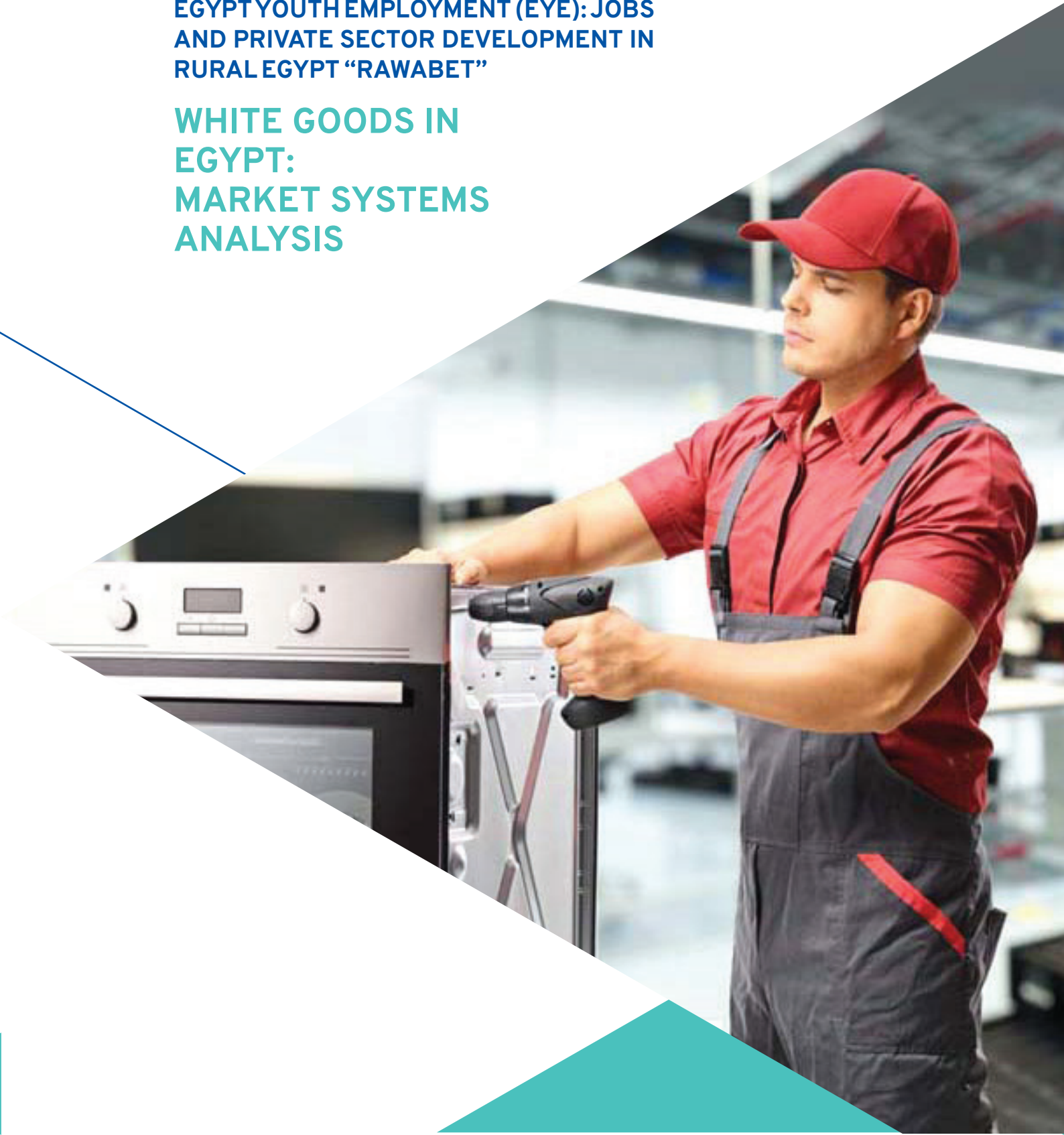




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**EGYPT YOUTH EMPLOYMENT (EYE): JOBS
AND PRIVATE SECTOR DEVELOPMENT IN
RURAL EGYPT “RAWABET”**

**WHITE GOODS IN
EGYPT:
MARKET SYSTEMS
ANALYSIS**

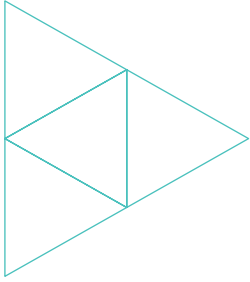




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روابط
RAWABT



EGYPT YOUTH EMPLOYMENT (EYE): JOBS AND PRIVATE SECTOR DEVELOPMENT IN RURAL EGYPT “RAWABET”

WHITE GOODS IN EGYPT: MARKET SYSTEMS ANALYSIS

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Egypt Youth Employment (EYE) jobs and private sector development in rural Egypt: White goods in Egypt: Market Systems Analysis

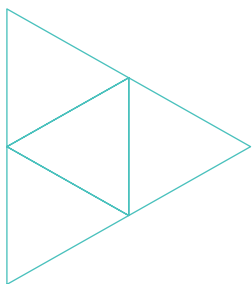
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Market System Analysis

Foreword:

One of the key approaches that the International Labour Organization (ILO) has developed to guide its value-chain-focused interventions to promote decent work opportunities is the “market system” approach. The market system approach to value chain development brings into perspective all relevant market actors in economic sectors/subsectors holding high growth and employment potentials, with an aim to identify and address major obstacles and market inefficiencies, while capitalizing on imminent opportunities and establishing necessary linkages and partnerships, towards enhancing the performance of target sectors/subsectors, and, therefore, increasing their capacity to generate decent employment opportunities.

Against this backdrop, the ILO Cairo project “Egypt’s Youth Employment: Jobs and Private Sector Development in Rural Egypt (EYE RAWABET)”, implemented in cooperation with the Ministry of International cooperation and funded by Norway, has pursued its enterprise and skills development interventions in Egypt’s white good subsector, as part of the broader engineering sector. The white goods subsector has identified to be the project’s target subsector within the manufacturing sectors, in light of a series of technical consultation meeting with project partners and stakeholders, followed by a sector selection exercise that took place in 2021. And as it became more evident that the white goods subsector maintains features that are compatible with the project’s objective and results framework, as it engages a wide range of suppliers of small to medium capacity, a market system analysis, then, followed with a more in-depth outlook to the white goods subsector, with further elaboration on the key market actors, the potentials for growth and job creation, the main challenges and the impending opportunities.

This has gone in parallel with a set of meetings with lead firms in the white goods subsector that the project team has held, with an aim to gain more insights about the subsector, and, also, to foster necessary partnerships that will render project intervention more effective and more impactful and sustainable, either for improving the productivity and working conditions of local, rural-based input suppliers or with respect to the training for employment programme to support unemployed youth of rural communities to join the labour market.

Building on the first-hand information obtained through several interviews, supported with rigorous desk research, the study, at hand, has been able to provide a reliable description of the white goods value chain, starting from the early stages of sourcing input supplies, going through production process, and moving on to distribution during the period from 2020 till 2021. Furthermore, the study has invited to analysis other vital elements of the white goods “market system”; namely the supporting functions and the regulatory environment, that constitute key determinants of the subsectors performance.

While I hope you enjoy the study as it unfolds, I wish to thank Dcode Economic & Financial Consulting for conducting a thorough research and having it put simply for non-technical readers to digest. I would also like to thank our partners the Engineering Export Council of Egypt and the Federation of Egyptian Industries, for their invaluable contribution to this study.

Eric Oechslin

Director

ILO Decent Work Team for North Africa/Cairo



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ABBREVIATION



CAPMAS	Central Agency of Public Mobilization and Statistics
CBE	Central Bank of Egypt
CEI	The Chamber of Engineering Industries
EEC-EG	The Engineering Export Council of Egypt
EGP	Egyptian Pound
EEPI	Egyptian Exports through Technology Transfer Driven Product Innovation
ELTC	Engineering Industries Technology Center
EOS	Egyptian Organization For Standardization & Quality
EYE	Egypt Youth Employment
FEI	Federation Of Egyptian Industries
GoE	Government of Egypt
Gov./ Gov't	Government
HS Codes	Harmonized System Codes
ICTI	Industrial Council for Technology and Innovation
IDA	Industrial Development Authority
ILO	International Labour Organization
IMC	Industrial Modernization Centre
ITC	Industrial Training Council
MSMEDA	Micro, Small, and Medium Enterprises Development Agency
MSMEs	Micro, Small and Medium Enterprises
MTI	Ministry of Trade & Industry
NILP	National Industrial Localization Program
NGO	Non-Governmental Organisation
PCI	Product Complexity Index
PSME	Egyptian-German Promotion of Small and Medium Enterprises
R&D	Research & Development
RCA	Revealed Comparative Advantage
RMA	Rapid Market Assessment
RMG	Ready Made Garments
SME	Small and Medium Enterprises
TVET	Technical and Vocational Education and Training System
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
USD	United States Dollar
VAT	Value Added Tax



EXECUTIVE SUMMARY

The “Egypt Youth Employment (EYE): Jobs and Private Sector Development in Rural Egypt” Project is a 5-year collaborative effort of the International Labour Organization (ILO) and Norwegian Ministry of Foreign Affairs. A core component of the project is on value chain and enterprise development, through which the project aims to promote decent private-sector employment in rural Egypt, making rural areas more attractive to Egyptian youth. The project has identified in its early year of operation the dairy value chain as a target. To identify its second target sector, the project has worked to produce another rapid market assessment (RMA), whereby the White Goods was identified as the sector of focus.

Accordingly, the ILO has hired a consultant to conduct a market systems analysis (MSA) for the White Goods sector with the objective of identifying constraints to value chain performance – ‘rules’ or ‘functions’ that are not operating well and opportunities to improve them during 2020 to 2021. Furthermore, from the value-chain analysis the study is to identify the underlying reasons driving decent work deficits in the sector, through mainly primary research with the different market players. The primary research conducted has also helped in investigating the capacities and willingness of the potential service providers and lead firms, and certain meetings were conducted with the purpose of identifying the interventions with a few willing lead firms.

The white goods industry in Egypt dates to the 1960s when publicly owned enterprises played a key role. Private enterprises entered the market in the 1970s with the market policy change and ever since, the industry gained strength and became more organized through the years. Today, private local manufacturers, not only are able to cater to the local demand, but also have a growing export potential. The sector is characterized by relatively high technical sophistication that is evident by the complexity index. Most of the outputs are directed towards the export markets, and it has been reported through interviews, that there is an evident increase and diversification of countries in terms of exports, following the pandemic. Like most of the manufacturing sector, the white goods sector was heavily impacted by the input supply disruption following the adoption of containment measures in Egypt.

Although the industry attracted in the past years several multinational and large Egyptian lead enterprises and production levels are large and have been increasing and exports witnessing a significant growth, it still faces several challenges. Challenges include prevalence of outdated technologies, lack of skilled labour, fragmented suppliers’ market, low development of local supplier networks, lack of technical, environmental and energy efficiency standards, lead-time for imports and exports, and high custom duties on imported materials and components. Based on the qualitative and quantitative analysis, the challenges in the core market can be traced to at least two failures (weaknesses and challenges) in the market’s support functions:

- 1) Failures in the Business Development Services (BDS): Supply and demand of BDS in Egypt are largely distorted and hence do not effectively support companies in the sector.
- 2) Failures in the Technical Education and Vocational Training (TVET): While general education has made significant progress in Egypt, several challenges have hindered the development of TVET to the extent that it is affecting the manufacturing sector.

Generally, quality enhancement and better linkage between value chain actors are required to exploit present and future growth and employment opportunities in the white goods sector. In terms of decent work deficits, there is already a persistent youth unemployment problem and gender gaps in labour force participation and employment in the manufacturing sector in general. The recommended interventions were built on the analysis and on the capacities of the project in achieving its objectives. General interventions that were gathered from both the interviews and the desktop research can fall under leveraging white goods technology, provide and support employee education and training, ensure a better business environment, and maintain sustainability. The suggested interventions in this document focus on the provision of support and training for both suppliers and lead firms that address market failures.

1. INTRODUCTION

1.1. Background

The “Egypt Youth Employment (EYE): Jobs and Private Sector Development in Rural Egypt” Project is a 5-year collaborative effort of the International Labour Organization (ILO) and Norwegian Ministry of Foreign Affairs. A core component of the project is on value chain and enterprise development, through which the project aims to promote decent private-sector employment in rural Egypt, making rural areas more attractive to Egyptian youth. This is to be accomplished through both increased opportunities for direct employment to be created by large private investors and for indirect employment in rural MSMEs and as small-scale producers along value chains.

The project is aiming to identify value chains/sub-sectors within agribusiness and rural governorates where assistance can be provided. Project interventions are to stimulate market systems. They include capacity development on business management skills and contribution to increasing the value of products with high growth potential. Sub-sector selection is based on value addition and the capacity to contribute to sustainable inclusive growth, poverty alleviation and feasibility of stimulating systemic change.

The sector selection study was conducted and resulted in the identification of White Goods as the highest potential sector. Hence, the ILO requested to conduct a market systems analysis for the White Goods sector with the objective of identifying constraints to value chain performance – ‘rules’ or ‘functions’ that are not operating well - and opportunities to improve them. Furthermore, from the value-chain analysis the study is to identify the underlying reasons driving decent work deficits in the sector, through mainly primary research with the different market players. The primary research conducted has also helped in investigating the capacities and willingness of the potential service providers and lead firms, and certain meetings were conducted with the purpose of identifying the interventions with a few willing lead firms.

1.2. Methodology

Based on technical consultations with stakeholders, it was agreed that the White Goods sector needed to be investigated from a market system approach before the final selection is to be made. It was a preference from the ILO to include qualitative assessment for the sector’s main market players, service providers and lead firms, to expedite the implementation process. The qualitative research included additional interviews with white goods companies, and potential service providers.

The methodology adopted for undertaking the MSA was based on the ILO’s methodology depicted in the following diagram. The approach undertaken to achieve the objective of the MSA depended on secondary and primary research.



1.2.1 Secondary Research:

The desktop review was conducted on the engineering and white goods sectors, which was mostly taken from the RMA report. Further studies and strategies were reviewed, most notably the analysis to Industrial Modernization Center strategies conducted by Booz and Co in 2012. All sources are cited in the document.

1.2.2 Primary Research

As part of the two assignments (RMA and MSA), 22 in-depth interviews were conducted with experts in the three subsectors. For the White Goods Sector, 6 companies were interviewed in addition to 2 specialized service providers, as follows:

- ▶ Service providers: IMC and Nilepreneur (Other entities were met in the context of the RMA study, and certain findings were taken into consideration in the MSA)
- ▶ Companies: Al Araby¹, Fresh, Samsung, Rajamec, Kiriazi, and elctrolux.

During the interviews, the consultant sought to thoroughly understand the market system dynamics; supply and demand trends; actual impactful activities undertaken by stakeholders; the implications of the pandemic; extent of value chain integration especially in rural areas and the role lead firms could play; underlying systemic challenges; untapped opportunities; stakeholders' readiness to cooperate; and entry points for the ILO's interventions. For the interviews conducted specifically for the White Goods, more attention was paid on the suppliers' programmes within the companies, the needed interventions, and willingness to take part in the project.

Box 2: WHAT IS A MARKET SYSTEM*

"A market system is an inter-connected network of actors and factors that interact to shape the outcomes of an economic exchange. These exchanges are governed by a range of:

- ▶ Supporting functions: The context- and sector-specific functions that inform, support and shape the quality of exchange; such as information, skills, infrastructure, finance and access to markets.
- ▶ Rules and Norms. The legislative and regulatory environment, including policies, voluntary standards and social norms that guide day-to-day attitudes and conduct.

Supporting functions and rules are carried out by a wide range of market actors, from businesses to financial institutions, trade associations, regulators and government agencies. When certain rules or functions do not operate well, a market system constraint is created that reduces the effectiveness of the system and reduces the value captured by the people and market actors involved in the transaction.

¹ Was conducted as part of the first phase of the assignment.

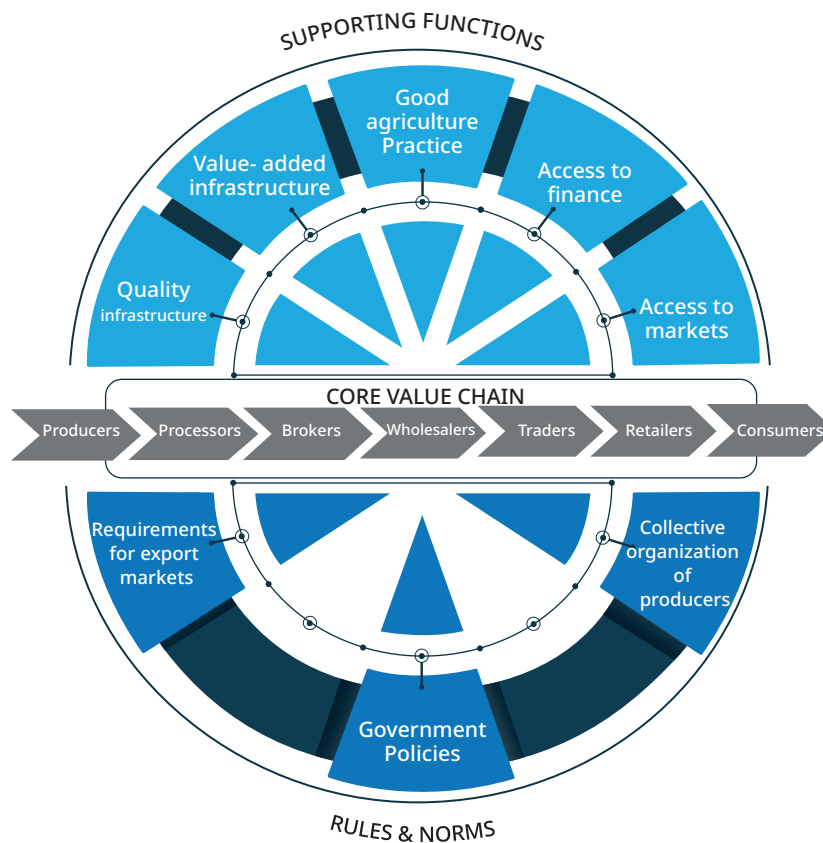


Figure 1: An Illustrative Market System The market systems approach is used by programmes seeking to facilitate systemic change.

Systemic change takes place when there is a lasting and large-scale improvement in one or more market system constraints, which leads to improved outcomes for the target groups of concern, in this case young women with limited economic and entrepreneurship opportunities. Market systems programmes try to discover why market actors have not addressed such constraints themselves, and then work on improving their incentives and capacity to perform new or improved roles”.

*Source: ILO, 2021. Taking a Systems Approach to Young Africa Works Ghana: A Rapid Market Assessment of Agricultural Value Chains and Decent Work for Young Women in Northern Ghana.

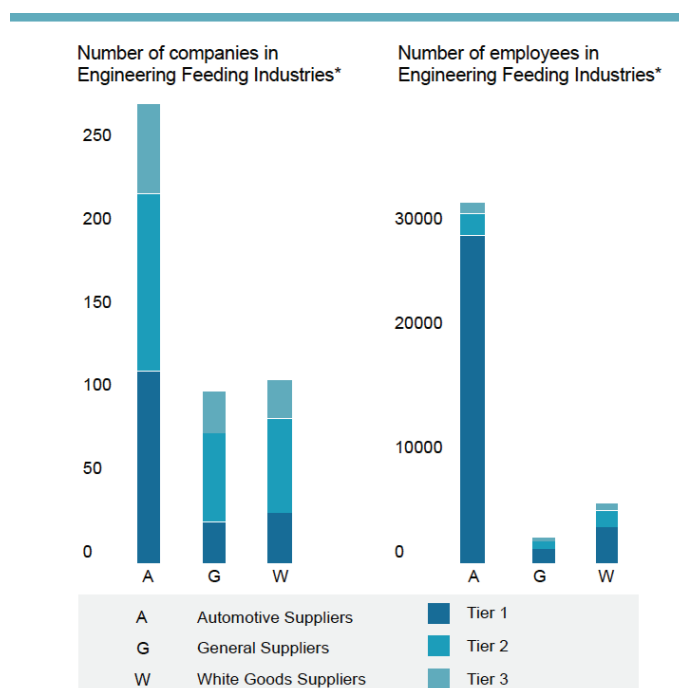
2. WHITE GOODS' VALUE CHAIN AND MARKET SYSTEM ANALYSIS.

2.1. Market overview

The white goods industry in Egypt dates to the 1960s when publicly owned enterprises played a key role. Private enterprises entered the market in the 1970s with the market policy change and ever since, the industry has gained strength and became more organized through the years. Today, private local manufacturers, not only are able to cater to the local demand, but also have a growing export potential. ²

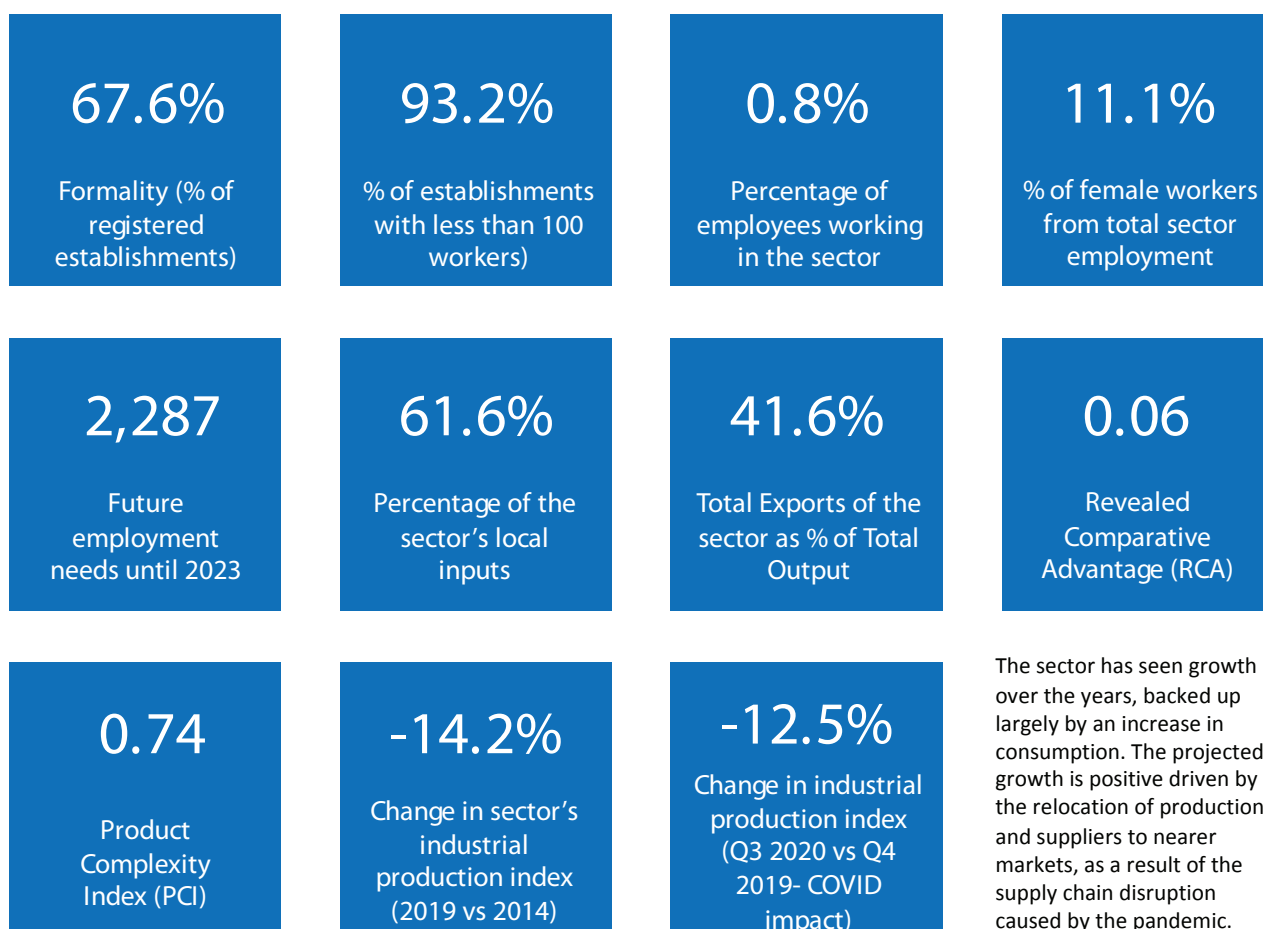
Home appliances include white goods (air conditioners, refrigerators, ovens, water heaters, washing machines, fans) and brown goods (LCDs and notepads).

According to Engineering Export Council lists, the number of companies registered with them are 18 representing both local and multinational companies, all producing for the local and export markets (Tier 1). According to GIZ³, quoting the Engineering Chamber, the total number of companies are around hundred and employing around 7,000, in the different tiers, as shown below.



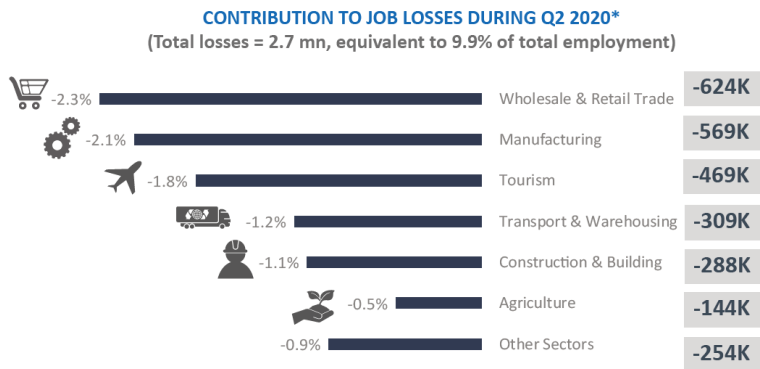
Source: GIZ, 2016. INTERVENTIONS FOR EMPLOYMENT CREATION IN EGYPT: A SECTOR ANALYSIS

Below are the key indicators on the sector:



The sector is characterized by relatively high technical sophistication that is evident by the complexity index. Most of the outputs are directed towards the export markets, and it has been reported through interviews, that there is an evident increase and diversification of countries taking place in terms of exports, following the pandemic. Like most of the manufacturing sector, the white goods sector was heavily impacted by the input supply disruption following the adoption of containment measures in Egypt. All interviewed companies had reported that they were negatively affected in sales in the period following the pandemic (Starting March 2020), however, the operational continuity in the second half of 2020 reduced the severity of the impact. This had its toll on the suppliers in the sector, necessitating taking measures of reducing their work force. The manufacturing sector in general was the second highest sector suffering from job losses by Q2 2020, and female workers were proportionally higher in the laying off. The high formality in the sector compared to others makes it easier to target through governmental and non-governmental development programmes (financial or non-financial) that aims to mitigate the risks posed by the pandemic.

JOB LOSSES BY SECTOR



As a result, total employed individuals declined from 26.8 mn in March to 24.1 mn in June.

Wholesale & retail trade sector witnessed the biggest decline in employment, followed by manufacturing and tourism.

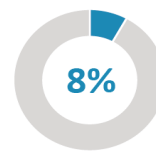
*Decline in employment multiplied by share in total employment
Source: CAPMAS & Dcode EFC calculations

UNEVEN IMPACT AMONG GENDERS

Calculated as % of employed individuals by gender, this means that:



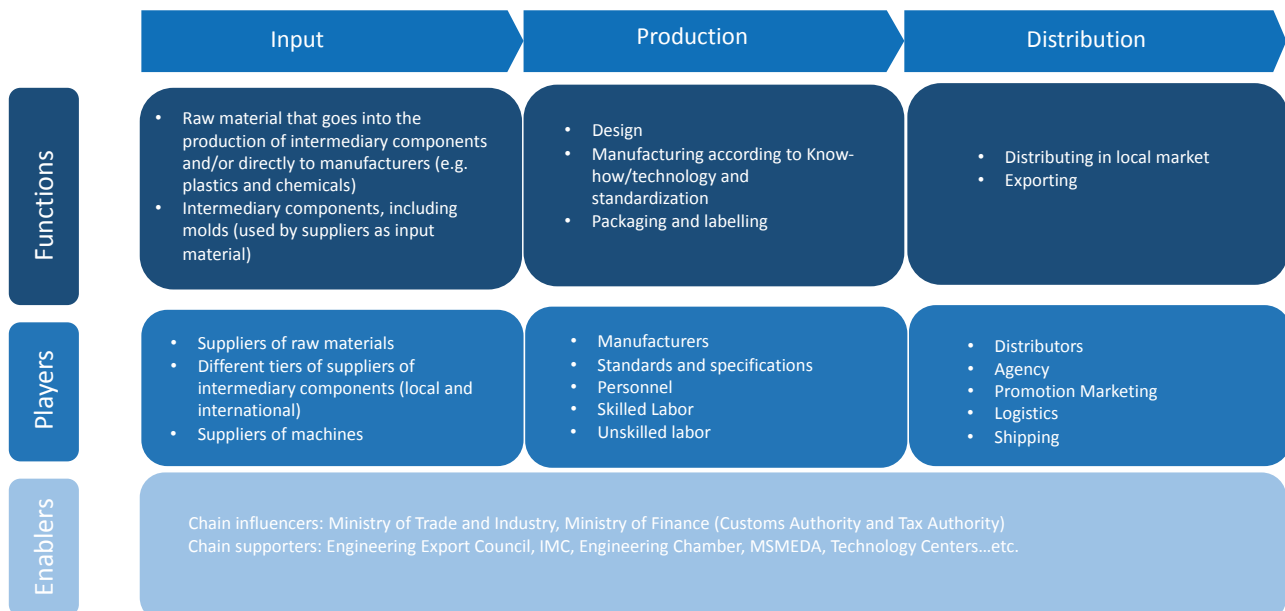
Percentage of employed females who lost their jobs during that quarter



Percentage of employed males who lost their jobs during that quarter

Source: CAPMAS & Dcode EFC calculations

The value chain map, market actors, and supporting services



2.2.1. Input Suppliers

There are three types of suppliers; those working with technical specifications, those manufacturing similar products (so they have the know-how but do not have the tools), and those that are new to the field and are looking for the calibers to manufacture components. The two key challenges are the capacity of small suppliers to produce the components with the specifications required, and with the capacity to produce enough quantities to meet large enterprises' demand in a timely manner. This is attributed to the difficulty in finding and accessing highly qualified technicians and engineers, because of either the large share of graduates with insufficient skills and/or failure from the suppliers to provide proper incentives.

Accordingly, the specific constraint hindering the utilization of the promising suppliers and connecting them with the large manufacturers is mainly in the know-how. SMEs have access to the specifications but applying them remains a challenge. That is where technical assistance through lead firms would be of value added, and some companies are expected to cooperate when they perceive an opportunity in the initiative. Areas of support include:

-  Product design and development (including innovations on renewable energy and energy efficiency)
-  Production machine operation and maintenance
-  Quality Assurance
-  Standardization

2.2.1. Manufacturers

Manufacturers are divided between multinationals and locals. The multinationals are also two types: 1) those who believe in the importance of localizing after witnessing disruptions in supply chain because of COVID-19, and 2) those who still depend on imports. However, since multinationals care most about quality and consistency in delivery, the tendency to avoid disruptions from one hand and being always on the look for reliable local suppliers are two main factors driving them. Reliance on local suppliers, however, is mostly confined to those who have a good track record in just-in-time production, and only in items/components that are not technically sophisticated (e.g. packaging). Thus, the qualifications of multinationals to suppliers are very strict and involves regular due diligence/inspection (translates into higher costs sometimes).

With the local big companies (e.g., El Arabi, Fresh, Unionaire) they work with special equipment (kits), and in order to use local suppliers they need to dismantle those kits. Furthermore, the main concern for the local companies, as explained by several players in the field, is the cost rather than the quality. Hence, if imports offer a lower cost option it will take precedence over supply consistency. In case of using local suppliers, it was mentioned in more than one occasion that one of the main impediments for suppliers to work with local companies is the fact that they sometime need to wait for around 220 days to get their money back after delivery, which affects their cash flow tremendously. In addition, finding skilled labor in certain occupations is one other major impediment for both suppliers and manufacturers (e.g. it was mentioned that there is a lack of skilled welders)

The main issues faced by manufacturers:

- ▶ The feeding industries' quality.
- ▶ High raw material prices (because the majority are imported). Custom duties apply on the raw material, hence increasing the cost for local components' manufacturers, as opposed to imported components to which these custom tariffs do not apply. That is why some manufacturers started to manufacture their components or just import them.
- ▶ The know-how is owned by companies and that is why agreements are made to cooperate with these companies to use their know-how locally.
- ▶ Some manufacturers have not been modernizing and are keeping their labour as is.

Despite this, there is high interest from lead firms in general in substituting imported components by local suppliers in order to avoid cumbersome custom clearance, take advantage of the relatively weak EGP, cost savings, and reduction in transports and stocks.

2.2.3. Distributors

Appliance specialist retailers leads distribution channels while boosting results for internet retailers. However, they are losing share to modern hypermarkets. The key market players focus on showrooms to increase consumer awareness and make use of their offerings through qualified sales teams. Internet retailers are also increasing their share⁴. As for foreign markets, it is perceived that there is an export potential for the subsector. The Engineering Export Council is currently focusing to expand the export market towards East and West Africa and there have been efforts to connect the companies with those markets.

2.2.4. Institutional Support

There is no national strategy for the development of the white goods subsector per se. Although the National Sustainable Development Strategy includes home appliances as one of the subsectors to target in a project for establishing 25 industrial complexes⁵, there is no explicit mention of home appliances as a sectoral focus of the 13 industrial complexes⁶ that the Ministry of Trade and Industry is establishing⁷. The only available relevant strategy is the export strategy for engineering industries developed by the Engineering Export Council in 2014⁸.

However, the Industrial Modernization Center (IMC) under the 2018 National Localization Programme has assessed all sectors to prioritize the ones that can be of a potential. They identified 142 HS Codes and one of the main sectors identified were Engineering and particularly White Goods.

Example of support institutions are:

▶ **The Engineering Export Council of Egypt (EEC-EG):** it was founded in 2005 with the aim to grow engineering exports by offering services targeted at improving the product quality and competitive advantage of its member companies. The council acts as a one stop shop for its members by linking them with governmental agencies and export service providers. It focuses on supporting engineering exporters by helping them to benefit from the government's export strategy and the incentive programs tied to it⁹.

▶ **The Chamber of Engineering Industries (CEI):** one of FEI's chambers. It has more than 4000 members and includes 10 subsectors including home appliances and other relevant industries. The Chamber's services include¹⁰:

- Representing the interests of its members to key business stakeholders (government authorities and other entities).
- Informing members with exporting opportunities.
- Informing members for local and international exhibitions.
- Providing all information related to manufacturing, and production operations, technology, equipment and the know-how sources.
- Making available database for all engineering industrial capabilities.

▶ **Engineering Industries Technology Center – ELTC:** one of the ICTI centres affiliated to MTI. Its services include¹¹:

Technical assistance (productivity, quality improvement, resource efficiency, etc.).

Product development.

Product design and prototyping.

On the-job training for technology transfer.

Qualifying Egyptian companies for International Certification (e. g. REACH, WEE...).

Incubation services and coaching for young entrepreneurs.

Facilitating access to business planning support and marketing assistance.

Product quality testing.

Product development testing.

▶ **The Industrial Modernisation Centre (IMC)**

The Industrial Modernisation Centre has been established in 2000 and started delivering services in 2002. It and falls under the Ministry of Trade and Industry and aims to support industrial enterprises, create an enabling business environment for the industrial sector, through its 19 branches, in demand driven basis.¹² The significance of the IMC is in the technical assistance and capacity development programs it provides to production facilities.

The experience of IMC in linking large firms with smaller supplier started with the National Suppliers Programme that took from 2005-2007. The aim at the time was to create a new supplier base for the automotive industry. The focus was on Tier 2 suppliers, and the programme's activities included assessments to both the lead firms and suppliers, identifying gaps upon which the interventions were laid.

2.3. Value chain Challenges

Although the industry attracted in the past years several multinational and large Egyptian lead enterprises, and production levels are large and have been increasing and exports witnessing a significant growth, it still faces several challenges. Challenges include:¹³ not-up-to date technology, lack of skilled labor, fragmented suppliers' market, low development of local supplier networks, lack of technical, environmental and energy efficiency standards, lead time for imports and exports, and high custom duties on imported materials and components.¹⁴

In order to understand the white goods market systems and design interventions, it is important to know and identify both market actor incentives and capacities and use them to explain why constraints exist and therefore why the target groups have been unable to take advantage of value chain opportunities open to others. Based on the qualitative and quantitative analysis conducted, there are key challenges along the value chain as follows:

The target groups for the EYE RAWABET project are: men and women in rural communities, MSMEs within the selected value chains, business development and financial services providers, and public institutions involved in the implementation of the project.

The regulatory environment

Custom-related regulations constrain the industry through increasing the prices of input material significantly, thus increasing the cost and the final selling price of intermediate goods manufactured by suppliers. In addition, this has caused manufacturers to source their input material from local suppliers who do not necessarily meet the quality and price requirements.

Quality problems

There is a general problem in the supply chain in Egyptian industries. The two key challenges are the quality of small suppliers to produce the components with the specifications required, and with the capacity to produce enough quantities to meet the large enterprises demand in a timely manner. Feeding industries in particular in this sector typically have a weak capability in technical product design and development (incl. energy efficiency), they lack the required caliber, technology and systems that can enable them to adhere to required standards, they lack the resources for their own R&D, and have weak linkage to research centres (if any).

Delivery / Lead-time

The lead-time is key for exporting large companies, and that is considered one of the main problems faced with local suppliers. Lead firms had reported that they take precautionary measures in order to avoid delays that affects their costing. Hence, inspecting internal management systems of small suppliers is one important item in their qualification.

Financing working capital

Generally, there is a problem with regards to working capital for the small firms in order for them to have a capacity to maintain the quality required by the lead firms. It has been reported in meetings that local large firms take long in repayments to the extent that it affects small suppliers' operations in terms of time to fulfill their commitments.

Labour skills¹⁵

The biggest challenge in this sector and what it is impeding it from growing exponentially is the challenge of finding and accessing highly qualified technicians and engineers. This is a challenge that is faced by both suppliers and lead firms. This is usually attributed to the lack of effective recruitment strategies, and the lack of attractive remuneration packages, but it is just a manifestation of deeper challenges that needs to be addressed on national level TVET programmes:

- ▶ Weak linkage with private sector, education not very demand-oriented
- ▶ Lack of practical training on software and machines
- ▶ Low priority on enhancing creativity skills and techniques

2.4. Support Functions

Based on the qualitative and quantitative analysis, the challenges in the core market can be traced to at least two constraints (weaknesses and challenges) in the market's support functions.

2.4.1. Failures in the Technical Education and Vocational Training (TVET)

While general education has made significant progress in Egypt, several challenges have hindered the development of TVET to the extent that it is affecting the manufacturing sector. There are general challenges that can be identified facing TVET:

- ▶ The quality of TVET provided remains low, which is attributed largely to the outdated curricula, absence of continuous professional development and poorly equipped schools.
- ▶ The poor coordination between TVET and the private sector thus failure in addressing real labor market needs
- ▶ Culturally in Egypt there is still a persistent negative social perception that discourage both young people from joining TVET programs and employers from recruiting TVET graduates.
- ▶ The fragmentation in planning and policy responses and the weak coordination within government and between government and other stakeholders.

"TVET enrolment accounts for 55% of the total Secondary stage enrolment. 43% of those are female.

Out of the above 55% there are

- 48% industrial TVET
- 37% commercial and trade
- 12% agricultural TVET
- 3% hotels

(above figures for years 2018-2019-2020)"

Source: <https://unevoc.unesco.org/home/Dynamic+TVET+Country+Profiles/country=EGY>

In addition, the unskilled labour who have been out of the formal market became reluctant to join the formal market. On the contrary, they are joining the informal market without any social protection and without any safety measures.

Though, the white goods sector is a growing sector and is a need for labour to be able to fulfill market needs, the labour market systems failed to provide them with the needed workers. The unemployed job seekers also failed to have access to those job vacancies.

2.4.2.Constraints in the Business Development Services (BDS)

Supply and demand of BDS in Egypt are largely distorted and hence do not effectively support companies in the sector. On the supply side there is a range of public and private BDS in Egypt, however the public ones have several challenges. With few exceptions, the BDS provided publicly has been mostly limited to the fields of training, marketing, and some technology-related areas. Such services often are supply driven, thus most of the cases are badly planned and managed, bureaucratic in nature, lack geographical coverage, lack coherence and coordination, and have an overemphasis on business start-ups and too little focus on the growth trajectory of enterprises. On the demand side, most companies are un-aware of existing BDS services and lack the understanding of their importance. This perception is even worse when it comes to public BDS, where it is regarded as incompetent.

There are exceptions that could be built upon, as the IMC have used private sector companies to provide technical services specifically tailored to the white goods sector. Through meetings with them, it was mentioned that there are several private sector consultants/companies (around 12) that they have worked with, and there is a short list of the most efficient in the field. This model of cooperation between three parties is proven to be successful and can bypass the usual problems faced in the BDS market.

It was mentioned in several studies and through primary research that lack of coordination between the different governmental entities is contributing significantly to the challenges in TVET. As mentioned in the TVET strategy “Without leadership from a national entity for human resources and TVET development, and to be enforced with the necessary executive arms and essential coordinating tools for decision support, all the developed strategic objectives and programs will be nothing but a stack of good paper documents”.

3. RECOMMENDED INTERVENTIONS

The recommended interventions were built on the analysis and on the capacities of the project in achieving its objectives in 2020 to 2021. Generally, quality enhancement and better linkage between value chain actors are required to exploit present and future growth and employment opportunities in the white goods sector. In terms of decent work deficits, there is already a persistent youth unemployment problem and gender gaps in labour force participation and employment in the manufacturing sector in general. In order to address those systemic constraints, the project adopts a two-pronged strategy combining 1) the direct support component, reflected in carefully-designed value-chain-development interventions in selected economic (sub)-sectors, with 2) an institutional and capacity development element, embodied in several training and skills development initiatives, using ILO well-renowned enterprise and entrepreneurship tools, that will further enable and reinforce the value-chain interventions to realize their objectives. There

were general interventions that were gathered from both the interviews and the desktop research can fall under leveraging white goods technology, provide and support employee education and training, ensure a better business environment, and maintain sustainability. Below are the suggested interventions to address the identified systemic constraints, and the ones that should be validated in subsequent workshops.

EYE Rawabet Outcomes:

- Outcome 1: Strengthened capacity of stakeholders to make informed decisions about addressing opportunities and challenges for the promotion of decent jobs in specific economic sub-sectors in rural Egypt
- Outcome 2: Decent work opportunities promoted along selected (sub) sector/value-chains in rural Egypt
- Outcome 3: Emerging MSMEs/small-scale producers supported/scaled up in rural Egypt to contribute to local economic development (LED) and to promote decent employment opportunities

Systemic Constraints	Proposed Interventions
Absence of skilled labour willing to join the labour market.	Design with relevant institutions short-term capacity building programmes to respond to the malfunction of the labour market. These programmes aim to support private sector companies to overcome the main gaps between the required workers skills and the capacity of the companies to offer them decent jobs and retain them. these programmes should work on different levels: A. at the level of the management of the company : - map the vacant jobs, identify the required skills and all the benefits offered. - prepare comprehensive job announcements with all the benefits offered. - work closely with the human resource development to review the recruitment process aiming to address any shortcomings. - identify potential improvement in the working conditions to brand the company as a good place to join. - adopt an adequate human resources and recruitment system to be able to effectively address its manpower needs, attract and retain competent blue-collar recruits as well as continuous skills development. B- at the level of the job seekers: - increase outreach targeting the communities that lack adequate job opportunities to improve the number of committed applicants; - offer career guidance sessions to highlight the importance of work and the potential of having decent jobs; - close follow-up with job seekers during the application stage; - design training programs in collaboration with the companies that offers on the job trainings for the job seekers to gain the required technical skills - offer training packages to address the employability skills of the newly recruited workers (rights and duties at work, conflict resolution, team work, time management, safety and health...) c- at the level of production line supervisors supervisors: - offer training package to leverage their loyalty and engagement with the company, and improved their perception of the company's interest in investing in them. - train and coach supervisors to ensure that they are adapting best practices for motivating and retaining their production teams, with particular attention to new recruits.
Underdeveloped Business Development Services (BDS)	Work with relevant institutions to design and implement relevant training programmes that would support the enterprises along the value chain to improve its performance, their capacity to grow and increase their workforce as well as enhance their sustainability, efficient production, competitiveness as well as best management practices. The ILO has many tools that could be used for this purpose such as SCORE and IYB program, etc

ANNEX I: LIST OF INTERVIEWEES¹⁶

#	Name	Title	Organization	Date
1.	Ms. May Helmy Mr. Mohamed Samy	Executive Director Head of the International Cooperation Department	Export Engineering Council Export Engineering Council	20/12/2020
2.	Eng. Khaled Abdel Azim	Executive Director	Federation of Egyptian Industries	20/12/2020
3.	Eng. Farouk Shalash	Executive Director	Chamber of Engineering	10/1/2021
4.	Mr. Mohamed Mahmoud El Araby	CEO	El Araby	14/1/2021
	Mr. Medhat El Araby	Board Member		
5.	Ms. Nesreen Refaat	Engineering Sector Head	Industrial Modernization Centre (IMC)	28/3/2021
6.	Nader Saad	Localization Programme	Industrial Modernization Centre (IMC)	20/4/2021
7.	Heba Labib	Director, Innovation, Entrepreneurship and Competitiveness Center & Director of NilePreneurs	NilePreneurs	20/4/2021
8.	Marcus Mansour	Supply Chain Director	Fresh Electric	8 June, 2021
9.	Moustafa Metwally-	Team Leader Supply	Samsung	8 June 2021
10.	Seham Atta, Head of Government Relations	Head of Government Relations		
11.	Reham Mansour	MEA Purchasing Head	Electrolux	27 July, 2021

¹⁶ These include the interviews conducted for the RMA study and had an input on White Goods.