

▶ Egypt Youth Employment

Jobs and Private Sector Development in Rural Egypt (RAWABET)

A “market system” approach to promote decent work in the white goods value chain

April 2023

▶ ILO EYE RAWABET

Contributing to rural development in Egypt through addressing decent work deficit along the white goods value chain

The International Labour Organization’s (ILO) project Egypt Youth Employment (EYE):

Jobs and Private Sector Development in Rural Egypt (RAWABET) is a 5-year Norway funded project running from 2017 to 2022 and implemented in partnership with the Egyptian Ministry of International Cooperation, with the aim to promote decent jobs through the development of private sector serving rural areas.

IDENTIFICATION, RESEARCH, AND INTERVENTION DESIGN

1- Selection of Sector/ Value Chain

The project has identified in its early year of operation the dairy value chain to support. During the period of 2020-2021, following COVID-19, building on technical consultation meetings with the project stakeholders and development partners, three manufacturing sectors were prioritized to support for their potential of growth, to serve rural communities and have a relatively clear supply chain to develop: Furniture, Ready Made Garments (RMG), and White Goods (home appliances). It was, however, necessary to verify and confirm the eligibility and relevance of the subsector to the project’s scope, timeframe, and design by running a sector selection exercise. The white goods sector has emerged as a more plausible choice to pursue taking into consideration Egypt’s economic situation during the period of 2020-2021. Hence, a rapid market (RMA) assessment was conducted, and the white goods subsector underwent several quantitative and qualitative assessments, generally and in comparison, with other identified subsectors, and it became more evident that the white goods subsector maintains features that are compatible with the project’s objective and results framework.

[Click here for the Sector Selection Study](#)

2. Market System Research and Analysis

As the white goods sector engages a wide range of small to medium capacity suppliers, thus allowing the project to make significant contributions for improving workers’ working conditions, increasing workers loyalty, decreasing turnover, supporting the companies to expand and recruit new workers, a market system analysis (MSA) study 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.

[Click here for the Market System Analysis Study](#)

The MSA included the below recommended interventions:

- ▶ To address the underdeveloped business development services (BDS), the study suggested working with relevant institutions to design and implement relevant training programmes that would support the enterprises along the value chain to improve its performance, the 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
- ▶ To address the absence of skilled labour willing to join the labour market, the study suggested designing with relevant 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: the level of the management of the company, the level of the job seekers, and at the level of production line supervisors.

3- Intervention Model Design

Based on the technical consultation meetings and the MSA study recommendations, and as EYE RAWABET project identified the White goods sector as one of the promising sectors with high potential for comprehensive growth and potential decent jobs along the WGs value chain in the rural areas, the project consulted some of the national stakeholders on how to approach the lead firms, such as the Industrial Modernization Center (IMC) and the Engineering Export Council (EEC), where the latter coordinated a series of meetings with identified lead firms operating in the white goods sector. These meetings were intended to introduce the project's objectives and activities, and to discuss the potential cooperation along the designated interventions of the project.

After these introductory meetings, two lead firms showed their interest to invest in the development of their suppliers as well as implement the suggested development interventions of the project. In this regard, the Project engaged two lead firms "FRESH"; as one of the promising national companies, and "Electrolux"; as one of the multinational companies operating in Egypt. These interventions were implemented from February – June 2022 with 10 feeding factories to Fresh, and from September 2022 to January 2023 with 6 feeding factories to Electrolux in Sharkia and Qalioubia Governorates.

In this regard, EYE RAWABET project designed the interventions with an integrated approach to raise the efficiency of small and medium-sized enterprises feeding the lead firms through stimulating their productivity and improving their competitiveness, thus enhancing their growth opportunities which in turn increase the provision of decent job opportunities. This will have an impact on supporting the Job creation for rural communities through the following approaches:

4- Implementation of Intervention

To address the problems highlighted and the recommendations raised in the MSA Study, the project designed two integrated approaches as follows:

1st Approach: Support SMEs business performance; using ILO's training tools that support the needed results:



a. IYB: Improve Your Business Programme ,

Improve Your Business (IYB) is a management training programme for owners and managers of small enterprises who want to sustain their businesses, increase sales, and reduce costs. It addresses the core question of how to improve the performance of your business. IYB is a part of SIYB training package addressing local small and medium entrepreneurs in developing countries that is supported by a set of six manuals (marketing, costing, buying and stock control, record keeping, planning for your business, and people and productivity). To build the capacities of the SMEs' management, EYE RAWABET project offered ILO's "Improve your Business" program for 16 SMEs operating in the white goods sector, 5 of them showed interest to benefit from this support from EYE RAWABET project. A needs assessment was conducted with each enterprise separately, most of the interviewed companies varied for their need for improvement from week to needs improvement for (Marketing (M), Costing (C), Buying & Stock control (B&S), People & Productivity (P&P) and Planning for your Business (PB)). They were all Good in Record Keeping (RK), which was excluded from the workshops. During the training, each company suggested the main areas of improvement per each module and drafted improvement plans. Afterwards, the IYB trainer conducted 2 – 3 counselling follow-up visits for each enterprise.



"We have benefited a lot from the IYB – Improve Your Business training, particularly the warehousing and purchasing modules. We have tackled important topics like system optimization, warehouse organization and supply chain. The most significant obstacle we usually face is "overloaded warehouses" with material and products. Having received the IYB training, we will confidently put a plan for system optimization inside the organization to facilitate our work and increase the productivity" says Adel Hussein, Logistics Manager.

The improvement plans amounted to 48 plan their implementation status is as follows:

► Figure 1: IYB Training Results (as of February 2023):

	IYB Module	No. of completed Improvement plans	Ongoing improvement plans
1	Marketing	3	4
2	Costing	4	4
3	People & Productivity	13	4
4	Buy & Stock Control	6	5
5	Planning For Your Business	4	1
	Total	30	18

b. SCORE: Sustaining Competitive and Responsible Enterprises Programme ,

For the sake of better business performance, along with the IYB training, the ILO programme Sustaining Competitive and Responsible Enterprises (SCORE) was implemented to improve the productivity and competitiveness of Small and Medium sized Enterprises through developing workplace cooperation between management and labour on issues such as: Quality; Productivity and Cleaner Production; Human Resource Management; Occupational Health and Safety.

The programme targets 16 SMEs (10 supplier linked to Fresh (national company), and 6 linked to Electrolux (Multinational-co)) with 30-300 employees, where it combined in-class training of workers and manager with on-site enterprise consulting. The programme was implemented over the period of 3 to 4 months per SME, and the SCORE basic modules was delivered through a network of SCORE certified trainers.

The overall results of implementing SCORE program in a total of 16 SMEs can be summarised as follows:

► Figure 2: SCORE Program Main Results:

▼ **78.3%** ▼ **100%**

REDUCTION IN WORKERS COMPLAINTS

REDUCTION IN ACCIDENTS

▼ **64%** ▼ **59.2%**

REDUCTION IN ABSENTEEISM

REDUCTION IN LABOUR TURNOVER

▼ **83%** ▼ **84%**

REDUCTION OF IN LINE DEFECTS

REDUCTION OF ENDLINE DEFECTS

▼ **75%**

REDUCTION IN WASTE PRODUCED



▲ **20%** INCREASE IN PRODUCTIVITY



c. Research and Development Departments technical trainings

After consultations with the industrial modernization centre (IMC), as one of the national partners, and based on their recommendation, EYE RAWABET project supported the delivery of technical training service for the research and development departments for SMEs feeding "FRESH" to unify the Autodesk software used for industrial designs to better serve the lead firm.

2nd Approach: Addressing the absence of skilled labour through the Training for Employment Programme that support the needed results:

As the 1st approach, using IYB and Score programme to support the enterprises along the value chain to improve its performance, the results showed the level of improvement of the workplace cooperation and the working conditions, which allow the SMEs to increase their capacity to retain workers, and paved the way to implement the 2nd approach: the training for Employment program, which is a job placement scheme that aims to allow job seekers in rural areas an access decent work opportunity by providing them with necessary training to help them acquire required skills (soft skills) to assume relevant jobs in line with the specifications of employers in selected sectors.

In that sense, EYE RAWABET project worked, in partnership with the lead firms to plan and design the following program:

On the level of HR management:

The project worked closely with the enterprises to determine the right profiles for candidates and agreed upon the necessary actions to be taken to fulfil their needs of demanded labour, the results are as follows

On the level of Labour:

The training for employment modules included:

1. life skills
2. Occupational safety and health
3. Workers' duties rights.

On the level of Supervisors:

Training of line productions' supervisors, within the enterprise, was also part of the training package to enable and enhance the competence of a group of supervisors of personal and professional skills that support the working environment and productivity, as well as to address all the issues that may be the reason to the high levels of workers turnover. Holol company managed to train 23 supervisors on the following:

1. The employers were committed to issue a contract of one year to successful candidates, along with required social and medical insurance coverage.

2. As well, the program's service provider (Holol Group) persuaded some of the enterprises to maintain the minimum wage, beside adding some bonuses and incentives based on performance, beside the medical and social insurance.

3. The program resulted in supporting the employment process in the various enterprises to raise their efficiency and improve their HR practices so that they can follow this methodology afterwards while implementing the new work procedures. As at the beginning there was a proper planning for:

- ▶ Defining the number of vacant jobs.
- ▶ List of required training topics and outcomes produced by a comprehensive Training Needs Assessment (TNA).

A matchmaking process cycle conceded to by the HR Manager.

 **500** WORKERS TRAINED AND PLACED IN DECENT JOBS



Main Topics Covered:

1. Personal and behavioural features and working environment
2. Skills to increase production efficiency, evaluation, and follow-up
3. Leadership and supervision skills
4. Work skills and Development
5. Effective Communication skills
6. Dialogue and Problem-Solving skills
7. Emotional intelligence skills.
8. Support and motivation skills
9. Time Management skills
10. Presentation skills

Intervention Model Design – 1st Approach – (C) Technical Trainings for R&D Departments

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The overall results of implementing Training for employment program in the white goods factories can be summarised as follows:

► **Figure 3: Software Engineers’ Training Results**

Data	Figures
No. of Software Engineers Trained	13
No. of Training hours/ Trainee	180 Hour
No. of Training Modules	17

► **Figure 4: Training for employment program results**

Data	Figures
Training of supervisors	23
No. of workers Trained and Placed in Decent Jobs	500

Cooperation with ILO constituents and National stakeholders

► Through the implementation of the EYE RAWABET Project, the National Stakeholders was deeply engaged to follow up on the implementation, seek their recommendations. Entities such as the Industrial Modernization Center (IMC) and the Engineering Export Council (EEC), followed up on the implementation and were consulted on how to approach the lead firms, and the EEC coordinated a series of meetings with identified lead firms operating in the white goods sector. In addition, the project intervention results in the white goods sector were shared and discussed with these entities in the presence of the top management of the lead firms and workers.

► In partnership with the Egyptian trade union Federation (ETUF) and the Engineering syndicate, the EYE RAWABET project organized an informative workshop attended by some of the private sector companies operating in the white goods sector who are members of the Engineering syndicate to present the project’s results; where the main results of the programs were shared, as well discussed

the way forward to scale up the programs interventions in the white goods companies. It is worth noting that some of these WG companies who didn’t show interest at the outreach to lead firms phase showed their willingness to participate.



Media: [click here for Video documentary showcasing the project’s interventions in the ‘White Goods’ sector](#)