

Applying for
World Chambers Competition 2009

in section
Best Small Business Project

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Introducing the system of Dual Vocational Training to Madagascar

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Executive Summary:

In 2003, Madagascar started a political and economic reorientation. The newly elected President, Marc Ravalomanana, was highly interested in German advice and invited the CEO of Hamburg Chamber of Commerce to analyze the potential of the Malagasy chambers of commerce and industry. The proposal resulting hereof was to introduce Dual Vocational Training (DVT) in Madagascar, allowing the Malagasy CCI to serve their members and to re-establish a chamber network. The President of the Republic of Madagascar promised financial support, if the CCI, in organizing DVT, contributed to improve the country's economic development.

In Hamburg, private donors and institutions spontaneously contributed 150.000 € for the launch of DVT in Madagascar by the Hamburg Chamber of Commerce. The pilot project for the introduction of Dual Vocational Training in Madagascar started in May 2004 and was implemented between October 2004 and March 2005. In April 2005, 10 Malagasy CCI launched the first Cycle of Dual Vocational Training with 137 participating companies, 169 trainers and 372 inscriptions of apprentices. In April 2006, the President of the Federal Republic of Germany, Prof. Dr. Horst Köhler, handed over the proficiency certificates to the graduates of the first Cycle of DVT in the Malagasy capital Antananarivo.

After the set up of the pilot project, the German Government provided 1.2 million € for the capacity building of the Malagasy CCI until 2010. Since 2006, the network of the Malagasy chambers of commerce has officially been re-established, and the Malagasy Government has recognized the CCI's activities in vocational training in the Madagascar Action Plan. Since 2005, the Malagasy CCI have organized four subsequent cycles of DVT with the participation of 319 companies and 443 trainers, which have qualified a total of 624 apprentices to certified proficiency by end of 2008. In the next years, the Malagasy government wants to roll out DVT to a national program managed by the Malagasy CCI with up to 7000 apprentices by 2012. For the first time, Malagasy SME are enabled to participate in a national vocational training program improving the qualification of their workforce and eventually their products and services.

The President of the Federal Republic of Germany, Prof. Dr. Horst Köhler, promotes the replication of the project and the introduction of DVT to other countries. The Hamburg Chamber of Commerce has attracted other German CCI to join in developing a general program aiming to introduce DVT with local CCI in affiliated countries.

1. Origin of the project

In 2003, Madagascar started a political and economic reorientation.

Socialism and isolationism had driven Madagascar into the 12 poorest countries of the world. The newly elected President Marc Ravalomanana was the country's biggest entrepreneur and wanted to open his country to global markets. He was highly interested to attract German advice.

The CEO of Hamburg Chamber of Commerce was invited to analyze the potential of the Malagasy chambers of commerce and industry.

From French colonial times, there were still buildings of chambers of commerce and industry in 12 cities, but activities had come to a hold during socialist times. With the new era, young businessmen willing to restart the chambers' activities, were elected as presidents of the CCI. Strongly influenced by the French educational system, vocational training in Madagascar was organized only by professional schools with little or no link to work life. The schools were concentrated mainly in the capital, and for lack of funds out of reach for the majority of the youngsters. During a three-week fact finding mission, Prof. Dr. Hans-Jörg Schmidt-Trenz, CEO of the Hamburg Chamber of Commerce, visited 7 cities. In discussions with the chambers' presidents and numerous entrepreneurs he revealed a tremendous need for qualified workforce and a lack of adequate professional training. The chambers' presidents were highly attracted by the German system of professional qualification, the Dual Vocational Training, which is organized by the local CCI and successfully provides companies with qualified workforce.

The proposal resulting hereof was to introduce Dual Vocational Training in Madagascar, allowing the Malagasy CCI to serve their members and to re-establish a chamber network.

The system of DVT is a combination of practical training on-the-job and theory classes. For the duration of the apprenticeship, companies employ apprentices, who spend 80% of their apprenticeship working for their employing company. Every participating company designates an experienced employee as trainer for the apprentices. The trainer is in charge of explaining to the apprentice the daily fulfillment of his profession. The remaining 20% of the working time, all apprentices from all participating companies go to theory class, where they are taught the theoretical background of their profession. Both, the trainer in the company and the teachers at school follow the same curriculum, allowing a zipper-like combination of acquisition of knowledge and training of practical skills in a realistic environment. At the end of the apprenticeship, the apprentices have to pass a final exam in order to obtain a certificate of proficiency.

The role of the local CCI is to coordinate the participating companies, to organize the final exam and to issue the certificate of proficiency. On a national level, the Federation of CCI (FCCI) is responsible for developing national standards and for the monitoring of their observation.

In coordinating the participating companies, the CCI serve their members and create a local business network. Standardization on the national level foster the development of a market for qualified workers, as the chambers' certificate of proficiency substantially reduced transaction costs in the recruitment of qualified workers. In organizing DVT and certifying a national standard of vocational training, the CCI would therefore gain reputation among their members and in public.

The Malagasy President promised financial support, if the CCI, in organizing DVT, contributed to improve the country's economic development.

In adoption of the French system, Malagasy companies are compelled to a financial contribution to the CCI, which is collected by the state treasury. Because of the chambers' inactivity, these contributions had been withheld from the CCI since 1998. The other source of income of Malagasy CCI was the management and renting of bonded warehouses, most of them in bad shape and yielding significant income only for few CCI. In order to finance the launch of DVT in Madagascar, we set up our German-Malagasy project.

2. Our approach (project description)

In Hamburg, private donors and institutions spontaneously contributed 150.000 € for the launching DVT in Madagascar.

Upon the presentation of the project by the CEO of the Hamburg Chamber of Commerce, a Hamburg businessman and the two Hamburg based foundations *ZEIT-Stiftung Gerd und Ebelin Bucerius* and *Commerz-Collegium zu Altona* reunited in their enthusiasm for a project aiming to substantially improve a country's vocational training system with a total of 150.000€ and jointly set up the financing of the pilot project.

The funds were used to engage 8 German experts to assist the local Malagasy CCI in introducing DVT. The experts were retirees of different professions with profound experience as vocational trainers in their respective professions. They were recruited via the German *Senior Expert Service*, a German institution listing retirees willing to share their experience on an expenses-paid basis. Recruiting 1\$-men instead of consultants made the use of project funding an extremely efficient investment. The Hamburg Chamber of Commerce designated and financed a project manager for the overall organization of the pilot project.

The pilot project for the introduction of DVT to Madagascar started in May 2004 and was implemented between October 2004 and March 2005.

The pilot project was kicked-off in a two-week seminar in Hamburg in May 2004, to which the Hamburg Chamber of Commerce had invited the President of the FCCI, the 11 Presidents of the Malagasy CCI and the representative of the Malagasy Ministry of Industry responsible for the Malagasy CCI. After a presentation of the activities of the Hamburg Chamber of Commerce, the Malagasy delegation, the German experts and the CEO and the project manager of the Hamburg Chamber of Commerce customized the system of DVT to the Malagasy business environment and developed the agenda for the pilot project.

Between October 2004 and March 2005, 15 expert missions of three months each were realized. The experts explained the philosophy of DVT to the participating companies, trained the future trainers and assisted the CCI in setting up the organization of DVT.

All 11 Malagasy CCI were involved. In every CCI, at least one profession was introduced, some CCI even started with two professions of DVT.

In April 2005, 10 Malagasy CCI launched the first Cycle of DVT with 137 participating companies, 169 trainers and 372 apprentices.

In preparing DVT, the local CCI had contacted their members for the first time in many years and attracted them to participate in this innovative project. After the leave of the German experts, 10 out of 11 CCI continued and finished the first cycle of DVT by the end of 2005.

Participating companies considered DVT a service offered by their local CCI and, by the end of the first cycle, wanted to continue with DVT in the following year. For many apprentices, DVT was their first chance to obtain a proficiency certificate without leaving for the capital, and they worked hard to improve their skills and to obtain the proficiency certificate.

In April 2006, the President of the Federal Republic of Germany, Prof. Dr. Horst Köhler, handed over the proficiency certificates to the graduates of the first Cycle of DVT in the Malagasy capital Antananarivo.

Initial difficulties, mainly in financing the teachers, resulted in a considerable drop out of teachers throughout the first cycle. Unfortunately, only 151 out of 372 apprentices could complete their apprenticeship and passed the final exam. The proud graduates of the first cycle of DVT in Madagascar received their certificates of proficiency from the President of the Federal Republic of Germany, Dr. Horst Köhler, in Antananarivo. With his experience as a former top-manager of IMF, the President praised the project a role model for international networking cooperation in development and pronounced his hope that the other countries, especially on the African continent, would follow the example of Madagascar and introduce DVT. (see pictures in the attachment)

The German Government provided 1.2 Million Euros for the capacity building of the Malagasy CCI.

After the pilot project was set up in May 2004, the German Ministry of Economic Development and Cooperation, declared its willingness to contribute 1.2 million € from the chamber partnership program administered by the intermediate organization SEQUA to the empowerment of the Malagasy CCI. As a consequence, the Hamburg CC and the Malagasy CCI, represented by their Federation, engaged in a partnership project aiming to improve the organization of DVT and to help the Malagasy CCI to develop further services.

Instead of implementing an expat project manager, the project is managed in Hamburg, from where the project manager, Birgit Schweetberg, is in daily contact with the local project management and quarterly visits Madagascar for the supervision of the local activities. Retired CEOs of German CCI, among them the former CEO of the DIHK, Dr. Franz Schoser, volunteered as 1\$-men in advising the Malagasy CCI. In the meantime, each of the 12 Malagasy CCI have employed one young local with fluency in German to be trained in seminars in the Hamburg Chamber of Commerce in order to improve the managing capacity of the local CCI in Madagascar and to look for business opportunities in Germany for Madagascar.

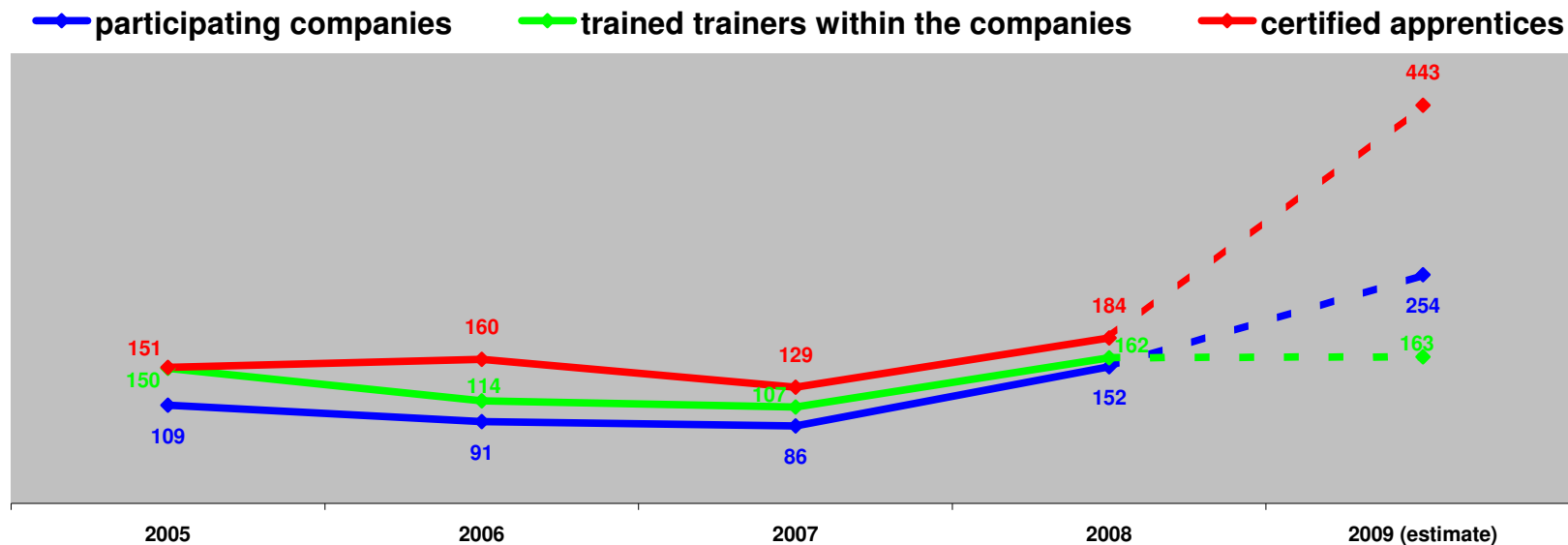
As one result financed by the project, several Malagasy CCI have established Internet-Centers to provide their SME with access to the Internet. Today, the Internet-Centers of 5 CCI are already operational, 2 more are about to open, and for the others business plans are being prepared.

3. Results and impact

Measurable Data

Between 2005 and 2008, the Malagasy CCI have organized four subsequent cycles of DVT with a total participation of 319 companies and 445 trainers, which have qualified 624 apprentices to become certified professionals.

Results of the DVT since 2005



After the start in 2005, mainly financial problems forced some CCI to skip one training cycle, reducing the total participation in 2006 and 2007. With the improvement of the overall financial situation, the number of apprenticeships has significantly grown since 2008. In 2009, 334 apprentices have already started their apprenticeship, 120 more are expected to start within the next weeks. With an average drop-out of 25% between inscriptions and certification, we expect a total of 1000 certified professionals in Madagascar by the end of 2009.

Please note that adding the numbers of companies and trainers in the diagram will exceed the total of participating companies and trainers, as many companies and trainers have been continuing DVT for several years.

Short term impact

The network of the Malagasy chambers of commerce was officially re-established in 2006, and the Malagasy CCI have expanded DVT ever since.

After the launch of DVT, the Malagasy CCI started lobbying for returning the companies' contributions to chamber financing to the CCI and obtained, for the first time since 1998, state subsidies of approximately 400.000 € for all CCI in 2006.

The number of professions organized has increased from five in 2005 (carpenter, mechanic, tourist agent, IT-assistant and commercial agent) to nine in 2008 (tourist guide, shipping agent, secretary, banking assistant), which all have been requested by the members of the CCI.

In regular meetings twice a year, the Malagasy chamber employees in charge of DVT have developed and are constantly refining national standards for the curricula and the organization of DVT.

The Malagasy Government officially recognized the CCI's activities in vocational training in the Madagascar Action Plan.

In November 2006, Madagascar presented the *Madagascar Action Plan*, its national development plan for the years 2007 to 2012. Representatives of the Malagasy CCI and of the Hamburg Chamber of Commerce have been officially invited to the initial public presentation of the *MAP* by President Ravalomanana.

Aiming to increase the participation of the private sector in the development of vocational training, the *MAP* explicitly mentions the CCI and declares the government's willingness to "support on-the-job training and vocational training programs in chambers of commerce".

In November 2007, the Malagasy government officially recognized DVT as a reference program for vocational training.

Long term impact

The Malagasy government wants to roll out DVT to a national program managed by the Malagasy CCI with a scale-up to 7000 apprentices per year by 2012.

Indicators of the *MAP* reveal the country's need for professional training of 30.000 youngsters per year for economic improvement. In 2008, the President of the Republic of Madagascar asked the CEO of the Hamburg Chamber of Commerce for a proposal about a possible roll out of DVT to a national program under the management of the Malagasy CCI, and of its estimated costs. In three different scenarios for a planned roll out of DVT on the basis of the results of our project; the proposal shows that an increase from 443 apprentices in 2009 to 7000 apprentices in 2012 is feasible with less than 7 million €, spread over 4 years.

Based on the results of the proposal, the Malagasy government doubled the state subsidies for the Malagasy CCI from 2008 to 2009, with a clear priority for the funding of the roll out of DVT. Installed by the President, an inter-ministerial working group has prepared the official recognition of the Malagasy CCI as managing institution of DVT. The contract between the three ministries involved, the Federation of the Malagasy CCI and the Hamburg Chamber of Commerce is being prepared and ready to be signed mid of 2009.

Benefits

For the first time, Malagasy SME can participate in a national vocational training program improving the qualification of their workforce and eventually their products and services.

While creating a national standard for vocational training, the decentralized implementation of DVT contributes to the economic development on the local level. With its combination of practical training on-the-job and theory classes for all apprentices at the local chamber of commerce, DVT is open to companies of all sizes. SME without internal training facilities are thus enabled to qualify their workforce and to benefit from their increased knowledge and skills. SME participating in DVT create new job opportunities in employing apprentices, at least for the time of the apprenticeship, but evidence shows that these jobs become permanent, as the large majority of apprentices remain with their employer or find another job after their graduation. As a medium and long-term consequence of our project, the mutual exchange of skilled employees between companies will contribute to sustainable business development. Workers with experiences from other companies will bring in their ideas and contribute to improving their present employer's quality of goods and services.

4. Worldwide transfer

The President of the Federal Republic of Germany promotes the replication of the project and the introduction of DVT to other countries.

When presenting the proficiency certificates to the first graduates of DVT in Madagascar, the President of the Federal Republic of Germany expressed his hope, that the project of introducing DVT to Madagascar would become a role model for other countries in Africa and elsewhere, and he has repeated this hope at various occasions. On recommendation of Dr. Michael Otto, chairman, former CEO and owner of Otto-Group, the German Minister of Economic Development and Cooperation, Heide Wiecek-Zeul, has opened the floor for the proposal of the Hamburg Chamber of Commerce on the replication of the project to other countries.

The Hamburg Chamber of Commerce has attracted other CCI to develop a partnership program aiming to introduce DVT with local CCI in affiliated countries and gained support from Parliamentarians.

In several meetings, some 10 German CCI interested in replicating the project in order to increase their network, have defined the relevant criteria for the introduction of DVT, e.g. political stability, market economy and the existence of CCI in the target country. At several occasions, the CEO of the Hamburg Chamber of Commerce presented the project to members of the Deutsche Bundestag, which showed strong interest and their willingness to support the replication of the project.

5. Outstanding project

Our project would be eligible for best small business project as well as for best international project. We have chosen, at this point in time, to apply for best small business project, because in spite of the international cooperation between the Hamburg Chamber of Commerce and the Malagasy CCI with its focus on capacity building, the introduction of DVT will mainly benefit the small business in the local economic centers of Madagascar. In the future, we expect this project to be also successful in providing trade and investment opportunities for Malagasy companies with Germany and other countries.

Starting from a sound analysis of the situation in Madagascar six years ago, we have successfully introduced the system of Dual Vocational Training and are preparing for its implementation as a national program under the management of the Malagasy CCI. Emanating from DVT are young professionals, who have undergone a systematic vocational training, enabling them to contribute to the economic development in their region. We are convinced that our approach of improving quality by qualifying the workforce will have its share in the development of Madagascar from extreme poverty to economic growth.

In introducing and organizing DVT, the Malagasy CCIs have restarted their activities aimed to foster economic development in their respective circumscriptions. The participating companies, mainly SME, have created new jobs for youngsters and improved the level of professional skills in the respective regions. Participating companies benefit from the improved quality of products and services and start to look out for opportunities to further improve their business. In doing so, they further instigate their local CCI to create new services for their members.

Engaging Senior Experts not only was an asset to the efficient use of donated funds, their enthusiasm for sharing their experience has proven to be highly effective in the implementation of DVT in Madagascar. Our approach of replacing a project expat by daily contact, regular supervision and temporary support has instigated the self-management of the Malagasy CCI and their ownership of the project.

The outstanding support of our project by both Presidents of the countries involved, President Marc Ravalomanana of Madagascar and President Prof. Dr. Horst Köhler of Germany, honors our efforts and has set a mark for all administrations involved. The replication of our project by other CCI sand in other countries is highly recommendable, feasible and promises a continued success story.