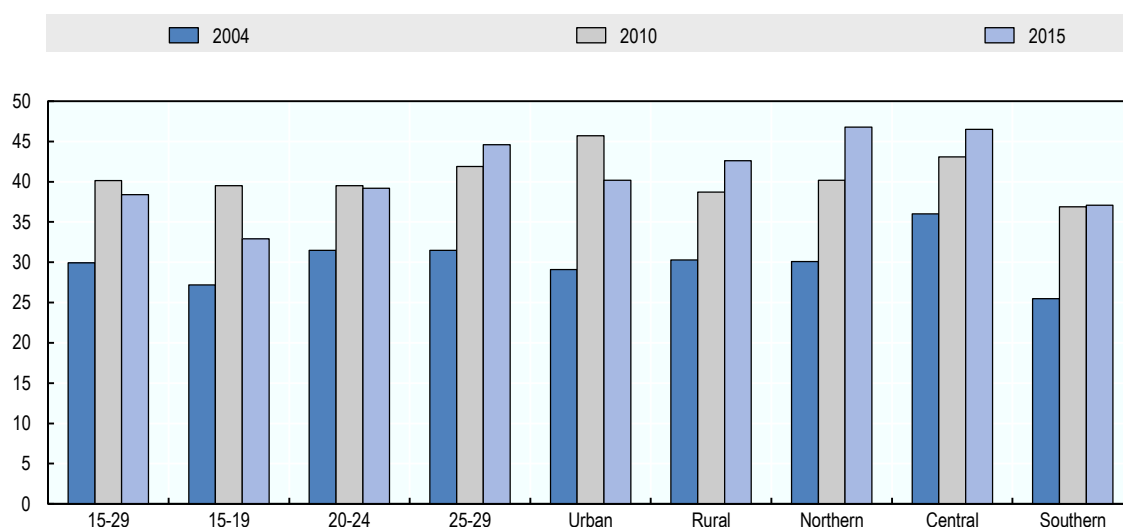
*Sources:* Gallup (2016).

### ***1.5.3. Youth victims of assault and violence***

Assault and other violence against young people can have substantial negative impacts on their future behaviour and seriously threaten their social inclusion. In addition to physical harm, exposure to serious or prolonged violence can result in psychological disorders among victims, causing them to commit crimes, drop out of school, run away from home or become emotionally unstable. In Malawi, young women are the primary victims of violence – physical, sexual and emotional – and are often left to deal with the consequences alone. It is all the more important to document violence against women as it is often underreported due to social and cultural norms. Continuous exposure can lead to acceptance by victims and society, which impedes widespread condemnation of violent and constraining practices towards women.

Sexual, physical and emotional violence against women increased between 2004 and 2015. In 2004, 30% of women aged 15-29 had experienced violence as of age 15; in 2015, the figure was around 38% (Figure 1.20). Around 13% of women aged 15-49 had experienced sexual violence and 28.1% physical violence in 2004 compared to 20.6% and 34.0% in 2015. Emotional violence is also prevalent, affecting one-quarter of young women in 2015. Women in rural areas were slightly more likely to be victims (43%), and around 47% of women in northern and central regions had experienced violence vs. 37% in the southern region.

**Figure 1.20. Share of Malawian women who experienced any type of violence since age 15 by age, place of residence and region, 2004, 2010 and 2015 (%)**



Sources: DHS-Malawi (2004, 2010, 2015).

Violence against women is related to marital status, and spouses are often the perpetrators. Physical and sexual violence is more frequent among married than single women. Divorced, separated or widowed women are also more vulnerable (NSO/ICF, 2016). Spousal violence is a frequent type of violence in Malawi (Box 1.1). Among women victims who have ever been married or in a union, the perpetrator was the current spouse in 53% of cases and the former spouse in 31% of cases. Parents and siblings are other frequent perpetrators of violence against women (9% and 6%, respectively). Similar conclusions hold for sexual violence, most often committed by current or former spouses (63% and 31%, respectively). This is of particular concern in Malawi; although the 2006 Prevention of Domestic Violence Act criminalises domestic violence (including sexual abuse), it fails to categorise marital rape as a criminal offence (Box 1.1).

### Box 1.1. Malawi's performance in the Social Institution and Gender Index (SIGI)

The **Social Institutions and Gender Index (SIGI)** measures gender-based discrimination in social norms, practices, formal and informal laws across 160 countries. According to the SIGI 2014 results, Malawi performs better than the average of sub-Saharan countries, but the level of gender discrimination in its social institutions remains at a medium level.

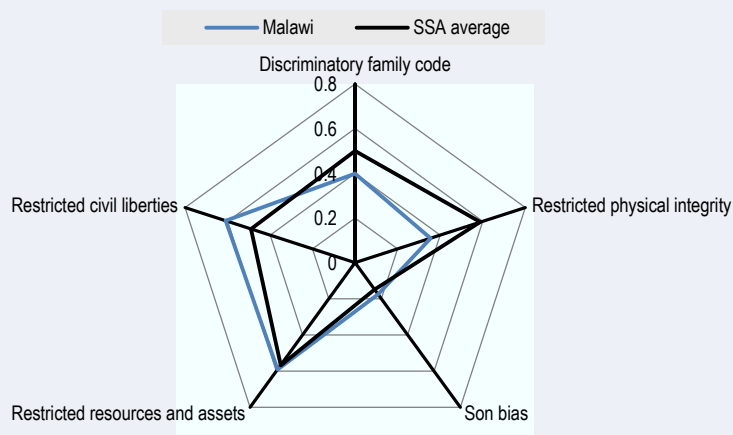
While Malawi's legal framework is protective overall, women suffers from discriminatory norms, legal loopholes and limited autonomy. The Constitution enshrines equality between women and men and provides protection from discrimination on the grounds of sex. The country ratified the Convention on the Elimination of All Forms of Discrimination against Women in 1987 and the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa (Maputo Protocol) in 2005. The law protects women from physical, sexual, psychological and economic forms of domestic violence, rape and sexual harassment. However, marital rape or female genital mutilation are not outlawed. In addition, discriminatory norms, customs and practices continue to impinge upon women's physical integrity and limit their reproductive autonomy. Women's limited agency over their sexual and reproductive health contributed to the high female mortality during women's reproductive years and due to HIV/AIDS contamination. Similarly, poor access to family planning services, antenatal and postnatal care services, the prevalence of sexual violence against women as well as discriminatory social norms participate to the restriction of Malawian women physical integrity and civil liberties.

A striking example is the persistence of a ritual of initiating girls into womanhood in some southern communities, despite its unlawfulness under the 2012 Gender Equality Act. The ritual serves to prepare girls for marriage by training them on how to engage in sexual acts, where some as young as ten years old are forced to have sexual relations with older men (US Department of State, 2017). Awareness raising campaigns to address harmful practices should target families and communities by highlighting their negative impacts on girls' health, well-being and agency.

The SIGI covers five dimensions, spanning major socio-economic areas that affect the life course of a girl and woman. The SIGI allows the identification of best practices but also areas for progress and provides policy makers and the development community with evidence-based recommendations. It includes the following sub-indices:

- The **discriminatory family code** sub-index captures social institutions that limit women's decision-making power and undervalues their status in the household and the family;
- The **restricted physical integrity** sub-index covers social institutions that limit women's and girls' control over their bodies and increase their vulnerability to a range of forms of violence;
- The **son preference** sub-index assesses intra-household bias towards sons and devaluation of daughters;
- The **restricted resources and assets** sub-index measures discrimination in women's rights that have negative impacts on women's opportunities for economic empowerment;
- The **restricted civil liberties** sub-index compiles discriminatory laws and practices restricting women's access to, participation and voice in the public and social spheres.

**Figure 1.21. Malawi's performance in the SIGI sub-indices**



*Note:* Higher SIGI values indicate higher inequality: the SIGI ranges from 0 for very low discrimination to 1 for very high discrimination. The sub-Saharan Africa (SSA) average includes Angola, Benin, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Democratic Republic of the Congo, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Namibia, Niger, Nigeria, Republic of the Congo, Rwanda, Senegal, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Togo, Uganda, United Republic of Tanzania, Zambia and Zimbabwe.

*Source:* OECD (2014), Social Institutions and Gender Index (SIGI) Country Profiles, available at: [www.genderindex.org/countries](http://www.genderindex.org/countries);

*Sources:*

OECD (2014), Social Institutions and Gender Index (SIGI) Country Profiles, available at: [www.genderindex.org/countries](http://www.genderindex.org/countries);

US Department of State (2017), 2016 Country Reports on Human Rights Practices – Malawi.

Victims of violence face important difficulties in reporting or seeking help and sometimes internalise its impacts. Among female victims of physical violence in 2015, 53% neither sought help nor told someone, while 12% told someone but did not seek help (NSO/ICF, 2016). Sexual violence is even less frequently reported: 64% neither sought help nor told someone. The Violence Against Children Survey reached comparable conclusions. Less than one-quarter of females aged 18-24 knew where to get help about an experience of sexual violence (MoGCDSW, 2014). Spouse or partner control over women should be particularly scrutinised, as it can lead to women internalising violence, which may maintain discriminatory social norms. Only 16% of adolescent women aged 15-19 would refuse sexual intercourse to their partners or insist on condom use (NSO/ICF, 2016). While the share increases sharply with age and maturity, only around 60% of women aged 25-29 would impose conditions. Wife beating is also highly tolerated, even by women and particularly by adolescents. In 2015, 21% of female adolescents aged 15-19 agreed that a husband (or partner) is justified in hitting or beating his wife, specifically if she burns food (8%), argues with him (9%), goes out without telling him (9%), neglects the children (12%) or refuses to have sexual intercourse (9%).

## 1.6. Subjective well-being

Malawian youth face well-being deprivations in various dimensions: high mortality rates, high HIV/AIDS prevalence, weak access to contraceptive methods, low educational attainment, limited formal work opportunities and poor working conditions. Adolescent, female and rural youth are particularly at risk of multiple deprivations. However, youth health and education outcomes have improved overall, and data on youth access to social networks, political participation and trust in institutions can be perceived as positive signs of empowerment.

Objective indicators of deprivations are reflected in Malawian youth's subjective well-being. Assessment of well-being should not be limited to observable indicators but encompass subjective elements to account for individual perceptions (OECD, 2017b). Overall, young Malawians are not satisfied with their lives. In 2015, average subjective assessment of life satisfaction was 4.2 on a scale of 10 (Table 1.6). Yet, youth life satisfaction has remained stable on average and higher than among adults (3.68). In 2015, life satisfaction was slightly higher among young women than men (4.26 vs. 4.05) and among urban youth than rural (4.46 vs. 4.13). Unsurprisingly, self-declared life satisfaction increases with educational attainment and subjective wealth assessment, but the strength of the relationship is notable. People with tertiary degrees rate life satisfaction at 6.54, almost twice that reported by those with no education (3.64). Satisfaction among very well-off individuals is 5.66 vs. 3.59 among the very poor. Interestingly, life satisfaction increased significantly between 2011 and 2015 for both uneducated and tertiary educated Malawians but remained stable for the others.

**Table 1.6. Life satisfaction indicators by population group in Malawi, 2011 and 2015**

	Life satisfaction rating (1 to 10 scale)		Negative feelings (% of population)	
	2011	2015	2011	2015
<b>Age</b>				
Adults	3.68	3.56	62.09	50.52
Youth:	4.20	4.16	47.66	48.44
Young men	4.16	4.05	52.05	48.28
Young women	4.23	4.26	43.84	48.58
<b>Place of residence</b>				
Urban	4.30	4.46	52.65	32.24
Rural	4.18	4.13	46.83	50.15
<b>Educational attainment</b>				
None	2.88	3.64	33.39	48.98
Primary	4.24	4.05	48.96	50.27
Secondary	4.25	4.45	46.81	44.62
Tertiary	5.29	6.54	31.46	23.21
<b>Subjective wealth assessment</b>				
Very well off	4.87	5.66	27.23	65.41
Well off	4.85	4.69	37.28	34.98
Poor	3.92	3.87	54.71	59.14
Very poor	3.86	3.59	53.39	44.40

Notes: Life satisfaction rated on a scale of 1 (low) to 10 (high). Youth/young men and women = aged 15-29. Adults = over 30. Source: Gallup (2016).

Around half of young people experience negative feelings, although it varies across youth populations. While the share of adults experiencing negative feelings has decreased significantly, from 62.0% in 2011 to 50.5% in 2015, the share of young people has remained stable at around 48.0% (Table 1.6). This indicates that satisfaction drivers for adults and youth have been different in recent years. Negative feelings progressed in different ways across youth categories in the same period. While it decreased from 52% to 48% among young men, it increased by 5 percentage points to reach 49% in 2015 among young women. The overall drop in the share of youth experiencing negative feelings can be entirely attributed to the urban youth population, whose rates dropped from 53% in 2011 to 32% in 2015. Negative feelings increased considerably among uneducated youth (from 33% to 49%) but decreased among tertiary graduates from 31% to 23%. Surprisingly, negative feelings among very well-off youth vaulted from 27% in 2011 to 65% in 2015 and declined for the very poor, evidence that subjective well-being may be driven by a variety of often counterintuitive factors.

## Notes

<sup>1</sup> Academic performance is measured by SACMEQ reading and mathematics assessments carried out in countries in Anglophone East Africa in 1995, 2000 and 2007. SACMEQ is administered to formal school students towards the end of grade 6 and designed to assess their abilities in mathematics and reading English. SACMEQ scores are scaled to have an international average value of 500 and a standard deviation of 100 points.

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## Chapter 2. Youth policies and institutional framework

Too often, national youth policies stand alone and are not integrated into overall national development plans or sectoral policies. Lack of horizontal and vertical co-operation and co-ordination among sectoral actors can and often does distort policy outcomes and create inefficiencies, such as overlapping or counteracting policies. Improving youth well-being thus requires assessing the broader youth environment and determining how policies and social norms may enable or disable youth's development potential.

Youth policies primarily refer to policies targeting young people specifically but can include sectoral policies that concern or affect young people. Taking stock of existing policies and programmes affecting or influencing youth is the first step in assessing the youth environment. This chapter maps youth policies and programmes in Malawi and examines policy gaps, co-ordination and coherence within and among the government institutions involved. An organisational analysis of the Ministry of Labour, Youth and Manpower Development (MoLYSMD) presents the strengths and weaknesses of this key institution and the capacity needed to carry out its mandate.

### 2.1. Socio-economic context

Categorised as a least developed country (LDC), Malawi faces severe structural impediments to sustainable development and is highly vulnerable to economic shocks. The country's Human Development Index value of 0.476 in 2015 is in a low human development category, positioning the country at 170 out of 188 countries and territories (UNDP, 2016). Recent economic growth has remained sluggish, with rates of less than 3% consecutively in 2015 and 2016, although projected to improve to 4% in 2017 and 5% in 2018 (OECD, 2017). Overall, economic growth has not benefitted all people, as evidenced by high poverty and worsening inequality for a large number of Malawians. In 2013, 56.1% were multi-dimensionally poor, and 70.9% lived below the income poverty line (UNDP, 2016). Efforts to reduce poverty have been stalled by rapid population growth and the impact of recent floods and drought. Moreover, income distribution has also worsened, with the Gini coefficient increasing from 0.39 points in 2005 to 0.45 in 2014 (IMF, 2017).

The majority of Malawians are vulnerable to social and economic shocks, which exacerbates poverty. Dependence on rain-fed agriculture; high exposure to droughts and floods; volatile food prices and the threat of food insecurity and hunger; and chronic illness contribute to vulnerability (World Bank, 2017). HIV/AIDS affects 10.6% of the population (Malawi National AIDS Commission, 2015). These factors, together with the increased frequency and intensity of climate-related disasters, influence the level of vulnerability among Malawians (IMF, 2017). In a country with about 70% of the population under 30, youth are particularly concerned by these shocks. While there is consensus that young people are both a potential human resource for development and key agents of social change, economic development and technological innovation, young Malawians still face the myriad challenges outlined in Chapter 1. It is therefore

imperative to fully understand the youth environment for more targeted investment. Understanding the situation, choices and aspirations of youth is key to Malawi realising a demographic dividend.

## 2.2. National policies and laws relevant to youth

Several policies and mechanisms have been put in place to improve the situation of youth in Malawi. National development frameworks and sectoral policies are concerned with youth development issues, particularly employment. In addition, recent institutional mechanisms have been set up to facilitate youth participation and representation in policy processes. However, challenges exist in the implementation of these measures. This section reviews the youth-relevant aspects of the Malawi Growth and Development Strategy (MGDS) and the National Youth Policy (NYP) (2013), their linkages to relevant sectoral policies, and the service-delivery mechanisms at the sub-national level. MGDS III (2017-2022) recognises the diversity of the socio-cultural and economic context of Malawian youth and calls for a wide range of cross-sectoral strategies with a focus on integrated social investment for healthy youth development. The NYP (2013) integrates all sectors, acting as the guiding document for youth programming.

### 2.2.1. International conventions and national legal frameworks

Malawi is committed to a number of regional and global instruments with provisions for youth. At the national level, such commitments have been domesticated and aligned to national policy and strategy documents. Malawian youth are entitled to the rights enshrined in international conventions, such as the Universal Declaration of Human Rights (UDHR, 1948), ILO Minimum Age Convention (1973), Convention on the Rights of the Child (CRC, 1989) and African Youth Charter (2006). The UDHR features the right to education, stressing that education, at least at the primary level, should be free. Malawi ratified the ILO Minimum Age Convention in 1999. It requires to specify by law a minimum age for admission to employment not less than the age of completing compulsory education (not less than age 15 or, only in specific circumstances, 14). Malawi adopted the CRC in 1991. It specifies the civil, political, economic, social and cultural rights of every person under 18 and how those rights should be met. Malawi ratified the African Youth Charter in 2010. It provides a political and legal framework consisting of the strategy and direction for youth employment and development activities. Additionally, the African Union Agenda 2063 specifies, among its seven aspirations, youth as drivers of change.

Malawi has enacted a number of laws featuring youth. Central among them is the National Youth Council Act (1996), which includes provisions for the “promotion, coordination and implementation of youth development programmes in Malawi; the establishment of the National Youth Council of Malawi (NYCOM); and to further provide for matters incidental thereto or connected there within” (Government of Malawi, 1996). Other laws supporting implementation of matters relevant to youth in the sectors of education, employment, health and civic participation include the Vocational, Entrepreneurial and Technical Training Act (1999); Prevention of Domestic Violence Act (2006); Employment Act No. 6 (2006); Childcare, Protection and Justice Act (2010); Gender Equality Act (2013); Penal Code Act and Amendment to the Penal Code Act (2011); Marriage, Divorce and Family Relations Act (2015); and Voting Laws (Government of Malawi, 2016). Laws widely discuss gender and employment issues,

signifying the progress Malawi has made to address vulnerabilities highly affecting the well-being of youth.

### ***2.2.2. Malawi growth and development strategy***

The MGDS is the overarching government policy document designed to achieve Malawi's long-term aspirations, as spelled out in its Vision 2020. MGDS I (2006-2011) drew its focus from the lessons of the Malawi Economic Growth Strategy (2004) and the country's first medium-term development strategy, the Malawi Poverty Reduction Strategy (2002-2005). MGDS II (2012-2016) emphasised the need to diversify the economy, improve governance and promote human capital development (IMF, 2017).

The current MGDS III (2017-2022) recognises youth development as a cross-cutting area crucial to the country's socio-economic development, as it impacts all sectors of the economy. The aim is to mainstream youth development in the priority areas to ensure comprehensive and inclusive implementation of MGDS III (IMF, 2017). MGDS III as a whole aims to build a productive, competitive and resilient nation by consolidating the achievements of earlier strategies. The five key priority areas identified are agriculture and climate change; education and skills; energy, industry and tourism development; transport and information and communications technology infrastructure; and health and population (Government of Malawi, 2017). MGDS III concentrates on fewer priority areas than past strategies to maximize the social and economic benefits of the investment to be made over the period.

### ***2.2.3. National youth policy***

The NYP aims at providing an enabling environment for the youth to develop their full potential based on seven policy priorities. The overall objective of the NYP (2013) is to provide a framework that guides youth development and the implementation of all youth programmes that contribute to improving the welfare of Malawian youth. The policy is a revised version of the 1996 NYP and was adopted to address the new challenges and emerging issues currently facing Malawian youth. The policy defines youth as young people aged 10-35, in line with the African Youth Charter. It identifies seven policy priority areas for action: i) youth participation and leadership; ii) youth economic empowerment; iii) national youth service; iv) education for youth; v) youth and science, technology and environment; vi) youth health and nutrition; and vii) social services, sports, recreation and culture (Government of Malawi, 2013a).

The NYP seeks to fulfil specific policy objectives in terms of youth support and empowerment. Specific objectives to achieve the goals include guiding policy makers on issues relating to young people in the following areas: mainstreaming the youth development agenda in all national development programmes; providing guidance on minimum standards for programme design; advocating for youth's active participation in legislation formulation and policies affecting youth at all levels; mainstreaming gender equity in all youth programmes; providing guidelines for monitoring and evaluation (M&E) and ensuring youth are included as active participants; and providing for the establishment of a multi-sectoral, multi-disciplinary institutional framework for the co-ordination and implementation of youth programmes (Government of Malawi, 2013a).

The NYP undertakes a multi-dimensional approach to youth vulnerabilities. It proposes to address multiple, increasing vulnerabilities among youth, such as unemployment; early marriage and teenage pregnancy; HIV/AIDS and sexually transmitted infections (STIs); smoking, drug and alcohol abuse; inadequate technical and vocational training; and high

adolescent fertility levels. The vision is “to contribute towards youth empowerment and development through the promotion and coordination of activities of youth organisations” (Government of Malawi, 2013a). The policy provides broad guidelines for the development of programmes and services that facilitate meaningful youth participation and involvement in overall national development efforts. The policy is to be reviewed every five years or sooner, depending on the magnitude of emerging issues requiring new policy direction.

### 2.3. Sectoral youth policies

This section outlines sectoral policies and programmes targeting or concerning youth. Key actors include the MoLYSMD, the NYCOM, the Ministry of Education, Science and Technology (MoEST), the Ministry of Health (MoH), the Ministry of Gender, Child Development and Social Welfare (MoGCDSW), the Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA), the Ministry of Agriculture and Food Security (MoAFS), the Ministry of Industry and Trade (MoIT), and development partners (Table 2.1).

A wide range of policies in the sectors of education, employment, health and civic participation directly affect the youth. Education programmes focus primarily on improving access and retention of students in school and prevent dropouts, however there are many second chance programmes for out-of-school youth. Second chance programmes are mainly on vocational training and re-insertion programmes with the aim to help employability. Employment programmes are geared towards technical, entrepreneurial and vocational education and training (TEVET). Linkages with the private sector to promote on-the-job training are less prominent. Agriculture skills training for youth are also less apparent. On health, sexual and reproductive health is well covered by several policy frameworks and programmes, particularly the Health Sector Strategic Plan II (2017-2022) sets clear targets on increasing modern contraception use by married and unmarried couples. Civic participation and youth rights are detailed in the National Youth Policy adopted in 2013. The government promotes the establishment of youth structures such as clubs, organisations, networks and youth centres. It is unclear if any of these programmes have been evaluated for their impact.

Table 2.1. Youth-relevant sectoral policies and programmes in Malawi

Sector	Policy/programme	Key youth issues addressed	Target age group	Responsible ministry/agency
Education	<b>General education</b>			
	National Education Policy (2004)	<b>Access to secondary and tertiary education:</b> To promote greater social equity between various groups in society, enhance education quality at all levels and make education relevant to the needs of individuals and society at large.	10-24	MoEST
	National Education Sector Plan (NESP) (2008-2017) and Education Sector Implementation Plan II	<b>Access, equity, quality, relevance, governance and management of education:</b> To improve early childhood development and formal and non-formal education. Targeted to both in- and out-of-school youth. Training and education to be aligned with labour market demands.	10-24	MoEST
	School Feeding Programme (1994)	<b>Dropout prevention:</b> To reduce dropout rates (particularly among Standard 5-8 students), promote regular attendance, improve student capacity to concentrate and learn through food provision, increase enrolment (particularly among girls), and reduce absenteeism for at least 18 school days per month.	Standard 5-8 students	MoEST
	National Girls Education Strategy (2014)	<b>Education for girls:</b> To enhance female attendance, completion and pass rates and improve overall policy environment for girls (including measures related to girls' safety to, from and in schools, and HIV/AIDS).	10-24	MoEST
	National Policy on Special Needs Education (2007)	<b>Special needs students:</b> To provide appropriate quality education or vocational training to all special needs students. To ensure equitable access, appropriate facilities by all education institutions and provide supportive learning environments. To increase the provision of Special Needs Education (SNE) services by all education stakeholders and improve co-ordination and networking among SNE stakeholders. To provide standards and ethical practices in the provision of SNE services.	Special needs students	MoGCDSW; Montfort Special Needs College
	<b>Second chance programmes</b>			
	Education Readmission Policy (2006)	<b>Dropout due to teenage pregnancy:</b> To encourage return to school of teenage mothers and fathers. Policy allows re-admission of teenage mothers after one year; fathers can withdraw for one academic year and re-apply for the next academic year.	Teenage parents	MoEST
	Functional Literacy (initiated in 1986)	<b>Functional literacy and numeracy skills:</b> To provide non-formal education opportunities to those unable to acquire these skills in formal education, including learning about nutrition, livelihood, parenting and family planning components, among others.	15-35	MoGCDSW, MoEST, MoLYSMD
Reformatory School Programme	<b>Juvenile delinquencies:</b> To re-educate juveniles in socially acceptable behavioural norms and prepare them for productive and independent lives after discharge. It also provides a focused programme and intensive training beneficial to juveniles, such as education and vocation training.	14-19	MoGCDSW, Mpemba and Chilwa reformatory homes	



Active labour market programmes				
Employment	National Employment and Labour Policy (NELP) (2011-2016)	<b>Decent job creation:</b> To create full, free, decent and productive employment, reduce unemployment and underemployment, and enhance labour productivity. It has 12 policy areas, including rural-urban migration, employment in the agricultural sector, gender and employment, youth employment, HIV/AIDS, and micro, small and medium enterprises.	All	MoAFS
	Decent Work Country Programme (2011-2016)	<b>Decent job creation:</b> To strengthen the economic and labour market policy framework for increased generation of gainful and decent employment by focusing on employment-rich sectors and promoting employment opportunities. It also aims to strengthen the capacity of occupational safety and health services and build government and social partner capacity to improve service delivery.	All	MoLYSMD
	Technical, Entrepreneurial and Vocational Education and Training Strategic Plan (2013-2018)	<b>Technical, entrepreneurial and vocational education and training (TEVET):</b> To provide quality TEVET to Malawian workforce in a socially responsible manner via five strategic pillars: i) access and equity (enhance and promote good governance); ii) quality and relevance (effectively regulate the TEVET market); iii) governance and management (enhance and promote good governance); iv) funding and financing (maintain adequate funding and financing mechanisms); and v) cross-cutting issues, including emerging issues affecting the functionality of TEVET activities in other pillars.	All	TEVETA
	TEVET Policy (2013)	<b>TEVET:</b> To better respond to labour market demands by providing quality TEVET for both wage employment and self-employment. To establish sound and sustainable mechanisms for TEVET through public-private partnership.	16-30	TEVETA, MoGCDSW
	National TEVET Policy (2010)	<b>TEVET regulation:</b> To regulate and co-ordinate all of TEVET and facilitate and promote TEVET.	All	TEVETA
	Formal Apprenticeship Programme (1999)	<b>Apprenticeship:</b> To train qualified and competent artisans and technicians for existing and prospective industries, thereby creating both wage employment and self-employment.	All	TEVETA
	Vocational and livelihood skills training	<b>Livelihood skills:</b> To teach practical skills and raise awareness of higher paying job opportunities. To provide information about better job opportunities and connect to potential employers.	19-35	TEVETA, MoLYSMD
	Vocational and livelihood skills training	<b>Livelihood skills:</b> To equip young people with knowledge and skills that can open-up employment opportunities or enhance competency for self-employment.	15+	TEVETA, MoLYSMD, MoGCDSW
	Internship programmes	<b>Internship:</b> To provide young people with on-the-job experience and opportunities to secure decent jobs and earn a decent living.	15+	MoLYSMD, NYCOM, MGCDWSW
	Entrepreneurship			
	Micro, Small and Medium Enterprises (MSME) Policy Strategy (2012-2017)	<b>Entrepreneurship development:</b> To improve MSME competitiveness and enhance the operations of individual MSMEs, assist priority industries, and improve the MSME operational and regulatory environment. The strategy calls for microfinance institutions and other service providers to develop innovative financial instruments that target and benefit women and youth specifically, and to find alternatives to prevailing collateral requirements. The policy also calls for the creation of a Financial Innovation Fund that would incentivise commercial banks to come up with innovative solutions for the provision of loans to the MSME sector, in particular to businesses owned by youth and women.	Young women and youth in rural areas	MoITT

Targeted policies for vulnerable groups					
	National Agricultural Policy (NAP) (2011-2016)	<b>Food security, poverty reduction of smallholder farmers:</b> To recognise the importance of smallholder farmers and youth, who comprise the majority of the rural and agricultural workforce in Malawi. Policy actions related to employment and income generation include developing programmes that reduce dependency on rain-fed agriculture, promoting production of high-value crops among smallholder and estate farmers, providing support to vulnerable households with production-enhancing technologies, strengthening farmer organisations, and integrating smallholder farmers into domestic and international markets.	Smallholder farmers and youth	MoAFS	
	Loan scheme programmes	<b>Loans:</b> To give access to credit and training to SMEs with no age specifications. Eligibility is defined by the Community Development Department.	Dropouts and teen mothers	MoGCDSW, Development partners	
Health services and preventive measures					
Health	Health Sector Strategic Plan II (HSSP) (2017-2022)	<b>Universal Health Coverage (UHC):</b> To improve the health status and increases client satisfaction and financial risk protection towards attaining UHC and the 2030 Sustainable Development Goals agenda. The plan aims to contribute to achieving the long-term goals outlined in the Malawi Vision 2020 for a healthy and productive population that contributes to socio-economic growth and development, and to provide quality, equitable and affordable preventive and curative care in the spirit of UHC.	All	MoH	
	National Youth Friendly Health Services (YFHS) Strategy (2015-2020)	<b>Youth friendly health services:</b> to make health services more relevant, attractive, acceptable, accessible and affordable to young people. The strategies includes i) advocacy; ii) capacity building; iii) outreach and alternative spaces; iv) comprehensive sexuality education; v) youth participation; vi) social and behavioural change communications; vii) public-private partnerships; viii) use of emerging/appropriate health technologies; and ix) M&E.	10-35	MoH	
	National Nutrition Policy (2016-2020)	<b>Nutrition:</b> To re-direct the national focus on nutrition programming and re-align national nutrition priorities to the overall national development agenda. Policy areas include the prevention of undernutrition; gender equality, protection, participation and empowerment; treatment and control of acute malnutrition; prevention and management of overnutrition and nutrition-related non-communicable diseases; social mobilisation and behavioural change communications; nutrition during emergencies; creating an enabling environment for nutrition; and nutrition research and surveillance.	All	Department of Nutrition, HIV and AIDS	
	Community Nutrition Programme	<b>Nutrition and sanitation:</b> To promote better nutrition and sanitation through training on household management and food shortage coping tools.	All	MoGCDSW, MoAFS	
	Sexual and reproductive health				
	National Health Policy (2012) and Health Sector Strategic Plan II (HSSP) (2017-2022)	<b>Policy framework:</b> To emphasise the importance to improve young people's health, especially SRH and maternal health. HSSP II provides specific targets to increase contraception use by married and unmarried couples.	10-35	MoH	
	Sexual and Reproductive Health Policy (2016)	<b>Policy framework:</b> To provide accessible, acceptable, affordable and comprehensive SRH services to all women, men and young people to enable them to attain their reproductive rights and goals safely and through informed choice.	10-35	MoH and UNFPA	
National HIV and AIDS Policy (2003)	<b>HIV/AIDS:</b> To prevent and treat the disease and address the needs of adolescent and young people and ensures access to youth-friendly SRH. It also aims to strengthen and enforce existing legislation to protect young people against all forms of abuse and exploitation.	10-35	MoH		

	More Educated Girls – Reducing Teenage Pregnancies in Malawi (2014-2015)	<b>SRH education:</b> To provide SRH education for young people in school.	15-24, especially girls	MoH, Save the Children, FAWEMA
	The Safe Guard Young People Programme (2014)	<b>SRH awareness:</b> To increase knowledge and skills about SRH and encourage young people to practice protective sexual behaviours. To increase access to integrated SRH and HIV/AIDS care services. The programme also seeks to increase youth leadership capacity and participation in programme planning, implementation and evaluation, and to strengthen the co-ordination, documentation and dissemination of strategic information.	150 000 young people per year	MoLYSMD, UNFPA
	<i>Condomize!</i> Campaign (2013)	<b>SRH awareness:</b> To promote proper and consistent use of male and female condoms and prevent unplanned pregnancies, HIV/AIDS and STIs. The campaign systematically targets college students.	19-35	MoLYSMD, NYCOM, UNFPA
	Youth Productive Health Programmes	<b>SRH services:</b> To provide SRH services while assisting capacity building and support for youth. The programme is initiated with registered youth organisations and follows the SHR and YFHS strategies.	10-35	NYCOM, youth organisations
Civic participation	National Youth Policy (2013)	<b>Youth participation in social, economic and political life:</b> To promote the establishment of youth structures (clubs, organisations, networks, centres and youth parliaments to facilitate meaningful participation). To build capacity by providing technical and material support to youth and ensuring the functionality and sustainability of youth structures. Other priorities include a comprehensive, needs-based minimum standard package for youth structures, development of youth participation guidelines, award scheme for recognising outstanding contributions to national development, higher youth representation in decision making bodies at all levels, strengthened platform, and technical and financial support.	10-35	MoLYSMD
	Youth Participation and Leadership Programme	<b>Leadership skills:</b> To build youth's capacity in managing their organisations (youth clubs, organisations, networks) and take up leadership roles in development structures (e.g. LDC, ADC). The programme also promotes gender equality and provides leadership skills training.	10-35	MoLYSMD, NYCOM
	Youth Economic Empowerment	<b>Entrepreneurship skills:</b> To equip youth with entrepreneurial and vocational skills and to become active, effective participants in driving the economy.	10-35	MoLYSMD
	Policy Direction, Capacity Building, Monitoring and Evaluation	<b>Youth work as a specialisation:</b> To provide youth with diploma level in "youth in development work".	10-35	MoLYSMD, Lilongwe University of Agriculture & Natural Resources
	National Youth Service Programme (since 2016)	<b>Youth as productive citizens</b> To curb youth unemployment by promoting three pillars: Patriotism, Integrity and Hard work. National Youth Service (NYS) will create a generation of productive youth by improving their information, communication and technology (ICT) and agriculture skills. NYS promotes good citizenship and empowers youth to contribute positively to the national agenda. The new community colleges programme is one of the key features of NYS.	10-35	MoLYSMD

Source: Based on interviews with key informants in relevant ministries, 2016.

## 2.4. Youth institutional landscape

Youth institutions play a key role in the youth development agenda. Given that youth issues cut across sectors, it is important to understand the organisation of policy co-ordination and its resulting challenges. Developing and empowering young people can be accelerated meaningfully if all key stakeholders contribute specific roles and responsibilities. An in-depth analysis of these institutions is required to understand how policies and programmes are co-ordinated and translate into outcomes. This section highlights the main challenges the key youth institutions face in facilitating smooth implementation of youth policies.

### 2.4.1. Policy co-ordination

In Malawi, the institutional arrangement for the youth sector follows the prescribed government structure. A ministry is the central policy holder and districts as implementers of policy through established local governance. Malawi's institutional structures function through horizontal and vertical co-operation. Horizontal co-operation refers to the interaction among actors at a given level of authority; vertical co-operation refers to higher level bodies and units exerting authority over lower ones (Erik and Michelet, 2014).

At the national level, ministries are responsible for designing policies (Figure 2.1). Each ministry leads the relevant partners within their sector and liaises with other line ministries (horizontal co-operation). The leading line ministry is the fiscal custodian. While donors and development partners may work directly with stakeholders at the district level, the lead ministry will always be informed of the partnerships and have an oversight role. Channels for stakeholder engagement include technical working groups (TWGs) and sector working groups (SWGs). In addition, donors and development partners provide technical and financial support for programme development. The government is responsible for co-ordinating all partners.

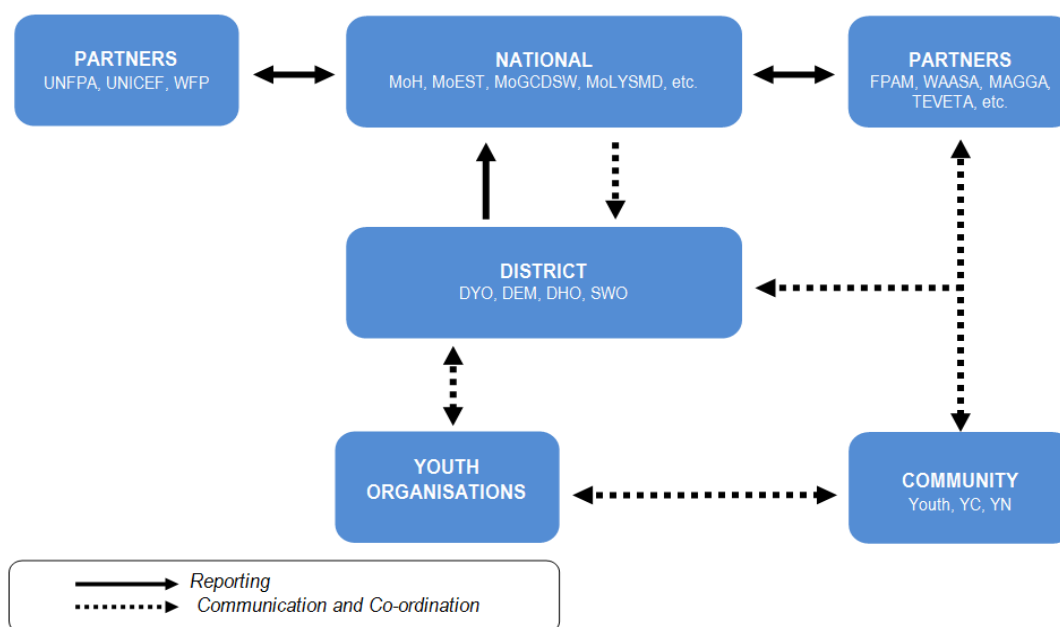
At the district level, respective officers oversee implementation, co-ordination and supervision of programmes. They are responsible for planning, M&E and fiscal administration. District management teams provide oversight and report to the national level (vertical co-operation). They are responsible for co-ordinating partners on the ground and monitoring projects for quality and adherence to guidelines. Development partners assist district teams and partners with planning, implementation, supervision, advocacy, M&E and technical and financial support.

At the community level, youth organisations assist with planning, implementation, monitoring and advocacy. Youth clubs also help with programme implementation. A key platform for the youth voice is the Area Development Committee (ADC), responsible for registering community views on development issues and advocating for their incorporation into district implementation and/or district development plans.

SWGs provide the means for negotiation, policy dialogue and agreement on plans and undertakings between the government and a broad range of stakeholders (Government of Malawi, 2013b). Their overall objective is to increase the effectiveness and efficiency of co-ordination among all stakeholders to attain national development objectives (Government of Malawi, 2013c). Through TWGs, SWGs provide an opportunity for policy harmonisation across the sectors. SWGs are chaired by principle secretaries and meet on a bi-annual basis. TWGs are chaired by directors and provide technical support, guidance and back up in the implementation, monitoring and reporting of their functional

areas. The functions of the Youth TWG are to provide a platform for stakeholders in the subsector to share information on projects/programs and emerging issues as well as leverage resources (Government of Malawi, 2013c).

**Figure 2.1. Government of Malawi co-ordination mechanisms**



*Notes:* DEM: District Education Manager; DHO: District Health Officer; DYO: District Youth Officer; FPAM: Family Planning Association of Malawi; MAGGA: Malawi Girl Guides Association; SWO: Social Welfare Officer; UNICEF: UN Children's Fund; UNFPA: UN Population Fund; WAASA: Women in Agribusiness in Sub-Saharan Africa Alliance; WFP: World Food Programme; YC: Youth Centre; YN: Youth Networks.

*Source:* Own elaboration based on interviews.

#### **2.4.2. Challenges in the policy co-ordination process**

While the government works to ensure stakeholder involvement in policy design, inclusion challenges remain. For any national policy, consultations are made at national, regional, district and community levels. However, how much the views expressed are taken into consideration is not clear. Another problematic area is dissemination of the policy. Most policies are disseminated at the national level and, in most cases, only to stakeholders involved in the particular sector. Very few institutions outside the sector are included, which in itself limits multi-sectoral engagement. At the district level, few service providers are included in the dissemination and beneficiaries are almost absent.

Government ownership also needs to go beyond just hosting the policies. In most cases, the government is informed of programmes by development partners at the national and district levels, but partners seldom report to the government, either regarding progress or through the recommended government channels. This has placed many programmes at a disadvantage when it comes to sustainability because the government is unable to fully appreciate the methodology or theories applied to ensure they continue. Development partners need to i) involve the government at the start of programme design; ii) involve the government in implementation and monitoring; and iii) most importantly, report through the standard M&E mechanisms. These measures will support programme

sustainability and allow for readily available documentation and data. At present, very little data on youth programmes are available, except within implementing organisations. This further inhibits evidence-based programming, especially as most organisations are unwilling to share results until mid-year reviews or at the end of projects.

In practice, very few policies/programmes are evaluated at the end of their terms. Most often, policy revision occurs without robust evaluation of the previous policies, even though most policies and programmes have M&E frameworks as a part of the implementation plan. TWGs do not assess the progress of these policies. Monitoring results partner programmes are different from those the government tracks, often leaving Malawi lagging behind in national and, in some cases, global indicators, as partner programmes are outside the government regime.

There are additional challenges during the policy co-ordination process, particularly in the reporting, co-ordination and communication structures. The most frequently mentioned is bureaucracy. The hierarchical nature of decision making is one of the reasons final adoption of policies is slow. Untimely and lacking communication channels are another major challenge, especially in rural areas, where there is a shortage of basic communication tools. Furthermore, there are observed capacity gaps, i.e. a lack of officers with advanced skills and knowledge in standard reporting, particularly at the district level. The limited number of qualified and skilled human resources forces some officers to undertake multiple roles, such as managing several projects at the same time, which can affect programme implementation and quality. Limited district-level co-operation, especially in terms of producing and sharing reports, is another important challenge, giving rise to duplication of approaches. Last, mobilising and managing resources is a major challenge, along with the related issue of multiple funding. Sudden inflows of funds to particular departments can strain the available staff expected to implement the projects.

### ***2.4.3. Ministry of Labour, Sports, Youth and Manpower Development***

The MoLYSMD is the principle ministry for youth, with nationwide representation. It is therefore well positioned to champion the development, co-ordination and implementation of youth interventions. The Ministry of Sports and Youth and the Ministry of Labour and Manpower Development merged in 2016 to form the MoLYSMD. The MoLYSMD has since been tasked to provide leadership and oversight in youth development, as well as carry out the job creation agenda and investment in vocational and technical colleges.

An organisational analysis of the MoLYSMD reveals its strength, weaknesses, opportunities and threats (SWOT analysis) (Table 2.2). While the MoLYSMD has existing structures with wide representation to implement policies and programmes targeting youth, it struggles with weak leadership. This owes largely to limited skills of staff, which leads to a lack of strategic focus in long-term goals. The MoLYSMD is also challenged in mobilising financial resources, and consequently, has inadequate equipment and infrastructure. There is a general need to improve leadership and management styles, and strengthen capacity and accountability. Unclear reporting and communication channels or procedures have not only affected policy co-ordination but contributed to the duplication of efforts. It is crucial that the MoLYSMD, as the ministry chiefly responsible for youth, consider opportunities and take advantage of existing structures and development partner support to enhance co-ordination and clear communication channels among stakeholders.

Table 2.2. SWOT analysis of Malawi's MoLSYMD

	Strengths	Weaknesses	Opportunities	Threats
<i>Policies and programmes</i>	<ul style="list-style-type: none"> <li>• Availability of policy documents (NYP, development strategies and plans, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of well-functioning research unit within ministry</li> <li>• Delayed quarterly reporting on existing policies and programmes, which is insufficient for monitoring purposes</li> <li>• Inadequate M&amp;E capacity for quality data management</li> </ul>	<ul style="list-style-type: none"> <li>• Linkages with other sectoral policies to leverage resources and partnerships</li> <li>• Good support from development partners</li> <li>• Political will for investment in youth</li> </ul>	<ul style="list-style-type: none"> <li>• Limited government commitment to resource allocation</li> <li>• Prioritisation of funding to job creation rather than youth development programmes</li> </ul>
<i>Human resources</i>	<ul style="list-style-type: none"> <li>• Availability of core staff; district youth officers (DYO) available in all but four districts (Mwanza, Mzuzu, Nchisi, Zomba Urban)</li> </ul>	<ul style="list-style-type: none"> <li>• Absence of community-level staff (all work is handled by one district officer)</li> <li>• Limited skills set hampering identification of partnerships, especially at the lower levels</li> <li>• Low education and few upgrading opportunities for DYO compared to other sectors</li> <li>• Low grade of DYO compared to other district officers gives them low salaries resulting in low staff morale.</li> </ul>	<ul style="list-style-type: none"> <li>• High community-level support for ministry programmes</li> <li>• Good support from partners</li> </ul>	<ul style="list-style-type: none"> <li>• Differences in grade level across districts (DYO are at a lower grade than other district officers across sectors, making it difficult for DYO to push for issues within the decentralised framework, which stalls implementation.</li> </ul>
<i>Leadership and governance</i>	<ul style="list-style-type: none"> <li>• Ministry structures with offices at all levels (national, district)</li> </ul>	<ul style="list-style-type: none"> <li>• Staff rotation affects leadership, which produces inconsistent and ineffective implementation</li> <li>• Limited skill sets in leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Good support from partners</li> <li>• Availability of ministry structures at all levels (SWG, TWG, sub-committees, village committees, NYCOM)</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of strategic focus for long-term programmes</li> <li>• Low grade of district staff, affecting enforcement of accountability</li> </ul>
<i>Financing</i>	<ul style="list-style-type: none"> <li>• Ability to form new partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Low and inconsistent funding, which impinges on ministry plans</li> </ul>	<ul style="list-style-type: none"> <li>• Good support of partners</li> </ul>	<ul style="list-style-type: none"> <li>• Insufficient resource allocation from the government and partners</li> <li>• Inadequate financial and administrative systems</li> </ul>

Co-ordination	<ul style="list-style-type: none"> <li>Strong ministry representation at the national and district level through Youth TWGs</li> </ul>	<ul style="list-style-type: none"> <li>Weak co-ordination within the ministry</li> <li>Inactive and non-functional co-ordination structures</li> <li>Bureaucratic nature of government institutions</li> <li>Unclear reporting and communication channels</li> <li>Community co-ordination structures voluntary and at times very unreliable; problems of sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Consultations, which provide an opportunity for co-ordination; existence of SWGs and TWGs, which provide means for sectoral dialogue and co-ordination</li> </ul>	<ul style="list-style-type: none"> <li>Political influence</li> <li>Inadequate co-ordination among partners</li> </ul>
Information	<ul style="list-style-type: none"> <li>Strong ministry representation at all levels (national, district, community)</li> </ul>	<ul style="list-style-type: none"> <li>Weak information sharing</li> <li>Limited knowledge and skills in writing reports, particularly at the district level</li> <li>Unclear communication channels (e.g. at the district level, establishing the hierarchy and gaining access to the higher offices is tricky, owing to the low grades. Some reporting lines remain unclear after the merger of the ministries</li> <li>Poor record keeping at almost all levels; absence of an information management system could be an issue</li> </ul>	<ul style="list-style-type: none"> <li>The Internet constitutes the prime source of information for all aspects of life</li> <li>Availability of other data sources (e.g. EMIS health management information system, NSO).</li> </ul>	<ul style="list-style-type: none"> <li>Multi-sectoral nature of youth issues may limit access to some information</li> <li>Lack of infrastructure and equipment (computers, Internet access, particularly in rural areas)</li> </ul>

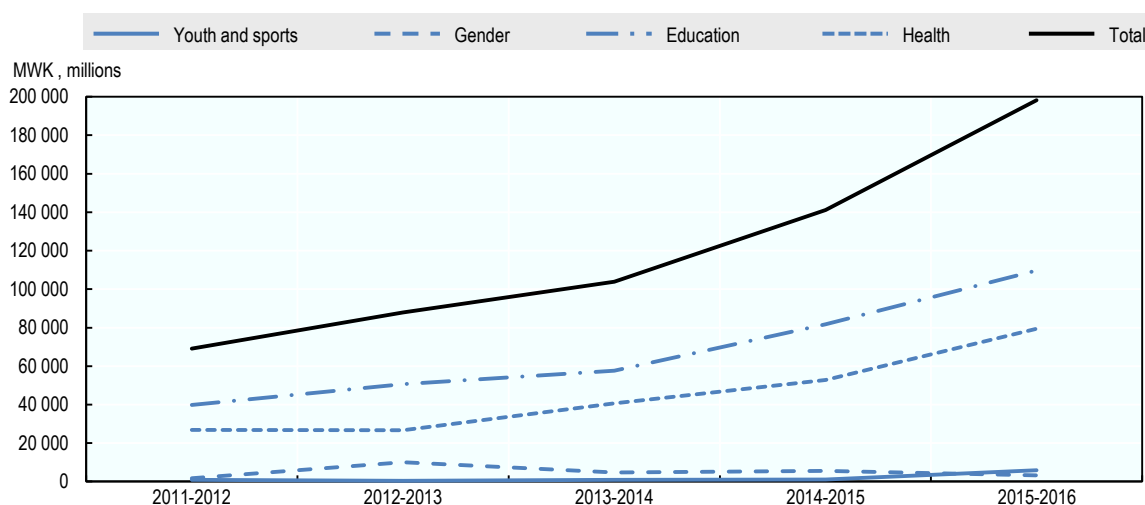
*Source:* Author's own elaboration based on interviews.

Although the MoLYSMD has core staff members, the numbers of technical staff to leverage partnerships, networking and evidence-based programming is inadequate. This affects day-to-day operations, most crucially in carrying out the ministry's co-ordination role. In addition, low education-upgrading opportunities, inadequate capacity building, low staff motivation and unclear career progression need to be addressed. A critical component is limited skill sets, especially in areas of leadership, networking, partnership, policy analysis, project management and M&E. District staff need central staff to assist in planning and negotiation, which delays operation, as central staff is not always on hand to resolve issues in a timely manner.



The MoLYSMD receives inadequate funding from the government. While overall funding for youth increased between 2011 and 2016 (Figure 2.2), it is significantly less than what other sectors (e.g. health, education and gender) receive. Furthermore, the government also tends to provide less funds than what the MoLYSMD is budgeted to receive. This hampers programme implementation and usually shifts spending priorities to operational costs and salaries. As a result, some important projects must be shelved for lack of funds. The untimely and inconsistent distribution of government and partner funds affect the MoLYSMD's plans. A well-articulated strategy to mobilise resources is therefore needed.

**Figure 2.2. Approved annual funding allocation for selected Malawi ministries**



Source: Mapemba (2017) based on UNFPA data.

Timely information is important in advancing the MoLYSMD's work. However, the MoLYSMD does not always have internal or partner information and data, or the information at hand cannot easily be analysed or applied. Objectively, record keeping at almost all levels is poor, and feedback on reports produced is inadequate. That is, there is inadequate M&E capacity for real-time quality data management.

The MoLYSMD works with multiple stakeholders, necessitating efficient co-ordination. Duplication of efforts is still evident, while unclear reporting and communication channels and procedures further aggravate fluidity. Bureaucracy and political influence also greatly affect MoLYSMD operations. To some extent, there is also limited co-ordination among partners and stakeholders. Clarity of roles and responsibilities, and mechanisms for systematic exchange of information, are crucial and based on proper co-ordination. The MoLYSMD needs to identify ways to ensure partners are collaborating to maximise results, capitalising on gains already made.

#### **2.4.4. National Youth Council of Malawi**

The NYCOM operates in collaboration with the MoLYSMD and has a stronger connection to the communities it oversees. The council can be seen as central to achieving youth participation, as it focuses on youth empowerment and development through the promotion and co-ordination of youth organisation activities. Major

programme areas include youth participation and economic empowerment; youth reproductive health; and research, evaluation and documentation.

There are approximately 200 registered and 6 000 unregistered youth led-organisations in Malawi. The NYCOM, however, is short-staffed and has high staff turnover, hindering gains made with the organisations. Moreover, these organisations rely on funds from successful proposals; when unsuccessful, many of them fail to become sustainable. One such scenario is the limited funding now coming through global funds to field offices. Much of the financing of HIV/AIDS activities, for example, has been entrusted to World Vision and ActionAid, resulting in many grassroots youth non-governmental organisations (NGOs) not receiving funding. This often sees the closure of these important community-based organisations (CBOs), which reach rural youth.

#### ***2.4.5. Youth Parliament of Malawi***

The Youth Parliament of Malawi was established in 2011 as the successor to the Child Parliament (2002). The main objective is to ensure young people participate in Malawi's development processes by providing a platform where they can discuss, debate and pass decisions on important issues affecting them. The youth parliament was institutionalised under the umbrella of the National Assembly, in line with the Commonwealth Parliamentary Association's action plan and the Malawi Parliament's strategic plan of 2010-15 (Kubwalo, 2012). This serves to ensure that resolutions follow proper legal processes and are implemented by the main parliament.

Young people from Malawi's 193 constituencies are selected through a competitive process. The first child parliament in 2002 received over 1 900 applications. The selection of young Members of Parliament (MPs) involves debate competitions in schools. Those short-listed then participate in school zone competition. Winners are publicised and ultimately elected by secret ballot in a democratic vote among children and young people aged 10-24. The District Child Assembly Committee ensures a free and fair election. Furthermore, 10% of seats are reserved for young persons with disabilities to ensure inclusion of all youth (MoGCDSW, 2010). The youth parliament mimics parliament in its proceedings, procedures and number of members. Outcomes of debates are included in reports of the Parliamentary Committee on Social Services for debate on the floor of the House.

#### ***2.4.6. Gaps in coherence of policies on youth***

Overall, efforts have been made by the responsible ministries and agencies to include youth in existing policies or develop specific policies for youth. This indicates a policy environment favourable to youth programming. While the NYP (2013) clearly provides space for youth in each ministry, it identifies numerous institutions responsible for broad objectives without specifying the precise role of each institution. Policies related to youth are presented in the NYP more as a cross-cutting piece for all sectors. Consequently, there is no document providing exhaustive information and directions to the main institutions in charge of youth policies. This may also contribute to a decentralised implementation of youth programmes, by various stakeholders including NGOs and development partners, which itself hampers national reach and adequate M&E. In a country where 70% of the general population are under 30, the institutions in charge of coordinating youth policies (i.e. the MoLSMYD and NYCOM) should be able to precisely track and provide orientation on youth policies across ministries, and benefit from the required resources and access to information to do so.

Youth segmentation remains another area of contention. Notwithstanding the contribution to youth development and empowerment of the policies and programmes presented in Section 1.3.1, the heterogeneity of young people makes policy gaps inevitable. The major challenge is variation in ages as the age groups for programmes differ across sectors. While the NYP has a broad categorisation of youth, each sector has its own according to its mandate (Table 2.3). These demarcations are driven by the differences in needs of young people according to their age, and even sometimes preferred by young people themselves for better targeting. Yet, an important risk is to exclude key youth groups from participating.

**Table 2.3. Categorisation of Malawian youth across sectors**

Ministry/institution	Youth categories	Policy source
MoLYSMD NYCOM MoGCDSW	<ul style="list-style-type: none"> <li>• Poor</li> <li>• Urban and ruran</li> <li>• Street</li> <li>• Out-of-school</li> <li>• With disabilities</li> <li>• Semi-literate and illiterate</li> <li>• Deviant</li> <li>• Young women</li> <li>• Unemployed</li> <li>• Orphaned</li> </ul>	The Malawi National Youth Development Plan of Action (1995)
MoH	<ul style="list-style-type: none"> <li>• Early adolescence (10-14)</li> <li>• Middle adolescence (15-17)</li> <li>• Late adolescence (18-21)</li> <li>• Early adulthood (22-24)</li> </ul>	Life cycle approach, WHO 2002, UN 1998
MoEST	<p>Classification according to Malawi's education structure, which follows an eight-four-four year system for the duration of primary, secondary and tertiary education, respectively.</p> <ul style="list-style-type: none"> <li>• Primary students (Standard 1-Standard 8): early childhood development; out-of-school youth; complementary basic education and adult literacy as non-formal education and primary education</li> <li>• Secondary students (Form1-Form4): formal and open and distance education</li> <li>• Secondary Teacher Training College</li> <li>• TEVET students: formal education, village polytechnics and distance learning</li> <li>• Higher education students: private, public and open universities</li> </ul>	IHS II (2010-2011)  NESP (2008-2017)

*Source:* Based on authors' own elaboration.

Some youth may find themselves disadvantaged and unable to access services due to gaps in classification. For example, an out-of-school youth aged 16 can access health centre services because the policy specifically allows it; in another sector, she may be barred access because of the minimum age requirement of 18. Lack of alignment across sectors can restrict youth access to important services and undermine full participation in development programmes. Related is the problem of age verification among youth without identification. Youth of appropriate age but appearing young may be denied certain opportunities. This is particularly significant in rural areas, where increased vigilance about birth registration by health sectors has not made much progress.

For youth programmes to thrive in Malawi, they require a whole-of-government approach involving all sectors and overseen by a central ministry. This fragmented approach provides little room for a coherent and programme approach where all concerned ministries can be co-ordinated and funded by the government accountably and thereby effectively reach more youth. Policies should be harmonised to ensure that all youth receive the same support, resources and opportunities throughout their development.

## 2.5. Youth participation in policy processes

Youth participation is the active, informed and voluntary involvement of young people in decision making and local and global community life (Drury, 2010). It therefore implies reaching out to youth, even when they are not forthcoming. Inevitably, youth participation provides a source of information and an opportunity to incorporate first-hand youth experiences in policies and programmes to improve their effectiveness and relevance. The NYP recognises various stakeholders (e.g. the government, private sector, NGOs, faith-based organisations, development partners) play crucial roles in fostering youth participation through programmes and strategies. This section provides a general overview of the roles and functions of key stakeholders, how young people are engaged, the importance of youth participation, and barriers to youth participation in Malawi, with a particular focus on the NYCOM.

### 2.5.1. Roles and functions of key stakeholders in youth participation

As seen, the MoYLMD encompasses the lead government agencies in youth-related matters. In terms of youth participation, their main role is to promote the active participation of youth in personal, community and national development. The MoYLMD is the main policy holder of the NYP of Malawi and is mandated to provide direction to all relevant government and other stakeholders; develop and provide guidelines for youth development and participation; guide and monitor youth-related policy implementation and evaluation; build the capacity of youth workers; promote youth participation platforms; ensure the NYCOM operates according to the guidelines of the National Youth Council Act; be the central repository of all youth-related information in the country; and formulate and review the policy.

The NYCOM is the statutory institution in the youth sector whose main function is to contribute to youth empowerment and development through the promotion and co-ordination of youth organisation activities. It is therefore mandated to facilitate registration and register all youth organisations; develop and regulate implementation guidelines for their activities; advise the MoLYSMD on matters relating to youth participation and development; facilitate organisations' capacity development in both rural and urban areas; monitor and evaluate programmes; and advocate for youth participation and representation in all structures of leadership, governance and management. The NYCOM engages youth in all programmes it implements.

The private sector plays a vital role in national youth development. Primarily, it provides opportunities for decent employment in both urban and rural areas; initiates credit schemes; offers training, internship, mentorship and apprenticeship opportunities; promotes entrepreneurship and vocational development; and provides resource support and infrastructure for youth and sports development programmes.

NGOs and CBOs facilitate youth participation mainly in their implementation of youth policies. In particular, these organisations offer young people the opportunity to conduct

advocacy activities; integrate youth concerns in programming; initiate youth credit schemes; provide training, internship and apprenticeship opportunities; mobilise funding; and provide resource support and infrastructure for MoLYSMD programmes. For example, the NGO Malawi Human Rights Youth Network was founded to support youth and children. With support from the United Nations Democracy Fund, it implemented a two-year Youth Empowerment for Participation in Local Governance in Malawi (2014-2016) project (Malawi Human Rights Youth Network and UNDEF, 2015) to empower youth to participate effectively in local governance in three target regions in Malawi. It sought to increase capacity among youth organisation members to participate meaningfully, increase public and local government awareness, and strengthen local governance structures through increased youth participation in decision making processes.

Other institutions, such as faith-based organisations, traditional authorities and socio-cultural groups, provide cultural contexts for youth development. Through guidance and support for successful transitions into adulthood, these institutions play an important role in youth's moral, social and economic development. Primary functions include providing moral and spiritual guidance and counselling; teaching youth to understand, appreciate and adopt beliefs, values and cultural heritage; promoting the sanctity of the family; providing skills training and services; supporting youth programmes and activities; and advocating for issues affecting youth.

Last, development partners and inter-governmental agencies promote youth participation in various ways. They advocate for youth development programmes; provide technical, financial and logistical support for MoLYSMD programme implementation; and mainstream youth issues in the ministry's planning, implementation and M&E initiatives.

### ***2.5.2. Youth engagement in policy processes***

The main ways youth can actively engage in the policy cycle are in designing their programming and writing funding proposals. Youth organisations have been instrumental in organising interface meetings with high-level decision makers on various topics that are of national priorities. With the support of the United Nations Population Fund, MoLYSMD efforts are underway to set up a national youth network. It will be housed at NYCOM, and the national structure will be replicated at the regional, district and community levels. The Africa Youth and Adolescents Network on Population and Development (AfriYAN) will contribute to strengthening co-ordination, promoting partnerships and reducing duplication among these networks. The main mission is to create an enabling environment for the promotion of effective adolescent and youth participation in the fight against HIV/AIDS, poverty, unemployment, gender-related inequalities and the promotion of SRH and general youth development.

At present, youth participate in TWGs as part of youth organisations or in the ADC attended by the community and CBOs. It is imperative that youth be engaged in policy and programme design at all levels to ensure best fit for young people. Thus, there is further need to recognise the importance of the level and form of participation at each step of the cycle. That young people are invited to participate in consultations and respond to surveys and evaluations is commendable but insufficient. To a great extent, such involvement is passive, and young people are often side-lined in the most crucial aspects of the policy cycle. Ultimately, the policies and programmes implemented do not reflect youth's aspirations or disregard their needs and therefore have little or no impact.

The financial sustainability of youth related activities remains a major constraint. Despite the impact of decentralisation on youth participation, and the active engagement of young people by youth networks, youth organisations and local youth clubs, a lot remains to be done for financial sustainability. Youth networks usually form to promote a particular issue, such as HIV/AIDS, climate change or governance, and are generally supported by development partners and other stakeholders, although led by youth. However, the sustainability of these networks is often challenged if funding for meetings and support for outcomes becomes unavailable. One gap is identifying follow-up action to ensure those receiving the contracts are held accountable. This has not been the case to date. It requires willingness to work with young people in a more creative and sustainable manner and being more open to youth involvement at all levels of the policy cycle.

Social media has also been successful in engaging youth participation. Social marketing institutions and tools have been used by Population Services International (PSI), Family Planning Association of Malawi (FPAM) and Banja La Mtsogolo for SRH issues. Among other programmes, PSI's Youth Alert! programme, FPAM's Youth Action Movement and youth listener clubs under Tilitonse with Department for International Development (DfID) funding have provided forums in which youth are fully engaged, in control and able to participate without bias. These youth-friendly approaches are models that can be emulated for youth participation programmes.

### ***2.5.3. Barriers to youth participation***

Despite the various government initiatives, several factors hinder progress in youth participation. This is predominant in the areas of quality of participation, levels of engagement and ongoing vs. one-off involvement. Adult attitudes are one major hindrance. Many adults prefer the top-down decision making as they feel that they know best and young people lack experience to provide opinions. Naturally, young people may feel unvalued and discouraged from contributing to development.

Young people's low literacy levels and limited knowledge of many issues of national importance are further barriers to participation. In general, Malawian youth are not interested in understanding national and local development issues, which limits the extent to which they can meaningfully contribute to the dialogue. Functional literacy and numeracy, but also political literacy and cultural literacy are necessary to have an informed and engaged life, but the latter especially seem very secondary to young people. Generally, young Malawians are uninterested in taking up public or volunteer responsibilities.

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## Chapter 3. Technical and vocational training for better youth employment in Malawi

Large flows of young people entering a labour market with scarce opportunities results in poor employment conditions for youth in Malawi. While insufficient jobs creation and structural transformation partly explain the situation, lack of cognitive and technical skills also reduce young Malawians' prospects. Technical, entrepreneurial and vocational education and training (TEVET) has the potential to provide young people with relevant skills that would facilitate their transition to employment and contribute to the higher productivity and diversification of the economy. Malawi has therefore included skills development as a priority in its strategic development plan, invested in training opportunities, and developed a governance framework, notably through the creation of the TEVET Authority (TEVETA).

Yet, the TEVET system faces important challenges in terms of governance, access, quality and relevance. The multiplicity of actors, fragile co-ordination and inadequate resources impair the coherence and attractiveness of TEVET. Access to formal TEVET is highly limited, while non-formal opportunities and apprenticeships are not well acknowledged. Moreover, inadequate equipment, curricula and teachers raise questions about the quality of training and the relevance of certain courses. However, TEVET graduates enjoy relatively good employment outcomes overall, indicating that the private sector recognises the value of the training. This confirms TEVET's strategic role in providing youth with useful competencies to find employment opportunities. Nevertheless, TEVET graduate employment outcomes depend on level of training, and young people with secondary vocational degrees still face difficulties in the labour market. An analysis of qualification mismatch and employers' perception of skills shortages evidence a lack of diversity in skills provision and underscore the importance of soft and managerial skills in a context of widespread self-employment. Skills demand in strategic sectors with high growth potential highlights the need for higher quality, more diverse TEVET.

### 3.1. TEVET opportunities in Malawi

Assessing the TEVET system's efficiency in responding to labour market needs requires examining the sufficiency of provision and access. After a brief overview of the institutional and executive framework of TEVET in Malawi, this section details the scope of TEVET opportunities available to young Malawians and discusses challenges in access and quality.

#### 3.1.1. Governance of TEVET

Education and skills provision are a policy priority in Malawi's strategic policy frameworks. The government recognises the key importance of education and skills development in its development strategy. Vision 2020 (National Economic Council,

1998) and the Malawi Growth Development Strategy (MGDS) II (MoEPD, 2011), which expired in June 2016, dedicate sections to the need to improve the quality of basic and technical and vocational education. Moreover, the newly developed MGDS III (2017-2022) identifies education and skills development as one of five key priority areas (Government of Malawi, 2017). Various additional plans and national policies highlight the importance of youth skills acquisition and employability. Malawi's National Education Sector Plan (2008-2017) – led by the Ministry of Education, Science and Technology (MoEST), in consultation with various stakeholders – sets out the government's main objectives and activities. It is complemented by the National Education Policy (MoEST, 2013), which highlights guiding policy principles. The TEVETA Strategic Plan (2013-2018) specifies the main challenges and strategic priorities for TEVET in particular (TEVETA, 2013). TEVET's importance for Malawi is also acknowledged in other sectoral or transversal policy documents, including the National Export Strategy (2013-2018) (MoIT, 2013), the National Youth Policy (2013) (MoYS, 2013), the National industrial policy (MoITT, 2016) and the National agriculture policy (MoAIWD, 2016).

Established with the 1999 TEVET Act, the TEVETA is an independent regulating body that oversees all TEVET providers. It promotes an integrated, demand-driven, competency-based, modular TEVET system; monitors gaps in skills supply and demand; supports adoption and application of appropriate technologies; promotes managerial and business skills and a culture of entrepreneurship in wage employment and self-employment; facilitates sound, sustainable funding mechanisms for technical education and training; and facilitates, co-ordinates and moderates the expertise and interests of TEVET stakeholders (TEVETA, 2013). In line with MGDS II and III, the TEVETA is responsible for mainstreaming TEVET across ministries and sectors, and ensuring the coherence and co-ordination of TEVET policies.

TEVET governance lacks clarity regarding the responsibilities of main actors. The creation of an independent authority was an important step towards sound transversal governance of TEVET across ministries and stakeholders. Yet, the responsibilities of the two main actors, the MoEST and the TEVETA, are not adequately specified and overlap. The TEVETA is officially in charge of monitoring and reviewing technical education and training policy, which coincides with the MoEST's role as the policy holder. Moreover, the TEVETA does not exert authority over the provision of TEVET, which falls to various ministries, including the MoEST, the Ministry of Labour, Youth, Sports and Manpower Development (MoLYSMD) and sectoral ministries, such as the Ministry of Industry, Trade and Tourism (MoITT) and the Ministry of Agriculture, Irrigation and Water Management (MoAIWM). This was further complicated by overlap in the training certification process, which is administered by different institutions depending on the qualification. However, a unified certification framework has been implemented in 2017, facilitating the overview of the system. Overall the capacity of the TEVETA to co-ordinate all TEVET-related activities remains relatively weak.

### ***3.1.2. Access to training opportunities***

Malawi has a wide array of training opportunities and support for skills development. The public sector mainly offers high-level post-secondary technical and vocational training opportunities. Private institutions and NGOs provide many vocational training and apprenticeships opportunities without certification. These are complemented by diverse informal or semi-informal training mechanisms, ranging from traditional apprenticeships with master craftsmen to community-based training centres and on-the-job-training.

Training opportunities cover different fields, vary in level and length, and differ in terms of “attachment” to a professional occupation (apprenticeship during training). Overall, TEVET in Malawi is very diverse in types but uncoordinated and not well documented, which hamper its development (UNESCO, 2010).

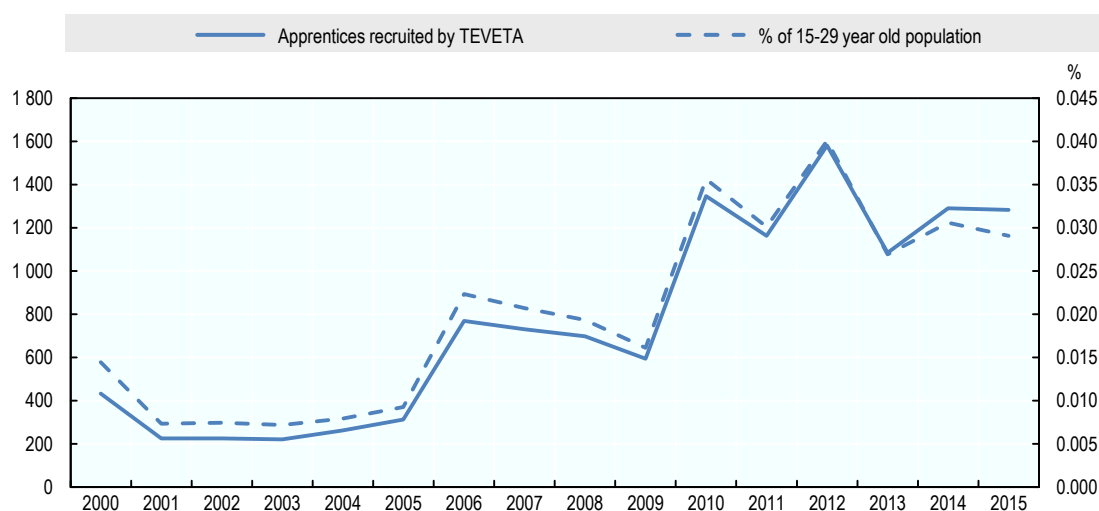
Public technical education concentrates on high-level training. Malawi’s education system follows an eight-four-four structure: eight years of primary education; two years each of junior and senior secondary (general or vocational); and four years of tertiary. The main formal public vocational training opportunity is the apprentice programme offered in technical colleges to students holding either a Junior Certificate of Education (JCE, from junior secondary) or the Malawi School Certificate of Education (MSCE, from senior secondary). Some technical colleges are private but benefit from large public subsidies. Technical college training typically consists in one year of college training followed by up to three years of training, ideally split between college and an apprenticeship. Other public opportunities include sector-specific training by ministries, or other public institutions at a similar level, and pre-occupational TEVET courses currently available in 13 secondary schools.

Private and informal institutions provide most TEVET opportunities for lower education levels. Although the scope of their activities is not well documented, non-governmental organisations (NGOs) and private institutions of different sizes offer a variety of courses and constitute by far the largest TEVET providers in Malawi (UNESCO, 2010). In addition, multiple informal or semi-formal training options are available. In particular, informal apprenticeships under local master craftsmen are one of the most common opportunities for young people with low educational attainment. This type of informal skills development is supported by the TEVETA through the vocational skills training project for the vulnerable and young people (VSTP-VYP). Moreover, the TEVETA recently established 17 and equipped 10 community skills development centres (CSDCs) in various districts. CSDCs are community-owned and run institutions providing skills relevant to the local context in an informal way. Other informal TEVET options supported by the TEVETA include on-the-job training and support for small enterprise skills development. The TEVETA also engages with the private sector by providing incentives to train the employees.

The ongoing harmonisation of TEVET certification will facilitate the navigability of the system’s three parallel certification mechanisms. Different certification processes were run by separate institutions without appropriate co-ordination. The MoLYSMD administered the National Trade Test (NTT) qualification, established in 1956 to allow for general recognition of skills gained on the job and facilitate portability of skills and experience across companies. Originally conceived to certify technical competencies acquired informally, it attracted students from technical colleges (TEVETA, 2009). The Malawi National Examination Board administered two levels of Malawi Craft Examination certification to students enrolled in the four-year technical colleges: the Malawi Craft Certificate after two years and the Malawi Advanced Craft Certificate after four. Last, since 2006, all TEVETA-accredited public and private technical colleges follow a Competence-Based Education and Training (CBET) approach, which grants a Malawi TEVET Qualification. The CBET mode of assessment is continuous and emphasises practice and the ability to perform tasks. To avoid the confusion generated by multiple certification mechanisms, and under pressure from the private sector, the three curricula have been harmonised in 2017 to use CBET certification, and the process will be completed by 2019.

TEVET capacity has increased substantially in recent years but remains mostly informal and insufficiently documented. Between 2000 and 2015, the number of student apprentices the TEVETA recruited for the 7 public and 20 private technical colleges increased three-fold to reach 1 283 students (Figure 3.1). Technical colleges can also enrol “parallel students”, who generally pay higher fees and are not offered boarding. Total enrolment thus reached 8 125 in 2015, 3 435 regular students and 4 690 parallel students (MoEST, 2016). The TEVETA also manages various programmes providing technical and vocational training. Notably, around 700 students graduated from the 11 newly established community colleges, with 17 more colleges to be opened in the remaining districts. In addition, CSDCs benefited around 500 trainees in 2014; the VSTP-VYP provided informal training to 1 703 and formal training to 443; support to companies helped provide in-house training to 464 workers and facilitate on-the-job training for 740; and 15 courses were offered to 321 members of associations and industrial organisations (TEVETA, 2016). The supply of TEVET “graduates” is complemented by a large number of young people trained in private institutions, NGOs and traditional apprenticeships. A 1999 inventory identified around 169 private and NGO providers (including 100 private commercial institutions) with close to 10 000 students. The training capacity of these providers is likely to have increased substantially in the last 15 years, together with traditional apprenticeships, which are also widespread. Overall, the total number of TEVET trainees likely ranges from 14 000 (applying the annual population growth rate) to 45 000 (based on the increase in technical college training capacity) in 2015.<sup>1</sup>

**Figure 3.1. Recruitment of regular students to technical colleges in Malawi, 2000-15**



*Notes:* The Y-axis on the left gives enrolment figures for apprentices recruited by the TEVETA only. The Y-axis on the right gives the share of enrollees in the population aged 15-29.

*Sources:* Enrolment figures based on TEVETA (2016); population figures based on UN population estimates.

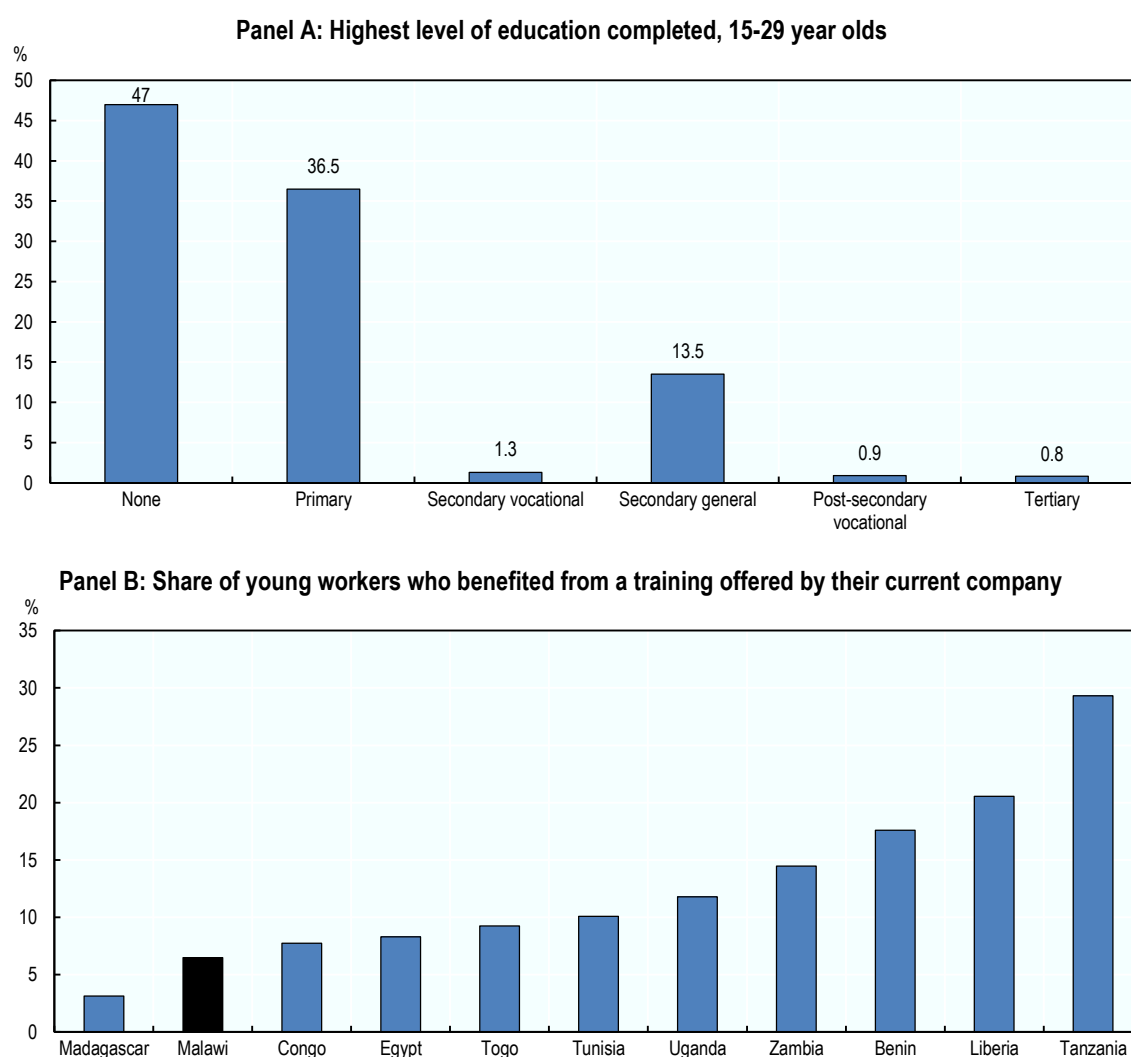
Although access to TEVET remains higher among men, gender equity has improved thanks to government initiatives favouring female participation. The share of young women registered in the different TEVET opportunities ranges from 10% in the NTT system to around 30% in Malawi Craft Examinations and technical colleges and up to 50% in informal VSTP-VYP training (MoEST, 2016). Overall, female TEVET participation is increasing. For example, the share of female student apprentices recruited

to technical colleges increased from 22% in 2013 to 30% in 2015, and the share of women participating in the Malawi Craft Examinations doubled between 2003 and 2007. This is mainly due to the high share of female trainees in administrative studies (70% of newly recruited trainees in 2015) as well as in tailoring and design (65%). Interestingly, the TEVETA's efforts to attract young women to traditionally male-dominated vocations have borne fruit; they are well represented in core technical trades, such as plumbing (29% of recruited trainees in 2015), vehicle repair and mechanics (26%), electrical installation (29%) and information technology (30%). The share of female instructors in technical colleges has also increased significantly, from 18% (29 out of 162) in 2013 to 27% (60 out of 221) in 2015 (MoEST, 2016).

Yet, the vocational and technical training capacity remains small compared to the needs. The number of technical college seats cannot accommodate the increasing proportion of young Malawians reaching secondary school. Indeed, only 2% of secondary graduates joined a technical college in 2015, despite a goal of 4% (MoEST, 2016). The number of applicants to regular admission increases faster than the training capacity, such that the rejection rate reached 87% in 2015. Hence, even highly selective TEVET opportunities are insufficient in comparison to the demand from students. The insufficiency appears even more acute when considering the flow of young workers joining the labour force. Based on MoEST data, one can roughly estimate that more than 350 000 young people joined the labour market in 2015, either because they dropped out of school (around half) or completed their studies.<sup>2</sup> Despite the spectrum of vocational and technical training opportunities, only a small fraction of this flow could benefit from any form of TEVET today. The limited training capacity, combined with a relatively high dropout rate (30.0%), leads to the current youth labour market situation whereby only 2.2% (65 000) of young workers possess a vocational training diploma (Figure 3.2.A). In addition, the share of young workers benefiting from any sort of professional training is very low (6.5%). Despite the financial support available to companies wishing to develop their workers' skills, the proportion receiving such training is much lower than in other African countries (Figure 3.2.B).

Different barriers prevent disadvantaged youth from enrolling in TEVET. Given the large number of young people, the main constraint to higher enrolment in TEVET remains the lack of capacity. However, four notable constraints hinder enrolment by certain youth groups and could become important hurdles to their higher enrolment in the future.

The convolution of the TEVET system might have reduced its attractiveness. The multiplicity of opportunities, their heterogeneous quality, and the lack of evidence and communication about their relative efficacy make it difficult for potential users to navigate the system. An indicator of this complexity is the fact that many TEVET graduates completed multiple qualifications. According to a 2009 TEVETA survey, around one-quarter of those obtaining a technical college degree acquired additional qualifications (e.g. City and Guilds, the NTT or a Malawi Craft Certificate), reflecting the inefficiency such a complex system can induce (ILO, 2010). The implementation of a unified certification framework in 2017 substantially simplified the system and should avoid the accumulation of certifications.

**Figure 3.2. Few young people benefit from TEVET in Malawi (%)**

*Note:* Figure 3.2.B relies on *School-to-Work Transition Surveys* from 2015 (Madagascar, the Republic of the Congo [Congo] and Uganda), 2014 (Malawi, Togo, Zambia, Liberia and Egypt) and 2013 (Tanzania and Tunisia).

*Sources:* ILO (2012-14), *School-to-Work Transition Survey*.

Formal TEVET entry strongly based on education achievement excludes a large share of youth. Formal public TEVET institutions offer virtually no opportunities to young people with lower levels of education. Regular admission to technical college is restricted to the best senior secondary graduates (with the exception of female and disable students, who benefit from affirmative action), and parallel admission requires at least a JCE. Yet, in 2014, the gross secondary education enrolment rate was only 25%, and only 15% of those aged 15-29 completed secondary education overall in Malawi (MoEST, 2016; ILO, 2016a). The proportion is lower for young women (11.6%) and rural youth (12.6%), indicating a vast majority of young people (particularly women and rural youth) are excluded from the main source of formal TEVET based on their education achievement, while they might be more in need of the training. Educational attainment also matters for obtaining an apprenticeship in the informal sector, although the requirements are less

binding. The main criteria used by master craftsmen, for example, are maturity, trustworthiness and formal education level (ILO, 2010). As a result, almost all apprentices have at least primary education.

Financial constraints prevent many students from enrolling in TEVET. The direct training costs for regular students are mostly covered by the government. Parallel students in technical colleges, however, pay fees of MWK 22 500-120 000 (Malawian kwacha, corresponding to around USD 110-600 [United States Dollar] using the 2010 exchange rate (USD 1 = MWK 200) and to be compared to the 2010 GDP [gross domestic product] per capita of around USD 458 in 2010 USD), according to a 2010 survey (World Bank, 2010). The direct cost of training is lower in informal TEVET, but private providers and NGOs still charge MWK 10 000-28 000. These fees are extremely high compared to the average monthly income of salaried workers (MWK 13 000 in 2013) and own-account workers (MWK 5 000) (ILO, 2013). Thus, financial constraints are likely to divert students towards informal apprenticeships. Indeed, when asked the reason for choosing informal apprenticeship, 84% cited the high cost of formal training (ILO, 2010). In fact, evidence suggests budget constraints prevent the most disadvantaged youth from joining even informal apprenticeships (Cho et al., 2013). Although informal apprenticeship is generally paid for by the apprentice's work, the opportunity cost of not earning any income during training might be too high.

Last, socio-demographic and cultural issues constitute not negligible impediments to TEVET enrolment for poor young women. Young Malawian women face additional constraints preventing them from engaging in training. A study of gender differences in vocational training revealed that family obligations, marriage and mobility issues often both prevented women from taking advantage of training and increased the probability of dropout (Cho et al., 2013).

The implementation of community colleges and CSDCs could be instrumental in increasing TEVET access among unskilled youth. To increase TEVET enrolment among out-of-school youth, access in remote areas and relevance to local labour market needs, the MoLYSMD is developing community colleges and the TEVETA, CSDCs (TEVETA, 2015). While perhaps regrettable these similar initiatives are being implemented as independent programmes, they nevertheless facilitate access among poor rural youth with low education. Community colleges require an MSCE and will benefit to qualified youth in rural areas while CSDCs should increase enrolment among out-of-school youth. Both place local community at the centre of provision of training, which emphasises business development and entrepreneurship skills to support self-employment. They aim at fostering engagement by local businesses as providers of training or technical assistance and support (MoL, 2014). While these initiatives have interesting prospects, their efficacy at reaching disadvantaged students is not yet documented and should be assessed carefully.

### ***3.1.3. Challenges in the provision of quality TEVET***

Although, overall, trainees are satisfied with the quality of TEVET, challenges remain. A subjective assessment revealed former students were relatively satisfied with their training but highlighted many areas for improvement, such as provision of adequate learning and teaching materials and better engagement of industry (TEVET, 2017). The following section analyses the relevance of the skills supply to the needs of the labour market.

TEVET graduates are generally satisfied with their programmes, institutions and training. A survey of students who graduated in 2014 revealed 80% were satisfied with their

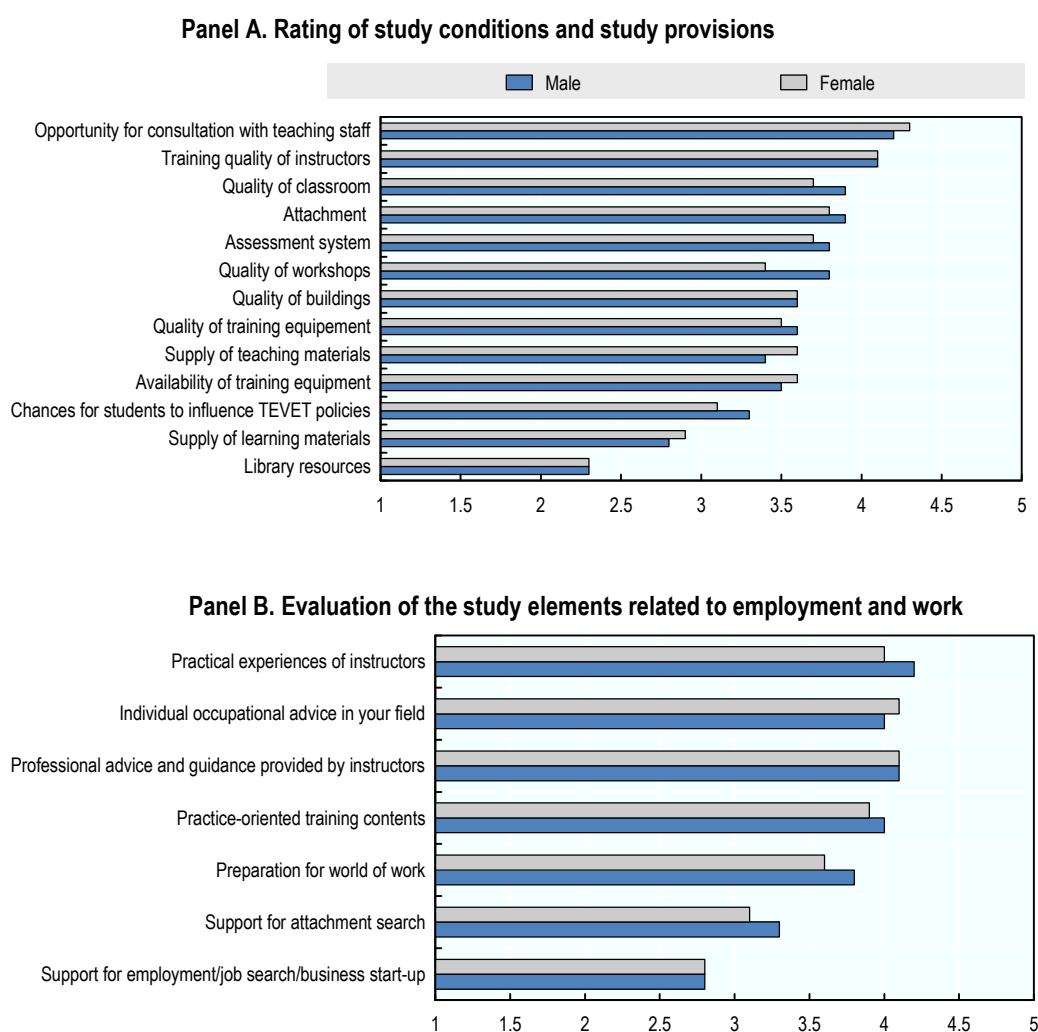


programmes three years later (TEVET, 2017). When asked how satisfied they were with the training in general, 38% responded “to a very large extent”, and 41% “to a large extent”. Only 4% reported they were not satisfied. When asked whether they were satisfied with their institution, 62% answered they would recommend it without a doubt, while 29% expressed dissatisfaction and would not recommend it (TEVETA, 2017). Although respondents were not representative of all TEVET beneficiaries, the assessment indicated students of technical colleges perceived them to be quality institutions.

Student assessment of the quality of aspects of their training revealed strengths and weaknesses of technical colleges. In terms of study conditions and provisions, on average, graduates were not particularly satisfied with the supply of quality learning and teaching materials and equipment (Figure 3.3.A). They were more satisfied with the opportunity to consult the teaching staff and with the quality of instructors and classrooms. In terms of link to employment, the main weakness identified was insufficient support for attachment to industry and good employment opportunities after graduation (including setting up a business) (Figure 3.3.B), although students praised the practical experience and advice of instructors. There was no substantial gender variation in responses.

While the intensity of training seemed adequate, provision of relevant practical learning was less so. The vast majority of former technical college students trained between 30 and 40 hours per week – practical and in-class – which appeared to be sufficient learning time. However, the duration of practical learning varied substantially: around 55% typically spent up to 10 hours per week; 27% 11-19 hours, and the rest over 20 hours (TEVETA, 2016). Thus, around half of students spent very few hours in practical learning. That said, the main issue with students’ attachment to industry was with the positions they found. Lack of available, relevant industrial positions in the private sector lead students to engage in activities irrelevant to their curricula – to such an extent that some could not validate industrial modules (World Bank, 2010). For their part, enterprises face issues accommodating students in good and effective ways. That students are responsible for finding their internships also likely generates inequalities and reduces the quality of the vocational experience. Interestingly, attachment programme quality seemed particularly poor in CSDCs, where more than 90% of graduates were unsatisfied (TEVETA, 2016).

**Figure 3.3. Subjective assessment of various quality criteria of technical colleges in Malawi by gender, 2014-15**



*Notes:* On a scale of 1 (very bad) to 5 (very good). The relatively small sample size (167 male and 58 female graduates) necessitates careful interpretation of the results, which cannot be considered representative of all TEVET beneficiaries.

*Source:* TEVETA (2017).

Lack of adequately trained teachers and instructors is a major drawback to fostering quality TEVET. Malawi's TEVET suffers a shortage of instructors. Despite teacher recruitment efforts, the rapid increase in enrolment has led to a higher student-teacher ratio in technical colleges, from 28.5 in 2012 to 30 in 2014, according to the Education Sector Performance Report (2015). The target ratio is 25.3. The absence of an institution officially recognised as responsible for the training of TEVET instructors is a major drawback. Specifically, it hinders investment to ensure TEVET lecturers and instructors are being adequately trained in pedagogy and teaching skills, which likely affects quality of instruction. This issue is particularly important for informal apprenticeship providers. Although the TEVETA runs skills upgrading courses for master craftsmen, only 6% participated in 2010 (ILO, 2010). The cost of training is the main constraint, but programme awareness might also be a factor: 27% of master craftsmen interviewed did

not know the TEVETA. The training offered focuses mainly on skills upgrading, important to ensuring mastery of the techniques and occupations being taught. Yet, training in basic skills and competencies (e.g. organisation, pedagogy) to improve the transmission of knowledge is equally important. Also critical is ensuring apprentices enjoy good learning and working conditions. Indeed, around 57% of master craftsmen consider lack of tools, equipment and space their main challenge (ILO, 2010).

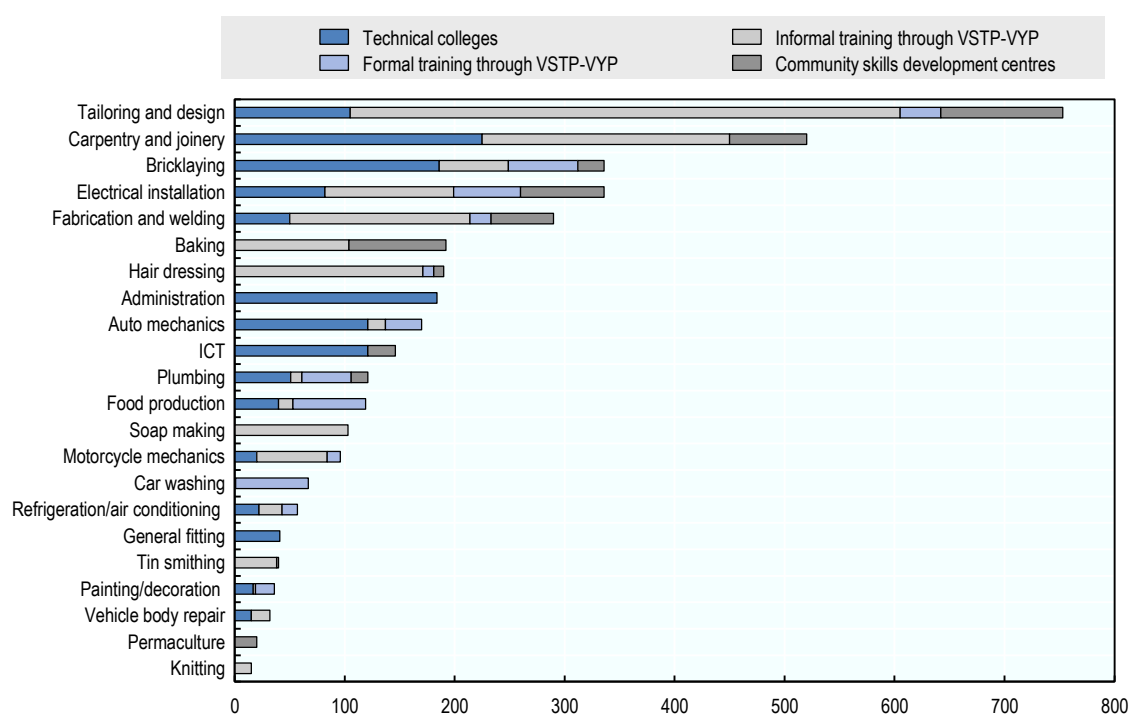
### **3.1.4. Distribution of TEVET courses**

Technical colleges mainly train mainstream trades, but they are the only training available in some fields. Although courses cover various fields, most students are concentrated in a few areas. In 2014-15, around 30% of technical college students were registered in construction-related courses, the vast majority in carpentry, joinery or bricklaying (Figure 3.4). One-quarter of technical college apprentices studied administration or information and communication technology (ICT). Vehicle repair and mechanics is another important training sector, concentrating almost 10% of students in various sub-courses. Interestingly, among the institutions tracked by TEVETA (which excludes private and NGO training), technical colleges are by far the main providers of training in ICT, administrative studies and auto mechanics, probably because they require either a relatively high education level or equipment, and are not taught through traditional apprenticeships. Tailoring, design, business and administrative studies accounted for 50% of female students. Remarkably, while courses are offered in food processing, courses in agricultural activities are not.

Informal training through VSTP-VYP apprenticeships covers a larger spectrum of courses, which largely overlap with technical college training. Whether formal or informal, the VSTP-VYP covers an array of fields (Figure 3.4). Trainees are quite evenly distributed among construction (carpentry, joinery, etc.), maintenance services (mechanics, electrical installation, plumbing, etc.) and manufacturing (fabrication and welding, food production, soap making, etc.).<sup>3</sup> Yet, tailoring and design courses accounted for 25% of all apprentices trained between 2012 and 2014, and one-third of women. Most in the VSTP-VYP trained in fields covered by technical colleges; in particular, a large number of technical college graduates train in tailoring, carpentry, bricklaying, electrical installation and fabrication (Figure 3.4). Yet, the VSTP-VYP provides apprenticeships in occupations not covered by technical colleges, such as soap maker, hair dresser, baker or tin smith.

The scope of private and NGO training is not well documented but probably focuses more on service-related occupations. Although NGOs and private commercial schools provide most TEVET in Malawi, their contribution to the skills supply is not appropriately documented. Because TEVETA does not include these TEVET providers in their annual report, it is not possible to provide an accurate picture of their supply of skills. Nevertheless, based on a 1999 listing of training institutions, the fields of study provided by these institutions are wider than in formal TEVET (World Bank, 2010). However, due to financial constraints, a great share of private commercial institutions focuses on administrative and commercial studies, such as accounting, management, secretarial, etc., which are cheaper to provide. These training opportunities are also more concentrated in urban areas, where these trades are more relevant (World Bank, 2010).

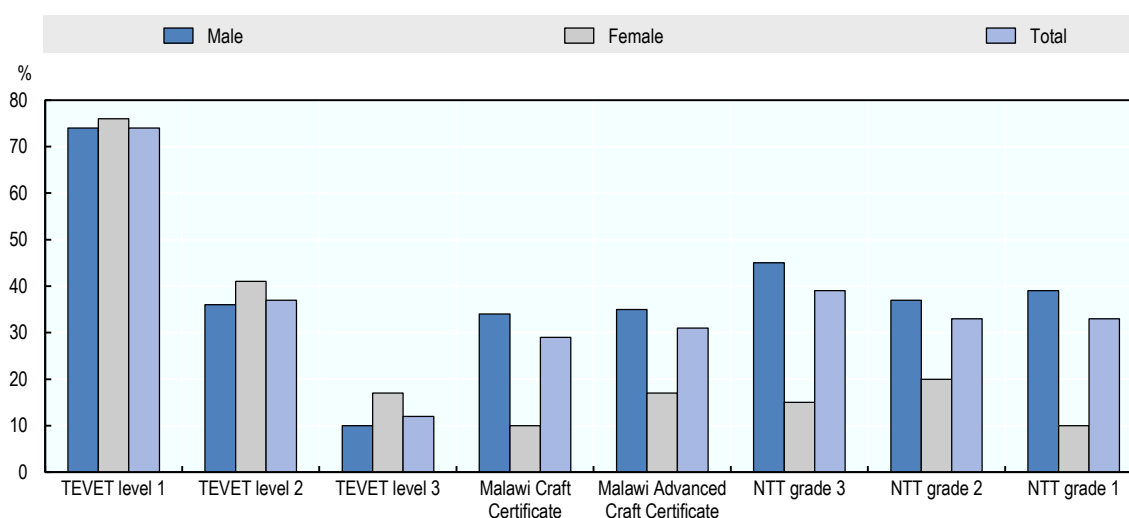
**Figure 3.4. Distribution of TEVET trainees by field of study and type of institution in Malawi**



*Notes:* Showing technical college and CSDC trainees from 2014/15 and VSTP-VYP trainees from a three-year period ending 2014/15. Information on type of training provided by private institutions and NGOs is not available. Thus, the figure is not exhaustive or representative of the actual distribution of technical courses in Malawi.

*Source:* TEVETA (2016).

Despite the availability of multiple certification levels, the TEVET system failed to supply graduates at all qualification levels. The supply of apprentices trained in similar fields is not necessarily redundant provided that each institution focuses on different training level with more or less sophistication in the mastery of a specific process or field. However, prior to the implementation of a unified qualification framework in 2017, existing qualifications functioned in parallel, with institutions training to similar, although imprecisely defined, levels of proficiency. Consequently, a not negligible share of technical college graduates holding a TEVET certificate relying on a competence based approach also held other available certificates, such as a Malawi Craft Certificate or a NTT certificate. A survey of technical college graduates revealed that 33 39% also held different levels of NTT certificates, 29% held a Malawi Craft Certificate, and 31% held a Malawi Advanced Craft Certificate (Figure 3.5). Findings were supported by a previous study, which found that as much as 26% of trainees held multiple certificates (ILO, 2010). Moreover, although academic requirements to enrol in technical college are high, only 13% of students held a Level 3 certificate (the highest qualification level available at this date), and 37% a Level 2 certificate (Figure 3.5). The vast majority held only a Level 1 certificate.<sup>4</sup> Thus, even if the formal TEVET system is biased towards the provision and certification of high-level technical skills, it fails to supply large flows of very high-skilled graduates. Moreover, there is a lack of certification, courses and training opportunities available for students holding only a primary school certificate.

**Figure 3.5. Type of TEVET qualification in Malawi by gender, 2014**

*Notes:* Respondents were asked, “Which certificates have you received?” Respondents were mostly (98%) young people graduating from technical colleges and therefore holding a TEVET certificate. Thus, the percentage related to other types of certificates should be interpreted as the share of TEVET certificate holders also holding this additional qualification. For example, around 29% of total technical college graduates also hold a Malawi Craft Certificate.

*Source:* TEVETA (2016).

## 3.2. Employment outcomes of TEVET graduates

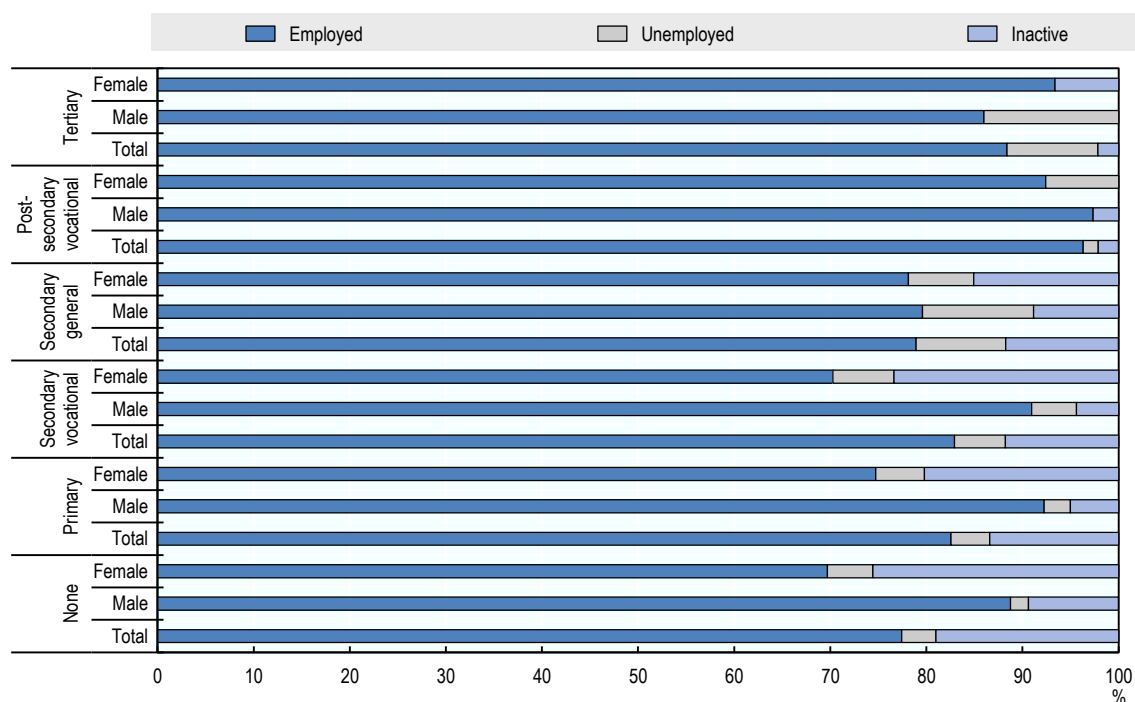
Developing TEVET is seen as promising to improve young Malawian’s transition into the labour market (Government of Malawi, 2017). An important dimension of the quality of the system is its efficiency – its capacity to improve employment outcomes of trainees. It is therefore important to assess to what extent young people with technical training are more likely to gain quality employment. This section provides an overview of labour market response to TEVET, giving an indication of whether promoting TEVET is likely to improve youth well-being in the short term. In interpreting the following results, it is important to keep in mind that formal TEVET provision is only available at the post-secondary level in Malawi while secondary level training covers a set of non-formal TEVET courses not clearly identified.

### 3.2.1. TEVET’s contribution to employability

TEVET promotes labour market participation among young men but hinders it among young women. Around 80% of youth not currently studying are employed, 5% are unemployed, and 15% are inactive (Figure 3.6). Graduating from vocational training does not increase the probability of labour market participation overall, but only for young men. Indeed, only 4.4% of male secondary vocational graduates are inactive compared to more than 8.0% of secondary general graduates. However, the effect is offset by the figures for women: 23% vs. 15%, respectively. Thus, TEVET studies appear to facilitate young men’s participation but hold young women back compared to them having secondary general and tertiary accreditation. Whether this owes to the type of TEVET training women undertake or more general social and cultural dimensions should be looked into, particularly in light of government efforts to increase female TEVET enrolment.

TEVET certification increases the likelihood of employment compared to secondary and tertiary education, particularly for young men. Remarkably, both secondary and post-secondary vocational studies are related to higher levels of employment compared to secondary and tertiary education. Around 83% of secondary vocational graduates and 96% of post-secondary vocational graduates are employed compared to 79% of workers with secondary general and 88% with tertiary education (Figure 3.6). However, this higher likelihood of employment is not the case for female TEVET graduates. The role of TEVET in reducing risk of unemployment is particularly clear when unemployment rates are considered. Overall, the unemployment rate sharply increases with level of educational attainment, e.g. 6% among secondary vocational graduates (5% for males) vs. 11% among those with general education (13% for males). The conclusions are even more striking for male post-secondary vocational graduates, who face virtually no unemployment vs. 14% of those with tertiary education.<sup>5</sup> Overall, TEVET seems to enhance employability among male but not female graduates.

**Figure 3.6. Malawian youth labour market activity status by level of educational attainment and gender (%)**

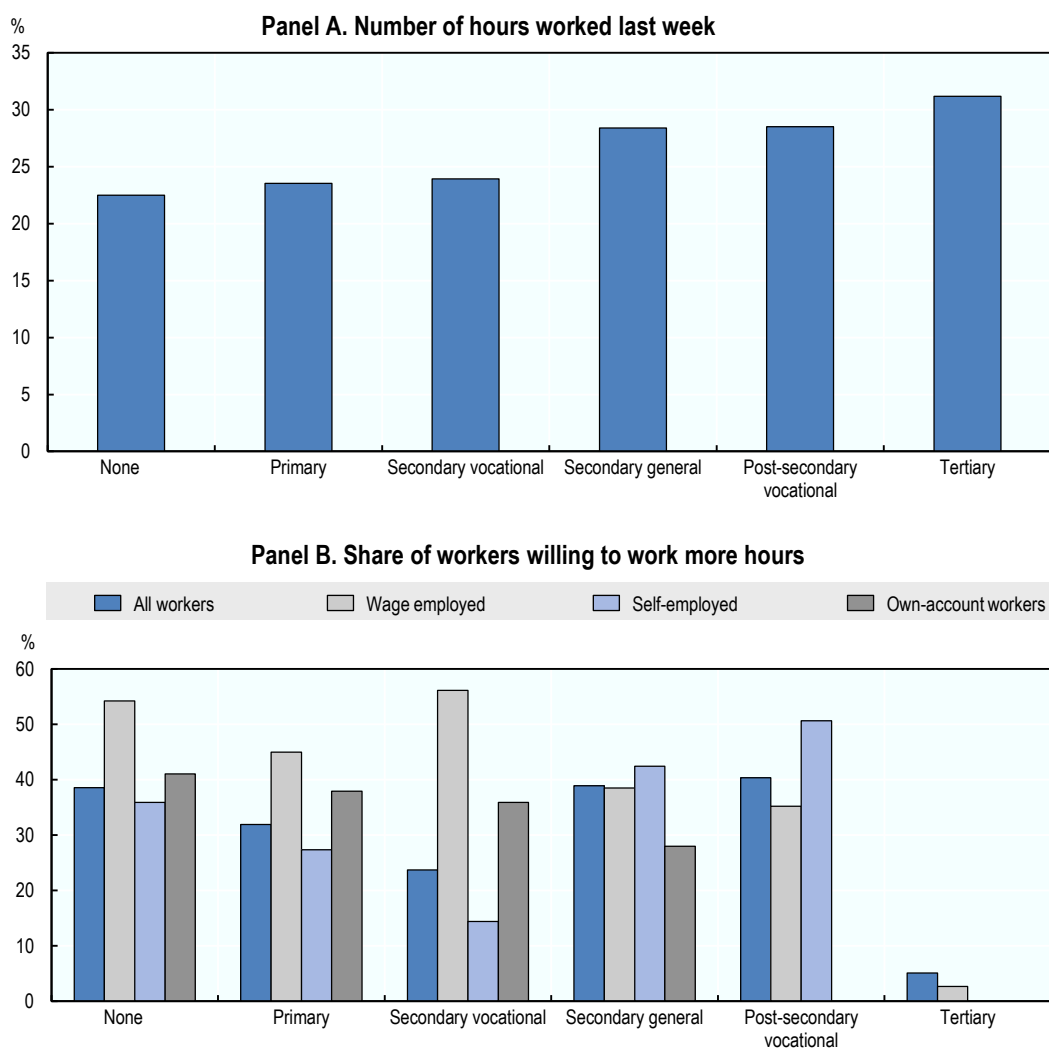


*Note:* Showing repartition of young people across activity status by highest level of education completed. Young people currently attending education or training are excluded from the sample.

*Source:* Own calculations based on ILO (2014), *School-to-Work Transition Survey – Malawi*.

Intensity of labour market participation should also be assessed. The majority of Malawian workers are either self-employed (60%) or unpaid family workers (17%) (ILO, 2016a). Paid work time might therefore be a more relevant measure of productive activity than employment status. Young Malawian workers face serious limitations in hours worked. Excluding students, they declared working, on average, 23.8 hours per week in 2014, with more than one-quarter working less than 10 (ILO, 2016a). This situation is a perceived constraint, as around one-third would like to work more.

**Figure 3.7. Weekly hours and desire to work more by educational attainment (%)**



*Notes:* Figure 3.7.A shows average number of hours worked the week prior to the interview, as declared by the respondent. For Figure 3.7.B, respondents were asked, “Last week, would you have liked to work more hours than you actually did?”

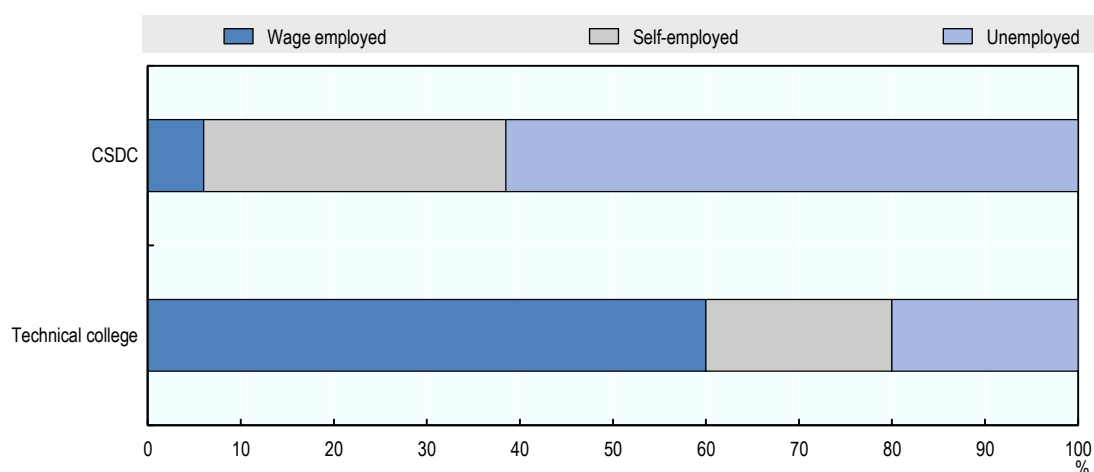
*Source:* Own calculations based on the ILO (2014), *School-to-Work Transition Survey – Malawi*.

TEVET graduates work fewer hours than general education graduates, although mainly post-secondary vocational graduates consider work hours a constraint. Weekly work time increases with level of education: tertiary graduates work 31 hours per week on average vs. 22 for those without any education (Figure 3.7.A). However, obtaining a vocational certificate (whether secondary or post-secondary) does not lead to more work hours. On the contrary, average weekly hours for secondary vocational graduates is 24 vs. more than 28 for those with secondary general degrees (Figure 3.7.A). In addition, around 32% of secondary vocational graduates work fewer than 10 hours vs. 20% of secondary general graduates (ILO, 2016a). Similarly, post-secondary vocational graduates work fewer hours than tertiary graduates. While TEVET does not appear to guarantee more hours, this is less often perceived as a constraint by secondary vocational degree holders: 24% declared wanting to work more hours compared to 39% of secondary general graduates

(Figure 3.7.B). The difference is particularly striking for self-employed workers with secondary vocational education: only 14% wanted to work more vs. 42% of secondary general graduates and 50% of post-secondary vocational graduates (Figure 3.7.B). Almost no tertiary graduates were interested in working more hours.

The employment efficiency of TEVET depends on type of institution and qualification. A follow-up survey of technical college and selected CSDC graduates revealed entirely different outcomes. While 80% of technical college graduates found a job around one year after graduation, only 39% of CSDC graduates did (Figure 3.8). In terms of hours, both CSDC and technical college appear to lead to full-time employment. In the case of wage employment, for example, more than 80% of graduates had full-time jobs (TEVETA, 2016, 2017). Given TEVET's heterogeneity, it is not surprising its contribution to employment varies greatly by type of provider. Similar variance is seen in quality of employment, analysed in the following section.

**Figure 3.8. Employment status of TEVET graduates in Malawi by type of institution (%)**



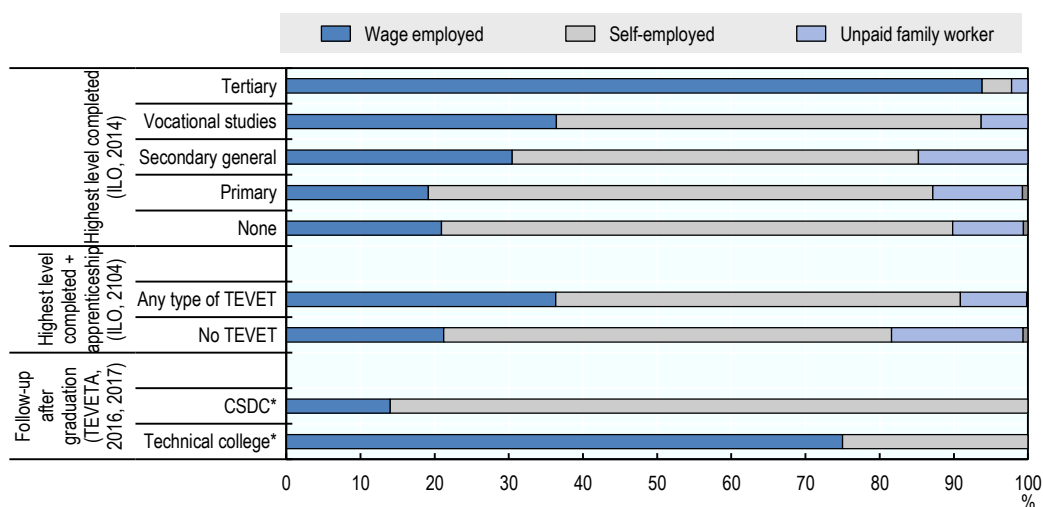
*Note:* Percentages only indicative and not representative of the population of graduates from the respective institutions. The sample included 225 technical college and 96 CSDC graduates in 2014/15.

*Source:* TEVETA, Tracer Study for 2014-15 graduates of CSDCs (2016) and Tracer Study for formal TEVETA graduates (2017).

### 3.2.2. Job quality among TEVET graduates

TEVET graduates are more likely to find wage employment and less likely to become unpaid family workers than secondary general graduates. Young workers in developing countries often prefer wage employment, and few choose unpaid family work (OECD, 2017a). As such, whether TEVET facilitates transition out of unpaid family work and into wage employment informs job quality. In 2014, around 36% of secondary or post-secondary TEVET graduates were engaged in wage employment compared to 30% of secondary general graduates (Figure 3.9). In addition, only 6% were unpaid family workers compared to 15% of youth with secondary general education. Comparing young workers with any TEVET qualification to all other workers yields similar results (Figure 3.9). Yet, variation in employment status between 2014/15 technical college and CSDC graduates again highlights that level of vocational qualification matters. Wage employment is widespread (75%) among technical college graduates vs. 14% among CSDC graduates (Figure 3.9).



**Figure 3.9. Youth employment status in Malawi by educational attainment (%)**

\* For these categories, “unpaid family work” and “self-employed” are merged.

*Notes:* Top tier shows the repartition of young workers according to employment status by highest level of educational attainment. Vocational studies = degree obtained from secondary or post-secondary vocational education. Second tier shows the repartition of young workers across employment status by participation in any type of TEVET. Participation = having obtained a vocational degree or having finished or completing an apprenticeship. Third tier shows the repartition of 2014/15 graduates.

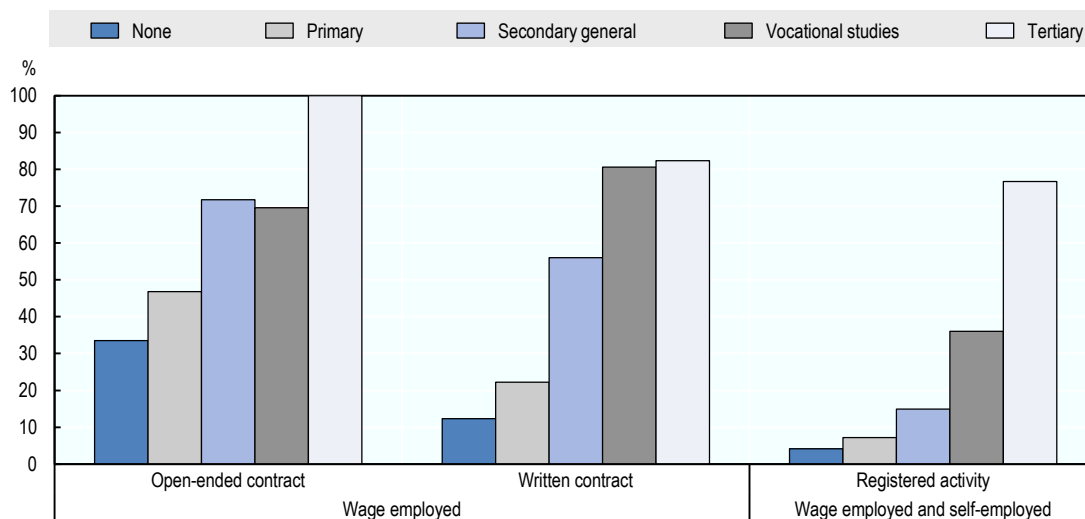
*Sources:* ILO (2014), *School-to-Work Transition Survey – Malawi*; TEVETA (2016, 2017), *Tracer Study*.

High-level TEVET graduates join high skilled occupations, while secondary level graduates work in middle skilled occupations outside the agricultural sector.<sup>6</sup> In 2014, more than half of post-secondary vocational graduates were employed as professionals (47%) or technicians and associate professionals (7%), considered high skilled occupations (ILO, 2016a). The other half had middle skilled occupations in, for example, service and sales (15%), skilled agriculture (13%) and craft and related trades (14%). By comparison, around two-thirds of secondary vocational graduates had middle skilled occupations in 2014: 26% in craft and related trades, 22% in services and sales, and 14% in skilled agriculture. While 15% of secondary vocational graduates join high skilled occupations as professionals or technicians, 24% end up in elementary occupations, more than among youth with secondary general, primary or no education. The share of secondary vocational graduates working in agriculture (15%) is much lower than among secondary general graduates (30%) or those with less education (more than 50%). TEVET studies appear to allow young people to avoid agriculture (sometimes at the cost of working in a low-skill occupation), a sector often characterised by difficult working conditions and low job satisfaction (OECD, 2017a).

TEVET graduates benefit from relatively good working conditions compared to workers with general secondary education. Job security is important to job satisfaction in Organisation for Economic Co-operation and Development (OECD) member countries and developing countries alike (OECD; 2015, 2017a). Among wage-employed youth, TEVET graduates are as likely as secondary general graduates to have open-ended contracts, and 82% have written contracts vs. 56% of secondary general graduates (Figure 3.10). Considering those wage employed and self-employed, TEVET graduates are also more likely to work in a registered business (36%) compared to those with secondary general education (15%) but much less likely than tertiary-educated workers

(77%). Overall, TEVET studies appear to lead to employment with higher levels of formality and security.

**Figure 3.10. Access to facets of quality jobs in Malawi by level of education (%)**

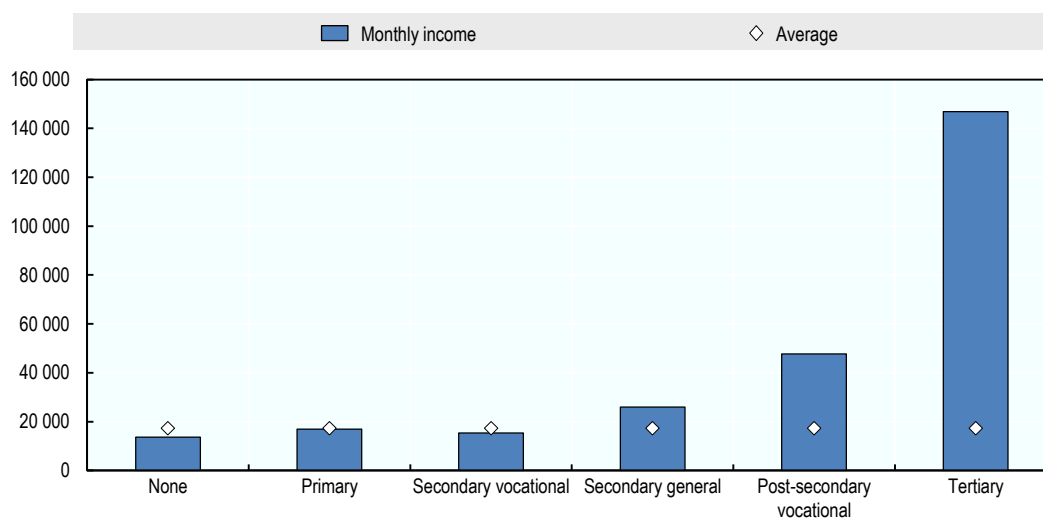


*Notes:* For wage employed, figure shows both the share with open-ended contracts and written contracts. For wage employed and self-employed, figure shows the share working in registered employment. Vocational studies include both secondary and post-secondary vocational education.

*Source:* ILO (2014), *School-to-Work Transition Survey – Malawi*.

Secondary TEVET does not guarantee high income. The monthly income of young Malawians overall is very low, averaging slightly more than MWK 17 000 in 2014, below the full-time monthly minimum wage set at MWK 18 000 (Figure 3.11). Moreover, monthly income does not increase substantially with educational attainment at low levels of education. The average monthly income reaches MWK 13 600 for young people with no education, MWK 17 000 for those with primary education and MWK 15 000 for secondary vocational graduates (Figure 3.11). Thus, low-level vocational education leads to lower income, on average, than primary education. Results from the survey of CSDC graduates supported these findings. More than 30% in self-employment had gross monthly earnings below MWK 10 000, while 30% of wage workers earned MWK 20 000-30 000 (TEVETA, 2016).

By contrast, post-secondary vocational education pays off, on average. Average monthly income increases sharply with educational attainment as of secondary general: MWK 26 000 for secondary general graduates, MWK 48 000 for post-secondary vocational trainees and MWK 147 000 for tertiary graduates (Figure 3.11). Therefore, students' (and government) investment in post-secondary technical education seems beneficial, especially compared to secondary general education. The gross monthly earnings distribution confirms the relatively high wage obtained by post-secondary technical college graduates. According to TEVETA's Tracer Study, around 40% of both wage-employed and self-employed 2015 technical college graduates earned MWK 30 000-60 000, while only 15% earned less than MWK 30 000 (Figure 3.12). Although the small sample size informs the results, the earnings distribution seemed widespread and quite similar for the wage employed and self-employed.

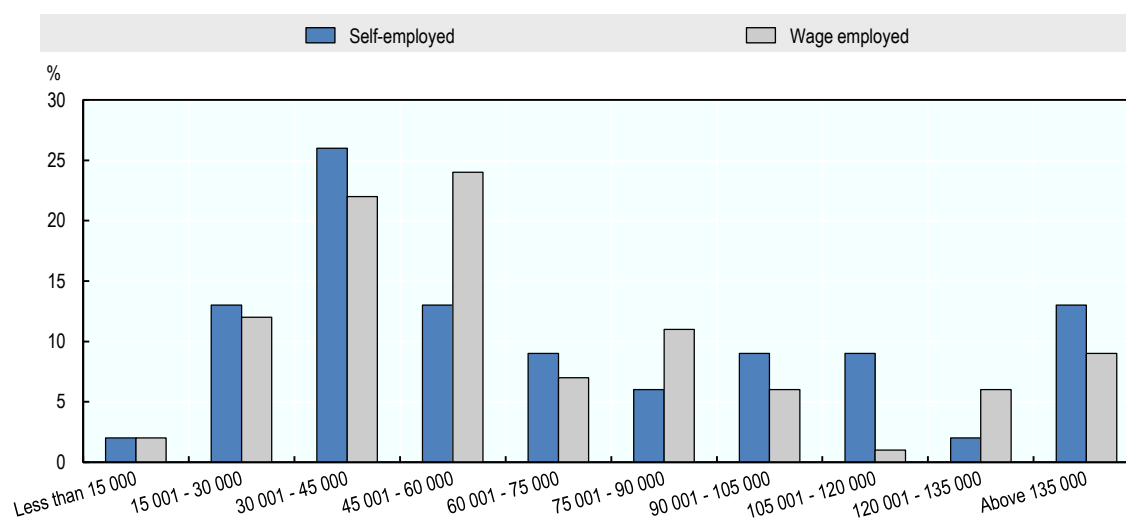
**Figure 3.11. Average monthly income in Malawi by educational attainment (MWK)**

*Note:* Estimates should not be considered representative of the monthly income of each population.

*Source:* Own calculations based on ILO (2014), *School-to-Work Transition Survey – Malawi*.

Income varies substantially with field of TEVET study. The earnings distribution across fields of study reveals wide heterogeneity among wage-employed technical college graduates. According to the Tracer Study, wage employees who studied administration, plumbing, printing and publishing represent a relatively high share of well-paid workers. For example, all plumbers in the sample earned more than MWK 45 000, and two-thirds more than MWK 12 000. More than two-thirds of young workers who took administrative training earned more than MWK 45 000, and more than one-quarter of publishing and printing graduates had monthly incomes above MWK 90 000 (TEVETA, 2017). At the same time, the monthly income of electrical installation and general fitting graduates span the entire income distribution. Finally, 20% of painting/decoration and tailoring and design graduates earned below MWK 15 000 (TEVETA, 2017). These averages document the need for or quality of the different fields of study and guide the orientation of students.

**Figure 3.12. Gross monthly earnings of formal TEVET graduates in Malawi by employment status (MWK, %)**



*Note:* Estimates are not representative of all formal TEVET graduates, as the sample included 136 wage-employed and 47 self-employed TEVET graduates only.

*Source:* TEVETA (2017), *Tracer Study*.

Overall, TEVET is positively correlated with employment quality, even after accounting for socio-economic status and population characteristics. Statistical analysis of the correlation between completing vocational studies and various employment outcomes, accounting for a set of individual characteristics, confirms that, overall, vocational studies are positively related with higher job quality. Accounting for the respondent's age, gender, area of residence, wealth status and father's level of education, pursuing vocational studies is positively and significantly correlated with the probability of wage employment and monthly income (Table 3.1). Interestingly, while secondary general completion is significantly negatively associated with respondents' skills adequacy for their current employment, the correlation for vocational completion is positive (although not significant). Detailed statistical analysis would require distinguishing between types of training and cover larger samples.

**Table 3.1. Correlation between vocational education and employment outcomes in Malawi**

	Unemployed (large definition)	Wage employed	Monthly income	Relevant skills	Job satisfaction
Age	-0.0233** (-3.20)	-0.0191* (-2.07)	467.5*** (-3.96)	0.0308*** (-4.58)	0.0004 (-0.07)
Female	0.485*** (-7.8)	-0.624*** (-8.94)	-6 492.5*** (-5.62)	-0.242*** (-4.54)	0.0865 (-1.67)
Rural	-0.137 (-1.92)	-0.645*** (-7.88)	-7 380.1*** (-3.72)	0.0202 (-0.31)	0.0785 (-1.18)
<i>Reference: No education</i>					
Primary	0.0954 (-1.38)	-0.0959 (-1.18)	2 406.2 (-1.66)	-0.0998 (-1.65)	-0.161** (-2.68)
Secondary general	0.187 (-1.68)	0.0214 (-0.17)	2 027.4 (-1.03)	-0.719*** (-6.68)	-0.273** (-2.79)
Vocational studies	-0.144 (-0.67)	1.103*** (-4.75)	43 237.0** (-2.58)	0.337 (-1.83)	-0.336 (-1.85)
Tertiary	0.297* (-2.28)	0.175 (-1.21)	6 869.1* (-2.22)	-0.353** (-3.00)	-0.586*** (-5.74)
N	3 887	2 888	2 505	3 887	2 889

*Notes:* Showing results from five logit regression analyses. The coefficient corresponds to average marginal effects. In addition to the explanatory variable presented, all specifications include marital status, education level of respondent's father, and respondent's household wealth status. Z-scores are in parentheses, and statistically significant coefficients at the 99.9%, 99% and 95% confidence levels are respectively indicated by \*\*\*, \*\* and \*. N = number of observations.

*Source:* Own calculations based on ILO (2014), *School-to-Work Transition Survey – Malawi*.

### 3.3. Relevance of TEVET in light of the demand for skills

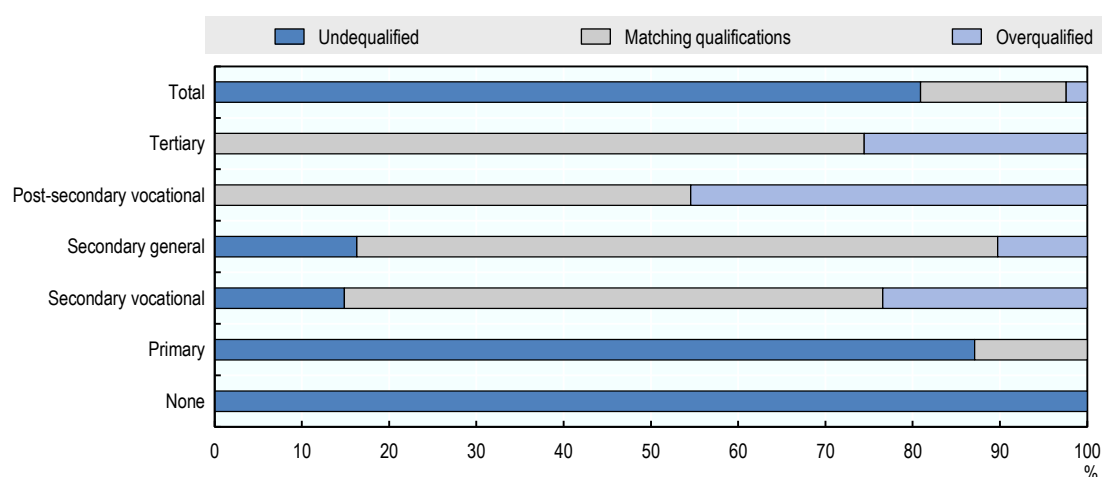
The following section focuses on a third key component of TEVET quality: its relevance to labour market skills demand. A detailed analysis of the different forms of qualification mismatch among young workers, particularly TEVET graduates, highlights prevailing imbalances and speaks to potential skills needs. An analysis of the skills demand in strategic sectors with high growth potential reveals challenges TEVET will face in provisioning relevant skills for the future.

#### 3.3.1. Skills mismatch and the relevance of TEVET

A substantial share of workers appears to be underqualified in Malawi, including TEVET graduates. According to a normative definition of qualification mismatch, which assigns necessary education level to occupations, around 81% of young Malawian workers were underqualified, 2% were overqualified and 17% had matching qualifications in 2014 (Figure 3.13). Following this definition, all young workers without at least primary education are underqualified for any occupation, and holders of a primary education certificate are adequately qualified for elementary occupations only (ILO, 2012). Interestingly, while close to 75% of secondary general graduates are adequately qualified (i.e. work in middle skilled occupations, International Standard Classification of Occupation [ISCO] 4-8), only 61% of secondary vocational graduates are (Figure 3.13). The difference stems exclusively from a higher share of overqualified young workers

with secondary vocational education. Similarly, around 75% of tertiary educated workers are adequately matched (i.e. occupy high skilled positions, ISCO 1-3), while only 54% of post-secondary vocational graduates are, the rest being overqualified (Figure 3.13). This assessment is confirmed by the subjective reporting of TEVET graduates with advanced certificates (Level 3). While 66% reported possessing adequate qualification for their positions, 18% reported their current job required a higher level of qualification and 16% reported they felt overqualified. In addition, around 43% of unemployed youth considered lack of qualification the main obstacle to finding a job.

**Figure 3.13. Normative qualification mismatch among Malawian youth (%)**

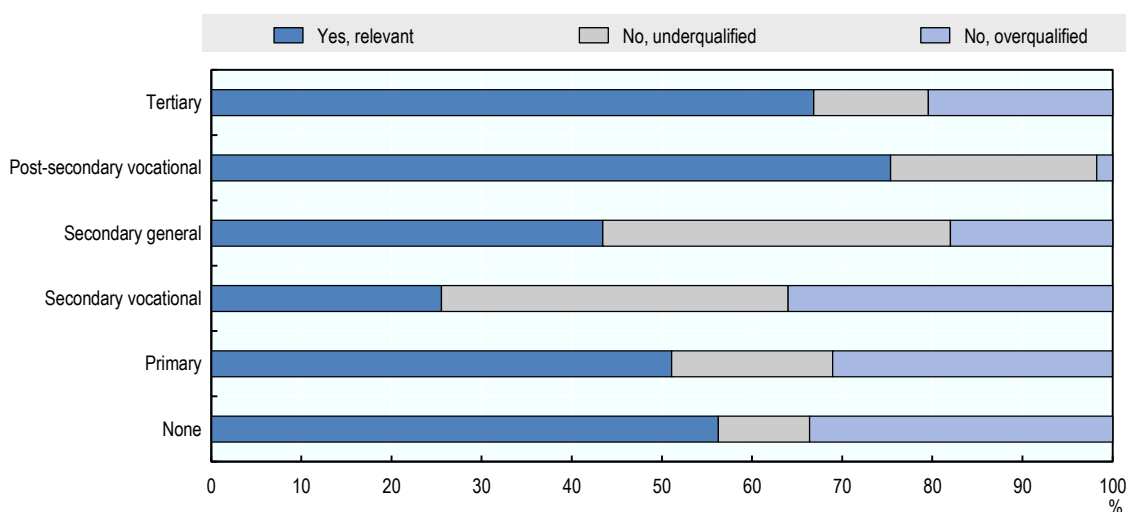


*Note:* Normative measure based on the assignment of International Standard Classification of Education's categories to ISCO categories, following International Labour Organization (ILO) definition (ILO, 2012). According to this definition, elementary occupations (ISCO 9) require at least primary education; middle skilled occupations (ISCO 4-8) require secondary education; and high skilled occupations (ISCO 1-3) require post-secondary or tertiary education.

*Source:* ILO (2014), School-to-Work Transition Survey – Malawi.

In terms of labour market relevance, only high-level TEVET education improves matching. Respondents' subjective assessment of the relevance of their vocational studies to the current youth employment situation suggested that post-secondary TEVET increased the likelihood of obtaining relevant qualification, but secondary TEVET did not. Indeed, around 75% of post-secondary TEVET graduates declared their studies matched their job requirements vs. 67% of tertiary educated workers (Figure 3.14). By contrast, only slightly more than 25% of secondary vocational graduates declared having relevant skills vs. 43% of secondary general graduates. Surveys of recent TEVET graduates confirm these assessments: around 85% of formal TEVET graduates declared using the knowledge and skills acquired during their studies in their current employment to a large extent (TEVETA, 2017) vs. only 57% of CSDC graduates who declared working in jobs related to the knowledge acquired during their training (TEVETA, 2016). The main reasons CSDC graduates cited were lack of relevant jobs, poor performance in acquiring the skills, and lack of capital to start a business. Thus, a combination of factors affect matching between skills supply and labour market demand.

**Figure 3.14. Young Malawian workers' perception of skills relevance in their current employment by educational attainment (%)**

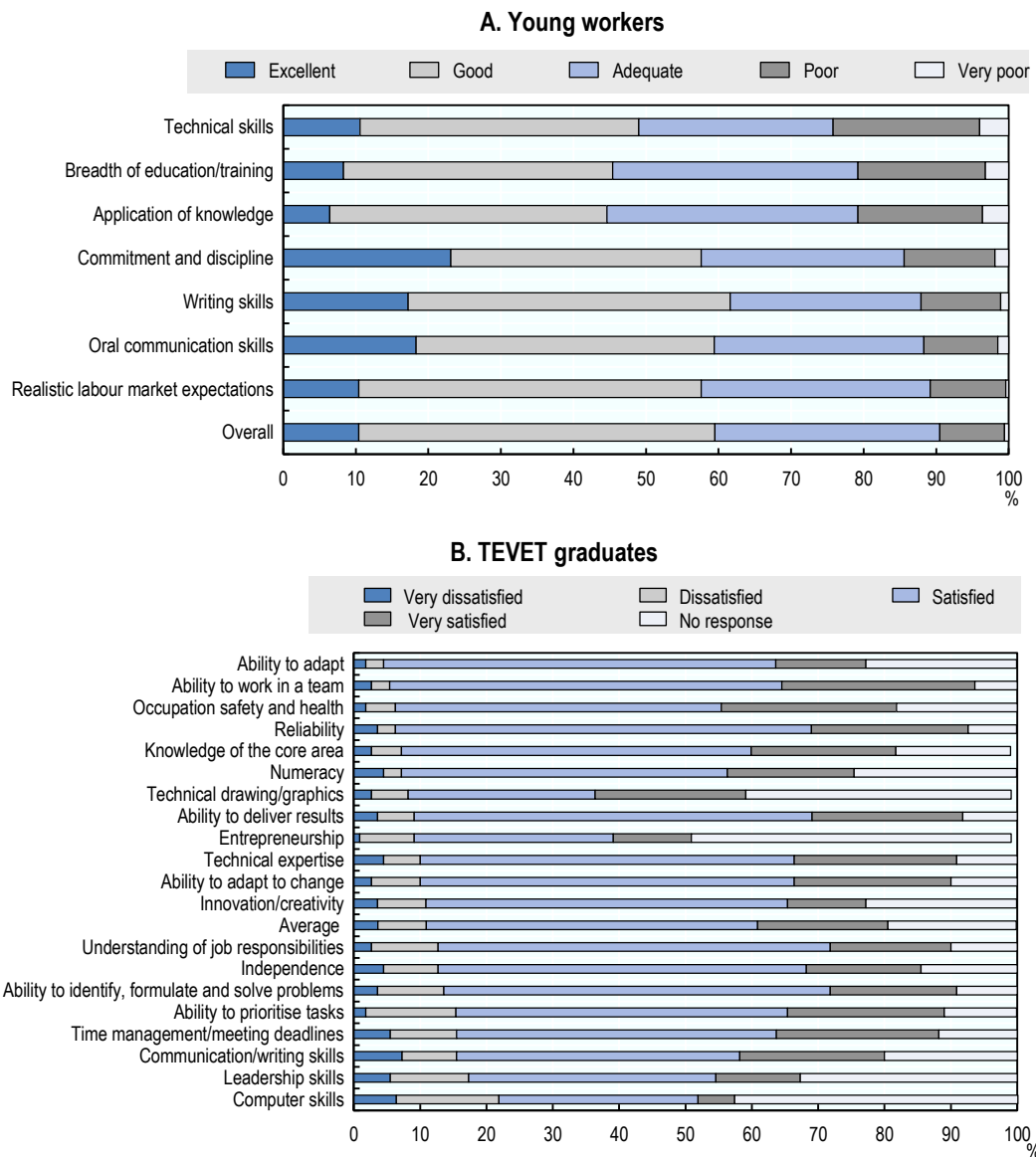


*Note:* Respondents were asked, “Do you feel your study match your job requirements?”

*Source:* ILO (2014), *School-to-Work Transition Survey – Malawi*.

Employers underscore the lack of specific skill sets among TEVET graduates. Self-assessment by formal TEVET graduates regarding specific competencies acquired during their studies revealed, on average, they considered they had strong abilities in organising their work processes efficiently, working efficiently towards a goal and mastering their trade skills (TEVETA, 2017). Although the vast majority of employers are generally satisfied with the skill levels of young workers and TEVET graduates, their assessment of strengths and weaknesses in terms of proficiency identified main weaknesses in organisational or managerial abilities. In 2012, on average, around 90% of employers judged young workers' skill levels satisfactory (including excellent, good and adequate) (Figure 3.15.A). Yet, 25% of employers considered young workers had poor technical skills, and 21% that their breadth of education was insufficient and that they lacked application of knowledge (Figure 3.15.A). This suggests that mastering technical competencies is important but not sufficient and that workers must also exhibit a certain level of general knowledge. More than 15% of employers were dissatisfied with TEVET graduates' leadership skills, communication and writing competencies and ability to manage time and priorities (Figure 3.15.B), in contrast to graduates who considered they had acquired these competencies. Overall, results suggest that, while the primary objective of TEVET should be to train core technical competencies (which seems to be the case, since only 7% of employers were dissatisfied with this aspect), it is also important to ensure TEVET trainees have basic organisational skills – all the more important since most TEVET graduates pursue self-employment and need these competencies to run a business (OECD, 2017b).

**Figure 3.15. Employer assessment of young workers and TEVET graduate skills proficiency (%)**



Note: For Figure 3.15.A, employers were asked to rate young workers’ skills and realistic expectations. For Figure 3.15.B, employers were asked to rate satisfaction on a scale of 1 (very dissatisfied) to 4 (very satisfied).

Source: 3.15.A: ILO (2012), *Labour Demand Enterprise Survey – Malawi*; 3.15.B: TEVETA (2016).

### 3.3.2. Skills demand and gaps

Analysis of the specific skills needs of strategic sectors would help identify skills gaps and shortages. A critical dimension of TEVET quality relates to its capacity to supply the economy with appropriately skilled graduates or trainees who can contribute to modernisation and diversification. TEVET can be instrumental in contributing to Malawi’s overall development strategy by fostering the emergence and development of strategic sectors. A key objective is to ensure skills development is in line with labour market demand in these sectors. The MGDS III asserts “the shortage of skills



development should be addressed in order to enable the Malawians, especially the youth, to provide labour and contribute towards productivity in the economy” (Government of Malawi, 2017). The MGDS II (2011-2016), MGDS III (2017-2022) and National Export Strategy (2013-2018) identify key economic sectors for development (Government of Malawi, 2010 and 2017). The following discusses the unmet skills demand in mining, agro-processing, construction and tourism, sectors identified as of prime importance in Malawi (Byram and McNeil, 2014).

Modernisation of the mining sector implies developing specific mining-related training and upgrading the qualification criteria of some courses to match sector requirements. Although the mining sector does not typically contribute substantially to job creation, it is central in Malawi’s development strategy, notably as it constitutes an important source of foreign direct investment and can contribute to industrial development. The mining sector is in its outset, with most workers operating in small scale activities. An important constraint to further development is lack of adequately skilled workers. While managers often hold engineering degrees, most employees either do not have a degree or qualification matching their jobs or received inadequate training for the job tasks and require additional internal training (Byram and McNeil, 2014). Thus, in jobs requiring specific mining skills, such as driller, blast man, crusher operator or digger mechanic, employers rely on skilled workers from neighbouring countries. Almost no formal training is available in these fields, and most training provided is informal, on-the-job training. In addition, skills gaps are observed in activities related to operating and maintaining heavy plant equipment. Formal technical institutions provide training in the fields related to the different occupations (e.g. vehicle repair and mechanics, driving and general fitting), but standards are not high enough for trainees to transfer the skills to satisfy industry requirements (Byram and McNeil, 2014). While the public TEVET system should primarily focus on providing transversal skills, developing optional modules in line with the specific requirements of specific sectors (mining, in particular) could be an effective way to support diversification of the economy.

Agro-processing is one of the most promising sectors for stimulate inclusive growth in Malawi. With 58% of youth working in agriculture, forestry or fishing, developing new crops and processing agricultural products are major challenges to inclusive growth. Indeed, agro-processing has the potential to generate a large number of jobs in relatively high value-added activities. The National Export Strategy identifies promising products and activities, including cooking oil; snacks and confectionary derived from sunflower; groundnuts; soya and cotton; sugar confectionaries; and juices (Byram and McNeil, 2014). The transformation of raw products, such as dairy, maize and wheat, and the development of horticulture are also of particular interest. A central objective of Malawi’s export strategy is to facilitate participation in global value chains in the oilseeds and horticulture sectors (ILO, 2016b).

TEVET can contribute to filling agro-processing skills gaps in technicians and operatives. While the agro-processing sector lacks professional farm managers and engineers, the TEVET system can reduce the skills gaps in technicians by training food technologists, farm supervisors and mechanics in tool machining, and reduce the skills gaps in artisans and operatives by training machine operators and farm assistants (ILO, 2016b). At present, it appears agro-processing enterprises do not have incentives to invest in training low-skilled workers as relying on cheap labour to conduct repetitive tasks is more profitable in the short term (EU, 2013). In addition, the sector has skilled worker shortages in areas critical for its development, such as product design and marketing, product quality assurance, packaging, logistics and storage:

- Marketing services and product design are almost non-existent in Malawi, and most companies rely on South African services, despite high costs. At present, no public TEVET graduates appear specifically trained in product design and marketing (ILO, 2016b).
- The sector also lacks specific skills to ensure products quality and standards. In particular, TEVET should aim to develop courses for laboratory technicians with skills in food hygiene and raw materials quality assessment, food microbiology and finished product analysis and quality assessment. There is also a need for qualified workers in production planning; process capability testing; certification and standards; post-harvest handling hazard analysis; and milling and drying technologies. Such technicians should be trained to ensure products are in line with standards set by the Malawi Board of Standards for foods and international standards (ILO, 2016b).
- High-level logistical, packaging and storage services are important towards higher productivity. While logistics services mainly rely on managerial competencies gained in tertiary education, the TEVET system should be a major actor in providing specific training in packaging and storage. Providing relevant skills in these technologies requires investment in modern equipment and upgrading curricula to reflect the specific needs. A detailed analysis of skills gaps in the oilseeds and horticulture sectors reveals they can generate large employment opportunities for youth in the future (see Box 4.1 in Chapter 4).

Initiatives are being developed to respond to the needs of the sector, but stronger employer engagement is necessary. The Bunda College and the Natural Resources College for the Lilongwe University of Agriculture and Natural Resources are the main institutions offering training in agro-processing. Yet, both offer graduate-level training, and the training capacity for TEVET institutions is very dependent on donor involvement. The United Nations Educational, Scientific and Cultural Organization's Better Education for Africa's Rise initiative supports the provision of high-quality TEVET, notably in food processing, in community colleges. Similarly, the EU has developed a Farm Income Diversification Programme to reinforce key agricultural skills, including in food security. The International Trade Organization Skills for Trade and Economic Diversification programme helped identify skills gaps and shortages in the oilseeds and horticulture sectors. Yet, sustainable development of TEVET qualifications in line with sector practices requires stronger engagement by employers in terms of both financial and human resources. In particular, the private sector can support access to up-to-date equipment (notably, through internships) and contribute to curriculum development and training assessment (in particular regarding practical knowledge application). Such a strategy requires adopting a long-term view aimed at improving the productivity of workers.

Although tourism training is well developed, the sector lacks entrepreneurial, language and soft skills. With an estimated contribution to Malawi's gross domestic product of around 7.3% in 2014, tourism and travel is identified as an important source of growth in the long term (WTTC, 2015). The sector is all the more important for providing significant employment: an estimated direct contribution of 108 500 jobs (around 2.9% of total employment) and an indirect contribution of 124 500 jobs (3.4% of total employment) in 2014 (WTTC, 2015). Malawi is relatively well equipped in terms of tourism training, with the Malawi Institute of Tourism providing training to approximately 350 students per year. Yet, training focuses mainly on catering and

hospitality, leaving gaps in entrepreneurship skills, such as creativity and innovation, needed to develop original tours and leisure activities (Byram and McNeil, 2014). Proficiency in languages other than English is needed to attract tourists from more countries, as are basic emergency and security skills satisfying sector requirements. Overall, the main constraint to improved skills in the travel and tourism sector is lack of training in soft skills. The sector would also benefit from the development of short upgrading courses for workers.

Construction suffers from skills shortages in low-skill activities and requires a more diverse set of skills among artisans and supervisors. Although construction is not a key priority area, it merits attention since it represents around 5% of youth employment (9% of male youth employment) and is one of the widest fields of study in TEVET (ILO, 2016b). Courses in traditional trades, such as carpentry, joinery, bricklaying, plumbing and electrical installation, account for more than 30% of the 1 300 technical college apprentices trained every year since 2010. Yet, there is still unmet demand (ILO, 2010). Lowering the academic entry requirements to provide training at a lower proficiency level in some of the unskilled occupations could help fill the gap. TEVET could also develop more diverse courses and specialisations to meet the needs of construction workers. Apprentices need to upgrade their technical knowledge to adapt to modern equipment (circular saw, running trowel machines, use of global positioning systems, etc.). This requires limited investment, and training should be made available on-the-job to workers. There is, in addition, a strong need to improve workers' management and planning skills, which are neglected in TEVET. Since many of TEVET graduates will work as own-account workers and sometimes supervisors, they must develop supervisory skills and competencies in project and financial management, quality control, and health and safety standards.

## Notes

<sup>1</sup> These figures are only indicative. The estimate based on the annual population growth rate uses data from the CIA World Factbook 2015 ([www.cia.gov/library/publications/download/download-2015/index.html](http://www.cia.gov/library/publications/download/download-2015/index.html)). The estimate based on the training capacity simply multiplies by 4.5 the training capacity, similar to the progression observed for technical colleges between 2000 and 2015 (Figure 3.1).

<sup>2</sup> According to MoEST data, around 180 000 students dropped out of primary school in 2015 and 15 000 out of secondary school (MoEST, 2016). Moreover, 64% of the 300 000 students enrolled in standard 8 (primary) do not transition to secondary school (around 190 000 students), and at least 50% of the 85 000 students (42 500) enrolled in form 4 (secondary) do not continue into tertiary education. Taken together, this suggests that around 427 500 young people leave education each year. Considering that 17.6% of them will not join the labour market but remains inactive (based on the average NEET rate in Malawi), this suggests that roughly 350 000 people join the labour market each year ( $427\,500 * 0.176 = 352\,260$ ).

<sup>3</sup> Figure 3.A1.1 in Annex 3.A1. provides details the distribution of fields of study by type of institution.

<sup>4</sup> The three parallel qualification frameworks available in Malawi (National Trade Test, Malawi Craft Certificate and the Competence Based Education and Training) rely on multiple level of advancement. The TEVET certificate of CBET obtained in technical colleges is a 4-level credit point system but only the first three levels were available at the time of the survey.

<sup>5</sup> The sample size of youth holding a post-secondary or tertiary degree is small. As such, figures should not be considered precise or accurate estimates of unemployment rates among these populations.

<sup>6</sup> Based on a classification form the International Labour Organization (ILO) linking the International Standard Classification of Occupations (ISCO) to the International Standard Classification of Education (ISCED) elementary occupations (ISCO 9) require at least primary education; middle skilled occupations (ISCO 4-8) require secondary education; and high skilled occupations (ISCO 1-3) require post-secondary or tertiary education (ILO, 2012).

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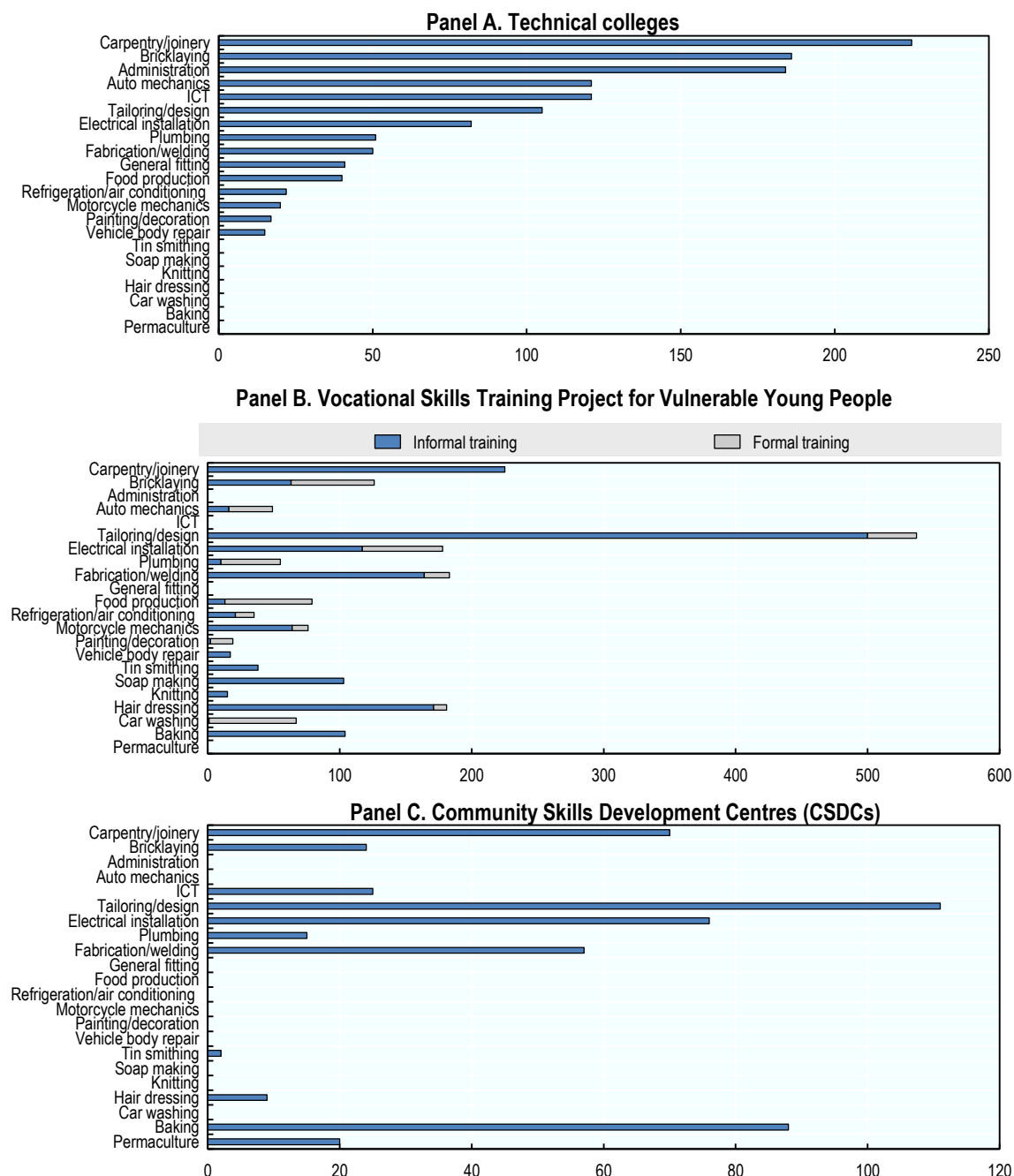
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## Annex 3.A1. TEVET opportunities by field of study and type of institution

Figure 3.A1.1. Distribution of TEVET fields of study by type of institution



Notes: Showing technical college and CSDC trainees from 2014/15 and VSTP-VYP trainees from a three-year period ending 2014/15. Information on type of training provided by private institutions and NGOs is not available. Thus, figure is not exhaustive or representative of the actual distribution of technical courses in Malawi.

Source: TEVETA (2016).

## Chapter 4. Rural youth entrepreneurship constraints and opportunities

In developing countries, the youth bulge poses a complex employment challenge and puts high pressure on labour markets, which are underdeveloped and segmented, thus offering poor prospects for decent work for youth. If favourable conditions are in place, entrepreneurship can be a pathway to decent work and have tremendous positive impacts on the economy. However, youth face disproportionate barriers to success in entrepreneurship. While tapping into the underexploited potential of youth entrepreneurship holds great promise, it is certainly not a panacea, as it cannot address the overall youth employment challenge on its own. This is especially true in rural areas, where young people are much more disadvantaged. Malawi is one of the poorest countries in the world, with a youthful population that mostly resides in rural areas and works in agriculture. This raises questions about how rural youth fare in entrepreneurship, a matter of great concern that has been insufficiently treated in the literature so far.

This chapter aims to shed light on the constraints and opportunities of rural youth entrepreneurship in Malawi. It provides a general overview of the rural youth labour market situation, then gives a thorough analysis of rural youth entrepreneurship, covering entrepreneur profile, businesses characteristics, operational challenges and access to business support. The chapter concludes with policy recommendations to unlock the potential of rural youth entrepreneurship in Malawi by investing in the following crucial domains: entrepreneurship education and business skills, access to finance, the regulatory framework, and integration to markets and local value chains.

### 4.1. Overview of the rural youth labour market situation

The vast majority of Malawi's youth live in rural areas, where they face disproportionate challenges. Despite having one of the world's strongest annual urban growth rates at 6.3%, Malawi remains overwhelmingly rural (UN-Habitat, 2011). About 85% of the population resides in rural areas, deriving their livelihoods mainly from agriculture. Most of the countryside is characterised by underdeveloped rural road networks and poor physical, economic and social infrastructure (Government of Malawi/EC, 2008). According to the 2008 Population and Housing Census, Malawi has a youthful population, with 26.8% of individuals aged 15-29, of which 82.0% are located in rural areas. This significant youth population is exposed to a broad range of challenges pertaining to empowerment, participation, health, education, employment and, ultimately, poverty. The 2013 Integrated Household Panel Survey estimated that 38.7% of the population lived below the poverty line and 11.5% were ultra-poor (NSO, 2014a). These numbers were as high as 40.9% and 12.3%, respectively, in rural areas.

Given their relative numbers, rural youth in Malawi are particularly exposed to poverty. Labour income is the main source of livelihood for most households in least developed countries (World Bank, 2012). In contexts where poverty is widespread and social safety nets like unemployment benefits are almost non-existent, most individuals cannot afford to remain unemployed and have no choice but to take whatever jobs they find.



Individuals, in particular young people, often end up in self-employed informal and subsistence activities, which perpetuate the poverty cycle.

#### *4.1.1. Access to employment and quality of jobs*

Rural youth enjoy greater access to employment than urban youth. In Malawi, the youth bulge puts high pressure on the labour market, which is unable to fully absorb the continuous flow of new entrants due to insufficient job creation. According to population projections, if the current high fertility rate of nearly six children per woman remains unchanged, 5.2 million young people (18-24) would enter the labour market in 2040 (MoDPC, 2010). Even based on a low fertility rate scenario (three children per woman), the number of youth entering the labour market is expected to be huge, amounting to 4.4 million. These projections highlight the growing and pressing need to create jobs for the youth population. Notwithstanding this, current data show that access to employment is less an issue for rural youth compared to their urban peers.

Table 4.1 displays selected labour market indicators for youth by place of residence. As regards access to employment, it appears that, in 2013, as many as 84.8% of rural youth aged 15-29 were economically active, and 66.7% were actually working, which rates go well beyond those observed for urban youth (76.0% and 48.4%, respectively). Put differently, youth in rural areas are much less prone to inactivity (15.2%) than those in urban parts (24.0%). They are also less affected by unemployment (18.1% vs. 27.6%), which is considered a major concern in Malawi, as highlighted in the National Youth Policy (NYP) (2013) and the Malawi Growth and Development Strategy (MGDS) III (Government of Malawi, 2013, 2017). Unemployment aggravates young people's vulnerability, increases the school-to-work transition period, enhances detachment from the labour market, and perpetuates dependency and poverty cycles. In the same vein, in 2014, the share of youth not in employment, education or training (NEET) – which is rather limited overall (13.8%) and in sharp decline since 2012 (17.6%) – was modestly lower in rural areas than in cities (12.9% vs. 13.5%). Whatever the place of residence, the vast majority of NEET youth are inactive non-students. Yet, the proportion of unemployed non-students is much lower in rural areas (22.5% vs. 28.1%). Hence, the risk of labour market and social exclusion seems contained for rural youth, as reflected by the NEET rate, which also captures other youth vulnerabilities concerning early school leaving and labour market discouragement (ILO, 2015).

**Table 4.1. Selected youth labour market indicators by place of residence in Malawi, 2013 (%)**

	Rural	Urban	Total
<b>Access to employment</b>			
Labour force participation rate	84.8	76.0	81.0
Employment-to-population ratio	66.7	48.4	59.0
Unemployment ratio	18.1	27.6	22.0
Inactivity rate	15.2	24.0	19.0
<b>Quality of jobs</b>			
Vulnerable employment	62.1	51.7	58.5
Employment status: paid employee	37.5	47.1	40.8
Employment status: employer	0.5	1.2	0.8
Employment status: own-account worker	47.0	39.8	44.5
Employment status: contributing family worker	15.1	11.9	14.0
Informal employment: 15-19	98.0	94.4	97.8
Informal employment: 20-24	93.6	81.8	92.4
Informal employment: 25-29	89.2	68.7	86.4
Average monthly net income (mean), in USD	26.7	96.4	..
Usual hours of work per week, all jobs	30.0	38.0	..
Occupation type: high-skilled white-collar	2.6	5.8	3.7
Occupation type: low-skilled white-collar	15.9	41.3	24.7
Occupation type: high-skilled blue-collar	53.7	27.1	44.5
Occupation type: low-skilled blue-collar	27.8	25.8	27.1
Sector of activity: agriculture, forestry and fishing	72.1	25.6	56.1
Sector of activity: industry (manufacturing)	3.3	6.6	4.4
Sector of activity: industry (other)	2.2	7.0	3.9
Sector of activity: services (trade)	13.6	32.1	20.0
Sector of activity: services (other)	8.8	28.8	15.7

*Notes:* .. = not available. Youth aged 15-29. Based on the International Standard Classification of Occupations (ISCO-08), high-skilled white-collar includes legislators, senior officials and managers (ISCO code 1), professionals (ISCO code 2), and technicians and associate professionals (ISCO code 3); low-skilled white-collar includes clerks (ISCO code 4), and service workers and shop and market sales workers (ISCO code 5); high-skilled blue-collar includes skilled agricultural and fishery workers (ISCO code 6), and craft and related trades workers (ISCO code 7); and low-skilled blue-collar includes plant and machine operators and assemblers (ISCO code 8), and elementary occupations (ISCO code 9). Based on the International Standard Industrial Classification of All Economic Activities (ISIC Rev. 4), industries (other) includes construction, mining and quarrying, electricity, gas and water supply; and services (other) includes transportation, accommodation and food, business and administrative services, public administration, community, social and other services and activities.

*Source:* 2013 Malawi Labour Force Survey.

In fact, the main employment challenges for rural youth relate to poor job quality and lack of opportunities outside agriculture. Nearly one out of two rural young workers aged 15-29 were own-account workers in 2013 (47.0%) (Table 4.1). Adding the significant share of contributing family workers (15.1%), almost two-thirds are in vulnerable employment (62.1%). Own-account and contributing family workers are considered in vulnerable employment because they usually work under unstable circumstances characterised by informal working arrangements and lack of employment benefits and social protections. By contrast, only a slight majority of urban young workers are in vulnerable jobs (51.7%). Wage employment seems to be out of reach for many rural youth: barely 37.5% are paid employees compared to 47.1% of urban youth.

Informality is the norm for young Malawian workers, especially in rural areas. The informal employment rate is considered an important indicator of quality of employment, as it encompasses jobs that generally lack basic social or legal protections or employment benefits, be they in formal enterprises, informal enterprises or households (ILO, 2013). In rural areas, the rate decreases with age, from 98.0% among adolescents (15-19) to 89.2% among older youth (25-29). The trend is less pervasive among urban youth: informality affects 94.4% of adolescent workers and no more than 68.7% of older young workers. Formal job creation is a major issue in Malawi. Data from the Integrated Household Surveys estimate that, between 2005 and 2011, the formal sector created about 30 000 jobs per year vs. 300 000 new young entrants into the labour market possessing some level of education (NSO, 2005 and 2012). The formal sector thus fails to absorb most of the youth entering the labour market, who fall back on informal jobs by default and necessity.

The poor quality of jobs held by rural youth does not end there. Their average monthly net income reaches MWK 10 615 (Malawian kwacha) or USD 29.1 (United States dollar) using the 2013 official exchange rate (USD 1 = MWK 364), nearly four times lower than that of urban youth (MWK 38 288 or USD 105.1) (AFIDEP, 2017). This is well below the general minimum wage, which the government raised in 2015 from MWK 14 326 to MWK 17 880, owing to the rising cost of living. Moreover, rural youth work 30 hours per week on average, which is eight hours less than their urban counterparts and far below the statutory usual working time of 48 hours per week. This reflects the limited demand for work and the underutilisation of the productive capacity of the employed youth population in rural areas. In terms of occupation, the results are striking as well. White-collar occupations account for barely 18.5% of young workers in rural areas compared to 47.1% in urban ones. The majority of rural young workers are high-skilled blue-collar workers involved in skilled agricultural and fishery (50.7%). Almost one-fourth are in elementary occupations (23.6%), the least qualified jobs. The vast majority of rural youth work is agricultural (72.1%), as opposed to urban centres, where youth mostly work in services (60.8%), primarily in trade (32.1%). Rural areas seem to offer little employment for youth outside agriculture, which greatly outweighs other sectors. Trade and industry only employ 13.6% and 5.5% of working youth, respectively, and the manufacturing sector no more than 3.3%.

Overall, rural youth employment in Malawi is characterised by poor quality jobs related, for the most part, to self-employed, informal and agricultural activities. In other words, non-farm, wage employment, formal jobs and, ultimately, decent work opportunities are scarce. This situation makes it difficult for youth to prosper in rural areas and provides a strong incentive to migrate to urban centres, where employment prospects are much better. Indeed, the 2013 Malawi Labour Force Survey (MLFS) found a markedly higher concentration of youth in urban areas than in rural ones (32.5% vs. 25.6%) (NSO, 2014b). Alternatively, entrepreneurship constitutes rural youth's most viable and immediate way out of poverty, source of employment generation and career option to realise their economic potential. The 2012 Malawi Micro, Small and Medium Enterprise (MSME) Survey showed that the most frequent reason rural youth start a business is because they were unemployed and could not find a job (38%) (FinMark Trust, 2012). While not a panacea, entrepreneurship can improve youth employment prospects in rural areas, provided transaction costs are not prohibitive (e.g. non-conducive business environment, inadequate infrastructure), market opportunities can be captured, and local value chains are well established.

## 4.2. Rural youth entrepreneurship

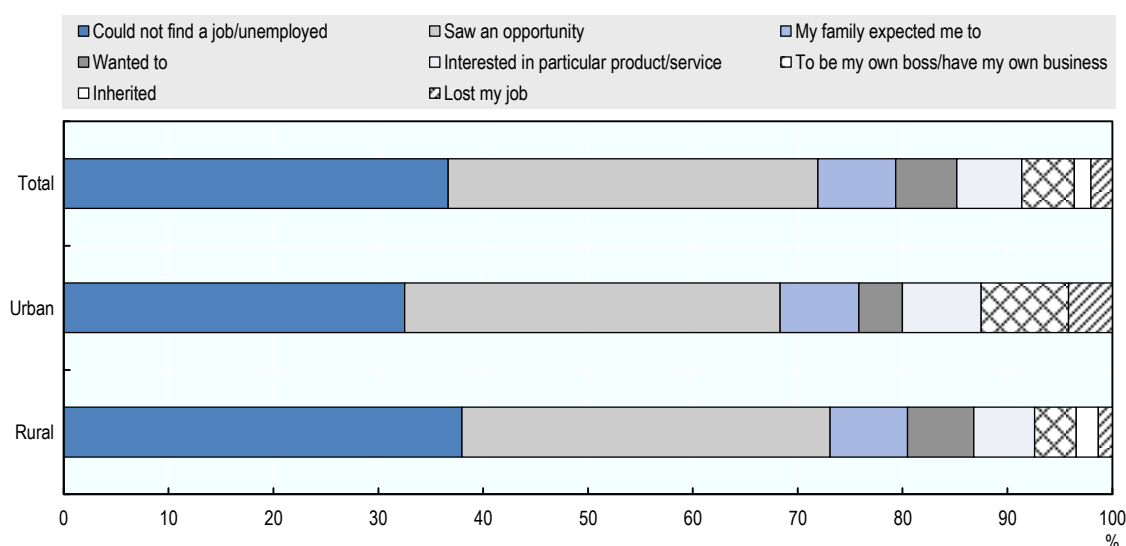
This analysis of rural youth entrepreneurship in Malawi relies on the nationally representative 2012 MSME Survey, which contains rich and detailed information. The survey covers a representative sample of urban and rural micro (1-4 employees), small (5-20) and medium (21-100) enterprise owners from all regions (FinMark Trust, 2012). MSME owners refer to individuals 18 and older, who perceive themselves to be business owners generating an income through small business activities that employ no more than 100 employees. This chapter uses the terms business owners and entrepreneurs interchangeably and defines youth entrepreneurs as those aged 18-29. The survey interviewed a total of 1 997 entrepreneurs, of which 619 were young people. Data and empirical evidence on rural youth entrepreneurship in Malawi are scarce; the MSME Survey offers a unique opportunity to comprehend the phenomenon. It collected a broad range of information pertaining to the size and scope of the MSME sector, MSME compliance with the law, entrepreneur profile, business operations and management, financial inclusion, and MSME constraints and support. However, the survey has certain limitations, in particular its primary focus on the main enterprise owned. In practice, many adopt a portfolio approach by operating multiple businesses.

Youth account for a significant share of entrepreneurs in Malawi, the vast majority located in rural areas. Taking the 2012 MSME Survey data as current, MSMEs represent a major source of job creation in Malawi, with 1.8 million working in the sector (FinMark Trust, 2012). The country has 758 118 entrepreneurs who own 987 480 businesses and employ 1.1 million additional workers. Youth entrepreneurs account for 30.6%, of which 78.4% operate in rural areas. The MSME Survey does not allow estimating the share of entrepreneurs among all youth since it focuses exclusively on business owners, but figures can be derived from the 2013 MLFS. It is worth mentioning there is no internationally agreed definition of entrepreneurship, which leaves room for a multiplicity of diverging definitions (OECD, 2017). In practice, self-employment is widely used as a proxy for entrepreneurship, as long as it is restricted to own-account workers and employers, the work performed by contributing family workers being quite distant from the common understanding and positive connotations associated with entrepreneurship. Based on this definition, 47.5% of young workers are entrepreneurs in rural areas compared to 41.0% in urban areas in Malawi.

### 4.2.1. Entrepreneur profile

The typical rural youth entrepreneur in Malawi is a married man older than 24 who started a business out of necessity in the absence of job opportunities. In rural areas, 58.9% of young entrepreneurs are older than 24, and 85.0% are married, which is fairly in line with the urban profile (64.4% and 76.5%, respectively). However, while youth entrepreneurship is overwhelmingly dominated by women in urban centres (71.0%), it is made up of a majority of men in rural areas (57.5 %), indicating a clear divide in entrepreneurial activities across places of residence (explored further below). Rural youth entrepreneurship appears primarily necessity-driven: unemployment, together with the inability to find a job, is the most frequent reason reported by rural young entrepreneurs for opting to start a business (38%) (Figure 4.1). By contrast, the main reason given by urban youth is perceiving an opportunity (36%). This analysis needs to be nuanced, however. Opportunity-driven entrepreneurship stands at 35% among rural youth. In addition, 6% started a business simply because they wanted to, 6% because they were interested in a particular product or service, and 4% because they wanted to be their own boss.

**Figure 4.1. Motivation of Malawian youth to start a business by area, 2012 (%)**



Note: Youth = aged 18-29.

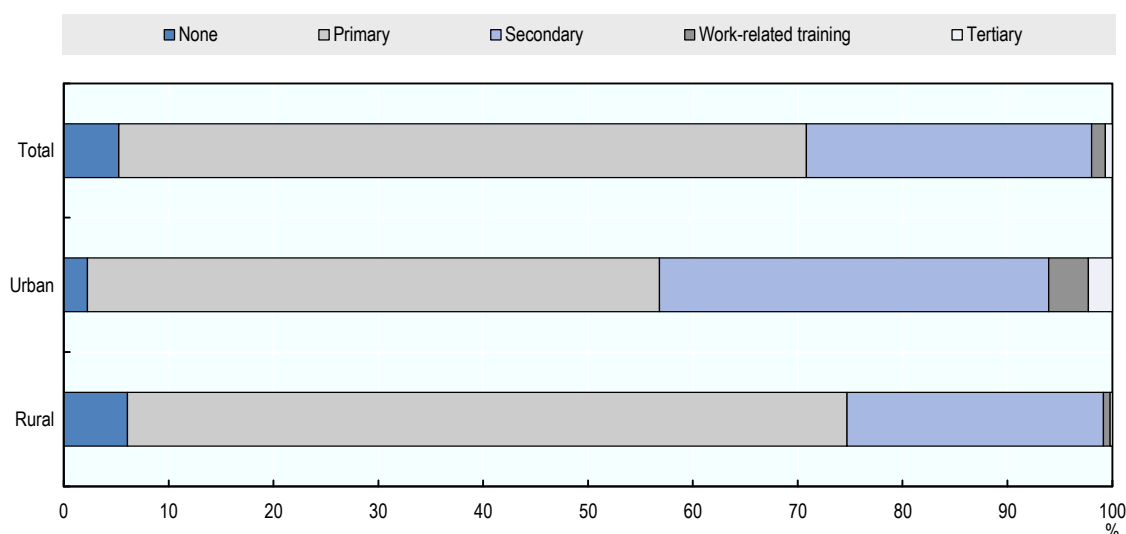
Source: 2012 MSME Survey.

The seeming paradox whereby youth entrepreneurship appears driven by both default/necessity and choice has been put forward and discussed in recent OECD studies focusing on developing countries in Africa and other regions (OECD, 2017; OECD Development Centre, 2017; OECD/European Union, 2017). These studies argue that, although a large majority of young entrepreneurs say they are running a business by choice, the lack of better employment opportunities and the poor quality of entrepreneurship employment (as reflected in particular by low job satisfaction, high underemployment and multiple concurrent jobs) suggest the decision to enter entrepreneurship is most likely driven by necessity. In Malawi, rural young entrepreneurs devote a limited amount of time to their businesses: 55.7% work less than five days per week, and 20.3% work less than four hours per day (FinMark Trust, 2012). By comparison, these numbers do not exceed 33.3% and 6.8%, respectively, among urban

young entrepreneurs. This is partly due to the fact that young entrepreneurs in rural areas are more likely to run multiple businesses (25.3%) than those in urban parts (15.9%). Indeed, the main business often does not suffice for rural young entrepreneurs to make a living, pushing them into additional productive activities. Alternative sources of income come from their other businesses in only 39% of cases. In the remaining cases, rural young entrepreneurs gain additional income by holding other jobs.

In addition, rural youth entrepreneurs have low education levels and acquire business skills through informal channels. Three out of four rural youth entrepreneurs have, at best, primary level education (74.7%), higher than among their urban peers (56.8%) (Figure 4.2). Only 24.5% attained secondary schooling, and almost none reached university (0.2%) or benefited from work-related training (0.6%).<sup>1</sup> Accordingly, most rural youth entrepreneurs do not seem to possess the necessary basic skills to run a business successfully. In fact, the vast majority developed business skills informally (80.3%), either by being self-taught (43.9%) or through family members (36.5%) (Figure 4.3). A small minority acquired business skills from mentoring (6.1%) or previous work experience (3.9%), and very few did so through training programmes (3.1%) or formal education (2.7%). In urban areas, informal business skills acquisition dominates as well but is not as pervasive (67.6%).

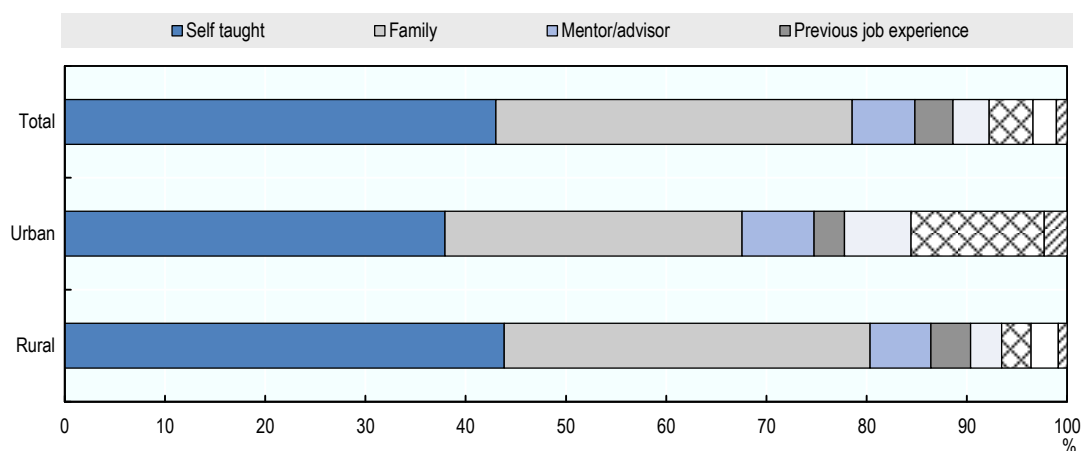
**Figure 4.2. Highest level of education attained by Malawian youth entrepreneurs by area, 2012 (%)**



Note: Youth = aged 18-29

Source: 2012 MSME Survey.

**Figure 4.3. Business skills acquisition channels of Malawian youth entrepreneurs by area, 2012 (%)**



*Note:* Youth = aged 18-29

*Source:* 2012 MSME Survey.

In Malawi, entrepreneurship education is virtually absent from formal curricula (MoEST, 2015; World Bank, 2010). The MGDS III mentions the need to reform the education system so as to include entrepreneurship in particular, but the strategy implementation plan does not foresee any concrete action or activity in this regard, at least according to the draft document currently available (Government of Malawi, 2017). The Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA) is the institution responsible for regulating and administering business skills development programmes. However, the number and coverage of these are very limited. In 2014-15, the apprenticeship programme, which imparts technical, entrepreneurial and vocational knowledge and skills to trainees, benefited only 1 283 individuals, and the informal sector outreach programme, which aims to improve standards of technical and entrepreneurial skills in this sector, benefited only 686 (TEVETA, 2015). Moreover, of the 48 courses planned under the Informal Sector Skills Development Programmes, only 11 have actually been implemented, and TEVETA did not reach its targets for equipping Community Skills Development Centres (10 were equipped out of 12 planned) or training their beneficiaries (497 were trained out of 760 expected). Also notable, there is currently no locally recognised TEVET-level qualification for the agricultural sector (ILO, 2016).

The lack of proper managerial capital and lack of business skills among rural youth entrepreneurs are major concerns, as they constitute key factors for success (OECD, 2017). According to Bradford (2007), the ability to keep and interpret financial records, promote products and obtain financing is important for driving up business performance. Business assistance and training programmes that support entrepreneurs in these domains are therefore critical. Some studies on developing countries show business training programmes aimed at improving management practices and stimulating entrepreneurial orientation in particular have generally positive, if often modest, impacts on business outcomes (Bruhn and Zia, 2011; McKenzie and Woodruff, 2014; de Mel et al., 2014; Berge et al., 2014).

#### **Box 4.1. Tackling skills shortages in Malawi's oilseeds and horticulture sectors**

In 2013, Malawi launched the National Export Strategy (NES) 2013-2018 to broaden its export base, increase productivity and improve value addition of its primary produce. The NES identified access to skills as the greatest challenge to businesses realising their growth and export potential in Malawi's priority export clusters: oilseeds, sugar cane and manufacturing (including agro-processing, which covers horticulture). Using its STED skills-anticipation methodology, the ILO analysed the growth potential of the oilseeds and horticulture sectors in Malawi – sectors prioritised by stakeholders – with a focus on skills required to fully exploit their export potential. The research clearly identified capability gaps and skills shortages affecting the performance of these sectors, and proposed a number of recommendations to the government to address skills needs.

##### **Recommendations to address skills needs in Malawi's oilseeds sector:**

- Design/implement tailor-made short-term skills upgrading programmes: technical training in research and development (R&D) and innovation, quality assurance, safety and hygiene, and international testing and certification.
- Design/implement enterprise-based training for existing workers: sector-standardised skills-upgrading programmes.
- Introduce an apprenticeship programme for the oilseeds sector: formalised internships and attachment arrangements between enterprises and training institutions.
- Strengthen the capacity of higher learning institutions: sandwich-type degree programmes, industry-specific training in laboratory technology, and twinning partnerships between national and international universities.

##### **Recommendations to address skills needs in Malawi's horticulture sector:**

- Design/implement value-chain-focused skills training for the high-value vegetable subsector: tailor-made Work Integrated Learning programmes that meet industry competency needs.
- Develop/implement productivity, disease and pest control training programmes for small-scale vegetable farmers.
- Design/pilot supply-chain management training for aggregator companies: improve logistics and enable farmers to get products to market more efficiently.
- Design/implement post-harvest handling and packaging training for small-scale producers.
- Develop a fully-fledged horticultural production training curriculum: integrate into mainstream TEVET training.

##### **Cross-sector recommendations:**

- Strengthen dialogue/collaboration among policy makers, the industry and training institutions: enhance needs-based skills development.
- Strengthen the capacity of training institutions involved in agriculture and agro-processing: deliver demand-led skills training.
- Improve competency levels of existing workers: enhance the export competitiveness of the two sectors.

*Sources:* MoIT (2012a), ILO (2016).

The International Labour Organization recently released a Skills for Trade and Economic Diversification (STED) report on Malawi's oilseeds and horticulture sectors, two strategic sectors with growth potential (ILO, 2016). According to the report, both sectors require significant skills improvement for developing business capabilities in supplies, product development, quality and compliance with standards, logistics, transport and marketing

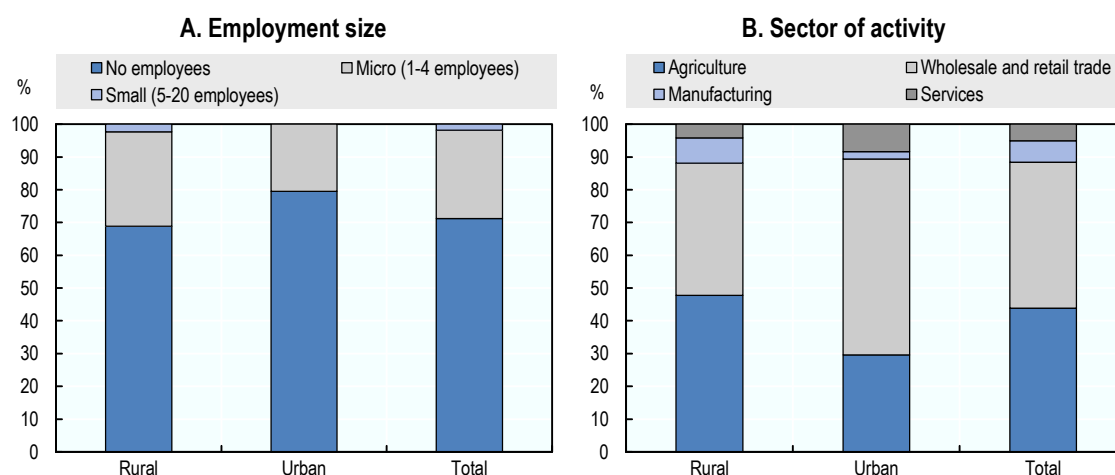


(Box 4.1). Addressing skills needs in these key sectors is of prime importance to help rural youth move up the entrepreneurial performance ladder.

#### 4.2.2. Business characteristics

Typically, rural youth businesses are very small and operate in the agricultural sector as retailers without adding any value to the products they sell, thus generating low profits. A large majority of rural youth business owners (68.9%) are individual entrepreneurs in the sense that they are own-account workers who run their businesses alone without employees (Figure 4.4.A). According to the 2012 MSME Survey, rural youth entrepreneurship accounts for relatively few micro businesses (28.8%), a negligible share of small businesses (2.3%) and no medium businesses. Youth businesses are thus very small in rural areas, although the rate of individual enterprises is higher in urban areas (79.5%). Overall, most young entrepreneurs in Malawi are unable to generate jobs and make their businesses grow. Youth entrepreneurship is also dominated by agricultural activities, which is not surprising, given that Malawi is dependent on traditional commodities, such as tea, coffee and tobacco (FinMark Trust, 2012). As many as 47.8% of rural youth businesses are agricultural (Figure 4.4.B). The wholesale and retail trade sector is large, however, encompassing 40.3% of businesses owned by rural youth, in contrast with the manufacturing and services sectors where relatively few rural youth embark on (7.7% and 4.2% of businesses, respectively). The latter highlights the scarcity of agro-processing industries in rural areas in particular. By contrast, urban young entrepreneurs are largely engaged in trading activities (59.8%), whereas a minority run an agriculture business (29.5%).

**Figure 4.4. Employment size and sector of activity of Malawian youth businesses by area, 2012 (%)**



Note: Youth = aged 18-29.

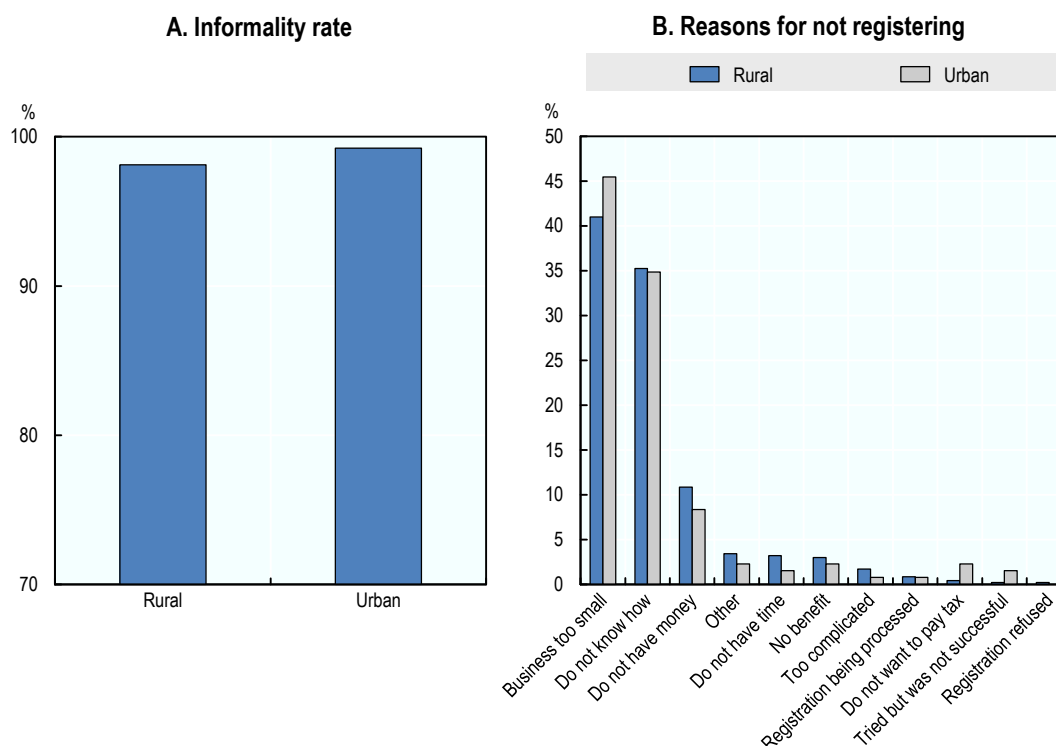
Source: 2012 MSME Survey.

As put forward in the 2012-2017 MSME Policy Strategy, due to Malawi's highly rural population, most businesses are linked in some way to agriculture and operate on small pieces of land (MoIT, 2012b). Agriculture is by far the dominant sector of the economy, employing 85% of the labour force, contributing 38% of gross domestic product (GDP) and accounting for 90% of exports. Approximately 84% of agricultural value addition

comes from about 2 million smallholder farmers owning, on average, 1-2 hectares of land per farm. As concerns rural youth entrepreneurs, the result is that 89.4% are retailers and only 10.6% service providers. While almost all sell products, particularly agricultural goods, only 16.2% re-sell products after adding value (re-packing, re-grading or cooking), which entails light manufacturing, especially given that trading in foodstuff is widespread (FinMark Trust, 2012). In most cases (40.5%), products sell in the same form they were bought, which means rural youth entrepreneurs are mainly vendors. A significant share sell products they grew (17.6%) or made (10.3%); nonetheless, it is not surprising profits generated by many rural youth businesses are relatively low, with 40.4% earning no more than MWK 25 000 per month (USD 100 using the 2012 official exchange rate [USD 1 = MWK 249]). The poor income-generating capacity of rural youth businesses raises all the more concern since most of them have been in operation for years. According to business life cycle analysis, the vast majority of these businesses (36.1%) are indeed old enough to be considered in the growth stage (3-5 years of existence) or established (6+ years) (34.2%); less than one-third are young enough to be defined as start-ups (2 years or less) (29.7%) (FinMark Trust, 2012).

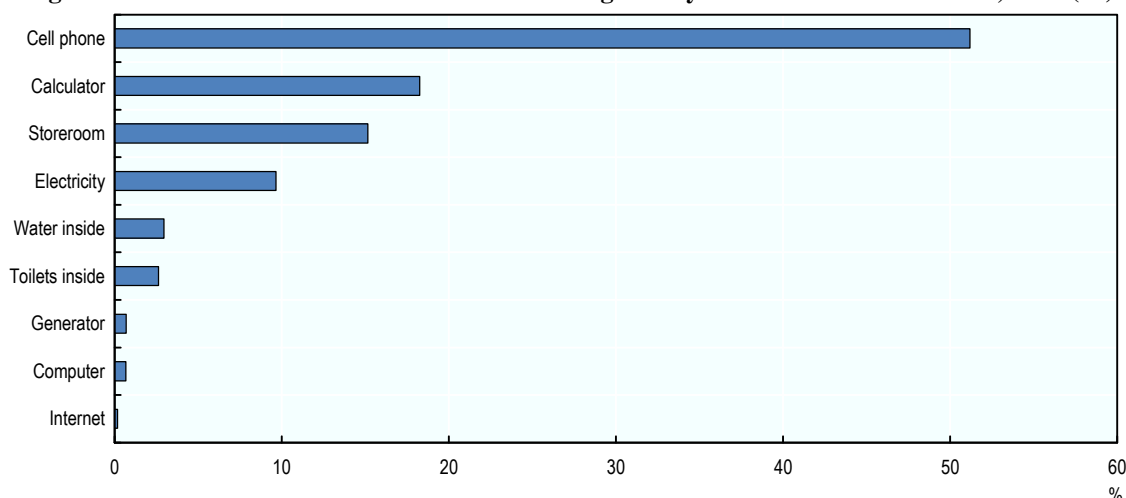
Informality is the norm among rural youth businesses, along with poor operating conditions and very limited access to infrastructure and information and communications technology (ICT). As many as 98.1% of rural youth businesses operate informally, and nearly all in urban areas do (99.2%) (Figure 4.5.A), meaning young entrepreneurs who register and license their businesses are barely a handful. The overwhelming frequency of informality and its detrimental effects on youth business performance in developing countries, including in Africa, are now well known (OECD, 2017). Non-registration is a particular constraint to accessing loans and other financial services (FinMark Trust, 2012). Informality also undermines African governments' efforts to broaden their tax bases (AfDB, OECD and UNDP, 2017).

Reasons for being informal usually range from tax avoidance to high registration costs or simply lack of information. Three-quarters of rural youth entrepreneurs in Malawi appear to be informal either because their businesses are too small (41.0%) or because they do not know how to carry out registration and licensing (35.2%) (Figure 4.5.B). Others cited inability to pay registration costs (10.8%). The same reasons emerge in urban areas. The fact that the small size of the business is the main reason for operating informally is not surprising. Clients of rural businesses are usually private individuals with no obligation to raise taxes on their invoices; hence, rural businesses have little incentive to operate in a regulated and formalised environment (FinMark Trust, 2012). Lack of knowledge about the registration process has been documented in other developing countries as well (OECD, 2017). Improving access to information about the regulatory framework and the benefits of formalisation would be an important element of any formalisation strategy. Moreover, administrative procedures need to be simplified and registration costs reduced to make formalisation more attractive. According to the World Bank's *Doing Business 2016* report, Malawi is among the lowest ranked countries for ease of doing business, especially for starting a business (161 out of 189 countries) (World Bank, 2016). Registering a business is indeed not easy in Malawi: the number of procedures (eight), the time it takes (38 days) and the cost (equivalent to 84.6% of the income per capita) are burdensome and not conducive to business creation.

**Figure 4.5. Informality among Malawian youth businesses by area, 2012 (%)**

*Note:* Youth = aged 18-29. Businesses are considered informal if they are neither registered nor licensed.  
*Source:* 2012 MSME Survey.

Informality most often involves poor access to infrastructure services and ICT (Figure 4.6). Only 9.7% of rural youth businesses are connected to electricity, and barely 0.7% have a generator as an alternative power source. Difficulty getting electricity is a major driver of the non-conductive business environment in Malawi. The country performs so poorly in terms of efficiency (number of procedures, time and cost to get connected to the electrical grid), reliability of supply and transparency of tariffs, it is 15th in the world for lack of ease of access to electricity (World Bank, 2016). Yet, it is not the only challenge rural youth businesses face. While a fairly low 58.1% have access to running water, no more than 3.0% have it inside the business establishment. As a result, only 2.6% have toilets inside, as opposed to 67.4% with toilets outside the premise. Rural youth businesses fare no better with respect to ICT. A slight majority have a cell phone (51.2%), and extremely few have a computer (0.7%) or Internet access (0.2%). The lack of basic infrastructure services and ICT greatly reduces the capacity of rural youth businesses to interact with markets, which is a vital aspect of their livelihood strategies, and more broadly hampers their performance and chances of success (OECD, 2017).

**Figure 4.6. Access to infrastructure and ICT among rural youth businesses in Malawi, 2012 (%)**

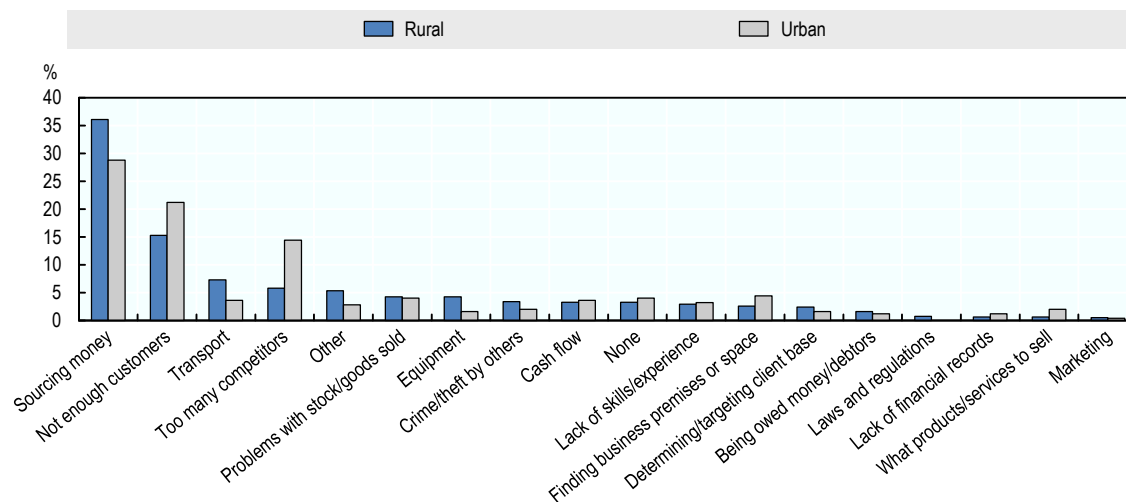
Note: Youth = aged 18-29.

Source: 2012 MSME Survey.

In fact, most rural youth businesses (85.0%) do not have dedicated premises, which sheds light on findings of their unfavourable physical operating conditions. Most operate either from home (35.9%) or at a trading centre or market (49.1%). The latter makes sense, as rural youth entrepreneurs are predominantly farmers selling agricultural products. No more than 15.2% have a storeroom at their disposal. Moreover, far fewer than a half own their places of operation (39.9%). In a significant number of cases, rural youth entrepreneurs use their business locations free of charge (36.5%); only 16.7% pay rent.

#### 4.2.3. Operational challenges and business support

Access to financing is the main challenge upon start up for rural youth entrepreneurs, who therefore primarily rely on informal sources. Rural youth entrepreneurs experience a range of constraints at different stages of the business life cycle, especially during the start-up phase, when barriers are particularly acute. Virtually the entire population of rural young entrepreneurs report challenges when starting their businesses (96.7%) (Figure 4.7). Accessing finance is the most pervasive reported constraint in rural areas (36.1%) and, to a lesser extent, urban areas (28.8%). Rural youth entrepreneurs have very limited access to formal financial institutions, as reflected in only 6.4% getting start-up capital through business or personal loans. Urban youth entrepreneurs do not do much better (8.4%). Consequently, most young entrepreneurs, especially in rural areas, rely on informal sources of money to set up their business, such as friends and family (22.0% in rural areas), other businesses (20.1%) or personal savings (7.4%).

**Figure 4.7. Initial business challenges of Malawian youth entrepreneurs by area, 2012 (%)**

Note: Youth = aged 18-29.

Source: 2012 MSME Survey.

The non-conducive environment and difficulties of doing business in Malawi extend to credit. Malawi ranks 152 out of 189 countries in access to credit, and scores very low on the strength of legal rights (collateral and bankruptcy laws protecting the rights of borrowers and lenders), the depth of credit information (rules and practices affecting the coverage, scope and accessibility of credit information) and the credit bureau or registry coverage (number of individual and firms listed in a credit bureau's or registry's database) (World Bank, 2016). These findings are in line with *The Global Competitiveness Report 2015-2016*, according to which Malawi's financial markets are poorly developed, and business executives perceive access to financing as the most problematic factor for doing business (World Economic Forum, 2015). The lack of access to credit is a major issue for rural youth in Africa, and in Malawi in particular, since it significantly reduces their likelihood of starting a business in the non-farm sector (Nagler and Naudé, 2014). Youth difficulties in accessing finance usually include inadequate youth-friendly financial products, including microloans and seed funding; high credit and collateral requirements; excessive restrictions (e.g. age for opening a bank account); low financial literacy; and limited awareness and knowledge of financing opportunities (OECD, 2017). In Malawi, collateral requirements and high interest rates play major roles in limiting or preventing access to formal loans (FinMark Trust, 2012; USAID, 2014). Overall, these findings stress the critical importance of greater financial inclusion to unlock rural youth entrepreneurship potential. Through the MGDS III, Malawi plans to develop a strategy that promotes access to finance in agriculture for vulnerable groups, including youth, aimed in particular at strengthening farmers' and agro-entrepreneurs' understanding of and adherence to loan and agricultural credit procedures (Government of Malawi, 2017).

Market integration represents another major challenge for rural youth setting up a business. A fair proportion (15.3%) of rural youth starting a business worry about not having enough customers, and 5.8% worry about the high number of competitors (Figure 4.7). In other words, they find it hard to connect with and get integrated into the local market due to its small size and strong competition. Indeed, Malawi's domestic market is notably small, in general and compared to economies at the same stage of

development. This affects productivity by hampering both economies of scale in production and incentives for innovation (World Economic Forum, 2015). Taken together with youth entrepreneurs who face difficulties in targeting the potential client base (2.4%) or identifying the appropriate products or services to sell (0.6%), about one-quarter of rural youth starting a business are concerned with issues related to market integration (24.1%). Accordingly, greater efforts should be devoted to improving the functioning and integration of local markets, thereby fostering market opportunities and local value chain development (OECD, 2017).

Rural youth entrepreneurship can indeed be promoted through local value chain development, with eventual linkages to broader markets and global value chains, which will play in favour of rural economy diversification and specialisation. Investing in youth entrepreneurship and local value chain development will ultimately increase employment opportunities and earnings, improve working conditions and livelihoods, reduce poverty and boost economic growth in rural areas. As seen, rural youth entrepreneurs are mainly agricultural smallholders, operating under poor conditions due to informal financing and selling to private individuals without adding value to the goods. The predominance of the situation makes very clear the lack of ties to and unfavourable position of rural youth entrepreneurs within local value chains. Local value chain development must be inclusive so youth can add more value to primary products and move up the chain.

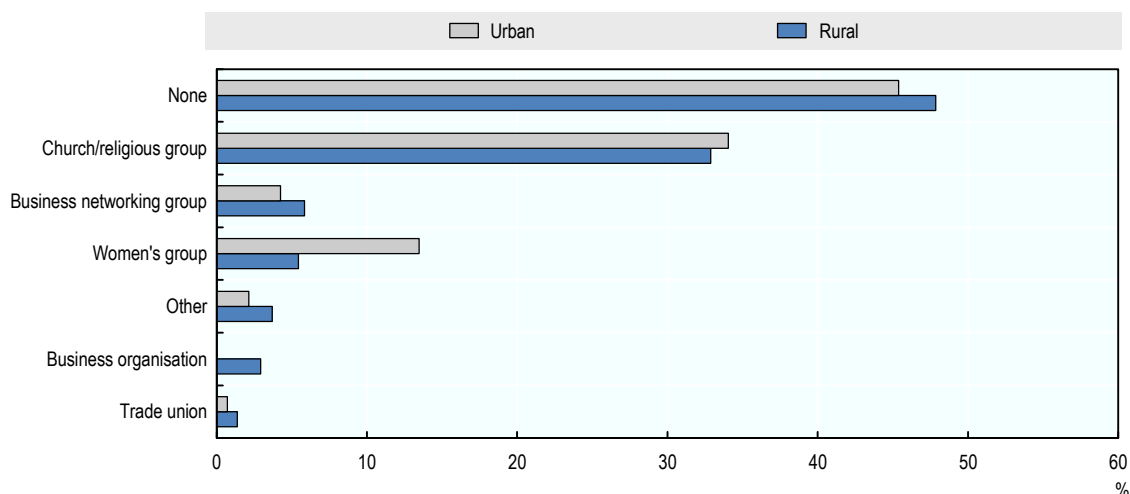
Furthermore, a significant number of rural youth entrepreneurs are concerned with infrastructure issues upon business creation, such as transportation (e.g. moving stock) (7.3%), equipment (4.2%) or finding business premises or space (2.5%), which highlights once again the prevalence of poor operating conditions (Figure 4.7).

Once businesses are operational, rural youth entrepreneurs' primary concern is natural disasters putting operations or income at risk (26.4%). This is not surprising, given most operate in agriculture, a sector highly vulnerable to weather conditions and natural hazards. The economy's heavy reliance on agriculture is problematic overall, especially as Malawi has recently faced significant problems from adverse weather conditions. In 2016, it was among the southern African countries worst affected by El Niño-induced drought, with 36% of the population requiring food relief (AfDB, OECD and UNDP, 2017). It is thus crucial Malawi build resilience to weather-related shocks to attain food security and achieve sustainable development. The other operational risks most reported by rural youth entrepreneurs are theft of business stock, equipment or livestock (23.2%), and illness or death of the business owner (19.6%), suggesting they operate in environments that are largely unsafe. In the event of incurring any such losses, most rural youth entrepreneurs do not have coping strategies in place to absorb them; those who do rely mainly on borrowing from friends and family or on personal savings (FinMark Trust, 2012). According to an experimental study (Giné and Yang, 2009), farmers in Malawi are reluctant to take out loans to adopt a new crop technology, especially when the loans are insured against a production risk, because of the high insurance premium charged.

Many rural youth entrepreneurs are not supported by business organisations or networks; those who are, get support primarily from informal networks, especially religious groups. Nearly half of rural youth entrepreneurs (47.9%) claim to have no business support network at all (Figure 4.8). In addition, very few are assisted by professional institutions, such as business networking groups (5.8%), business organisations (2.9%) or trade unions (1.4%), although these institutions are perceived to be the most helpful (FinMark Trust, 2012). Thus, rural youth entrepreneur support networks are essentially informal. Church

and religious groups constitute the main source of support (32.9%), distantly followed by women's groups (5.4%). Urban youth entrepreneurs face essentially the same situation.

**Figure 4.8. Malawian youth entrepreneur business support networks by area, 2012 (%)**



*Note:* Youth = aged 18-29.

*Source:* 2002 MSME Survey.

Most striking is the large number of rural youth entrepreneurs unaware of existing business support organisations (42.0%). Some claim to have been helped or given advice at some point by the microfinance institutions Foundation for International Community Assistance (12.4%) or Malawi Rural Finance Company (8.6%). Assistance most likely relates to obtaining a loan or a training to support a loan. Surprisingly, the National Statistical Office (NSO) ranks third for support (3.4%), despite not being involved in business support but in data collection and analysis. Respondents may have interpreted “help” as “being in contact with” and therefore selected the NSO if they had been surveyed at some point (USAID, 2014). Overall, business development services need to be enhanced, as they have an established track record of contributing effectively to business performance and employment generation. However, of first importance is making youth more aware of existing business support services through better information dissemination (OECD, 2017). The *NES 2013-2018* provides a comprehensive roadmap to developing an environment conducive to export competitiveness and economic empowerment of rural youth entrepreneurs, thanks in particular to affordable access to business development services (MoIT, 2012a) (Box 4.2).

#### **Box 4.2. Conducive environment for a productive economy: A priority area of Malawi's NES 2013-2018**

The NES 2013-2018 provides a prioritised roadmap for developing Malawi's productive base to allow for both export competitiveness and economic empowerment. It identifies three priority areas, the second of which aims to "develop an environment that is conducive to economic competitiveness and empowerment of youth, women, farmers and MSMEs".

This priority area lists ten key enablers of the productive economy that financial and management resources must prioritise: 1) affordable access to markets; 2) affordable access to inputs; 3) affordable access to finance and secure tenure of property; 4) affordable access to business development services; 5) ease of meeting tax and regulatory obligations; 6) macroeconomic prudence and stability; 7) access to information; 8) fair competition; 9) access to supportive economic institutions; and 10) access to competencies and skills.

There are also six top cross-cutting issues to prioritise through strategic focus:

- Deliver policy coherence, comprehensiveness and co-ordination in setting the right environment for Malawi's productive base to be built.
- Significantly improve co-ordination efforts to connect smallholder farmers to processors and to markets.
- Enable smallholder farmers and MSMEs to access affordable finance, which is essential to improve access to technology.
- Prioritise the delivery and implementation of a long-term energy plan that will allow access to reliable and cost-effective energy.
- Invest in institutional capacity to facilitate MSMEs to meet the standards, accreditation and product quality requirements of target export markets.
- Improve access to cost-effective transport both for exporters accessing regional markets and for domestic suppliers into the priority clusters (oilseed products, sugar cane products and manufacturing), which is particularly crucial for smallholder farmers supplying processors.

In addition, the development of economic institutions and prioritising permanent solutions to connect skills and knowledge supply and demand are also fundamental. They are the basis of all cross-cutting issues and all efforts to develop the productive base of the economy in a manner that creates jobs and economically empowers the wider population.

*Source:* MoIT (2012a).

### **4.3. Support for rural youth entrepreneurship**

Investing in comprehensive programmes whose design is linked with impact evaluation results is key to unlocking youth entrepreneurship potential in rural areas. These entrepreneurs face tremendous constraints that confine a large number to subsistence activities. Only a small portion is successful, demonstrating that moving up the entrepreneurial performance ladder, while not impossible, remains a difficult challenge. The situation calls for policy solutions and interventions carefully targeted to profiles with real entrepreneurial potential, while those engaged in subsistence activities should be trained and redirected into the labour market or public work programmes. Improving business performance and enhancing employment creation is complex. There is little data on the impact of entrepreneurship programmes, in particular for youth. However, an important lesson from impact evaluation is that adopting a comprehensive, integrated



approach is important since stand-alone programmes are generally found to be less effective (OECD, 2017). Entrepreneurship programmes are indeed more successful when they provide integrated packages offering multiple services simultaneously. Evidence on enabling and disabling factors for rural youth entrepreneurship highlights the need for comprehensive, integrated investment on multiple and concomitant fronts, especially i) enhanced education and skills; ii) improved access to finance; iii) optimised regulatory framework; and iv) greater integration to markets and local value chains. This section provides policy recommendations to make the most of rural youth entrepreneurship by investing in these domains.<sup>2</sup>

#### ***4.3.1. Enhanced education and business skills***

Integrate entrepreneurship education into formal schooling. Despite the importance attached to entrepreneurship education and business skills development in national policies, including the MGDS III (Government of Malawi, 2017), the NYP (2013) (Government of Malawi, 2013) and the 2012-2017 MSME Policy Strategy (MoIT, 2012b), little has been achieved so far in this respect, especially with regard to rural areas and agricultural trades. As seen, entrepreneurship education is still absent from formal curricula. Vision 2020 – Malawi’s long-term strategic approach to development management – considers vocational, entrepreneurial and technical training a key strategy to achieve sustainable economic growth and development, and puts forward the introduction of entrepreneurship training at all education levels as a strategic option to realise it (National Economic Council, 2000). Notwithstanding, entrepreneurship education is not duly addressed in the National Education Sector Plan (2008-2017) (MoEST, 2008).

Malawi must keep its commitments and finally reform formal education to integrate entrepreneurship into the national curricula at all levels. Comprehensive curricula need to be developed that provide young people with different sets of competencies, including technical, non-cognitive and life skills, as well as entrepreneurial behaviours (Halabisky, 2012). At the primary level, it is important to raise awareness about entrepreneurship as a career choice in adulthood, and to develop skills, knowledge and attitudes conducive to entrepreneurial behaviour. At the secondary level, efforts must be made to encourage more interactive, hands-on and experiential teaching methods, and to promote use of technology, especially the Internet. At the tertiary level, it is essential to develop curricula that provide students with basic skills for starting and operating a business, including basic accounting, and to establish university entrepreneurship centres offering training, R&D, consultancy, information and follow-up services. As regards vocational and technical schools, more attention should be paid to entrepreneurship training, business development skills and real-world knowledge. New methods of schools’ assessment and accreditation must be developed and entrepreneurs and private sector firms must be more effectively engaged, in particular in supplying curriculum guidelines and materials (OECD, 2017).

TEVETA must expand and scale up its business skills development programmes and target rural young people to a much greater extent. These programmes should focus on the priority export clusters (oilseeds, sugar cane and manufacturing) defined in the NES (MoIT, 2012a), which currently face significant capability gaps and skills shortages. It is also vitally important to develop a locally recognised TEVET-level qualification for the agricultural sector, saving students having to go through a costly international certification system, which limits training opportunities (ILO, 2016). In 2015, Malawi launched the Community Technical Colleges programme with the aim of significantly

increasing access to grassroots technical, entrepreneurial and vocational training. Currently operational in 11 districts, these colleges will be rolled out in all 28. Efforts to expand these colleges must be pursued, while taking care to tackle current challenges of low access, poor quality and dropout, especially among female students (AFIDEP, 2017).

#### **4.3.2. Improved access to finance**

Develop youth-friendly financial products and invest in the provision of information and counselling on access to finance. As seen, access to credit, especially from formal financial institutions, is a primary concern for a large number of young entrepreneurs in rural areas. The MGDS III recognises the great challenges that hinder access to financial services, including high interest rates, underdeveloped capital markets, lack of innovative financial instruments and low financial literacy (Government of Malawi, 2017). As a response, the MGDS III proposes a number of strategies and expected outcomes to meet the financial needs of the population, including increased access to credit targeting farmers and other MSMEs. The MGDS III also aims to promote access to finance for youth and other vulnerable groups in agriculture, in particular by linking them to financial services and agricultural credit. However, youth financial inclusion, especially of rural youth, represents a complex challenge. Youth-targeted financial products are almost non-existent; lending to youth is considered extremely risky; financial service providers lack institutional capacity to provide relevant, affordable and accessible products; and rural youth are most often unable to take advantage of suitable financial products due to low financial literacy (UNCDF, 2016).

There are some financial institutions rural youth can approach to access credit, especially the Malawi Enterprise Development Fund (MEDF). The MEDF, successor in 2014 to the Malawi Rural Development Fund, has met with serious management issues in the past years related, in particular, to targeting and repayment of loans. Furthermore, no proper impact evaluation of the fund on its beneficiaries, especially young people, has been conducted so far (AFIDEP, 2017). Loan facilities under the MEDF include the Youth Enterprise Development Fund and the Farm Input Loan Programme, among others. Overall, the problem rural youth face with financial institutions is that, not only are the loans difficult to access (e.g. due to high interest rates and collateral requirements), the amounts received are usually very small. Youth-friendly financial products must therefore be developed and made available to rural youth to improve inclusion. Capital injection can be facilitated through start-up grants, allowances, and cash and in-kind transfers, while debt financing can be eased by soft loans, microfinancing and guaranteed loans, including government-backed loans provided by public credit guarantee schemes (OECD, 2017). These specific lines of credit propose below market or interest-free loans with less stringent or no capital requirements, but they often rely on strict eligibility criteria to minimise the risk of repayment default.

In contrast to injection of capital, microloans have limited impact and cost-effectiveness; microfinance largely remains very expensive for the borrower and restricted to short repayment periods. However, its impact can be substantially increased by providing clients with additional services, especially in terms of training, business assistance and support (EMN, 2012). Similarly, guaranteed loans need to be linked with managerial and technical support to be really effective, in particular as regards government-backed loans, which are often not accompanied by additional support. Moreover, government loans need to target beneficiaries better, as they are too often directed towards enterprises that would have been successful anyway (Hall and Sobel, 2006). Alternative forms of guarantees or collateral must also be considered as a form of credit security in the absence

of formal collateral, including the entrepreneur's business plan, educational level, psychometric tests and solidarity group guarantees. Equity financing, mainly through venture capital and angel investors, must be made more accessible to young entrepreneurs, although it is generally confined to innovative start-ups with growth potential. Other forms of funding, such as co-operatives, crowd-funding, mobile money and rotating savings and credit associations, are of increasing relevance to youth financial inclusion. Encouraging rural youth entrepreneurs to group themselves into informal savings clubs and village banking schemes can further contribute to improving their financial base (AFIDEP, 2017).

It is equally important to invest in providing information and counselling on access to finance, and in improving the regulatory framework for start-up finance. Entrepreneurship centres or incubators can provide technical assistance in accessing funding. Dedicated programmes can promote financial literacy. Banks can make available a one-stop-shop service to assist young entrepreneurs with the application package and issuance of related documents (Schoof, 2006; UNCTAD, 2015). Financial products offered to young entrepreneurs must be adequately supervised, for instance through more transparent rating procedures and risk assessment, as well as shortened, simplified lending processes. The minimum capital requirement to start a business should be reduced, and young people should be encouraged to open bank accounts to build a stake in their financial future and enhance their credibility with financial institutions. In addition, young people should be granted tax relief or incentives to increase their personal savings and hence their chances of attaining sufficient start-up capital.

#### *4.3.3. Optimised regulatory framework*

Alleviate administrative procedures and reduce registration costs to make formalisation more attractive. Informality is the norm among rural youth entrepreneurs and Malawi scores poorly on ease of doing business largely due to a regulatory framework that is far from conducive to formal business creation and development. The need to optimise the framework begins with simplifying and alleviating administrative procedures. The business registration process should be made quicker and less expensive by reducing the number of procedures, the time needed to comply with them and the registration costs. The process can be further facilitated by promoting online business registration or ICT-based procedures for business registration and reporting, and by creating a one-stop shop allowing entrepreneurs to complete all registration procedures at one location for a fixed fee (OECD, 2017). Tax-filing requirements and accounting methods must be simplified and bankruptcy laws reviewed to be more tolerant towards risk-taking and business failure. Tax regimes must be made more supportive, for instance by lowering tax rates or introducing tax and social contribution exemptions for young entrepreneurs. In addition, the business regulatory environment needs to be more predictable, for example by avoiding frequent changes in business regulations; making competition law more effective; guaranteeing property protection; making the regulatory framework more transparent, with clear rules of compliance and insolvency and effective mechanisms for resolving disputes; and implementing transparency and accountability reforms, including in the provision of financial services, to tackle corruption (OECD, 2017).

Since lack of knowledge about business registration and licensing strongly drives informality, improving access to information on the regulatory framework and better communicating the benefits of formalisation are important. Overall, an effective mix of incentives and sanctions is needed to encourage formalisation. Governments often adopt formalisation policies in an attempt to counteract loss of tax revenue associated with

informality. Recent studies have found converging evidence that enterprises also gain by entering the formal sector (McKenzie and Sakho, 2010; Fajnzylber et al., 2011; Rand and Torm, 2012; Demenet et al., 2016). Formalisation benefits businesses by improving operating conditions and stimulating market integration, which in turn fosters growth. However, not all enterprises benefit in the same way. Among the smallest and most precarious production units, the effect of formalisation is still unclear. In fact, interventions that promote formalisation tend to yield insignificant or modest positive employment effects, mainly because most informal businesses are too small and not profitable enough to take advantage of the potential benefits (OECD, 2017). This finding is particularly telling in Malawi, where small business size is the main reason rural youth entrepreneurs do not register them. Rather than strict enforcement of formality, which is often socially costly and rarely efficient, it is probably more productive to encourage registration, especially through fiscal incentives, awareness-raising campaigns, simplification of business regulations, and business advice and training for informal entrepreneurs (Marchese, 2015).

#### ***4.3.4. Greater integration to markets and local value chains***

Develop business assistance and support services. This chapter has discussed factors entrenching rural youth businesses' poor integration to markets and local value chains. The National Agriculture Policy recognises inadequate access to markets as a constraint to increased smallholder productivity and contribution to GDP (MoAFS, 2010). The policy aims to increase the volume of marketed agricultural commodities across the value chain, in particular by better integrating smallholder farmers into domestic and international agricultural markets. However, rural youth entrepreneurs operate in isolation, lacking awareness of or support by business organisations and networks. Fostering integration of their businesses to markets and local value chains is paramount for them to take advantage of market opportunities, increase productivity, specialise in higher value-added products and move further up the value chain. The benefits are only achievable if proper business assistance and support services are developed and made available. For instance, business development support providers that assist value chain actors can play an essential role in facilitating the value-creation process while not taking ownership of the products (FAO, 2014). Business support before the start-up phase is of particular importance to help entrepreneurs identify good business ideas and market opportunities.

Indeed, for better integration, rural youth entrepreneurs need soft supports, such as information, advice, coaching and mentoring to overcome knowledge gaps. As mentioned, an important first step is to make them more aware of existing services. Information can be disseminated via the Internet, government employment service centres and social networks, or mentors. One-stop shops, either physical or on line, are particularly relevant, since they allow youth to access a number of services to complete and comply with all formalities. Establishing youth-specific enterprise centres or agencies can also be useful in providing integrated services (e.g. skills training, business counselling and mentoring, access to finance). Such business development initiatives and services contribute effectively to business expansion and need to be supported with adequate resources (OECD, 2017). While medium- to long-term assistance is key to raising survival rates, these services are too often short term, with continued assistance rarely extending beyond the first year of business operation (OECD, 2015a; OECD, 2015b).

Isolation due to lack of business connections is an important challenge for rural youth entrepreneurs, particularly during start up. Mentoring, especially formal through dedicated programmes, should be encouraged to equip young entrepreneurs with the advice, guidance and experience of successful professionals. Initiatives and institutions that are particularly useful in allowing young people to exchange ideas and share experiences include business clubs, chambers of commerce, platforms created by enterprises and financial institutions, and youth-led networks. These provide opportunities to enlarge networks, meet investors and gain expertise by connecting with established businesses and successful entrepreneurs. It is worth developing clusters, in particular within or near academic institutions, that link young entrepreneurs with financial investors. Such clusters could also provide access to technology and innovation, and facilitate knowledge exchange, product promotion and research commercialisation. Although often restricted to highly innovative start-ups, business incubators provide a good opportunity for young entrepreneurs to group together, access physical working space and benefit from a spectrum of resources and services. These range from mentoring and coaching to administrative services, technical support and legal advice on intellectual property and financing sources. Alternatively, mini-incubators providing shared work spaces, but limited resources and services can be developed. Business infrastructure can be also improved through shared working hubs and provision of basic service equipment (OECD, 2017).

Improve access to basic infrastructure services and ICT. Integration to markets and local value chains can hardly occur without proper access to adequate infrastructure and ICT. There is no doubt about the poor physical operating conditions of rural youth entrepreneurs. The lack of dedicated premises, basic infrastructure services (power and running water) and ICT (especially the Internet) are widespread and greatly reduce capacity to interact with markets, thereby hampering business performance and chances of success. Transport infrastructure must also be developed to ease mobility, reduce transport costs and foster business growth. While essential to entrepreneurship and MSMEs, transportation facilities in Malawi are deficient. Underdeveloped road networks, access to ports, air links, freight and rail capacity contribute to very high transportation costs, undermining competitiveness in regional and international markets (AFIDEP, 2017). Most roads connecting rural areas are unpaved or tarmac, making reaching local and regional domestic markets very difficult. Likewise, the availability of storage space is crucial for keeping goods and merchandise close to markets. Promising projects, such as the European Union and Common Fund for Commodities (CFC) Pilot Warehouse Receipt System, should be scaled up (AFIDEP, 2017).

Enhancing access to electricity in rural areas and exploring alternative power sources is a pressing need. To increase their productivity and add more value to their products, rural youth entrepreneurs need to be equipped with modern, powered machinery. The MGDS III acknowledges that energy is the lifeblood of the economy, crucial to all economic and social services, and that a well-developed and comprehensive energy sector can improve service delivery and increase outputs in industries, such as manufacturing, trade, tourism and other services (Government of Malawi, 2017). The MGDS III therefore aims to ensure reliable electricity supply to key social and economic development areas and, to this end, foresees expanding the electricity grid to rural growth centres and mobilising resources for rural electrification. However, energy generation capacity in Malawi is low – current production amounts to 351 MW, well below the demand of 600 MW – and is often cited as a major constraint to industrial development in the country (AFIDEP, 2017). According to the World Bank Sustainable Energy for All (SE4ALL) database, the

national electrification rate stood, in 2014, at only 11.9%, with a huge gap between areas of residence: 46.9% of urban residents had access to electricity compared to barely 4.7% of rural residents (World Bank, 2017). Lack of access to electricity and other power sources is a major hindrance to innovation.

The potential of ICT must be harnessed to improve rural youth entrepreneurs' access to information, knowledge and means of communication. ICT allows rural youth entrepreneurs to access market information, find new business opportunities, strengthen linkages with other entrepreneurs and local value chain actors, enhance their knowledge, and learn about new technologies and innovation. Moreover, use of ICT can reduce transaction costs, improve business processes, facilitate co-ordination with partners, fragment processes along the value chain (both horizontally and vertically) and across different geographical locations, and increase diversification. In 2004, the government introduced the Malawi Agriculture Commodity Exchange (MACE) to provide relevant and timely market information for smallholder farmers and other intermediaries, such as smallholder commodity traders. It had a positive impact on MACE members' productivity and profits (Simuja, 2016). However, the 2015 National Survey on Access to and Usage of ICT Services in Malawi leaves no doubt the ICT sector is still highly underdeveloped, especially in rural areas, where only 42.2% of households have a radio, 42.0% a mobile phone, 6.2% a television, 3.4% an Internet connection, 1.3% a computer, and 0.5% a fixed phone (MACRA, 2015). There are a number of reasons rural youth entrepreneurs fail to adopt ICT. ICT costs (devices and services), which are high in Malawi compared to other African countries, must be reduced. Other reasons to address are low mobile phone and Internet penetration and ownership, lack of awareness, lack of technological skills, uncertainty of ICT benefits, set-up costs, pricing issues and frequent blackouts (AFIDEP, 2017). In an effort to expand ICT use and bridge Malawi's digital divide, the government set up telecommunication centres. However, these have been unsuccessful due to poor Internet connectivity, lack of search skills, frequent blackouts, lack of local content and the high cost of the services (AFIDEP, 2017).

## Notes

<sup>1</sup> Work-related training refers to any training course or other activity which is designed to impact, instil, improve or reinforce any knowledge, skills or personal development (FinMark Trust, 2012).

<sup>2</sup> Policy recommendations build mainly on a previous study focusing on youth entrepreneurship in developing countries (OECD, 2017) carried out under the EU-OECD Youth Inclusion project.

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# Youth Well-being Policy Review of Malawi

With more than 46% of the population below age 15, and youth (aged 15-29) accounting for more than one quarter of the population, Malawi is a youthful country and will remain so in the coming decades. While young people constitute a great opportunity for economic and political advancement, a large youth population will not automatically turn into a demographic dividend. Indeed, young Malawians face multiple and interconnected challenges which need to be addressed through comprehensive policies specific to youth. The *Youth Well-being Policy Review of Malawi* aims to support the government in assessing the situation of the country's youth using a multi-dimensional approach, and to provide recommendations to address major policy gaps. The report analyses diverse aspects of employment, education, health and civic participation affecting youth well-being, using the latest data available. Thematic chapters focus on access and quality of technical, entrepreneurial and vocational education and training and the potential of rural entrepreneurship. Based on the findings, the report gives recommendations for the formulation of public policies in favour of youth.

Consult the full report on line at:

[www.oecd.org/dev/inclusivesocietiesanddevelopment/youth-country-studies.htm](http://www.oecd.org/dev/inclusivesocietiesanddevelopment/youth-country-studies.htm)



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