Productivity Ecosystems for Decent Work: improving productivity and strengthening working conditions in key industrial sectors - Egypt

Implementation: International Labour Organisation

Funding: Italian Agency for Development Cooperation (AICS)

Budget: 4 million Euros (2024-2027)

(Progress brief June 2025)

Introduction

The project, implemented by the ILO and the Egyptian Ministry of Industry, aims to address productivity drivers and decent work deficits at the sector and enterprise levels. Building on ILO's Productivity Ecosystem for Decent Work approach, also implemented in Ghana, South Africa and Vietnam since 2021, it will mobilize, stimulate and strengthen the capacities of sector level actors and stakeholders to promote productivity, improve working conditions and develop solutions for decent job creation and fair sharing of productivity gains.

The PE4DW in Egypt project has two main Outcomes: to 1) effectively address the sectoral constraints hindering productivity growth and decent work by sector support organizations and proving an enabling business environment, and to 2) increase know-how and resources needed to improve productivity and working conditions for approximately 200 micro, small and medium-sized enterprises.

In Februray 2025 the project organized an on-boarding, workshop in Port Said. A key objective of the workshop was to allow participants to learn from international experiences, particularly from the Italian experience, and to gain insights into best practices in managing industrial clusters, including in the leather tanning and marble sectors. It was especially beneficial to have Professor Fernando Alberti, Adjunct Lecturer, Università Degli Studi di Milano-Bicocca, deliver an engaging online presentation on cluster and competitiveness in Italy. Moreover, Andrea Favazzi, Specialist in Leather and Footwear Technology at ASSOMAC, the Italian association for technology and machine manufacturers, delivered an online presentation that focused on how ASSOMAC supports the Italian leather industry in Italy and abroad.

Target sectors

1. In **leather tanning,** the assessment identified several constraints, including inconsistencies in the quality and supply of local raw hides, and the high cost of essential imported chemicals, in addition to the widespread use of outdated machinery along with a significant shortage of skilled labour. Informality and poor working conditions are also among the major challenges for the leather tanning industry. And to address these constraints, the assessment proposed several lines of intervention that work to establish a more conducive and functional ecosystem within the industrial cluster to better support enterprises in improving their competitiveness by enhancing productivity and working conditions.

2. Marble in Shaq Al-Thoa'ban: The Shaq Al-Tho'aban industrial cluster in East Cairo is the largest marble and granite industrial agglomeration in Egypt, and the fourth largest in the world. For **the marble sector**, the assessment concluded that despite its strategic importance, the sector faces significant inefficiencies, including high quarry lease costs, reliance on imported machinery, outdated production techniques, and weak export branding. Many small and medium enterprises (SMEs) operate informally, limiting access to financing and export opportunities. The sector, however, holds considerable untapped potential, particularly in value-added processing and export market diversification, where greater investment in technology, workforce skills, and market expansion can enhance the industry's productivity and competitiveness. Accordingly, a number of interventions were proposed to promote improvement in productivity and working conditions, prioritizing areas of business development, occupational safety and health, and formalization.

3. **Furniture:** the furniture industry has significant potential but faces barriers to growth, including industry fragmentation with few large companies. Most enterprises are small, family-run workshops and characterized by low labour productivity and informality. Other constraints include outdated processes and technology, which limits export capacity. For now the project is ´planning an assessment to establish potential interventions in the sector.

Kick-off of SCORE Programme in marble and leather tanning sector (ongoing activity)

Being one of ILO's major capacity building tools addressing productivity and decent work within enterprises and, therefore, one of the core activities implemented within the framework of the PE4DW Egypt, the Sustaining Competitive and Responsible Enterprises (SCORE) programme was rolled out in early 2025. Before that, the PE4DW in Egypt project circulated a call for trainers seeking nominations from national industry experts and practitioners to be qualified as trainers in SCORE with the goal of becoming ILO certified SCORE Trainers. Selected candidates participated in a 5-days training of trainers (ToT)workshop during February 2025, followed by a round of 2-days training of enterprises (ToE) delivered to two batches of 10 leather tanning and marble sectors enterprises, to enable them to identify, design and execute improvement projects within their businesses.

In line with the implementation guidelines of SCORE programme and building on its methodology, PE4DW in Egypt project placed significant emphasis on post-training support provided through on-site consulting visits to enterprises from leather tanning and marble sectors to ensure the effective integration of improvements identified and prioritized during the 2-days training of enterprises, and that necessary arrangements are put in place to sustain the improvements introduced within each enterprise.

Based on the outcomes of the sector assessment research, the PE4DW in Egypt project is currently working to finalize the project's implementation roadmaps (one for each sector), in close collaboration with AICS and AICS-funded projects. The roadmaps will be shared through the project's governance mechanisms, first the sector-specific technical working groups and then the project's advisory committee. Accordingly, the project will update the logical framework to reflect the now more elaborate implementation plan.