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## ► Egypt Youth Employment

Jobs and Private Sector Development in Rural Egypt (RAWABET)

### A “market system” approach to promote decent work in the dairy value chain

April 2023

## ► ILO EYE RAWABET:

**Contributing to rural development in Egypt’s Delta through addressing decent work deficit along the dairy value chain**

**The International Labour Organization’s (ILO) project Egypt Youth Employment (EYE): Jobs and Private Sector Development in Rural Egypt (RAWABET)**

funded by the Norwegian Ministry of Foreign Affairs and implemented in partnership with the Egyptian Ministry of International Cooperation, has been working to promote decent work opportunities along the dairy value chain in selected villages in Al-Gharbiya governorate of Egypt’s Delta. The project has identified the dairy as one of the promising subsectors that holds high potentials for inclusive growth and economic empowerment, not to mention that dairying constitutes a key element of the rural economy in Egypt, being

one of the main economic activities assumed by rural households in general.

The key objective of ILO EYE RAWABET’s dairy value-chain development intervention to integrate small and medium-scale farmers within the dairy value chain, by upgrading their contribution, developing milk-handling practices, enhancing milk quality, and increasing yields, and, therefore, support their livelihoods. However, empowering dairy farmers required that the project work towards the engagement of all market actors within the sector. Key dairy market actors include milk collection centers, dairy processors, and small-scale milk traders, in addition to veterinary and extension service providers. Involvement of all the different actors would not only create a conducive environment to promote farmers’ development but would also ensure the sustainability of the intervention beyond the lifetime of the project.

## IDENTIFICATION, RESEARCH, AND INTERVENTION DESIGN

### 1. Selection of Sector/ Value Chain

A core component of ILO’s EYE RAWABET project involves the selection of sub-sectors with high employability and growth potentials where viable value-chain development interventions shall be implemented. This includes the identification of lead firms as key partners in implementing feasible intervention models to integrate relevant existing MSMEs along their supply/value chains. Within this framework, worked to provide relevant technical support and necessary business management and advisory services to develop the capacities of existing suppliers (MSMEs) along their varying sizes and scale of activities within the targeted value chains, with an aim to boost their competitiveness and growth potentials and, therefore, improve their ability to generate decent work



opportunities. Moreover, the project implemented a training for employment programme to further promote decent jobs along targeted subsectors/value chains, within participating lead firms and also within their suppliers from existing MSMEs.

During the inception phase of the project, and building on preliminary technical consultations with key stakeholders, the dairy subsector (as part of the agri-business sector) was identified as a prominent sub-sector that maintains high potential for growth and employment creation and that constitutes a key element in Egypt's rural economy. Based on initial review, the structure of the dairy value chains incorporates several elements that support the feasibility of the planned project interventions. This outcome was, then, confirmed through a Rapid Market Assessment (RMA) study produced by the project. Upon reviewing key economic sectors and subsectors in Egypt against a set of qualitative and quantitative criteria, the RMA study managed to come-up with a shortlist of subsectors, on top of which was the dairy subsector which came out to be holding strong potentials towards inducing systemic change and realizing inclusive growth.

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

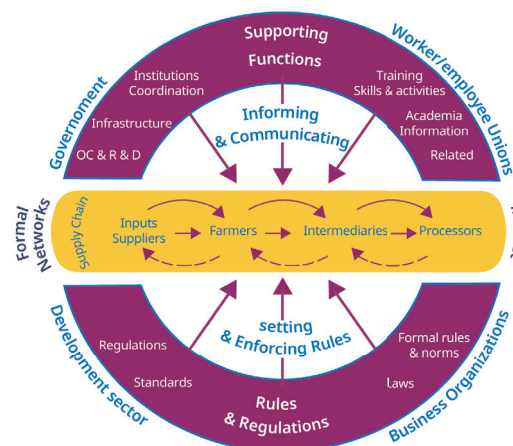
## 2. Market System Research and Analysis

Having the dairy subsector identified as an important subsector that maintains significant potentials for rural development, an in-depth market system analysis (MSA) has been developed to further understand the structure of the dairy sub-sector and its various value chains, and to map out the key actors, stakeholders, supporting functions, and relevant rules and regulations. In addition, the MSA study managed to identify the bottlenecks, market incentives, pathways of change and entry points. At large, the MSA study was intended to lay down the building blocks of market-system-based interventions that are most conducive to the project's approach and tools, in light of the project's duration and scope.

As mentioned, through the MSA study, the project was able to identify the underlying constraints and gaps that are present in the market systems and, accordingly, identify possible sectorial interventions that would address these constraints and gaps, to enable target groups better capture economic opportunities along the value chains of the dairy subsector. Based on the MSA, the main challenge to the dairy/milk production in Egypt is the inconsistency of milk supply in terms of quantity and quality, a situation that is largely attributed to the underdeveloped dairy production systems. It is, therefore, easy to conclude that unlocking the potentials of the dairy/ milk production sub-sector can hardly be achieved unless required interventions are carried out to upgrade and enhance the capacities of small-scale farmers of subsistence and traditional production systems, who account for more than 80 per cent of milk production in Egypt. Nevertheless, working to enhance small-scale-farmers milk production capacities can only be feasible unless necessary actions are in place

to address inefficiencies, constraints and weaknesses of the whole eco-system through a number of backward and forward linkages, including input supplies, in terms of animal feed and health care, accessibility to improved animal breeds, and to adequate extension services. Addressing weaknesses and gaps in post-production activities like collection, storage and transportation is equally important to maintain and put forward the value-added during production phase.

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



## 3. Intervention Model Design

In light of the outcomes of the market system analysis study, and with an aim to stimulate systemic change in the milk production value chain in rural areas, an intervention model was designed to address key constraints that inhibit the potentials of the sector. The intervention model worked through 3 major entry points (drivers of change);

- Improving system efficiency and productivity by eliminating value-chain inefficiencies and introducing innovative solutions that can reduce cost, increase efficiency of business transactions, and can also open up opportunities for full, productive employment opportunities,



- Developing and enhancing product quality, i.e. liquid milk, through availing technical support on good farming, harvesting and handling practices, and, also, through availing necessary equipment/ high-quality facilities. Improving milk quality will increase its value and competitiveness/ marketability, and, hence, will secure decent profit for the small-scale producer, and eventually improve her/his livelihood. More generally, the intervention model worked to
- Develop an enabling business environment for, by allowing small and micro enterprises, engaged in the intervention, an access to necessary business and financial services.

#### 4. Implementation of Intervention

From this view, the ILO EYE RAWABET projects implemented its dairy intervention place, over two phase and along three parallel tracks, in cooperation with the Chamber of Food Industries (CFI) at the Federation of Egyptian Industries and through the project's implementing agent, North Africa for Agri-business Development (NAAD):



- Enhancing the capacities of micro, small and medium-scale farmers by developing their milking and handling practices and ensuring an improved access to feed supply, veterinary and extension services.
- Upgrading/transforming an identified milk collection center within the selected rural community, to serve as a one-stop-shop (a dairy hub) through which micro and small dairy farmers are linked to, through the provision of quality feed, animal healthcare, and others extension services.

### TRACK 1: Promoting decent work and improving the livelihoods of dairy farmers



**▲ 29%** AVERAGE INCREASE IN THE MILK PRODUCTION FROM HEALTHY COWS, AS A RESULT OF IMPROVING MILKING PRACTICES AND ANIMAL HEALTHCARE.



"Long time ago, I had a cow that died because I didn't know how to take good care of it. I was then introduced to the ILO – "Rawabet" project, where I was invited to attend awareness raising sessions about milk production. The sessions taught me how to properly milk the cow, sanitize the milking area, provide the cows with the needed nutrition, how to prevent veterinary infectious diseases and how to take care of the offspring", says Dina Mohamed, one of the beneficiaries of the ILO "Rawabet" project.

**▲ 21%** INCREASE IN THE INCOME OF AN AVERAGE DAIRY FARMER

### RESULT: More than 400 of dairy farmers are economically empowered towards improving their livelihoods

#### 1) Ensuring fair and sustainable source of income

The ILO EYE RAWABET project managed to induce an increase in the incomes of 415 dairy farmers in a number of villages mostly in Quotour district in Al-Gharbiya governorate, owing to improvements in quality and quantity of produced milk, which resulted from an extensive capacity development programme designed and rolled out through the project.

- Providing technical support and improving knowledge and skills on milk production

The training programme provided to participating dairy farmers covered several areas of relevance to milk production, including improved animal feed and nutritional practices, herd management and animal health care, in addition to hands-on training on preparing animal feed from available in-house ingredients, and on improving agricultural practices.

Besides the capacity development programme of dairy farmers on relevant technical topics to support their dairying knowledge and skills, the project provided a group of the targeted beneficiaries of dairy farmers with necessary, basic training on business management and financial literacy to enhance their capacities to manage their dairying micro enterprises, using ILO's GET Ahead and Financial Education training toolkits.

#### ► Enhancing business management skills

During May and June 2022, two rounds of the GET Ahead training took place for participating dairy farmers, each extending for 5 days. A total of 59 of dairy farmers participated in the training. The Gender and Entrepreneurship Together (GET Ahead) is a gender-sensitive entrepreneurship-training programme designed for women and men with basic numeracy or literacy skills. GET Ahead aims to address some of the barriers women face in starting and running a business, including lack of entrepreneurial knowledge and skills, low confidence, and gendered norms and roles that increase the burden of household and care responsibilities. GET Ahead bridges the gender gap in entrepreneurship support by offering women and men both the business management and key soft skills they need to start a business.



#### ► Improving management of personal and family finance

A total of 69 of dairy farmers (22 women, 47 men) were trained on the ILO's Financial Education training tool. Delivered over 4 days, the training aimed to equip participants with adequate financial knowledge and management skills in order to induce improvements in their money management capacities, and to promote changes in their behaviors towards more productive and responsible spending and towards increasing savings. The training course includes a range of topics on setting smart money management mechanisms, in addition to several topics on available financial institutions and services including risk management schemes and insurance. The training of 69 of dairy farmers took place through three workshops during February and May 2022.

- Parallel to the capacity development programme, the project offered veterinary services to the animals of participating dairy farmers, including artificial insemination, to, further, support the milk-production enhancement process.

#### 2) Improving working conditions

Another key outcome of the capacity development programme offered to the 415 dairy farmers has been reflected in improving the working conditions relevant to dairying as an economic activity. Farmers have been introduced to more advanced and enhanced dairying and agricultural practices, through classroom and door-to-door training activities rendering the working environment cleaner, more hygienic and less hazardous. Moreover, efficient dairying practices has also made the dairying process less time-consuming in terms of working hours.

#### 3) Facilitating access to social protection schemes

Adding the social dimension to the package of benefits provided to the dairy farmers has been considered a

priority within the framework of the ILO EYE RAWABET dairy intervention to fulfill the key elements of decent work. Towards that end, the project has facilitated linkages between the participating 400+ farmers and relevant state apparatus managing social protection and insurance programmes, at the central and local level, primarily through the Ministry of Social Solidarity. Along of a series of information/ awareness sessions Several available schemes of social protection and insurance have been adequately introduced to participating dairy farmers, helping them manage pending and potential economic and social risks.

#### 4) Facilitating access to extension, business development and financial services

Enabling micro and small dairy farmers to produce improved milk, in terms of quality and quantity, would require allowing them an access to a number of services, including quality extension services in addition to necessary business development and financial services. During the awareness sessions organized for participating dairy farmers, the project invited a number of service providers operating in the targeted communities, including the newly established "RAWABET" company, to present the services they provide in relation to the development of the dairy-related activities, in terms of technical support as well as veterinary services. Representatives from the banking sector including the key Agricultural Bank, and local microfinance institutions, offering financial products for agribusiness projects were also invited to inform and engage participating dairy farmers in available financing schemes to help sustain and grow their business.

#### 5) Promoting animal healthcare through veterinary campaigns

Over 70 veterinary campaigns were rolled out for the participating dairy farmers in targeted communities. The campaigns aimed to provide dairy farmers with free-of-charge access with veterinary services as part of the package of assistance provided by the project. The campaigns included careful examination of all animals to inspect prevalent disease and provide treatment.





## TRACK 2: Supporting and Expanding the Role of Target Milk Collection Centers through Institutional and Operational Development



### RESULT: Three milk collections in targeted communities upgraded and improved, 2 of which were certified and accredited by the Ministry of Agriculture and the National Food Safety Authority

To maintain and reinforce the outcomes of the activities achieved at the small-scale level of dairy farmers, the ILO EYE RAWABET project had to work with and support the milk collection center within the selected rural community with necessary guidance, technical assistance and capacity-building training.

In many ways, the ILO EYE RAWABET's dairy value-chain intervention envisaged milk collection centers to serve as the anchor/coordinator for dairy market actors in rural communities. As the main buyer of milk produced within a given area/village, they can be positioned as a "dairy hub" that can facilitate access for its network of dairy farmers to necessary veterinary, animal feed and extension services, in return for quality liquid milk. Building on their strategic placement within the dairy value chain, the project's intervention model has placed relative importance on milk collection centres as potential drivers of change within the dairy sector at the rural level. Therefore, a key component of the intervention is to support the institutional and operational development of a milk collection centre within the selected rural community, with an aim to offer a successful model that, through national partner institutions, can be shared on a wider scale.

Along its two phases, the project identified Al-Phara'onia Group, Al-Taqwa and Al-Ikhlas as promising milk collection enterprises that had the potential to advance and upgrade its operations in line with the specifications of the Egyptian National Food Safety Authority (NFSA), and to even expand its role beyond its normal capacity, to serve as a "referral point", know-how center or as the "one-stop-shop" where farmers are provided with reliable access to technical support, veterinarian services, hands-on training, relevant technological application, as

FROM 7% TO **10%**   
**INCREASE IN BONUSES PROVIDED BY LEAD DAIRY MANUFACTURERS TO PARTICIPATING MILK COLLECTION CENTERS AS A RESULT OF THE IMPROVEMENT IN THEIR INSTITUTIONAL AND OPERATIONAL CAPACITIES.**

well as with business knowledge and skills to help them effectively run their milk production enterprises.

Towards that end, the ILO EYE RAWABET project has facilitated the provision of capacity development advisory and training activities for the three milk collection centers to enhance their food and safety measures and to improve their handling and storage capabilities, as per the principles of good hygiene and manufacturing practices, and in accordance with systems of Hazard Analysis and Critical Control Point (HACCP). Building on the upgrading efforts, the three milk collection centres were able to establish a traceability system: registering more than 400 farmers, along with their dairying animals. Al-Phara'onia and Al-Taqwa managed to earn the certification of the Egyptian Ministry of Agriculture, with the support and coordination of the project.

In light of the outstanding success of the ILO EYE RAWABET- Al-Phara'onia experience especially during phase 1, the model was significantly acknowledged by the Governor of Al-Gharbiya, who invited the project team to share the specifics of the intervention with the rest of the milk collection centers at the governorate level.



 **43%** **IMPROVEMENT IN THE MILKING PRACTICES**

Furthermore, in phase 2 of the intervention, the project added to the technical trainings provided to the owners and staff of the 3 participating milk collection centers entrepreneurial skills training using ILO's Start and Improve Your Business programme to enhance the profitability and sustainability. In addition, the project, in phase 2, extended the support provided to the milk collection centers in the targeted rural communities to 15 from milk collection points to further improve the milk collection process.

## TRACK 3: Establishing Value-Chain Linkages and Enhancing the Provision of Services (Supporting Functions)

### RESULT 1: Promoting entrepreneurship to develop service provision for dairy production at the village level

Building on the expertise established through the implementation of the activities of the project in relation to the interventions rolled out with dairy farmers and milk collection centers, and capitalizing on the competencies of the field team that has been engaged in the field implementation of EYE RAWABET's dairy-related activities with farmers and milk collection centers, and that were increasingly refined to deliver necessary veterinary and extension services, the project has been working to prepare for founding of a profit-based start-up (under the name "RAWABET" based by the field team members in Quotour- Al-Gharbiya to ensure the sustainability of the activities and practices introduced in the targeted rural communities. A completed business model for the new enterprise has been drafted, specifying the roles and functions to include: 1) provision of technical advice, 2) establishing quality and food safety systems, 3) support the work to fulfil the National Food Safety Authority requirements, etc...

It is worth noting that the field team, the "agripreneurs" were engaged as participants in all training activities, especially the technical trainings done for milk collection centers and also the financial education training.

### RESULT 2: Inviting digital transformation solutions to enhance the effectiveness and efficiency of the milk production and handling

In addition to working with micro and small dairy farmers and the milk collection center, the project has teamed up with the Central Bank of Egypt's flagship initiative "Nilepreneurs" in collaboration with the Nile University, one of the leading innovation centers in Egypt, to launch a competition/challenge on stimulating digital transformation within the value chain of the dairy sector. Applicants to the competition were requested to come up with digital and information technology solutions/ideas that can enhance the performance of the different market actors in the dairy sector.



At a later stage, the project supported the development of the prototypes of 2 winning innovative technological ideas. The two ideas were a mobile application and a self-help, smart milk collection machine.

### RESULT 3: Promoting the provision of financial services

With an aim to promote financial services in targeted rural areas, a workshop was held on the ILO's Making Microfinance Work training to enhance the capacities of 13 microfinance institutions operating in the region. The training workshop engaged 27 participants. The training

was intended to support microfinance institutions to improve their performance by enhancing their knowledge and skills on strategic and managerial roles and functions, on markets and marketing, on managing risks and organizational development, and enhancing efficiency and productivity.



*"I have benefited a lot from the trainings, provided by Rawabet project and from SIYB training in particular, I was able to expand my cattle and increase my income.", says Mohamed Fareed, one of the beneficiaries of Rawabet project.*

### RESULT 4: Facilitating linkages with relevant workers' organization

Along the implementation of the dairy intervention, the ILO EYE RAWABET project was mindful to engage relevant trade unions that represent small-scale farmers, including dairy farmers and animal breeders, in order, on one hand, to allow for the exchange of knowledge, whereby small farmers trade unions can learn from the dairy intervention, and, hence, can serve as platform to promote the replication of the project's activities within similar rural communities. On the other hand, it was also intended that representatives from small farmers trade unions operating in rural areas around the nation demonstrate the role of trade unions and present the services provided throughout their organizations to the project's beneficiaries in the rural communities of Quotour villages in Gharbiya.

And to ensure that necessary linkages are established between both sides, by the end of the second phase of the dairy intervention, the ILO EYE RAWABET, in coordination, with the ILO's Decent Work Team (DWT) Specialist on Workers' Activities, a workshop to which senior representatives from several trade unions representing small farmers of several Delta and Upper Egypt governorates were invited, along with the team of the dairy intervention field implementation. During the workshop, both parties exchanged information and knowledge possible cooperation and joint activities that can be put into action, including the intermediary role that the newly established "RAWABET" start-up can play in offering trade unions services to the beneficiaries of the project in the communities of Quotour villages.



*"After establishing RAWABET company, we were able to conduct daily veterinary check-up visits; we have developed a comprehensive database for the cattle to ensure they are provided with the proper nutrition and required vaccinations", says Aya Shetta, Agricultural Engineer and Entrepreneur at RAWABET company.*



## Offering a sustainable model of intervention for future replication

It has been determined from the very beginning that the model should engage with key national entities working to support the dairy sector in Egypt, and align with major national initiatives and programmes, including the national initiative to develop milk collection centres managed by the Ministry of Agriculture as well as with the National Food Safety Authority on applying necessary safety and quality requirements.

In addition, along the implementation of the dairy intervention the project has partnered with Chamber of Food Industries at the Federation of Egyptian Industries, as a relevant national partner that can learn from the dairy intervention as it unfolds and host the intervention among best practices that can be replicated in the future. It was envisaged that the Chamber would be able to assume the role of the EYE RAWABET project as the facilitator of similar value-chain-development initiatives.



### TRACK 4: Training for Employment



Within the framework of EYE RAWABET project's training for employment programme that extended across the project's key targeted sectors, 256 of jobseekers were trained and provided with access to decent job opportunities in the dairy sector, mostly in Domty being one of the leading manufacturers of dairy products.

Through the project and following an outreach campaign to potential employers from dairy firms, an employment needs assessment was produced for the engaged lead dairy firm, based on which advertising campaigns to mobilize prospective candidates with relevant qualifications for the job vacancies determined through the assessment. After the conclusion of the hiring/ recruitment process, including the finalizing the contractual arrangement, a series of training sessions were delivered for the newly hired workers to enhance the employability skills and their knowledge about basic rights and duties at work, in addition to several soft skills.



Media:

[Video documentary showcasing the project's interventions in the 'Dairy' sector:](#)