

EMPLOYMENT GENERATION IN AFRICA

— Learning From Good Practices



RWANDA CASE STUDY

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EMPLOYMENT GENERATION IN AFRICA - LEARNING FROM GOOD PRACTICES

RWANDA REPORT

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EXECUTIVE SUMMARY

The Sub-Saharan Africa (SSA) governments have implemented several policy interventions and other measures during the past 20 years to address unemployment and underemployment. Examining these policies, their execution, and their consequences on the creation of decent employment in six African nations (Ghana, Ethiopia, Madagascar, Rwanda, South Africa and Benin) is the goal of the project "Employment Generation in Africa - Learning from Good Practices," which is overseen by the Ghana office of the Friedrich-Ebert-Stiftung (FES). The intention is to stimulate discussion and economic policy development among various progressive actors. Following the aforementioned, FES Rwanda launched the assignment to respond to three critical objectives. The objectives include: assessing the current employment situation in Rwanda, assessing the government's policies/initiatives for employment generation in Rwanda, and formulating concrete policy recommendations and ideas.

The major findings from the assessment are the number of employees with decent employment ranges between 587,479 and 3,633,132. The total number of wage employment has increased by 8.3 per cent over the past two decades. Income inequality has decreased in the period under review, reducing from 0.48 in 2000 to 0.42 in 2017. Women's participation in the labour market has increased in the last two decades.

Major trends' effects on employment are progressively growing. Over the previous two decades, the digital industry has experienced an annual growth rate of 14 per cent. As a result, during the past 20 years, the digital industry's contribution to economic growth has increased from 0.71 per cent in 2000 to 2.44 per cent. The sector employs 12,026 persons in terms of employment (NISR, 2021). According to projections, the industry sector will contribute significantly to national employment. While the National Strategy for Transformation (NST1) projected growth of 11.2 per cent between 2017 and 2020, the average growth rate for the first phase was just 6 per cent. The Covid-19 outbreak, which started to distort the output in 2020, was mostly to blame for the growth rate falling short of the aim. Additionally, the country is experiencing a climatic crisis due to irregular temperature increases, more intense precipitation, and prolonged dry seasons, which negatively impact employment and the way of life.

Different stakeholders are implementing several employment initiatives, including the National Professional Internship Program, Prior Learning Recognition, Program Hanga Umurimo and Economic Recovery Fund. Yet despite the many initiatives, these have multiple gaps, including coordination obstacles, information gaps, limited financial resources, human capacity building gaps, limited coverage of women, limited coverage of primary school graduates, and decent work gaps.

For the employment initiatives to respond to the decent work agenda, it is crucial to develop interventions specifically for women and artisanal (low-skill) employment-focused interventions. In addition, it is important to improve coordination mechanisms, integrate decent work, and support capacity building if employment initiatives respond to the decent work agenda. Further, it is crucial to enhance resource mobilization for employment interventions, decentralize the labour market information system, and

integrate social protection into all employment-creating operations. Last but not least, there is a need to mobilize resources (human and financial capital) to support the trade unions' expansion of coverage and mainstream social protection in employment initiatives.

ABBREVIATIONS

| | |
|-----------|--|
| BDF | Business Development Fund |
| BRD | Rwanda Development Bank |
| CBA | Collective Bargaining Agreement |
| CESTRAR | Rwanda Workers' Trade Union Confederation |
| COSYLI | Confederation of Free Trade Unions of Rwanda |
| COTRAF | Labour and Worker's Brotherhood Congress |
| EDC | Education Development Center |
| EDPRS | Economic Development and Poverty Reduction Strategy |
| EICV | Integrated Household Living Conditions Survey |
| EPCC | Economic Policy Competence Center |
| FES | Friedrich-Ebert-Stiftung |
| FONERWA | Rwanda Green Fund |
| FPC | Foreign Private Capital |
| GDP | Gross Domestic Product |
| GoR | Government of Rwanda |
| ILO | International Labour Organization |
| KOICA | Korea International Cooperation Agency |
| LMIS | Labour Market Information System |
| LODA | Local Administrative Entities Development Agency |
| MIFOTRA | Ministry of Public Service and Labour |
| MINAGRI | Ministry of Agriculture and Animal Resources |
| MINALOC | Ministry of Local Government |
| MINICOM | Ministry of Trade and Industry |
| RWB | Rwanda Water Resources Board |
| IUCN | International Union for Conservation of Nature |
| MINICT | Ministry of ICT & Innovation |
| MYCULTURE | Ministry of Youth and Culture |
| NAEB | National Agriculture Export Development Board |
| NCPD | National Council of Persons with Disabilities |
| NEP | National Employment Programme |
| NISR | National Institute of Statistics Rwanda |
| NST | National Strategy for Transformation |
| OLS | Ordinary Least Squares |
| PPD | Public Private Dialogue |
| PRSP | POVERTY REDUCTION STRATEGY Paper |
| PSF | Private Sector Federation |
| RAB | Rwanda Agriculture Board |
| RDB | Rwanda Development Board |
| REMA | Rwanda Environment Management Agency |
| RICEM | Rwanda Institute for Cooperatives, Entrepreneurship and Microfinance |
| RSB | Rwanda Standards Board |
| RSSB | Rwanda Social Security Board |
| RTB | RWANDA TVET Board |
| RISA | Rwanda Information Society Authority |
| SACCO | Savings and Credit Co-operative Society |
| SDC | Swiss Agency for Development and Cooperation |
| SMEs | Small and medium-sized enterprises |
| SSA | Sub-Saharan Africa |
| TVET | Technical Vocational Education Training |
| USAID | Agency for International Development |
| UNDP | United Nations Development Programme |

TABLE OF CONTENT

| | |
|--|----|
| Executive Summary | i |
| Abbreviations | ii |
| List of Tables and Figures | iv |
| 1.0. INTRODUCTION AND CONTEXT | 1 |
| 2.0. GDP TRENDS AND OUTPUT GAP | 1 |
| 2.1. Employment situation and state of decent jobs in Rwanda | 1 |
| 2.2. Trend of employment situation changed over the past two decades | 2 |
| 2.3. Link between employment and inequality trends | 2 |
| 2.4. Nature of jobs the economy is generating in Rwanda | 3 |
| 2.5. Economic sectors shedding jobs | 3 |
| 2.6. Rate of participation of women in the labour market | 4 |
| 2.8. Impact of megatrends | 4 |
| 2.8.1. Impacts of digitalisation on employment creation | 4 |
| 2.8.2. Impacts of urbanisation on employment creation | 4 |
| 2.8.3. Impact of industry | 4 |
| 2.8.4. Impact of climate change | 5 |
| 3.0. EMPLOYMENT CREATION POLICIES AND MECHANISMS | 5 |
| 3.1. Employment initiatives | 6 |
| 3.2. Extent to which government policies and initiatives for employment creation reflect the decent jobs idea and qualitative aspects of employment | 7 |
| 3.3. Political assumptions, ideologies and strategies underpin the government initiatives for employment creation | 7 |
| 3.4. The role of trade unions in the formulation of employment policy frameworks | 8 |
| 3.5. Government policies and legislations existing to enhance the role of women and marginalised groups in economic participation through employment | 8 |
| 3.6. Relationship between employment generation and social protection policies | 9 |
| 4.0. MAJOR GAPS AND PROBLEMS IN POLICIES AND INITIATIVES FOR EMPLOYMENT GENERATION | 9 |
| 4.2. Recommendations | 9 |
| REFERENCES | 11 |
| ANNEXES | 11 |

LIST OF TABLES

| | |
|---|---|
| Table 1: Regression between the employment rate and Gini coefficient | 2 |
| Table 2: Growth rate (%) in nature of jobs Between 2001 and 2010 | 2 |
| Table 3: Growth rate (%) in nature of jobs Between 2013 and 2021 | 3 |
| Table 4: Growth of economic sectors between 2001 and 2011 | 3 |
| Table 5: Growth of economic sectors between 2017 and 2020 | 3 |
| Table 6: Gender trends in the Labour Market | 3 |

LIST OF FIGURES

| | |
|--|---|
| Figure 1: GDP and Output Gap Trends | 1 |
| Figure 2: Trends of Employment (2001-2021) | 1 |
| Figure 3: Wage and Salaried Workers as a proportion of total employment in Rwanda | 1 |
| Figure 4: Trends of Active Members in RSSB by Gender | 2 |
| Figure 5: Gini coefficient trends (%) 2000-2018 | 2 |
| Figure 6: Number of Jobs Created through Foreign Investments | 2 |

1.0 INTRODUCTION AND CONTEXT

Sub-Saharan Africa (SSA) has a large and growing youth population estimated to reach 2.2 billion people by 2050. A key challenge is how to create enough, and at the same time, decent jobs for a young and growing population. Lasting employment generation is the prerequisite for a peaceful, sustainable and future-oriented transformation of economies and societies and a key strategy to fight poverty. There is a wide recognition that as the proportion of young people continues to grow, opportunities emerge for harnessing this demographic dividend to boost socio-economic growth in SSA.

However, to adequately respond, the governments in the region will need to provide active, democratically controlled policies that facilitate decent job opportunities for new entrants to the labour market. Studies indicate that most jobs in SSA require limited skills and technological content. These jobs also result in low earnings and less decent labour practices, especially in the large informal sector. Therefore, the challenge for the governments is two-fold: provide access to jobs and ensure that jobs meet decent work standards – preferably based in innovative and ecologically sustainable sectors.

Several government policies have been initiated in the past decades to create jobs and improve the quality of jobs. While some policies are quite ambitious but lack implementation, others have been implemented, but their effect on job creation has to be questioned (i.e. attracting foreign investment through tax exemptions; special economic zones). Also, prevailing structural conditions persist and seem to make the goal of job creation nearly impossible for all. These structural factors include school-to-work transition failures; supply-driven educational and training programmes (skills mismatch); and inadequate enabling macro-policies that promote employment. Other factors are limited support for self-employment; international trade regimes; and limited investments and support in potential employment sectors, particularly agriculture.

Over the last two decades, the governments in SSA have rolled out several policy interventions and other initiatives to address unemployment and underemployment. The “Employment Generation in Africa - Learning from Good Practices” project headed by the Economic Policy Competence Center (EPCC) of Friedrich-Ebert-Stiftung (FES) Ghana office aims at examining these policies, their implementation, and their effects on the generation of decent employment in six African countries (Ghana, Ethiopia, Madagascar, Rwanda, South Africa and Benin). The goal is to inspire dialogue among different progressive actors and economic policy formulation. Following the above, FES Rwanda launched the assignment to respond to three critical objectives. The objectives include: assessing the current employment situation in Rwanda; assessing the government’s policies/initiatives for employment generation in Rwanda; and formulating concrete policy recommendations and ideas.

Methodology and Approach: The consultant adopted a comprehensive approach to respond to the three objectives. The approach included reviewing existing literature, analysing existing primary datasets and assessing expert opinions. In addition, the study triangulated the above findings to inform the policy recommendation objectives. The following section

presents the findings for each objective.

2.0 GDP TRENDS AND OUTPUT GAP

Rwanda’s economy has evolved over the past two decades from a USD 2.7bn to USD12bn¹ of GDP (World Bank 2022). The transformation is founded on high economic growth that has averaged 8 per cent in the last two decades. Several factors have informed the high growth. These include privatisation, liberalisation, regional integration and institutional development. However, the economy’s expansion was interrupted by the Covid-19 pandemic, which led to a close down of the economy, collapse of enterprises, and a reduction in overall consumption.

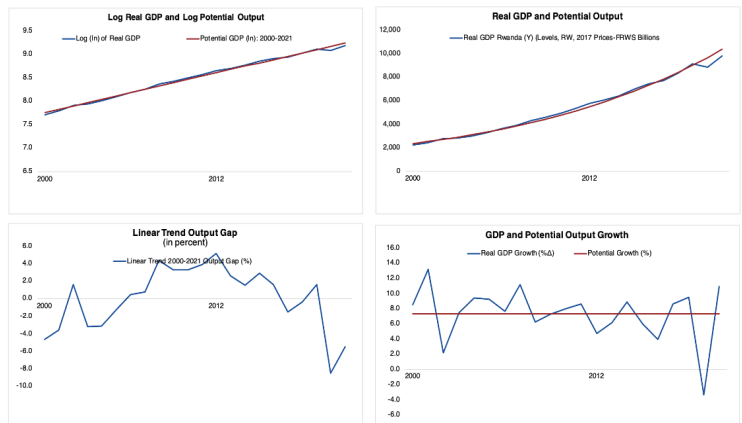


Figure 1: GDP and Output Gap Trends

The economy’s expansion has also resulted in the restructuring of the labour market. The following section reviews the features of Rwanda’s labour markets and the trends it has experienced in the last two decades.

2.1 EMPLOYMENT SITUATION AND STATE OF DECENT JOBS IN RWANDA

Employment in Rwanda has evolved as the economy has transformed from a predominant agricultural economy two decades ago to a service-led economy. The transformation intentionally spills off the Vision 2020 agenda that pursued a service-led economy. The economy’s evolution has led to the creation of jobs in the economy’s service sector, industry sector, and agriculture sector. Some of the jobs are decent, while some fall short. The government has instituted the creation of decent employment within its policy framework. Decent work refers to “productive work for women and men in conditions of freedom, equity, security and human dignity” (ILO 2015). Work is generally considered decent when: it pays a fair income, it guarantees a secure form of employment and safe working conditions (ILO 2015). Measuring decent work in the totality of the above indicators is impossible in developing countries with limited data structures. Thus, the concept is mainly limited to productive work for women and men who work for an income. In light of the above gap, the data available at a national level is limited to productive work (worked for at least an hour in the preceding seven days) for an income. In line with the above definition, Rwanda’s total number of employees working for income is 3,633,132 (NISR 2021). If, however, records of employees registered with the pension system are considered, the number reduces to 587,479 (RSSB 2021). In summary, the number of employees

¹ GDP (constant 2015 US\$)

with decent employment ranges between 587,479 and 3,633,132.

2.2 TREND OF EMPLOYMENT SITUATION CHANGED OVER THE PAST TWO DECADES

The country's total employment and job quality have improved with the economy's expansion. The total number of wage employment has increased by 8.3 per cent over the past two decades, from 389,000 to 3,633,132.

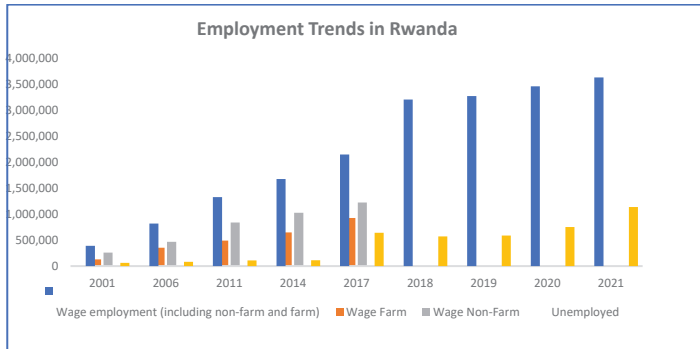


Figure 2: Trends of Employment (2001-2021)

In the last two decades, wage² farm employment increased by 6.17 per cent compared to 3.75 per cent for wage non-farm jobs. The increase results from ongoing government efforts to create more non-farming jobs with better working conditions; see figure 2 for details.

Trends of Total Employment

In line with the increase in wage employment and the increase in the labour force participation rate, the total number of unemployed has increased. However, the expansion is primarily attributable to the modification of the employment definition. The new definition adopted by the labour force survey adds a profit component to work. The addition of the "working for profit" component means all workers who work for subsistence are no longer counted as employed. The removal of this workforce section explains the high unemployment rates observed between 2017 and 2021.

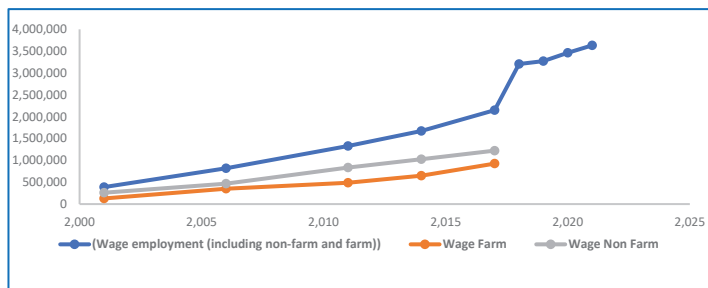


Figure 3: Wage Employment Trends: Source: EICV and Labour Force Surveys, NISR (2000-2021)

The positive unemployment trend is reflected in the employment rate, which is now restricted to workers engaged in for-profit employment; see figure 3 for more information.

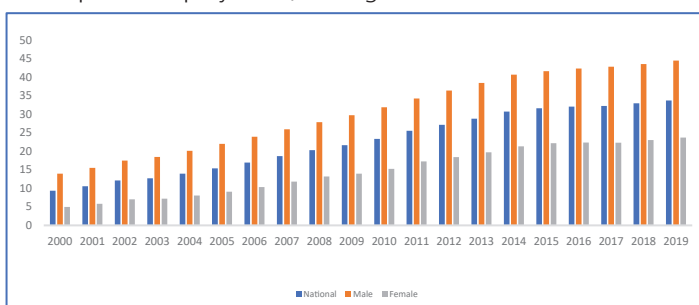


Figure 4: Wage and Salaried Workers as a proportion of total employment in Rwanda, Source: ILO 2021

Trends of RSSB Membership:

The number of formal contributors under the Rwanda Social Security Board (RSSB) has grown by 10 per cent in the last 14 years. The total number of active members has experienced a positive trend expanding from 280,892 members in 2008 to the current 695,810 members. The proportion of men has been dominant, accounting for more than 70 per cent in the period reducing to 66 per cent in 2021. While the proportion of women has increased from 18.9 per cent in 2008 to the current 33 per cent, there is inequality among the respective gender.

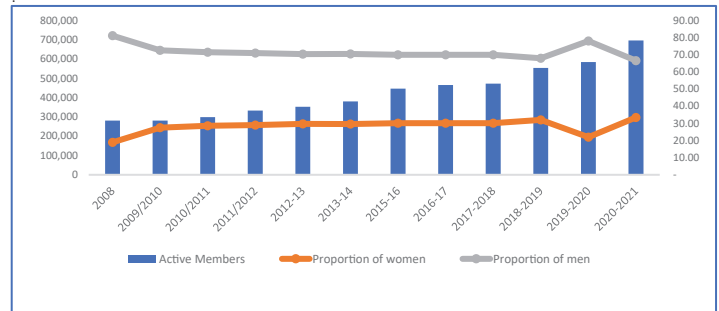


Figure 5: Trends of Active Members in RSSB by Gender, Source: Annual Statistical Yearbooks, NISR, 2013-2021

2.3 LINK BETWEEN EMPLOYMENT AND INEQUALITY TRENDS

The change in employment resulting from a change in economic growth is estimated at 1.59. The magnitude means a 1 per cent increase in growth led to a 1.59 per cent growth in total employment in the country. The positive relationship between employment and economic growth and magnitude above one indicates positive employment growth over the past twenty years. Compared to productivity, the number of jobs created exceeds the proportion that should be generated from economic growth, resulting in negative growth in productivity. The negative productivity is consistent with the shocks shown in the output gap section.

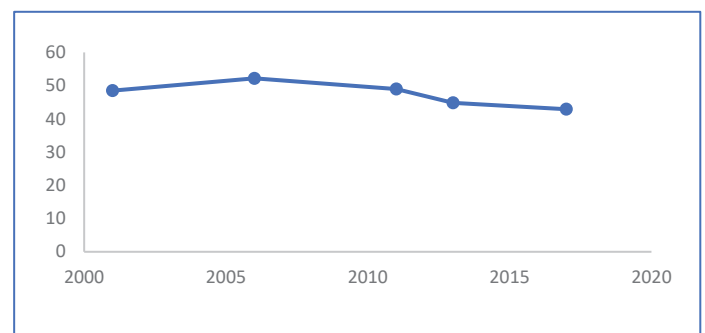


Figure 6: Gini coefficient trends (%) 2000-2018 source : EICV (1,2,3,4), NISR 2001-2020

With the above, income inequality has decreased in the period under review, increasing from 0.48 in 2000 to 0.42 in 2017. The decrease demonstrates the declining income inequality in the country. Moreover, it is related to the growing number of wage employees and overall improvement in off-farm jobs in the country. Regarding causality, a positive proportionate percentage increase in income equality is associated with a 2 per cent increase in GDP; see table 1 for details. Economic expansion is positively correlated with a drop in inequality. From a policy standpoint, actions such as employment initiatives that increase

²Wage and salaried workers (employees) are those workers who hold the type of jobs defined as "paid employment jobs," where the incumbents hold explicit (written or oral) or implicit employment contracts that give them a basic remuneration that is not directly dependent upon the revenue of the unit for which they work (ILO, 2022).

productivity at the individual level and eventually increase per capita income are pertinent to reducing inequality. This demonstrates the importance of decent jobs, resulting in higher salaries and long-term employment contracts.

Table 1: Regression between the employment rate and Gini coefficient

| | Total Wage Employment |
|-----------------------------|-----------------------|
| GDP US 2015 Constant Prices | 1.590*** (40.85) |
| Gini Coefficient | 0.0239* (4.88) |
| Constant | -22.97** (-21.82) |
| Observations | 5 |
| R ² | 0.999 |

t statistics in parentheses
* p < 0.05, ** p < 0.01, *** p < 0.001

2.4 NATURE OF JOBS THE ECONOMY IS GENERATING IN RWANDA

From 2001 to 2010, all occupations registered an upward trend. Drivers, machine operators, managers; commercial and sales workers; and semi-skilled operatives were the occupations with the highest rate of employment expansion. Conversely, the occupations with the lowest growth rate were office clerks and agricultural and fishery workers. See table 2 for details. The low growth is mainly because majority of the workforce is unskilled and employed as unskilled workers.

Table 2: Growth rate (%) in nature of jobs Between 2001 and 2010

| Job Nature | EICV2 2005/06 (%) | EICV3 2011(%) | Average (%) |
|----------------------------------|-------------------|---------------|-------------|
| Professionals | 25.00 | 56.47 | 40.74 |
| Senior Officials and Managers | 300.00 | 25.00 | 162.50 |
| Office clerks | 4.17 | 80.00 | 42.08 |
| Commercial and Sales | 160.82 | 47.83 | 104.33 |
| Skilled Service Sector | 134.65 | 12.24 | 73.44 |
| Agricultural and fishery workers | 8.06 | 5.35 | 6.71 |
| Semi-Skilled Operatives | 135.96 | 73.81 | 104.88 |
| Drivers and Machine Operators | 53.33 | 447.83 | 250.58 |
| Unskilled Labourers | 266.67 | (63.64) | 101.52 |

Source: Author's computation

In the decade between 2011 and 2021, the number of managers; and skilled agriculture, forestry, and fishery declined. The negative growth among relatively-skilled managers is primarily attributable to the Covid-19 pandemic, as the trend was observed following the pandemic, indicating job losses due to the closure of businesses due to the pandemic. In contrast, the loss of skilled agricultural, forestry, and fishery workers is primarily attributable to the government's ongoing campaign to create non-agricultural jobs, as the rate of decline was greatest between 2013 and 2017. In addition, the covid-19 pandemic influenced the trend between 2019 and 2021; see table 3 for further information.

Table 3: Growth rate (%) in nature of jobs Between 2013 and 2021

| Job Nature (%) | 2017 (%) | 2019 (%) | 2021 (%) | Average (%) |
|--|----------|----------|----------|-------------|
| Managers | 17.75 | (1.08) | (24.17) | (2.50) |
| Professionals | 29.97 | 5.69 | 3.71 | 13.12 |
| Technical and associate professionals | 22.92 | 22.73 | (15.40) | 10.08 |
| clerical support workers | 11.57 | 36.67 | (5.47) | 14.26 |
| service and sales workers | 11.42 | 14.13 | (27.96) | (0.80) |
| skilled agricultural, forestry and fishery | (93.98) | 9.14 | (34.03) | (39.63) |
| craft and related trade workers | 18.94 | 21.70 | (7.18) | 11.16 |
| plant and machine operators and assemblers | 0.32 | 35.55 | (16.00) | 6.62 |
| elementary occupations | 33.80 | 7.04 | 18.62 | 19.82 |

Source: Author's computation

2.5 ECONOMIC SECTORS SHEDDING JOBS

The respective industries exhibited positive employment

growth during the first decade between 2001 and 2010. The economic sector that experienced the greatest expansion was the service sector. Among them are recreation and tourism, construction, and commerce. The expansion ranged between 113 per cent and 178 per cent. The growth of the economic sectors that comprise the industrial sector varied between 103 and 161 per cent. The agriculture sector, which employed more than 70 per cent of the labour force, grew by 6.58 per cent during the same time frame; see table 4 for more information.

Table 4: Growth rate (%) of economic sectors between 2001 and 2011

| Sector | EICV1:2005/06 (%) | EICV2:2010/11 (%) | Overall Average (%) |
|--------------------------------------|-------------------|-------------------|---------------------|
| Agriculture, fishing, forestry | 7.04 | 6.11 | 6.58 |
| Mining and quarrying | 157.14 | 166.67 | 161.90 |
| Manufacturing | 166.67 | 40.00 | 103.33 |
| Utilities | - | 150.00 | 75.00 |
| Construction | 230.00 | 121.21 | 175.61 |
| Trade | 176.64 | 50.00 | 113.32 |
| Transport and communications | 115.38 | 62.50 | 88.94 |
| Financial services | (13.33) | 53.85 | 20.26 |
| Government | 67.86 | 49.65 | 58.75 |
| Recreation and tourism | 200.00 | 155.56 | 177.78 |
| Other services | 98.97 | 6.22 | 52.59 |
| adequately described | 191.67 | 57.14 | 124.40 |
| All 16+ years usually working | 20.39 | 15.38 | 17.88 |

Source: EICV 1, 2,3 (NISR)

In the decade that followed, between 2013 and 2014, the household survey was conducted, but the grouping of economic sectors was altered. The labour force survey replaced the household survey as the primary source of labour data in 2016. To avoid inconsistencies resulting from changes in data structures and sources, the following section is restricted to the years 2017 to 2020. The economic sectors that have experienced positive growth during the period are financial and insurance activities, administrative and support service activities, transportation and storage, manufacturing and agriculture, as well as accommodation and food service activities, whose growth has ranged from 4 per cent to 31 per cent.

In contrast to the first decade, when sector employment trends increased, sector employment trends decreased during the second decade. Electricity, gas, steam, air conditioning supply; water supply, sewage disposal, and waste management are among the economic sectors that have lost jobs. The two specific sectors lost jobs due to the reorganisation of sector-managing agencies, which were eventually merged. In 2010, the government separated ELECTROGAZ into RECO and RWASCO (GoR 2010). Subsequently, in 2014, the Energy, Water and Sanitation Authority (EWSA Ltd) was divided into two separate companies: Rwanda Energy Group Limited (REG Ltd) and Water & Sanitation Corporation Limited (WASAC Ltd) (REG 2014). As a result, the agents and distributors of water and power who the companies initially employed lost their jobs. The employees were deemed irrelevant to the new market structure in which the respective company employees directly supplied power and water-related services. In addition, technology has since made it possible for consumers to purchase electricity, particularly using their cell phones or bank accounts.

Arts, entertainment, and recreation; education; activities of households as employers; and information and communication are the other job-shedding economic sectors. In addition to the factors highlighted for the first two specific sectors, the other sectors have lost jobs, particularly in the last two to three years, as a result of the covid-19 pandemic, which led to the closure of production units and the overall economy, see table 5 for details.

Table 5: Growth of economic sectors between 2017 and 2020

| Year | 2018 | 2019 | 2020 | Overall Average |
|--|--------|--------|--------|-----------------|
| Employed population | 7.3 | 2.1 | 5.7 | 5.0 |
| Agriculture, forestry and fishing | 1.0 | (3.2) | 14.3 | 4.0 |
| Mining and quarrying | 31.1 | 13.8 | (19.4) | 8.5 |
| Manufacturing | 29.5 | 1.8 | (3.5) | 9.3 |
| Electricity, gas, steam and air conditioning supply | (32.5) | 46.6 | (23.2) | (3.0) |
| Water supply, sewerage and waste management | (17.1) | (4.0) | (6.7) | (9.2) |
| Construction | 18.6 | (2.2) | 38.3 | 18.3 |
| Wholesale, retail trade, repair of motor vehicles, motorcycles | 1.7 | 1.8 | (4.0) | (0.2) |
| Transportation and storage | 12.8 | 21.8 | (14.4) | 6.7 |
| Accommodation and food service activities | 59.6 | 40.0 | (5.7) | 31.3 |
| Information and communication | 23.1 | (15.8) | (22.2) | (4.9) |
| Financial and insurance activities | 28.5 | 21.6 | 1.9 | 17.4 |
| Real estate activities | 22.8 | 14.8 | (3.8) | 11.3 |
| Professional, scientific and technical activities | 7.8 | 7.9 | (21.6) | (2.0) |
| Administrative and support service activities | 38.8 | 16.0 | 15.2 | 23.3 |
| Public administration and defense | (3.0) | 12.7 | (4.2) | 1.9 |
| Education | (4.5) | 11.6 | (9.3) | (0.7) |
| Human health and social work activities | (0.4) | (6.2) | 21.7 | 5.0 |
| Arts, entertainment and recreation | (10.8) | 18.2 | (14.6) | (2.4) |
| Other service activities | 23.9 | 9.0 | 33.1 | 22.0 |
| Activities of households as employers | 5.0 | (4.7) | (19.9) | (6.5) |
| Activities of extraterritorial organisations and bodies | 61.6 | 15.5 | (65.5) | 3.9 |

Source: Labour force survey (2016-2020), NISR

2.6 RATE OF PARTICIPATION OF WOMEN IN THE LABOUR MARKET

Women's participation in the labour market has increased in the last two decades. From 2001 to 2011, before the definition of employment was changed, the labour force participation rate, defined as the ratio of the sum of employed and unemployed to the total population aged 16 years and above, reduced from 87 per cent in 2001 to 71.5 per cent in 2011. The reduction was mainly due to the increase in enrollment of the girl child in the education system. In the following decade, the labour force participation rate though lower than it was in the previous decade, increased from 44.2 per cent in 2014 to 48.2 per cent in 2020. In comparison to the male, the female rate was lower in the first phase because more men were enrolled in school than women, while in the second phase, the male rate was higher because there was more male wage employment than women.

Table 6: Gender trends in the Labour Market

| Year | 2020 | | 2019 | | 2018 | | 2017 | | 2013/14 | | 2010/11 | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|---------|-------|---------|-------|
| | Male | Women | Male | Women | Male | Women | Male | Women | Male | Women | Male | Women |
| Labour force participation rate (%) | | | | | | | | | | | | |
| Employment-to-population ratio (%) | 55.2 | 38.5 | 54.2 | 37.4 | 55.2 | 37.9 | 53 | 35 | 82.53 | 82.68 | 79.6 | 82 |
| Unemployment rate (%) | 15.9 | 20.3 | 13.8 | 17 | 13.5 | 17.1 | 15.2 | 21 | 1.09 | 1.24 | 2.4 | 2.4 |
| Youth unemployment rate (%) | 19.7 | 25.7 | 16.9 | 22.4 | 16 | 21.9 | 17.9 | 26.1 | 0.7 | 1.3 | 1.2 | 1.6 |
| Median monthly earnings at the main job | 30,000 | 20,800 | 26,000 | 18,200 | 26,000 | 18,200 | 26,000 | 18,200 | | | | |

Source: EICVs and LFS Reports

The employment to population ratio followed the same trend in line with the labour force participation rate. The female labour force participation rate increased from 77 per cent in 2000 to 83 per cent in 2013. In the second phase, the rate increased from 35 per cent in 2013 to 48 per cent in 2020. While the male employment to population ratio was lower in the first decade, it is now higher in the second decade due to more males in wage employment.

Additionally, the unemployment rate rose from 0.68 per cent in 2001 to 2.4 per cent in 2011 and then declined to 1.24 per cent in 2013. In the second decade following the modification of the definition of employment concepts, the female unemployment rate rose dramatically to 21 per cent in 2017 and decreased slightly to 20.3 per cent in 2020 - the increase in the unemployment rate resulted from a large number of women working in non-wage jobs. As a result, female unemployment rates are higher than male unemployment rates. In addition, female youth have a higher unemployment rate than male youth, reflecting the same trend. While women's median (average) wage has increased from 18,200

³ as measured by the ratio of unemployed to the labour force

RWF in 2017 to 20,800 RWF in 2020, they have consistently earned less than men during the period under review; see table 6 for details.

2.8 IMPACT OF MEGATRENDS

The following section reviews the megatrends and their impact on employment in the country. They include digitalisation, urbanisation, climate change and industrialisation.

2.8.1 IMPACTS OF DIGITALISATION ON EMPLOYMENT CREATION

Digitalization is at the heart of Rwanda's policy framework, based on a knowledge- and science-driven agenda (MINECOFIN, 2000). Establishing a dynamic institutional framework (NIC policy regime and ICT regulations), ICT skills base, and infrastructural setup (2300 kms of fiber optic, 4G internet training institutes, etc.) has been a government and private sector priority over the previous two decades. Consequently, the sector has grown from a fledgling 16bn Rwandan Francs (RwF) industry in 2000 to 216bn RWF today (NISR, 2021). Government-led investments in critical foundational enabling projects, such as the fiber optic project, E-governance, and ICT-oriented service delivery infrastructure, have contributed to the sector's growth. Consequently, the industry has averaged a 14 per cent growth over the past two decades. Consequently, the industry's rise has contributed to the growth of the service sector from 1.94 per cent to 5.22 per cent and the Gross Domestic Product (GDP) from 0.71 per cent in 2000 to 2.44 per cent during the past two decades. The industry employs 12,026 people (NISR, 2021). Despite the low level of direct employment, the sector's primary function is to facilitate the delivery of services in the country's other

2.8.2 IMPACTS OF URBANISATION ON EMPLOYMENT CREATION

Rwanda's urbanization, as defined by the proportion of urban to the total population, has increased from 16.93 in 2010 to 17.43 per cent in 2020 (STATISTA, 2021). Multiple causes have contributed to the expansion, including population increase, economic growth, rural-to-urban migration, and the government's intention to move the workforce from the agriculture sector to non-farm jobs. The government has established six secondary cities, including Muhanga, Huye, Rusizi, Rubavu, Nyagatare, and Musanze, to promote urbanisation. The government expects them to contribute to creating 214,000 jobs when semi-urban cities transform into urban ones.

2.8.3 IMPACT OF INDUSTRY

The government has designated accelerated industrialisation for economic transformation as one of its NST priorities for 2017-2024. The strategy aimed to raise the sector's contribution to the overall GDP; the long-term goal was set at 21.7 per cent, and the intermediate goal was set at 19.4 per cent. This was to be accomplished by encouraging industrialisation and achieving a structural shift in the export base towards high-value commodities and services to increase exports by 17 per cent yearly. However, the industrial economic

growth pattern is inconsistent compared to the various economic sector growth targets. While the NST planned a growth rate of 11.2 per cent between 2017 and 2020, the average growth rate during the first phase, NISR, 2021, was 6 per cent. The below-target growth rate was mostly the result of the Covid-19 pandemic, which began to distort production in 2020. As a result, the sector contracted by 4 per cent despite experiencing an average expansion of 8 per cent before the pandemic. Textiles, apparel, leather products, chemicals, rubber and plastic products, metal items, machinery, and equipment drove the expansion. The sector is critical to the nation's employment creation. The government aims to create 1.5 million new jobs, most of which are likely to be in the industrial sector. Approximately 6 per cent of the labour force is employed in this sector NISR (2022).

2.8.4 IMPACT OF CLIMATE CHANGE

Rwanda is a landlocked nation with a moderate climate and considerable precipitation. However, the country is undergoing a climate crisis visible through erratic temperature increases, stronger precipitation, and extended dry seasons (REMA 2022). The hilly west of the country has been affected by erosion, portions of the central north and south by severe flooding, and the east and southeast by droughts and desertification. Recent empirical evidence indicates that more than 745,000 hectares of agricultural land in Rwanda are potentially eroded yearly. The total economic loss in agricultural productivity due to severe erosion in Rwanda is around 37.9 billion Rwf every season. In terms of the value of the topsoil loss, the annual loss is estimated to be Rwf 810 billion on average (RWB and IUCN 2022). The impacts have led to the destruction of livelihoods, especially in the agricultural sector, which employs most of the workforce. In addition to destroying sources of livelihood, the two extremes (prolonged drought and prolonged rain) also have limited employment opportunities for the workforce employed in agriculture.

3.0 EMPLOYMENT CREATION POLICIES AND MECHANISMS

Vision 2020 was initiated in 2000. Vision 2020 sought to transform Rwanda into a middle-income country by the year 2020. In particular, the vision sought to increase the per capita income of Rwandans to US\$900, reduce poverty to 30 per cent and achieve a life expectancy of 55 years. Against the set targets, the per capita income is estimated at \$861 (NISR 2022), poverty rates at 38.2 per cent (NISR, 2017) and the life expectancy at 66.5 years in 2022 (NISR, 2012).

The respective policy regimes between 2000 and 2020 were nurtured to inform the agenda of vision 2020. Key among these were the Poverty Reduction Strategy Papers (PRSP), Economic Development and Poverty Reduction Strategy of Rwanda (EDPRS) and EDPRS 2. The vision 2020 was founded on six complementary pillars, these include:

- i. Good governance and a capable state
- ii. Human Resource Development and a knowledge-based economy
- iii. Private sector-led development

- iv. Infrastructure Development
- v. Productive high value and market-orientated Agriculture
- vi. Regional and International Integration

In pursuit of the above, three issues were identified as cross-cutting among the six pillars; these include

- i. Ensuring Gender Equality
- ii. Protection of Natural resources and the environment
- iii. The utilization of Science, Technology and ICT

Regarding employment, each of the pillars mentioned above has both direct and indirect positive effects on employment and employment quality in the country. The direct effect emanates from expenditures and investments in the various pillars, resulting in employment for the corresponding pillars' workforce. The indirect effects result from mainstreaming gender equality, which contributes to reducing the gender gap, and the mainstreaming of green economy and ICT, which all contribute to creating sustainable jobs.

Vision 2050 and National Strategy for Transformation:

The (NST1) is a guide for policy interventions between 2017 and 2024. The strategy contributes to the Vision 2020's conclusion and the Vision 2050's inception. The strategy is based on three pillars: economic transformation, social transformation, and transformation of governance. The scope of this section is limited to aspects of the first two pillars concerning the creation of decent work and social protection.

Pillar of Economic Transformation: This pillar aims to accelerate economic growth and development based on the Private Sector, knowledge, and Rwanda's natural resources (NST 1). Regarding employment creation, priority area 1 of the pillar is to create 1.5 million decent and productive jobs (more than 214,000 per year) for economic development. To achieve the goals mentioned above, the strategy outlines the following key interventions:

- i. Develop and support priority sub-sectors with high growth and employment potentials, such as agro-processing, construction, light manufacturing, meat and dairy, leather, textiles and garments. The other subsectors to consider are horticulture, tourism, knowledge-based services, value addition and processing of mining products, creative arts, aviation, logistics, and transportation.
- ii. Encourage and enable young people and women to start businesses through entrepreneurship and access to capital.
- iii. Develop and strengthen strategic alliances with private sector businesses to implement workplace learning (rapid response training, industrial-based training and apprenticeship).
- iv. Increase the number of Technical and Vocational Education Training (TVET) graduates with relevant labour market skills. This will be accomplished by collaborating with the private sector to update the Labour Market Information System (LMIS)

and to identify market-relevant skills to inform TVET training programs.

v. Integrate employment planning into all key economic sectors and strengthen the National Employment Programme's coordination, implementation, and oversight.

vi. Develop a mechanism to support at least one income-generating and job-creating project model in each village.

The implementation of the strategy is meant to support the creation of 1.5M jobs between 2017 and 2024. The strategy is expected to provide a foundation and vehicle for vision 2050. In terms of success, according to the Ministry of Public Service and Labour (MIFOTRA), 942,324 decent and productive jobs have been created between 2017 and 2021. The following policies, interventions and strategies are formulated to serve the above strategic key interventions. In addition, they are also anchored toward the employment and social protection agenda from the Vision 2050.

Revised National Employment Policy 2019: The policy extends the employment policy of 2007. In line with the NST target and Vision 2050 agenda, the policy is the country's primary guiding instrument for all ongoing employment interventions. Through economic growth and a respect for fundamental human rights, the policy seeks to foster the creation of as many fully productive, decent, and freely chosen jobs as possible, particularly for youth, women, and people with disabilities. The policy also focuses on creating an environment conducive to private investment expansion and job creation. This entails the maintenance of economic stability primarily through inflation management, liberalisation, the promotion of savings and productivity, and the encouragement of investment for a speedy economic recovery (MIFOTRA 2019). In line with the policy objective of creating productive jobs, the following are the major government policy and strategic interventions currently promoting employment creation.

National Skills Development and Employment Promotion Strategy 2019 – 2024: Primarily, this strategy builds upon the National Employment Program (NEP). In line with the NST, Vision 2050 and employment policy, the strategy is built on three pillars: skills development, employment promotion, and matching. However, with the recent Covid-19 pandemic, the implementation of the strategic interventions is yet to kick off, and thus failures and success stories are not readily available from the program.

Made in Rwanda Policy:

The overall objective of the made in Rwanda policy is to "address the trade deficit and increase job creation by promoting exports, boosting production of and stimulating sustainable demand for competitive Rwandan value-added products by addressing factors constraining their quality and cost competitiveness" (MINICOM 2017).

The policy aims to improve the economic competitiveness of Rwanda. It is anticipated that increased competitiveness will contribute to creating 1,500,000 jobs in dynamic and resilient firms between 2017 and 2024. Furthermore, the policy aims to generate employment through the manufacturing sector in

key labour-intensive subsectors such as light manufacturing in textiles and garments, agro-processing, and resource-based industries (mining and quarrying), as well as furniture through the operationalisation of Integrated Craft Centers (Udukiriro), quantity, quality, skills, and upgrading. In addition, the policy seeks to foster an environment conducive to entrepreneurial development while assisting in implementing the National Employment Programme.

Entrepreneurship Development Policy:

The Entrepreneurship development policy (EDP) extends the Small and Medium Enterprises (SME) development policy, which expired in 2019 (MINICOM 2019). The vision of the Entrepreneurial Development Program (EDP) is to develop an effective entrepreneurship support ecosystem. The ecosystem creates the necessary conditions and enablers for Rwandan entrepreneurs to unleash their entrepreneurial potential and grow dynamic and competitive businesses that will drive economic growth and job creation. The seven pillars of the EDP include human resources and management, business assistance, financing, an environment conducive to business, markets and value chains, technology and infrastructure, and an entrepreneurial culture.

Private Sector Development & Youth Employment Strategy:

The Private Sector Development and Youth Development Strategy 2018-2024 (GoR 2018) seeks to support employment creation by enhancing the private sector's competitiveness. The strategy aims to increase private sector investment, and off-farm job creation, improve trade balance and export base diversification, and increase productivity and innovation in priority value chains. The strategy intends to achieve the respective outcomes through Growth Anchor Firm Initiative and the Domestic Supplier Development Unit initiatives. The strategy is spearheaded by Ministry of Trade and Industry (MINICOM) and supported by Rwanda Development Board (RDB), Ministry of Local Government (MINALOC), Ministry of Youth and Culture (MINIYOUTH), Private Sector Federation (PSF), Development Bank of Rwanda (BRD), National Employment Program (NEP) and Rwanda TVET Board (RTB), among other partners.

Work Placed Learning and Industrial Attachment Policy:

The workplace learning policy of 2015 supports the school to work transition in the country. The main policy objectives of the policy include: developing a modern, recognised and sustainable apprenticeship system in partnership with companies in the formal and informal sectors; improving systems and management of attachment and internship programs; developing an institutional framework for the coordinated promotion, facilitation and implementation of workplace learning with strong private sector influence; creating sustainable incentive structures for companies; and creating knowledge and public awareness about workplace learning.

3.1 EMPLOYMENT INITIATIVES

The following section describes the existing major employment initiatives in the country. The government and development partners implement the initiatives with support from the civil society and the private sector.

| Profile | Beneficiaries | Nature of Programme | Target |
|---|--|---|---|
| National Professional Internship Program The program was established in 2009 to provide interns with the necessary practical skills to facilitate their transition from school to the workforce. | 10,000 graduates have been placed in respective companies. | Skills Development and Training | University Graduates |
| Prior Learning Recognition Program This is a program carried out by Rwanda Polytechnic (GRIP) with the assistance of MFCIRA and Trade Unions. The program aims to assist workers in obtaining a formal credential commensurate with their knowledge and abilities, enhancing their employability, mobility, lifelong learning, social inclusion, and self-esteem. | At least 1,000 artisanal workers from the construction sector. | Skills Development and Training | Informal workers without academic certification |
| The Dual Training System supports youth in technical and vocational education schools to acquire practical skills. In addition, the project supports the private sector hosting the respective students who impact practical skills and allow the students to practice the theories learnt in school. The program trained students in eight areas, including tailoring, carpentry, culinary arts, masonry, auto mechanics, welding, food processing and electrical work. | At least 377 05 per cent female students in the western province. | Skills Development and Training | TVET students |
| Hanga Umurimo The program was launched by the Ministry of Trade and Industry (MINICOM) to promote Rwandan entrepreneurship and to generate employment. | At least 1,440 youth are supported in entrepreneurship training. 200 graduates of TVET and 120 informal saving groups have received entrepreneurship training. | Entrepreneurship, Skills Development and Training | Young Entrepreneurs (TVET Graduates) |
| Economic Recovery Fund (ERF) established as one of the government's initiatives to stimulate the economy. The fund assists crisis-affected businesses in sustaining, resuming production, and protecting employment. | MSMEs in Manufacturing and Services Sector | MSMEs funding | Formal MSMEs |
| Digital Ambassadors Programme is a MINICT-led initiative aiming to improve the digital literacy of five million Rwandans and their access to and utilisation of online systems and services. | The program has trained 67,627 citizens since its inception in total coverage. | Digitalisation for employment | Rural Youth |
| USAID Rwanda Ngarura Umuhoro Project is a project designed to provide (debt and equity) funds to small and medium-sized enterprises (SMEs) that are struggling to capitalise on Rwanda's positive economic growth. | Seeks to support the creation of 30,000 non-agricultural jobs. | Entrepreneurship and MSMEs funding | Youth, women, and individuals with disabilities |
| HANGA Hubs Project supports young innovators through a 9-month incubation program. The program involves transferring job-readiness skills and accelerator programs to the new incubation hubs, also known as HANGA Hubs. The HANGA Hubs provide space and assistance for young workers and startups to embrace breakthrough technologies that boost productivity, competitiveness, and economic growth. | 1,000 young entrepreneur in Rubavu, Rusizi, Muhanga and Nyagatale | Digitalisation for employment | Youth |
| Youth Eco-Brigade Programme launched in 2019 by the Ministry of Youth and Culture to create jobs and improve the quality of life for youth while tackling environmental challenges. | 4,200 youngsters from 55 cooperatives in three districts, notably Karongi, Muhanga, and Ngoyero. | Skills Development and Training | Youth |

According to the evaluation, the various programs contribute to achieving the 1.5 million job targets. The contribution is either in the form of direct employment or links to employment opportunities. However, the efforts have the following drawbacks notwithstanding their beneficial contribution:

- There is little emphasis on informal enterprises, which account for more than 90 per cent of the country's enterprises.
- Employment programs are primarily geared toward assisting college-educated youth, with a lesser emphasis on unskilled youth, including school dropouts, which make up more than 80 per cent of those entering the workforce at all academic levels.
- Despite a large share of young people relying on the agriculture sector for their living, there is a bias toward the non-agricultural sector.
- There is a limited connection with trade unions to promote workers' rights awareness. Other than the social assistance program, none of the employment programs in the country have a direct relationship with trade unions.

In addition to the aforementioned basic constraints, the efforts listed below have the following particular limitations:

National Professional Internship Program:

Since the commencement of the National Professional Internship Program, about 10,000 graduates have been placed in separate companies. Approximately 60 per cent of these individuals are employed (RDB 2021). The low levels of internship placement and retention represent a significant system failure. Employers do not retain all interns, and unemployed interns lack follow-up support.

After program completion, they are on their own. Prior

Learning Recognition Program: the scope is limited, and many informal workers who fail in the assessment process do not receive assistance towards reskilling to qualify for the skills passports.

Digital Ambassadors Programme: the program's reach is limited, and there is no evidence of its overall direct and indirect contribution to employment.

Employment Economic Refund: The fund has limitations. These include:

- Few firms that applied for credit received it. This is due to the limited availability of funds and the nature of the proposals submitted for review.
- The fund is primarily restricted to formal enterprises (less than 10 per cent of the fund was allocated to informal enterprises) even though more than 85 per cent of businesses operate informally. Thus, the loss of employment in the informal sector caused by the pandemic has been supported, and jobless youth and women continue to struggle to find employment.

3.2 EXTENT TO WHICH GOVERNMENT POLICIES AND INITIATIVES FOR EMPLOYMENT CREATION REFLECT THE DECENT JOBS IDEA AND QUALITATIVE ASPECTS OF EMPLOYMENT

Between 2017 and 2024, the government established a goal of generating 214,000 non-farm jobs annually. Between 2017 and 2019, the number of off-farm jobs rose from 1,692,423 to 2,023,095 (NISR 2021). Off-farm employment has increased by 330,672 over the period. The Covid-19 effect, which caused the economy to shut down, prevents subsequent statistics from being available to assess the progress as of 2021. The key profiler is off-farm; the assumption is that off-farm jobs offer better earnings than agricultural jobs. This reflects the income aspect of employment, which is vital to qualifying jobs as decent. In addition, because of the low coverage of social security, the government has introduced a voluntary social security scheme in which informal workers can partly save for their future. The scheme called Ejo Heza has an estimated membership of 1,423,377 persons in the country.

Furthermore, social dialogue and collective bargaining agreements are other schemes for the government and its partners, such as private sector federations and trade unions, to enhance the decent work agenda. However, despite these initiatives, the extent of decent work is low. This is partly due to the country's predominant informal sector (accounting for more than 90 per cent of the workforce) and the low skill level of workers (more than 70 per cent have primary education at the highest level).

3.3 POLITICAL ASSUMPTIONS, IDEOLOGIES AND STRATEGIES UNDERPIN THE GOVERNMENT INITIATIVES FOR EMPLOYMENT CREATION

⁴ Ejo Heza is a voluntary pension program that guarantees the well-being of workers, particularly those in the informal sector, upon retirement owing to old age, serious illness, or permanent disability caused by workplace hazards.

Following the genocide of 1994, the government liberalised the economy. The approach included the privatisation of parastatals and the removal of state regulations. The government was restricted to providing only energy, water, health care, and education during this time. However, there is space for private sector participation and investment in the subsectors. The private sector manages the rest of the economy. In light of the liberalisation mentioned above, the private sector is anticipated to be the country's primary employment generator. However, the government is directly involved in the process. For instance, the government has set a goal of 1.5 million non-farm jobs between 2017 and 2024. The objective guides all government initiatives, with different government entities charged with directly supporting its achievement. Through Rwanda Development Board (RDB), the government is investing in attracting Foreign Direct Investment into the economy, creating jobs as one of the primary outcomes. While the total number of FDI jobs created in the last decade is estimated at 73,695 (BNR 2019), the magnitude has been positive since 2012; see figure 6 for details. The created jobs account for less than 5 per cent of the total off-farm jobs created in the country. The jobs are mainly created in the manufacturing and services (IT, Banking and Tourism) sectors.

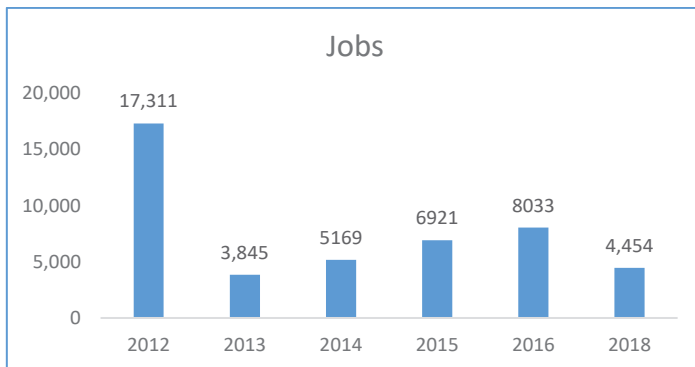


Figure 7: Number of Jobs Created through Foreign Investments, (Source: FPC Census Report, BNR, 2019 and Rwanda Statistical Yearbook, 2021)

In addition, the government encourages youth entrepreneurship as a primary means of creating new jobs. This has been enhanced by targeted youth entrepreneurship programs and private sector-wide access to capital programs.

3.4 THE ROLE OF TRADE UNIONS IN THE FORMULATION OF EMPLOYMENT POLICY FRAMEWORKS

Rwanda currently has 32 registered labour unions. CESTRAR, COTRAF, and COSYLI are the three confederations that categorise the unions. CESTRAR has sixteen unions, COTRAF has seven, and COSYLI has nine. The total membership of trade unions is 233,626 employees, while the trade union density of total employment is estimated to be 3.6 per cent.

The primary function of labour unions in Rwanda is to promote good working conditions and employees' rights in the labour market. Concerning job creation, the role of unions is limited to:

- i. Recruiting workers into workers' groups;
- ii. Educating workers about their rights on the job through awareness campaigns;

iii. Driving social dialogue between employers and employees at the grassroots level;

iv. Spearheading the process of negotiating collective bargaining agreements between workers and employees. Currently, 15 Collective Bargaining Agreements (CBAs) cover approximately 38,000 employees in tea, mining, private security, and manufacturing. The CBAs have been used to improve working conditions in Rwanda; for example, Kabuye sugar factory has an agreement with workers that relates their salary growth to the firm's annual productivity;

v. Trade unions support initiatives to recognise prior learning. The unions help young people to obtain employment passports with assistance from the Rwanda TVET Board and the National Examination and School Inspection Authority. Artisanal workers in the construction industry have received assistance from STECOMA to obtain employment passports, which are said to help them find decent jobs outside their immediate regional areas.

vi. Unions contribute to the institutional design process in the country, as seen by their influence on the 2018 modifications to the new labour law. The contribution was further evident in the employment policy. The specific roles of unions were to highlight the gaps in the existing institutional framework. For instance, they reported that the previous law discriminated against informal workers. In addition, unions proposed solutions for how the gaps in the institutional framework should be addressed, with social dialogue and collective bargaining frameworks (there are 15 CBAs) whose coverage, though low, is growing.

However, despite the duties above, unions only have a small scope of influence. For instance, fewer than 10 per cent of the labour force is covered overall. Moreover, less than 1 per cent of the workers are covered by collective bargaining agreements. These discrepancies highlight the necessity of strengthening and assisting unions to expand their services' reach to other non-formal employers of labour.

In conclusion, unions have a major role in raising worker awareness of their legal rights, promoting social dialogue, and assisting with efforts to recognise prior learning. There is a need to support their efforts, so their coverage is extended to other workers in the country.

3.5 GOVERNMENT POLICIES AND LEGISLATIONS EXISTING TO ENHANCE THE ROLE OF WOMEN AND MARGINALISED GROUPS IN ECONOMIC PARTICIPATION THROUGH EMPLOYMENT

A set of policies drives the role of women and marginalised groups in economic participation through employment. The policies include the Revised Employment Policy (MIFOTRA 2019), Social Protection Policy (MINALOC 2020), the Revised National Gender Policy (MIGEPROF 2021), National Policy of Persons with Disabilities (MINALOC 2021). The Rwanda Labour Law (MIFOTRA, 2018) is the main legislation enhancing the role of women and marginalised groups in economic participation through employment. The institutional framework eliminates the structural limitations that previously prevented the corresponding marginalised segments of the population from receiving equal treatment in the labour

market. The institutional structure provides a base from which women and members of disadvantaged groups can pursue opportunities equally to those available to males. The institutional structure assists in changing attitudes towards how women and other marginalised groups are treated in the job market. Although still limited, women are being hired for positions formerly reserved for men, such as those in the mining and construction industries. Furthermore, the institutional structure gives women and other disadvantaged groups the ability to hold companies and particular stakeholders responsible if the situation calls for it.

Despite the improved institutional framework, limited opportunities for women and marginalised groups are evident in the labour market. These include disparities in decent formal occupations, high unemployment relative to male colleagues, and low employment-to-population ratios. These gaps signal the limited coverage and implementation of the institutional framework.

3.6 RELATIONSHIP BETWEEN EMPLOYMENT GENERATION AND SOCIAL PROTECTION POLICIES

Social protection is a priority within the country's institutional structure. The employment policy and labour law require employers to give social protection to their employees. The major social security services provided to employees include maternity leave, medical insurance, and a 3 per cent monthly contribution to a pension scheme. Nevertheless, despite the policy's purpose, the above coverage is confined to formal sector jobs, encompassing no more than 600,000 workers. In this context, the government has implemented alternative social security programs for informal workers and their families. The programs include (i) Ejo Heza, a voluntary savings plan, and (ii) community health insurance, which enables workers (who contribute between 3,000 and 7,000 Rwf per year depending on their welfare status) and their families to receive medical services at costs that are at 90 per cent discounted.

4.0 MAJOR GAPS AND PROBLEMS IN POLICIES AND INITIATIVES FOR EMPLOYMENT GENERATION

The following section highlights the major gaps in policies and initiatives seeking to create employment in the country.

Coordination obstacles: While the National Employment Program is tasked with implementing and coordinating related employment interventions, numerous organisations independently implement small and dispersed employment interventions. The lack of coordination leads to duplication of initiatives and waste of resources, likely to result in the ineffectiveness of the corresponding efforts.

Information gaps: Implementing agencies have limited information gaps regarding the status of the relevant interventions. This is partly due to limited monitoring process. The deficiencies exist at both the inception and implementation (limited monitoring) stages.

Limited financial resources: Limited financial resources

further limit the breadth of the current employment generation operations. In addition, the difficulty has narrowed the field of coverage for the respective efforts, which cover fewer beneficiaries than the demand for beneficiaries.

Human capacity building gaps: Human capacity building gaps exist in the various intervention programs. Personnel deficiencies exist in terms of both quantity and calibre.

Limited coverage of women: While women are more excluded in the labour market, macro-and micro-level policies primarily benefit men. This partially explains why women have a higher unemployment rate than their male counterparts.

Limited coverage of primary school graduates: In addition to those mentioned above, the current ongoing programs are centered on secondary schools, TVET schools, and university graduates. However, the majority (about 70 per cent) of the labour force has primary school education as the highest level.

Decent work gaps: While ongoing measures have highlighted the need to generate decent jobs in the country, the problem of inadequate decent jobs persists, with formal positions accounting for less than 10 per cent of the country's workforce. Moreover, the labour market is characterised by considerable informality (92.6 per cent of businesses are informal), minimal unionisation (about 250,000 workers are unionised), and limited social protection (approximately 550,000 workers have social security). These and other informality-related obstacles, such as a lack of contractual work and health insurance, are obvious among the beneficiaries of the current employment-generating efforts.

4.2 RECOMMENDATIONS

The following section highlights recommendations that FES and its partners could consider to address the gaps associated with employment generation in the country.

Employment creation interventions tailored specifically to women: Because of the injustice women face in the labour market, it is vital to establish women-specific employment generation strategies. The initiatives could include women's entrepreneurship interventions and a fund to provide capital for women working in the informal sector. In addition, the initiatives could include counselling and career guidance for women, particularly girls dropping out of school, and seminars for women job seekers among young women seeking formal employment. The coverage should include both rural and urban women in the initiatives. In addition, the programmes should give young women a higher priority. The collection of initiatives will aid in bridging the gap generated by women's underrepresentation in ongoing employment-generating projects.

Climate crisis: It is necessary to mainstream climate crisis-related mitigation actions to reduce the adverse effects of climate change, including the impediment of employment development projects. The mainstreaming should involve integrating climate change into the planning and decision-making processes of the lower administrative units of government and the private sector for all parties involved in employment creation. Furthermore, while implementing adaptation strategies in response to the adverse effects of climate change, the process should take risks and

opportunities into account. Finally, the purpose should mitigate climate-altering effects caused by production processes essential to job generation.

Support for the informal Sector: There is a need for mainstreaming informal enterprise support. The assistance could include entrepreneur training, access to financial products traditionally exclusive to formal businesses, and market access. In addition, there is a need for a coordinated framework that brings together the government, civil society, trade unions, and development partners to eliminate the negative aspects of informality while preserving the informal economy's significant potential for job creation and income generation.

Artisanal (Low skill) employment-focused interventions: It is vital to design employment-generating programmes for low-skilled employees to accommodate the low level of education of the country's labour force. The initiatives could target skill-building programmes for youth and women in essential occupations. In addition, there is a need to assist trade unions in organising artisanal workers to join unions and enhancing their awareness of labour rights. The initiatives could also include drafting collective bargaining agreements in industries employing many artisanal workers, such as construction and mining.

Enhance coordination mechanism: Coordinating all active employment-generating activities in the country is essential. The coordination mechanism might take the form of centralised coordination of all present and future efforts to produce employment, thereby avoiding resource waste and duplication among active initiatives. The coordination should go beyond the traditional approach, which primarily aims to avoid duplication of efforts. The coordination mechanism should instead seek to consult primary beneficiaries and government entities during formulation, planning, and implementation, particularly at the lower levels of government (districts and sectors), and align and harmonise all employment-related interventions with the national agenda outlined in the NST1 and the National Employment Programme.

Integration and mainstreaming of decent work objectives: All Employment interventions must incorporate decent work objectives, such as unionisation, enrollment in Ejo Heza, enrollment in community health insurance, granting workers contracts, and enrollment in CBAs; this will help reduce the country's high prevalence of decent work gaps. The planning and implementation phases should be guided by the ILO's fundamental principles and rights at work, which include the rights to freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, and the elimination of discrimination in employment and occupation. In addition, there is a need to advocate for decent work in the various employment interventions, particularly among those programmes funded and supported by development partners.

Empowerment of capacities: It is essential to strengthen human capacity building for implementing organisations, especially at lower levels, such as districts and sectors, among community workers who contribute to job creation and social protection in general. Lower-level government employees are

the link between the various employment interventions and the ultimate beneficiary. A periodical skill audit survey should guide the capacity-building activities. The audit should identify the skills necessary to improve service delivery about job creation among implementing partners. In response to the survey findings, the training should equip participants with the skills necessary to improve the delivery of employment creation-related services. Likewise, capacity building should include aspects pertinent to closing the information asymmetry gap in community employment interventions.

Improve and decentralize Labour Market Information System (LMIS): In line with the problem of information gaps, it is necessary to increase the capacity of the Labour Market Information System. The system should collect and centralise all information from ongoing employment creation programs' monitoring records. Additionally, the system should be authorised to decentralise to appropriate implementing agencies and to communicate the acquired data to all users (government, commercial sector, and civil society) in the country. The system doesn't collect information related to employment interventions in the country. There is a need to capacitate the LMIS currently hosted in the Rwanda Development Board to collect this information. The support could be in the form of (i) hiring technical assistants to support the existing team, (ii) integrating the system into monitoring tools of implementing agencies, (iii) training implementing agencies on how to use the system, and (iv) expanding the capacity of the system to collect real-time data from implementing agencies and beneficiaries.

Support for resource mobilisation: It is necessary to enhance resource mobilisation initiatives among partners who promote employment creation in the nation. Existing employment interventions are constrained mainly by their limited financial resources. Discussions on resource mobilisation for national partners are necessary. The approach could involve enhancing the skills of proposal writers and connecting national partners with international organisations willing to support employment creation and social protection. The resource mobilisation could also be associated with factors national partners should mainstream, such as the lack of decent work among marginalised populations such as rural women and youth.

Integrate social protection into all employment-creating activities: It is necessary to incorporate social protection into all initiatives. This could be accomplished by encouraging workers to participate in social security programs such as the RSSB pension scheme, the Ejo Heza scheme, and other possible programs. In addition, to address the low social protection coverage, all employment initiatives should mainstream social protection.

Mobilise resources for confederations and trade unions: The mobilisation of resources for trade unions in the country requires support. Extending the coverage of trade unions beyond the existing 1 per cent of the labour force to include workers in the informal sector takes substantial expenditures. The resources should consist of human capital development-related assistance and direct budgetary support for the unionisation of informal employees.

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ANNEXES

Annex 1: Questionnaire

FRIEDRICH EBERT STIFTUNG Questionnaire

Several government policies have been initiated in the past decades to create jobs and improve the quality of jobs. While some policies are quite ambitious but lack implementation, others have been implemented, but their effect on job creation has to be questioned (i.e. attracting foreign investment through tax exemptions; special economic zones). Also, prevailing structural conditions persist and seem to make the goal of job creation nearly impossible for all. These structural factors include school-to-work transition failures; supply-driven educational and training programmes (skills mismatch); inadequate enabling macro-policies that promote employment; limited support for self-employment; and; limited investments and support in potential employment sectors, particularly agriculture; international trade regimes. To these can be added contextual factors of which some yield potential, others dangers for progress regarding employment such as urbanisation, digitalisation/automation and climate change. The FES is conducting interviews to inform its future interventions in Rwanda; kindly support the team before you with the information below;

1. The government is implementing a number of employment policies; what have been the effects (successes and failures) of these policies?

Identify Policy 1

Success

Failures

Identify Policy 2

Success

Failures

Identify Policy 3

Success

Failures

Identify Policy 4

Success

Failures

Identify Policy 5

Success

Failures

2. To what extent are these employment policies implemented or not?

3. To what extent do government policies and initiatives for employment creation reflect the decent jobs idea or qualitative aspects of employment?

4. What (political) assumptions, ideologies and strategies underpin the government initiatives for employment creation?

5. What is the role of trade unions in the formulation of employment policy frameworks? Who are the other relevant stakeholders for policy formulation and implementation?

6. Which government policies and legislations exist to enhance the role of women and vulnerable groups in economic participation through employment?

7. What are the major gaps and problems in policies and initiatives for employment generation?

8. What is the relationship between employment generation and social protection policies?

9. What is the impact of megatrends (digitalisation, urbanisation, climate change, industry 4.0) on employment creation?

10. Are employment policies accompanied by social protection policies?

11. Describe the effects of covid-19 on employment in the country

Annexe 2: List of consulted stakeholders

- Ministry of Public Service and Labour (MIFOTRA)
- Ministry of Youth and Culture
- The Ministry of Gender and Family Promotion
- Ministry of ICT and Innovation
- Ministry of Trade and Industry (MINICOM)
- Private Sector Federation (PSF)
- Rwanda Development Board (RDB)
- Trade Unions-Confederations- Centrale des Syndicats des Travailleurs au Rwanda (CESTRAR),
- Unions-Confederations- The Congress of Labour and Fraternity in Rwanda (COTRAF) and
- Trade Unions-Confederations- Confederation of Free Trade Unions of Rwanda (COSYLI)
- Rwanda TVET Board

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Employment in Rwanda has evolved as the economy has transformed from a predominant agricultural economy two decades ago to a service-led economy. Major trends' effects on employment are progressively growing. Different stakeholders are implementing several employment initiatives, including the National Professional Internship Program, Prior Learning Recognition, Program Hanga Umurimo and Economic Recovery Fund. Yet despite the many initiatives, these have multiple gaps, including coordination obstacles, information gaps, limited financial resources, human capacity building gaps, limited coverage of women, limited coverage of primary school graduates, and decent work gaps. For the employment initiatives to respond to the decent work agenda, it is crucial to develop interventions specifically for women and artisanal (low-skill) employment-focused interventions. In addition, it is important to improve coordination mechanisms, integrate decent work, and support capacity building if employment initiatives respond to the decent work agenda.