

PART I: EVALUATION OF RWANDA'S YOUTH AND EMPLOYMENT POLICIES

DICKSON MALUNDA(PhD)

(d.malunda@ipar-rwanda.org)

Date of Publication: February, 2011

Place of Publication: Kigali Rwanda

Published by : Institute of Policy Analysis and Research - Rwanda
© IPAR- Rwanda

CONTENTS

List of abbreviations	4
Executive Summary	7
Aim of this Report	9
Structure of the report	10
BACKGROUND TO RWANDA'S ECONOMY AND LABOUR MARKET	11
Introduction	11
Country context	12
Economic growth and Employment Creation in Rwanda	12
	13
Labour Market Features	13
Gender dimensions to employment in Rwanda	15
A Preliminary Evaluation of Rwanda's Youth and Employment Policies, Action Plans and Initiatives:	
Background to Rwanda's Youth and Employment Policies	15
The National Youth Policy	16
Background	17
Coordination	18
Ownership	18
Reporting, Monitoring and Evaluation of implemented initiatives.	19
Focus and Alignment of the NEP with the EDPRS and current realities in the employment sector	19
Alignment	19
Duplication	20
ASSESSING EMPLOYMENT PROMOTION PROGRAMS AND INITIATIVES IN RURAL SECTOR	21
Indirect Employment Creation Initiatives	21
Strategic plan for Agriculture Transformation (SPAT)	21
Direct employment creation initiatives	22
Vision 2020 Umurenge	22
The Rwanda Cooperatives Agency (RCA)	23
The Business Development Fund (BDF)	23
Sector Analysis: Challenges of Coordination, Monitoring & Evaluation, and Mindset	24
ASSESSING EMPLOYMENT PROMOTION PROGRAMS AND INITIATIVES IN THE PRIVATE SECTOR AND ENTREPRENEURSHIP DEVELOPMENT SUPPORT (formal and informal)	28
Programs and initiatives within the Private sector and Entrepreneurship Development Area of Intervention	28
The Private Sector Federation has two ongoing programs aimed at promoting business development and entrepreneurship including the district-wide Business Development Services (BDS) and the TVET program respectively.	28
The TVET Program (PSF)	28
	34
ASSESSING YOUTH AND WOMEN EMPLOYMENT PROMOTION PROGRAMS AND INITIATIVES	35
EMPLOYMENT PROMOTION FOR YOUTH	35

Introduction	35
EMPLOYMENT PROMOTION FOR WOMEN	41
Analysing Issues of Employment Promotion for Women	43
Challenges of Coordination and Duplication	43
ASSESSING EMPLOYMENT PROMOTION PROGRAMS AND INITIATIVES FOR DISABLED	48
Challenges in Implementing Programs	48
ASSESSING EMPLOYMENT PROMOTION PROGRAMS AND INITIATIVES FOR STRENGTHENING THE LABOR INTENSIVE APPROACHES	51
Rwanda Local Development Support Fund (RLSF)	51
The Rwanda Local Government Support Fund was recently created to merge the Vision 2020 Umurenge project, the Common Development Fund, the Ubudehe and HIMO programs.	51
Key priorities of the RLSF	51
ASSESSING EMPLOYMENT PROMOTION PROGRAMS AND INITIATIVES FOR THE REINTEGRATION OF RETRENCHED PUBLIC EMPLOYEES AND DEMOBILIZED SOLDIERS	52
Retrenched Public Employees	52
Demobilized Soldiers	52
Need for Coordination	52
RECOMMENDATIONS ON IMPLEMENTATION OF RWANDA'S EMPLOYMENT POLICY	53
Coordination: Sensitization	53
Monitoring & Evaluation	54
Challenges	55
Bottlenecks	55
Linkage banking and other product innovations	56
Collateral Management and Warehouse Receipts	56
Dealing with the information gaps	57
Remote access banking	57

LIST OF ABBREVIATIONS

AMIR:	Association for Microfinance Institution of Rwanda
BAD:	Banque Africaine du Développement / African Development Bank
BDF:	Business Development Fund
BDS:	Business development Services
BK:	Bank of Kigali
BNR:	National Bank of Rwanda
BTC:	Belgium Technical Cooperation
CAPEC :	Caisse Populaire d'Épargne et de Crédit
CBEP:	Capacity Building and Employment Promotion
COOJAD:	youth cooperative bank for self employment
CPAF:	Common Performance Assessment Framework
CSO:	Civil Society Organisation
DAC:	Development Assistance Committee
DFID:	Department for International Development
EAC:	East African Community
EDPRS:	Economic Development and Poverty Reduction Strategy
FAO:	Food and agricultural Organisation
FGD:	Focus Group Discussion
GIZ:	German Development Cooperation
GMO:	Gender Monitoring Office
HIDA:	Human Resources and Institutional Development Agency
ICT:	Information Communication Technology
IPAR:	Institute of Policy Analysis and Research

ILO:	International Labour Organisation
HIMO:	Haute Intensité de Main-d'oeuvre
JICA:	Japanese International Cooperation Agency
KFW:	Reconstruction Credit Institute
KORA	Association of artists in Rwanda;
LMIS:	Labour Management Information System
M&E:	Monitoring and Evaluation
MDG:	Millennium Development Goals
MIFOTRA:	Ministry of Public Service and Labor
MIJEPROF:	Ministry of Gender and Family promotion
MINEDUC:	Ministry of Education
MINALOC:	
PNEAR:	Rural Water and Sanitation Program
PPMER:	Projet pour la promotion des petites et micro-entreprises rurales/Project for the promotion of small and rural microenterprises
PSF:	Private Sector Federation
RAB:	Rwanda Agricultural Board
RCA:	Rwanda Cooperative Agency
RDB:	Rwanda Development Board
RLDSF:	Rwanda Local Development Support Funds
RSSP:	Rural Sector Support Project
REMA:	Rwanda Environment Management Authority
SACCO:	Saving and Credit Cooperative
SIDA:	Swedish International Development Cooperation
SME:	Small and Medium Enterprises
SPAT:	Strategic plan for Agricultural Transformation
TVET:	Technical and Vocational Education Training

UNDP:	United Nation Development Program
VUP:	Vision 2020 Umurenge Program
WDA:	Workforce Development Authority
WFP:	World Food Program
YES:	Youth Employment Servic

EXECUTIVE SUMMARY

The broad aim of this research project is generate innovative approaches and coherent policy messages with which youth employment and poverty reduction can be generated from economic growth at a faster pace in Rwanda. To achieve this objective, we bring together the insights from both the literature and data analysis in order to study the nature of growth–employment–poverty reduction relationship within the different sectors of Rwanda’s economy. The first part of this study, we will undertake be a qualitative evaluation of Rwanda youth and employment policies including, youth and women action plans and all the initiatives under the different sectors that relate to promoting employment in Rwanda. The second part of this research will be quantitative data analysis to determine the nature of the growth–employment and poverty reduction relationship in Rwanda over time.

The first part of this mid-term evaluation report presents a situation analysis of the management and implementation aspects of Rwanda’s policy environment with respect to youth and women employment in Rwanda. The report gives a diagnostic assessment of the current views that stakeholders generally have about the National employment policies, their initiatives and action plans and more importantly, their management. Here, we assess the extent to which employment policies and initiatives coordinated at the intra-governmental level in Rwanda i.e. between the different government ministries and agencies. We also assess the extent to which other ministries are reporting on the progress of the implementation and whether the monitoring and evaluation systems during implementation are effective. Secondly, we map out the initiatives being implemented per priority sector of the Rwanda’s employment policy and the stakeholders involved.

A number of employment promotion initiatives have been implemented and progress has been made more so in the areas of skills development, entrepreneurship promotion, improvement of the business climate and access to finance for small and medium enterprises in Rwanda. However, the findings from our preliminary stakeholder interviews indicate that there is still scope for increasing the impact of the implemented projects on employment and challenges still remain in the employment sector. The main challenges with respect to the implementation of the Rwanda’s employment policy include;

- Limited coordination of implemented employment initiatives and action plans,
- Limited monitoring and ownership of the National Employment Policy,
- Inadequate alignment of NEP action plans between different government ministries.
- Duplication of programs and initiatives between different government ministries which limits the impact of these isolated initiatives on employment creation Rwanda.

For purposes of coordination and improving the impact of employment initiatives in Rwanda, we recommend the following;

- We recommend the implementation of an inter-ministerial steering committee in order to coordinate and harmonise employment initiative and actions between the different government departments.
- In addition to the above, we also recommend strengthening the National Employment Stakeholder Platform with MIFOTRA playing a central role. We also recommend improving communication between MIFOTRA and line ministries like MINICOM, MINICYOUTH, RDB and MIGEPROF with implementing agencies like COOJAD, PSF, YES Rwanda, National Youth council and others. This will help align the action plans and initiatives in the different ministries in order to avoid duplication and increase impact on employment creation Rwanda.
- To enhance financial coordination from donors, we recommend setting up an employment basket fund which will be managed at MINECOFIN in conjunction with MIFOTRA such that donors who are interested in promoting employment can pool their resources into this basket fund. MIFOTRA, MINECOFIN and stakeholders within the National Employment Stakeholder Platform can then sit and decide on the priority sectors to which funds can be allocated in order to generate bigger impacts on employment creation and promotion in Rwanda.

- We also re-iterate the implementation of a centralised National Employment Agency to cover unemployment issues at district level and the inclusion of employment outcomes as part of the performance indicators (imihigos) for district and local government officials.
- We also recommend increased financial and political backing of the employment department in MIFOTRA in order to give employment issues the weight they deserve. This can be done by raising the profile of employment issues to the offices of the permanent secretaries in the key sectors and tabling the issue in cabinet.
- We also recommend increased sensitization of the NEP within the different sectors in the government and increasing ownership of the NEP by boosting the coordination capacity of MIFOTRA's employment unit.
- We also recommend a review of the current National Employment Policy in order to reflect the current realities, more so with the increasing number of new entrants onto Rwanda's labour markets and the anticipated labour mobility and job competition that is likely to increase with the EAC integration process.
- We also recommend that programs intended to promote employment should have a component on financial literacy since the majority of both educated and uneducated youths coming onto the labour markets are financially illiterate. Improving access to finance will not be effective unless the borrowers are financially literate. These programs should also put a greater emphasis on mindset change especially among youths in order to enhance their entrepreneurial spirit and reduce the job search mentality after school.

AIM OF THIS REPORT

The purpose of this evaluation report is to present the findings from the first stage in the evaluation of Rwanda's Youth and Employment Policies. The report gives a diagnostic assessment of the current views that stakeholders generally have about the National employment policies, their initiatives and action plans and more importantly, their management. The questions that underlie the assessment of the management aspects of the NEP include the following; how are employment policies and initiatives coordinated at the intra-governmental level i.e. between the different government ministries and agencies? Are other ministries reporting on the progress of their implementation regularly? Is there a monitoring system on their implementation?



Other relevant questions include the following; How are the sectoral priorities (and the respective action plans, projects and programs) under the National Employment Policy integrated in the EDPRS reporting? Are the priority intervention areas reflected in the sector reviews of the EDPRS progress? Finally, what is the impact of the incentive measures put in place for employment promotion?

As part of the phase of the first phase of this project, we have contacted the relevant stakeholders in the different priority sectors of the National Employment policy in order;

To assess the management aspects of the National Employment Policy at sector

- level. Here we determine to what extent the sector level priorities on employment are aligned to both the National Employment Policy objectives and to the broader EDPRS in terms of planning, coordination, implementation, reporting and follow up. We also assess these management aspects in terms coordination between the different government ministries and stakeholders.
- To assess stakeholders' views on the relevance and suitability of the 2007 National employment Policy (in its current state) to the current employment realities in Rwanda our aim is to determine what measures should be taken in order to make the policy more responsive to the current realities.
- To map out the different initiatives undertaken by different stakeholders (by sector) towards generating employment for women and youths in Rwanda. We also assess their coverage in terms of number of beneficiaries, and their alignment with the National Employment Policy and the broader EDPRS.
- In addition to the crucial issues of coordination, we also assess the broader issue of ownership of the National Employment Policy. Here, we assess whether the issue of employment should be engrained as a cross-cutting issue in the current EDPRS reformulation process or mandated to a single entity i.e. MIFOTRA (whose capacity should be built to coordinate the isolated initiatives aimed and generating employment in Rwanda).
- We assess the consultative and coordination mechanisms or platforms which are currently in place to address coordination issues between the different stakeholders and their challenges. We then propose recommendations to improving the management aspects of the Rwanda's youth and employment policies

Lastly we map out the different employment promotion initiatives under the different priority sectors of the NEP and the key stakeholders involved in these initiatives.

STRUCTURE OF THE REPORT

The report is structured as follows. First we present a literature review which gives a background to Rwanda economy and labour market to give the reader a nuanced view about Rwanda's economic growth, labour market features and participation constraints. In the section I, we report our findings on the general assessment of the management aspects of the National Employment Policy between the different government institutions. As part of the general assessment section one is divided into subsections under the different management aspects of the NEP. These include coordination, knowledge about the NEP and alignment of sector priorities with the NEP objectives, ownership of the NEP, planning and reporting arrangements between sector priorities, NEP and EDPRS objectives; and Monitoring and Evaluation of implemented initiatives.

In section 2, we present findings on the ongoing employment initiatives in the different sectors including the description of the initiatives, their objectives, coverage in terms of beneficiaries and assessments of their action plans (where present) to determine if they are aligned with or are relevant to the NEP objectives. This assessment forms the basis for the identifying relevant initiatives for further in-depth analysis in phase two of the project. For initiatives that are not relevant to the NEP, only a meta-analysis is done in this section.

Section three lays out the conclusions and recommendations from the preliminary stakeholder analysis while section four lays out the methodology and in-depth evaluation tools for the second stage of the NEP evaluation.

BACKGROUND TO RWANDA'S ECONOMY AND LABOUR MARKET

Introduction

Irrespective of whether economies are developed or less developed, youths are three times more likely to be unemployed than adults (ILO, 2008). This begs the question of what it is about the youth that leads to such high rates of unemployment and what can be done to help young people more efficiently integrate into the labor market. The recent events of unrest in Tunisia, Egypt and Libya clearly manifest the time bomb that youth unemployment can be if not given the due attention it deserves by government, civil society organizations and the donor community.

Two of the major threats to the poverty reduction gains that have been achieved in the past on African continent include youth unemployment and climate change. Given widespread population growth in Africa, the inadequacy of the formal sector at generating employment opportunities for the youth and the challenges of climate change, there is widespread fear that gains in poverty reduction that have been achieved over time may be reversed. Moreover, if the governments are to catch up with the pace at which new young entrants will come onto the job market in the next decade, there is an urgent need to think out of the box and search for new innovative ways of generating youth employment faster besides the conventional old methods. Despite the remarkable social and economic progress over the last decade, Rwanda is no exception with respect to the problems above.

In Rwanda, youths are defined as people aged between 15 to 35 years old. With respect to unemployment, this definition includes both the chronically unemployed adult youth aged between 25 and 35 years and possibly indicates the lack of attention to new entrants into the labour market aged between 15 to 24 years. In this project, we restrict ourselves to the usually overlooked young entrants who aged between 15 and 24 years old. This is because, the policy recommendations to tackle unemployment among young youth may be different from those required to tackle chronic unemployment among older youth aged between 25 and 35 years old.

In addition, the standard ILO definition of unemployment of an unemployed person being one who has not had worked in a week prior to national household survey dates conceals a great deal of both hidden unemployment and under-employment. In the project, we shall take a deeper analysis into both the qualitative and quantitative aspects of unemployment among young people aged between 15 and 24 years in Rwanda. According to the ILO definition which is used by the national statistics office in Rwanda, 1.2% of the adult population was unemployed in 2006, (i.e. not working but seeking work in the long reference period of 12 months). This was 0.2% higher than the corresponding figure in 2000/01.

Projections from 2006, NISR report showed that young workers would become an increasing feature of the labor market. Between 2006 and 2011, another one million children became 15 years old. These numbers would increase dramatically as the birth rates rise and death rates fall. It is estimated that between today and 2020, two million jobs will have to be created in order to accommodate the growing population of both new young entrants onto the labour market and the surplus labour from agriculture as the Rwandan economy transforms from agriculture to manufacturing and services (Abbot, 2010). As result both the quality and quantity of jobs will have to be increased so as to catch up with this growing labor force.

Despite the widespread knowledge about the urgency to create more jobs in Rwanda, it is unclear how many new young entrants are entering the job market, how many are unemployed in real terms and how many new jobs are being created from both the private and public sector each year. As part of this research project, we shall use all the available data sources to determine this information.

Country context

Rwanda's economic growth over the last decade has been remarkable. With a government that is committed to achieving sustainable economic growth coupled with growth in employment opportunities for its people, Rwanda has made impressive progress in rehabilitating and stabilizing its economy to pre-1994 levels. The overall economy is growing at a significant rate. The average annual growth rate in GDP was 8.8 per cent between 2005 and 2009. Rwanda's GDP per capita has increased from less than 200US\$ in 1994 to 540 US\$ in 2010. Rwanda has also emphasized the need to improve the investment climate through improved regulations in doing business in order to attract investment and create employment. It is therefore necessary to undertake assessments on how these doing business indicators have led to economic transformation in terms of shifting production structure from agriculture to manufacturing, improving production intensity and technologies in the different sectors, and increasing jobs. For the last two years in a row, Rwanda has ranked as one of the top reformers in the World Bank's doing business indicators but ranked low on the UNIDO CIP indicator which shows the level to which growth has translated into economic transformation and subsequent employment creation.

The Rwandan government has also invested in a comprehensive social protection program to cater for the poorest Rwandans known as the Vision Umurenge Program (VUP). However, large segments of the population live in transient poverty fluctuating just above and below the poverty line from time to time. These include households engaged in the household and micro-enterprises in the largely informal sector in Rwanda. Although commendable efforts are being taken to address their needs, SME policies aimed at boosting the private sector have been limited in catering for the peculiar needs of household and micro-enterprises in Rwanda (Abbot and Rwahira, 2010). Micro and household enterprises in the informal sector employ over 70 percent of the active labour force including young youth. There is need for innovative approaches to increase productivity in both the formal and informal private sector in order to increase both the quality and quantity of jobs.

Economic growth and Employment Creation in Rwanda

A number of studies have been conducted to determine the impact of economic growth, public spending and private sector development on poverty reduction and employment creation in Rwanda. Despite the policy recommendations that have been generated from these isolated studies, there has been a lack of coherent and concrete policy messages with which to advise the government of Rwanda on sustainable policies on how economic growth, public spending and private sector development can be better translated into employment creation more so for the youth in Rwanda. Despite the intuitive notion that employment matters for poverty reduction, there is insufficient empirical research in this area in Rwanda. While there is a broad consensus that not all growth spells have the same impact on poverty and employment creation, there have been relatively few attempts to systematically unpack the relationship between economic growth, employment and poverty reduction in Rwanda. Part of the problem is attributed to the limited monitoring and of the various investment programs, projects and initiatives that have been implemented by donors and governments over time. The other part lies in the lack of panel household data on Rwanda.

According to Kutu Hull (OECD, 2009), it is not automatic that growth in one sector of the economy will translate into benefits for the poor. The impact of growth on employment and poverty will mainly depend on the profile of growth (in terms of its employment effects, productivity and intensity), the sectoral location of the poor, and the extent of mobility across sectors. For employment-intensive growth to translate into poverty reduction it must occur in more productive sectors. Less productive sectors may require productivity-intensive growth to ensure a decline in headcount poverty. Due to the deficiencies of panel data in Rwanda it is difficult to ascribe causality to correlative relationships between changes in income and employment. This may go some way to explaining the dearth of research to date. This proposal aims to bring together the insights from both the literature and data analysis in order to study the nature of growth-employment-poverty reduction relationship with the different sectors in Rwanda. The broad aim of this research project is to generate innovative approaches and coherent policy messages with which youth employment and poverty reduction can be generated from economic growth at a faste Rwanda's Labor Markets, features and participation constraints for young people

Labour Market Features

According to Rwanda's 2010/2011 household survey, the population of persons aged 16 and above has grown from 4,118,000 in the EICV1 to 5,888,000 in EICV3, which translates into a growth of some 1.8 million adult persons. Given the land constraints which have an impact on a largely agricultural workforce, providing sufficient work for the population is a challenge for the individuals concerned and for policy makers. In addition, the percentage of employed and unemployed persons – the economically active – has declined since 2000/01. The change is explained by the growth in the proportion of adults over 16 years of age who are still students, which has almost doubled over the last 10 years. Although employment has largely kept pace with the growth in the population by a combination of job creation and by prolonging the education of young adults, current projections show that young workers will become an increasing feature of the Rwandan labor market. Between 2006 and 2011, another one million children became 15 years old. These numbers will increase dramatically as death rates fall with improved health services in the country. It is estimated that between today and 2020, two million jobs will have to be created in order to accommodate the growing population of both new young entrants onto the labour market and the surplus labour from agriculture as the Rwandan economy transforms from agriculture to manufacturing and services (Abbot, 2010). As result both the quality and quantity of jobs will have to be increased so as to catch up with this growing labor force.

Paul Cichello et al (World Bank, 2010) characterize Rwanda's labour market as one of high labour force participation and low unemployment, the resulting recommendation being improving the quality rather than overall quantity of jobs. However, this contradicts projections from the 2006 National labour market study which show that young workers will become an increasing feature of the labor market. Between 2006 and 2011, another one million children will become 15 years old. In 2006 only 100,000 of them were economically active. These numbers will increase dramatically as the birth rates rise and death rates fall, and as result both the quality and quantity of jobs will have to be increased so as to catch up with this growing labour force.

In 2009, USAID/EDC carried an assessment of the youth employment situation in Rwanda. Here, they carried out focus group discussions among different youth groups around Kigali in order to assess the status of youth unemployment and also map out training and entrepreneurship initiatives that engaged women and youth groups. According to the USAID's Rwanda youth employment assessment report (2009), the following are the barriers to youth participation in Rwanda's labour markets

Segmentation: The labor market in Rwanda is segmented by gender in that more young women stay at home on the family farm in greater numbers than young men. They also enter wage employment at a lower rate than their male counterparts. According to the National Labor Survey of 2006, 58% of young men between 15 and 20 years worked on the family farm as compared to 73% of young women.

Barriers to Internal labor migration: In Rwanda, rural-urban migration in search for employment is limited by the inadequate availability of basic services like housing and sanitation in the cities where immigrants move. Of the 550,000 adults who migrated in early 2006, 500,000 were internal migrants (NISR, 2006). Stakeholders express concern about focusing on employment creation in urban areas. They fear creating

incentives for youth to migrate to cities where housing, sanitation and basic services cannot accommodate the growth. They advocate instead for rural-based support and training centres where rural youth could pursue opportunities without migrating to urban areas.

Skills shortage: Rwanda generally suffers from a shortage of skilled workers. According to the USAID's Rwanda youth employment assessment report (2009), the fastest growing sectors identified to absorb unemployed youths (subject to skills training) in Rwanda include agro-processing, construction, the service industry (tourism and commerce) and the ICT sector. Unemployed youth in Rwanda fall into three categories of educational levels i.e. - those with no education, those with some primary education, and those with some secondary or vocational training. Each of the categories has their own strengths, skills needs, and challenges for participation in a youth development programs and subsequent labor markets. Employment trends in Rwanda

A new MDG Target introduced in 2007 relates to decent work and the importance of paid non-farm work for poverty reduction. This is in recognition of the fact that full and productive employment is the main route out of poverty. In Rwanda a majority of workers do not have decent jobs as defined by the International Labour Organisation and used as the MDG definition (Schmidt nd). The employment to population ratio is an indication of the ability of an economy to absorb adults seeking employment that is to provide full employment. However, a ratio of over 80 per cent is generally an indicator of an abundance of low-quality jobs and the need to work to survive. In Rwanda the economic activity rate is over 80 per cent. It has declined since 2000 from 86.7 per cent to 84.2 per cent in 2010/11.

However, there was virtually no change between 2005/6 and 2010/11 (0.2%). The proportion of employed people living below the national poverty line is a measure of the proportion of people who work for a poverty wage - in other words, are not able to earn sufficient to bring themselves out of poverty. This is different from the headline poverty figure which is a measure of households, as it is a measure of individuals in employment poverty status. In 2005/6 55 per cent of workers earned a poverty wage. The figure for 2010/12 is not yet available but it will have declined significantly compared with 2005/6 and is almost certainly going to be below the headline poverty count of 44.9 per cent.

The proportion of own-account and contributing family workers is a measure of vulnerable employment. This is a measure not only of vulnerability to poverty but of vulnerability to poor work conditions. Using this definition, there has been a significant decline in vulnerable employment, a decline of 16.3 percentage points over a 10 year period. In 2010/11, 72.8 per cent of workers were in vulnerable employment, compared to 80.9 per cent in 2005/6 and 89.1 per cent in 2000 (Figure 9). However, in Rwanda research has demonstrated that non-farm self-employment, including self-employment, can reduce household poverty (Abbott 2010; Vincket *al* 2009). On the other hand, farm employment is the poorest paid of all work and concentrated in the informal sector where workers are unlikely to enjoy the full protection of employment law. We do not have the figures yet for 2010/11, but in 2005/6, 91 per cent of waged farm workers were in the informal sector, compared to 58 per cent of non-farm waged employees (Strode *et al* 2007). In 2010/11, 16.9 per cent of workers were in non-farm waged/salaried employment, but they made up 22.2 per cent of the non-poor; 9.7 per cent were in independent non-farm employment, but they made up 12.5 per cent of the non-poor. Conversely, Farm employment accounted for 9.9 per cent of employment but only 6.4 per cent of the non-employed. Small-scale farmers made up 61.8 per cent of the employed but only 56.7 per cent of the non-poor.

Figure 10 shows that between 2000 and 2010/11 there was a significant move out of subsistence farming and a corresponding increase in waged farm, waged non-farm and independent non-farm employment. By 2010/11, 16.7 per cent of workers were in waged employment and 9.7 per cent in non-farm self-employment, compared with 7.4 per cent and 3.6 per cent respectively in 2000, an increase of 9.5 and 6.1 percentage points respectively.

Changes in Employment Status between 2000-1, 2005-6 and 2010-11



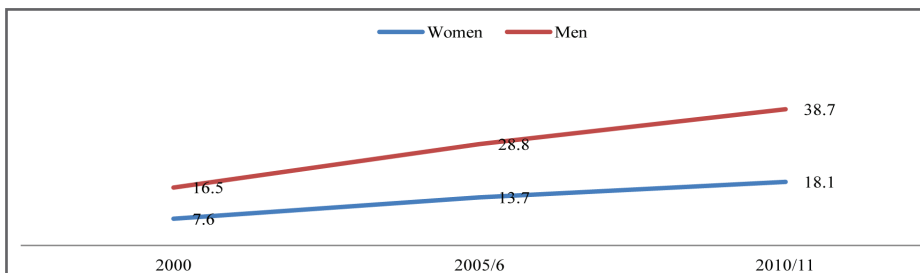
(Source: National Institute of Statistics 2012b)

Thus whilst we cannot measure accurately the proportion in decent employment as defined by the International Labour Organisation, our analysis suggests that there has been an increase in decent employment in Rwanda but that the overwhelming majority of workers are still not in decent employment.

Gender dimensions to employment in Rwanda

There are three key indicators that are used to measure the gender gap: education, employment and political representation. Rwanda has one of the narrowest gender gaps in the world. However, this should not be confused with the empowerment of women (Abbott *et al* 2012). The analysis of the trends since 2000 suggests that the gap in education at primary and secondary level has disappeared but the gap in tertiary education has not decreased. The gap in employment has widened, with men capturing more of the opportunities to move into non-farm work than women. However, the Target of 50 per cent of non-agricultural employees being women has not been achieved, and indeed the gap between men and women widened between 2005/6 and 2010/11 as it had done between 2000 and 2005/6. In 2005/6, 13.7 per cent of women were employed in remunerated non-agricultural work (waged and independent), compared with 28.8 per cent of men, three quarters of the additional paid non-farm jobs created between 2001 and 2006 were taken by men, and men were responsible for 60 per cent of small business start-ups (Strode *et al*, P10). In 2011/12 38.7 per cent of male workers were in non-farm jobs compared with 18.1 per cent of female workers, an increase of 9.9 percentage points for men compared with 4.4 percentage points for women (NISR 2012b)

Figure: Trends in Non-Farm Employment for Men and Women 2000 to 2010/11



(Source: NISR 2006; NISR2012b)

A Preliminary Evaluation of Rwanda’s Youth and Employment Policies, Action

Plans and Initiatives: Background to Rwanda’s Youth and Employment Policies

Rwanda’s Employment Policy (NEP) was adopted in 2007 by the Government of Rwanda. The main purpose

for this Policy is to realize as much as possible fully productive and freely chosen employment through economic growth in accordance with the dignity and respect of fundamental human rights.

The policy provides a situational analysis of employment in the country by not only highlighting major constraints to employment, but also proposing solutions in a number of priority areas. The priority sectors in the 2007 employment policy include; the rural sector; the private sector and entrepreneurship support; youth and women employment promotion; specific employment programs for disabled people; human resource development and employability; strengthening labour intensive approaches in economic and social infrastructure programs and others. Specific medium and long term policy objectives were also mentioned in the document. The document has guided the country's development initiatives in the sector of employment, with the backing of specific action plans for Youth and Women. A number of strategies have been implemented to address the identified challenges and significant outputs are expected to have been achieved.

In addition to the national employment policy, Rwanda is also implementing other important policies and strategies such as Vision 2020, EDPRS, MDGs, etc. The outcomes of these policies and strategies are reflected in the registered economic growth for the last five years. There is no doubt that this growth has also had positive effects in employment sector, though extent to which the sector has improved still needs to be assessed. Other policies related to the National Employment Policy include the following;

The five-year plans of action for the promotion of youth and women employment

These plans of action were made by MIFOTRA and its partners. They contain actions and proposals aiming at that allow for the improvement of the women and youth welfare in terms of employment, entrepreneurship, Employability and equity. These action plans also focus on measures that have to be taken to build national capacities as to the Rwandan women and youth. They stresses on the improvement in terms of quality and quantity of youth and women possibilities to fully, effectively constructively and sustainably contribute to the Rwandan society's life, through rational exploitation of potentialities to create income generating activities other than agriculture.

The National Youth Policy

In 2003, the Ministry of Youth, Culture and Sports, in collaboration with the GTZ / youth training support project, conducted a survey in order to take into account views, priorities, problems, issues and wishes of the youth. The National youth policy was drafted from results from various ideas, consultations and analysis by all partners and stakeholders of development in terms of youth by the youth themselves. The main motivation behind the youth policy was the Rwandan government's will to have all actions planned for the youth incorporated in one document. The youth priority areas which are related to the NEP include; employment and poverty reduction, education and ICT, and gender. Other youth policy priorities with no direct relationship to the NEP include national unity and reconciliation, civic education and social reform; environment; youth health and protection; culture, sports and leisure; cooperation and globalization

In this policy review we assess the current challenges, progress and achievements under Rwanda's Youth and Employment policies with the purpose to harmonize employment policy and strategy to the current country's socioeconomic context w.r.t youth employment.

IMPLEMENTATION AND MANAGEMENT ASPECTS OF RWANDA'S NATIONAL EMPLOYMENT POLICY

Background

Rwanda's National Employment Policy was drafted in 2007 as a guiding document for all stakeholder interventions and initiatives aimed at creating and promoting employment in Rwanda. The inception of the NEP was closely followed by the drafting of the youth and women action plans which were short term plans stating the specific actions and activities to be implemented in order to achieve the broader medium term objectives of NEP. At the inception and validation of the NEP in 2008, it was envisaged that MIFOTRA would undertake coordination, monitoring and evaluation aspects of the NEP while stakeholders in the different NEP priority sectors undertake implementation of the specific programs and, projects in NEP. Since the validation of the NEP in 2008, a number of employment promotion initiatives have been implemented and progress has been made more so in the areas of skills development, entrepreneurship promotion, improvement of the business climate and access to finance for small and medium enterprises in Rwanda. However, the findings from our preliminary stakeholder interviews indicate that there is still scope for increasing the impact of the implemented projects on employment and challenges still remain in the employment



sector. According to the interviewed stakeholders, the main challenges in the employment sector include the following;

- Limited coordination, limited monitoring and , ownership of the NEP and inadequate alignment of NEP action plans between different government ministries
- Access to finance and the law is very stringent; people know it's difficult; that they won't get credit; In addition the entrepreneurship spirit in Rwanda is very low.

- The private sector is inadequately organized: it doesn't have targets for employment creation. In addition its monitoring and evaluation system has limitations.
- There are duplication programs and initiatives: entrepreneurship and employment creation go hand in hand, yet one is in MINICOM another in MIFOTRA; and incubation is part of entrepreneurship.

These challenges are compounded by the fact that current and future trends point to an increase in the number youths entering into Rwanda's labour market. It is estimated that in order to achieve its vision 2020 objectives, two million off-farm jobs will have to be created in order to absorb new and young entrants into the Rwandan labour market. Given the economic transformation envisaged from implementing the SPAT, surplus labour from agriculture will have to be absorbed into the non-agricultural sector, thus increasing the pressure to create additional off-farm jobs over time. Our findings from our preliminary stakeholder interviews show that a number of implementation and management aspects of the NEP have to be considered in order to improve employment outcomes from the implementation of the NEP. They include the following;

Coordination

Coordination of the activities in the CEBP sector is mainly done at the Macro level more so through the joint sector review meeting between donors and their government counterpart in the capacity building and employment promotion sector. However coordination at the meso-level i.e. between government ministries is limited and this filters through to the micro or implementation level of employment programs. Although the initial role of MIFOTRA was to coordinate and monitor the progress of NEP and its action plans among implementing stakeholders, our preliminary findings show that there is little or no coordination system in place. We find that there are a number of uncoordinated employment promotion initiatives and programs scattered among the different ministries, NGOs and other government agencies. Despite the commendable efforts put into implementing these isolated initiatives, there is no clear idea of what impact they are having in terms of number of new jobs created or SMEs promoted over time. The issue behind this state of affairs is coordination. This can read from the sentiment held by one of our interviewees below.

Our findings show that that despite widespread stakeholder agreement to implement the NEP at its validation in 2008, the issue of coordination (more so at the NEP implementation phase) was not properly addressed. Part of the limitations in coordination are attributed to capacity constraints in MIFOTRA (the agency supposed to coordinate the NEP) while the others are attributed to inadequate sensitization after the inception and validation of NEP in 2007. For the majority of our interviewed stakeholders, the NEP was not well known. For those who know it exists, many do not know it well enough to use it as a guiding document for their interventions while others who know the NEP details think that the policy it is out-dated.

"If PSF is not organized, we will have a difficulty implementing the policy, not only the NEP but also the SME. If they don't take the lead in coordination we can't know: companies close and no one knows!!RDB should have follow up in terms of the number of employees in companies that registered and promised to create jobs visavis the actual number created.

So in our reports, we use promised jobs in company registration as the number of jobs created per year."

According to our key informant in MIFOTRA, the issue of inadequate monitoring sensitization of policies in Rwanda is not only unique to the policy but also other policies like the SME. This presents a major challenge in the assessment of EDPRS and other implemented policies in Rwanda.

Ownership

Some stakeholders are of the view that the issue of coordination goes hand in hand with ownership. Our findings indicate that it is not clear which government agency owns the NEP. Some stakeholders feel that

employment should be a cross-cutting issue just like HIV and gender which should be embedded in the action plans of all government agencies. Other stakeholders feel that ownership of the NEP should rest with MIFOTRA whose capacity should be boosted in order to be more effective at coordinating and monitoring the various programs and initiatives undertaken by implementing stakeholders under the different priority sectors of the NEP. Given wide scope of work in the mandate of similar entities like RDB we recommend that it would be better to entrust the NEP ownership with MIFOTRA coupled with boosting its capacities in coordinating, monitoring and evaluation.

Reporting, Monitoring and Evaluation of implemented initiatives.

Preliminary findings from our interviewed stakeholders shows that ever since the NEP was validated in 2008, there has never been an assessment done to evaluate whether the NEP –related programs have been implemented effectively and if so what impacts they have had on employment creation over time. For reporting purposes MIFOTRA uses RDB, MINICYOUTH, PSF data to monitor the employment situation in the country. However, there are still limitations in the data used;

This is what a stakeholder from MIFOTRA had to say

“For reporting purposes we use RDB, MINICYOUTH and PSF data to monitor.

This is the only way we monitor, especially use RDB data because even PSF is disorganized and also do not have coordination, for example; if asked how many companies generated jobs they seem not to know either.

MIFOTRA needs to be able to reflect the number of jobs created, this needs some coordination and monitoring system.

We have targets for employment creation, at least 200,000 jobs per year. Public Works gives data from VUP, RDB gives data instead. However, Public Works jobs are not sustainable since the majority of the workers are unskilled. This raises the issue of sustaining the unskilled labour after ended engagement with Public Works”

Focus and Alignment of the NEP with the EDPRS and current realities in the employment sector

The current NEP was drafted and completed in 2007 prior to the completion of the current EDPRS which runs from 2008 to 2012. According to our key informant at MINECOFIN's EDPRS monitoring, some of the NEP objectives were not well aligned with the objectives of the current EDPRS. Much as the NEP covers important priority areas for employment creation, a wide range of issues are covered under the different priority areas without a clear focus on which issues should take priority and what synergies or linkages may exist between the employment aspects under the different priority areas. To the extent that the NEP is supposed to be a guiding document, it cannot be implemented in isolation from other policies like the SME policy, the youth policy, TVET policy and the education policy all which have interfaces in promoting employment and income generating opportunities for Rwandans.

An example on the misalignment can be quoted from the MIFOTRA interviewee below;

“All those who intervene in job creation i.e. NGOs don't have a national guiding policy. Interviewee gives example of TVET: TVET doesn't show link to NEP; the WDA was here (working in the premises of MIFOTRA), their policy was developed in MINEDUC but they never integrated it with MIFOTRA!! That's why people don't feel like they need to follow the NEP policy – there was no sensitization.”

Alignment

Another issue lies with vertical alignment of the NEP with current realities where Rwanda's economy is increasingly getting integrated within the East African Community. Integration within the EAC not only raises opportunities for Rwanda to export labour to other EAC countries but also raises challenges of increased competition for job opportunities due to labour imported from the EAC. The current EAC integration coupled with the increased labour mobility has implications for re-focusing the NEP in employable skills and training. This will help identify export skills or business opportunities that Rwanda can sell within the region

while minimising negative effects of increased competition. Issues of vertical integration of NEP were not given due attention during the inception of the NEP in 2007.

Another issue is horizontal alignment of the NEP with other national policies including the youth policy, the education policy, the SME policy, the TVET policy, trade policy and others. The Rwandan policy environment is very dynamic. It is shaped by continuous reforms including investment climate reforms, doing business reforms and others. The NEP in its current state does not reflect the changing realities in both the internal and external policy environments. It is therefore necessary to not only harmonise the NEP with other national policies but also to bring it up-to date with the dynamic policy environment and external developments more so with in the EAC. As one of the interviewees observed;

“The current NEP is out-dated and was never properly aligned with the current EDPRS since it was drafted in 2007 which was way before the current EDPRS which runs from 2008-2012. While the NEP is exhaustive in capturing the priority sectors that promote employment in Rwanda, it lacks a clear focus on what initiatives or interventions are likely to be prioritised or likely to have greater impact on employment creation in Rwanda. The majority of statements under the different priority areas seem to present more of a wish list of several objectives without concrete actions to achieve them.”

The on-going EDPRS assessments coupled with the drafting of a new EDPRS present an opportunity for re-focusing the NEP and its action plans so that they feed into the new EDPRS and be aligned in a meaningful way.

Duplication

A number of initiatives aimed at creating and promoting employment are duplicated and scattered between the different government ministries and parastatals. This duplication reduces not only reduces their impact on employment creation but also increases transaction costs in the implementation of these programs and initiatives. For instance, the Private Sector Federation (PSF) organises an annual business plan competition. In their latest round, about 150 applicants with sound business ideas were selected to implement their business ideas out of about 1500 applications, the limitation being funding. At the same time, the ministry of commerce (in conjunction with BDF) has initiated a country wide project called “Hangaomurimo” which also entails a business plan competition where applicants write business plans followed by selection and guarantee funding of the best ideas. Merging these two programs (coupled with pooling of funds) will reduce transaction costs and enhance sharing of experiences which will in turn lead to better results in terms of not only increasing the number of beneficiaries for employment creation but also improve effectiveness in program implementation.

ASSESSING EMPLOYMENT PROMOTION PROGRAMS AND INITIATIVES IN RURAL SECTOR

The National Employment Policy (NEP) identifies the rural sector as one of its key priority areas of employment promotion. The NEP describes the sector as the principle engine for rural economic development. The policy also recognises the rural sector as important in wealth and employment creation. The NEP further specifies strategies for promoting agriculture for domestic demand and for export:

- Wealth creation
- Rural Infrastructure
- Supportive actions for rural development

The strategy for wealth creation involves specialization and regionalization of products, increased agricultural productivity, the use of technology, marketing, and rural financing, among others. Rural infrastructural development includes agricultural machination, the protection of forests and soils, construction of roads and expansion of access to energy in the rural areas. Supportive actions for rural development involve creation of TVET centres, the involvement of the private sector, value addition to raw materials, among other activities.

Rural sector policy/strategic framework

Through the ministry of Agriculture and Animal Resources, numerous policies and strategies for rural sector development have been devised. These are aimed at improving agricultural productivity, income generation and poverty reduction, especially in the rural areas.

This section briefly describes key policies, strategies and programs in the rural sector. Interviews conducted with various stakeholders in rural sector have allowed us to categorise employment related initiatives into three main categories: 1) Indirect employment creation initiatives and 2) direct employment creation initiatives.

Indirect Employment Creation Initiatives

Indirect employment initiatives are initiatives that primarily target objectives other than employment creation. These mostly target income generation, or wealth creation, through increasing productivity and access to domestic, regional and international markets.

Strategic plan for Agriculture Transformation (SPAT)

SPAT1 is one of the most important strategies for the rural sector and is in its second phase of implementation. The main objective for the Strategy is to rapidly increase the agricultural inputs and incomes under sustainable production systems and for all groups of farmers and insuring food security to

the Rwandan population.²

Sub-Strategies of SPAT

In addition to the main SPAT, a number of sub-strategies/plans have been devised to help in the implementation

¹ Strategic plan for Agriculture Transformation 2, Feb. 2009.

² Strategic plan for Agriculture Transformation 2, Feb. 2009

of the strategic programs. These strategies and programs include the following:

- National Export Board Action Plan 2011-2012
- This action plan was developed by the National Export Development Board (NAEB). Under this action plan, NAEB has four main priorities that include:
 - Increasing the number of coffee washing stations
 - Increase the number of tea factories;
 - Putting in place a Macadamia processing factory
 - Expand horticulture production and factories.

While these priorities are able to create jobs, their primary objective are to improve the quality of coffee. Tea and Horticultural products for export purposes.

RAB has a mission of developing agriculture and animal husbandry using modern crop and animal production. Its action plan falls under the first SPAT program: Intensification and development of sustainable production systems. Its major objective is to improve food security through agriculture intensification (use of improved seeds and fertilisers, land use consolidation, crop protection, post-harvest, etc) and animal resources research and extension. The objectives and initiatives of RAB, therefore, do not primarily target employment creation.

These are specific action plans and programs designed to strengthen SPAT implementation in the priority areas. These include:

- Banana action plan (2012-2013): aiming at improving Banana yield, diseases control, capacity building of farmers in improving banana production, etc.
- Strategies and quick-win actions aiming at the Bovine Genetic improvement: aiming at improved practices to avail good quality semen, improved penetration and the success rate of artificial insemination, research on embryo transfer programme supported, etc.
- One Cow Peer One Poor Family Program 2012-2013: aiming at increasing number of poor families with cows in Rwanda,
- Milk consumption campaign Program (as of 24 Jan 2012): with the aim of malnutrition elimination and promotion of dairy Industry in Rwanda
- One Cup of Milk per Child programme: availing milk to 100,000 School going children (1 liter of milk per child per week)
- Poultry Program action plan 2012-2013: with the aim to increased the availability of quality one day old chicks, private sector involvement in the production of chicks, etc.

Direct employment creation initiatives

Direct employment creation initiatives are those that primarily target employment creation as opposed to activities that indirectly promote employment as a secondary objective. The following initiatives, programs and actions fall under this category:

Vision 2020 Umurenge

Vision 2020 Umurenge is a government social protection program run by the Rwanda Local Government Support Fund. Some activities under this program are directly linked to employment creation. The VUP program has three main components that aim at increasing off-farm employment opportunities, accelerate monetisation and formalisation of the economy in rural areas, and improve the effectiveness of social protection program targeting the most vulnerable (the landless and unable to work).

- Direct support: This component does not target employment creation but helping beneficiaries to the satisfaction of basic needs.
- Public works: Some of the interventions done under public works include, constructing anti-erosive

ditches, radical terracing, road construction, building valley dams, building coffee plant ditches, school classroom construction, building markets, building water infrastructure, building health centres, improving furnaces, constructing bridges, and crop cultivation.

- Financial support: The program facilitates the provision of financial services (savings, credit); it also offers training, related to the culture of savings to the poor

Table 1. Summary of VUP components

Name of the component	Services provided under the component	Targeted beneficiaries
Direct support	Cash transfer to the poorest households	Extremely poor (classified as Ubudehe 1) and unable to work
Public works	Wages (cash for work) to members of poor households	Extremely poor people (classified as Ubudehe 1 or 2), but who are able to work
Financial Services	Facilitates the provision of financial services (savings, credit) and training to poor households who are able to start or grow a small income generating activity	Covers various Ubudehe categories, but inclusion of lower Ubudehe categories is strongly encouraged

Source: VUP Financial support manual (2011)

For purposes of employment promotion, therefore, the public works and financial services programs are important aspects of the VUP Umurenge program.

The Rwanda Cooperatives Agency (RCA)

According to the National Policy for the Promotion of Cooperatives, the Government of Rwanda views cooperatives as a potential vehicle through which the cooperatives members could create employment and expand access to income-generating activities. The main objective of this Policy is to develop and empower cooperatives to make a significant contribution to the national economy. It specifically calls on the RCA to create an environment that helps employment creation. The priorities for the cooperative policy are:

- Cooperative promotion
- Mobilization and strengthening of youth and women cooperatives
- Training and capacity building of youth and women in business planning and access to finances.

It is important to note that the priorities of the RCA make it a key partner in the successful implementation of the National Employment Policy. RCA officials interviewed, however, were not aware of the existence of the NEP.

The Business Development Fund (BDF)

The Small and Medium Enterprise (SME) policy sets up the Business Development Fund, whose chief objective is to increase access to finance for small and medium enterprises. In addition to increasing access to finances for SMEs, BDF also aims at raising public awareness about guarantee funds and how they these funds can be accessed. The Business Development Funds has three main programs and various activities that are in line with the National Employment Policy.

- Agricultural guarantee fund: The agricultural Guarantee fund covers any productive projects developed in agricultural value chain (except producing or trading in any product or activity deemed illegal under Rwandan laws and international conventions). These include: primary agricultural production; processing of agricultural products; and agricultural support services. The

second phase of the Rural Investment Facility (RIF2) falls in this program.

- The SMEs guarantee fund:³SMEs guarantee fund aims at guaranteeing loans made by participating financial institutions within the framework of promoting SMEs in Rwanda. The Guarantee fund intervenes when borrowers do not have sufficient collaterals to cover the whole risk of the Participating Financial Institutions.
- Advisory services for businesses: The advisory services are divided into three main categories:
 - **Investment advisory:** this advisory is based on identification of opportunities, Project preparation, Project evaluation and appraisal, funds management, etc.
 - **Corporate advisory:** this program focuses on formulating strategies, corporate restructuring, technical assistance and training.
 - **Microfinance development:** this service focuses on management information systems, microfinance upgrade, and training

Sector Analysis: Challenges of Coordination, Monitoring & Evaluation, and

Mindset

The rural sector has numerous programs for employment promotion. Some of these have a direct link while others are indirectly linked. SPAT programs, for instance, and the related action plans and interventions are intended to increase agricultural productivity, specialise agricultural sector, institutional development and linking agriculture production to the market through value addition. Employment creation, however, is not a direct outcome of the implementation of SPAT. Its main focus is wealth and income generation, avenues for indirect employment promotion. While some of these programs are useful for employment promotion, it is clear that the development of these programs was not a result of knowledge of the National Employment Policy.

Respondents from the National Export and Development Board, the Rwanda Agricultural Board, the Rwanda Cooperatives Agency all confirmed that their programs are not informed by the NEP. The failure to coordinate was captured by the responded from NAEB who spoke of a “general culture of selfishness in planning where everyone cares about his own goals and targets without having in mind whether targets and goals are also linked to what others might be doing.” This attitude or prevalence of this corrosive “culture” seemed to be a recurring issue in interviews conducted across priority areas of intervention. Furthermore, respondents from the Rwanda Local Government Support Fund (RLDSF) noted that they were not aware of the National Employment Policy, despite the fact that the majority of their activities are related to the objectives of the NEP.

We have found a need for sensitization. The successful inculcation of the entrepreneurship mindset will require a change in attitude from potential beneficiaries. The RCA, YES Rwanda, the Gender Monitoring Office, the National Youth Council, among others, raised the following concerns:

- Entrepreneurship training is inadequately incorporated within Rwanda education system;
- Limited understanding of benefits of working in cooperatives.
- The big percentage of youth that form cooperatives are uneducated;
- Youth especially graduates are not aware that they can start a small business with little money and grow into a medium even large business;

3 Special funds for women and retrenched public employees are also captured in this program.

- There are funds available but the majority of the targeted beneficiaries are unaware of them. The failure of efficient communication has also been raised across respondents. As we shall see, the lack of an efficient communication strategy and attendant problems of sensitization means that potential beneficiaries such as youth and women are left out. The instance raised by the National Women’s Council and that from BDF is that lack of breadth means that the same people are targeted and most of these people are in Kigali and in already established businesses. For the BDF respondent, “... there is no proper communication and awareness raising mechanisms targeting especially rural areas and it is not even clear who should do this



Table 2. Summary of programs and initiatives in rural sector

Initiative/ Programs	Brief description of the initiative/ program	Beneficiaries	Implementing partners/ key partners	Timeline	Related documents
Intensification and development of sustainable production systems	The objectives in this Programme are: soil management, soil fertility-enhancing, increase ownership of livestock and improve cultivation practices and develop sustainable production systems.	All farmers, traders and the private sector	Minagri, Minagri Agencies, Minicom, Minecofin , Minaloc, RDB, BNR, NISR, Districts, REMA, FAO, WFP, World Bank	2009-2012	SPAT 2, RAB action Plan 2012-2013,
Support to the professionalization of the producers	The objectives of this program are: strengthening the sector's social capital base; Linking producers with markets, development of production technology	All farmers, traders and the private sector	Minagri, Minagri Agencies, Minicom, Minecofin , Minaloc, RDB, BNR, NISR, Districts, REMA, FAO, WFP, World Bank	2009-2012	SPAT 2
Promotion of commodity chains and agribusiness development	The program aims at creating an environment which is favourable for farmers and agro-entrepreneurs to develop high-value products, including processed products,	All farmers, traders and the private sector	Minagri, Minagri Agencies, Minicom, Minecofin , Minaloc, RDB, BNR, NISR, Districts, REMA, FAO, WFP, World Bank	2009-2012	SPAT 2
Institutional development	The overall objective of this Programme is to strengthen the institutional framework through which the public sector supports agricultural development	All farmers, traders and the private sector	Minagri, Minagri Agencies, Minicom, Minecofin , Minaloc, RDB, BNR, NISR, Districts, REMA, FAO, WFP, World Bank	2009-2012	SPAT 2
Increase production, productivity and Value addition	The main objective is to increase the number of coffee washing stations, Tea factories, Macadamia factory and expand horticultural production and factories	Individual farmers, cooperatives, Traders, agri-traders,...	NEAB, Minagri, Minecofin, APFH, Districts,...	2011-2012	Revised action Plan
Direct support	The program aims at transferring Cash to the poorest households	Extremely poor (classified as Ubudehe I) and unable to work	RLDSF, Minaloc, Minecofin, the Netherlands embassy, KFW, BUCCO, BTC, UNDP-FENUJ, BAD/PNEAR, World Bank, DFID, SIDA		Direct Support Operational Framework and Procedure Manual (2009)

Public works	Wages (cash for work) to members of poor households	Extremely poor people (classified as Ubudehe 1 or 2), but who are able to work	RLDSF, Minaloc, Minecofin, the Netherlands embassy, KFW, BUCO, BTC, UNDP-FENU, BAD/PNEAR, World Bank, DFID, SIDA	Public Works Operational Framework and Procedure Manual (2009)
Financial Services	Facilitates the provision of financial services (savings, credit) and training to poor households who are able to start or grow a small income generating activity	Various Ubudehez categories, but inclusion of lower Ubudehe categories is strongly encouraged	RLDSF, Minaloc, Minecofin, the Netherlands embassy, KFW, BUCO, BTC, UNDP-FENU, BAD/PNEAR, World Bank, DFID, SIDA	VUP financial Services Component Guidelines (2011)
National Policy on Promotion of Cooperatives	The objective of the Policy is to develop and empower cooperatives to make a significant contribution to the national economy (Cooperative promotion, strengthening of youth and women cooperatives, Training and capacity building).	Individuals (youth and women especially) cooperatives	RCA, BNR, BDF, MINICYOUTH, RDB, BRD and WDA	National Policy on Promotion of Cooperatives document
Agricultural guarantee fund	Guaranteeing productive projects in agricultural value chain	Individuals Companies Associations Cooperatives	MINICOM, MIFOTRA, Private Sector Federation (PSF), Rwanda Microfinance association, BNR and all Commercial Banks	Interviews and BDF website
SMEs guarantee fund	Guaranteeing loans made by Banks to Businesses without collateral	Individuals Companies Associations Cooperatives	MINICOM, MIFOTRA, Private Sector Federation (PSF), Rwanda Microfinance association, BNR and all Commercial Banks	Interviews and BDF website

ASSESSING EMPLOYMENT PROMOTION PROGRAMS AND INITIATIVES IN THE PRIVATE SECTOR AND ENTREPRENEURSHIP DEVELOPMENT SUPPORT (FORMAL AND INFORMAL)

The major actors within the private sector include the Private Sector Federation (PSF-Rwanda), the ministry of commerce (MINICOM) and Rwanda Development Board (RDB).

MINICOM is the government ministry that oversees trade and industry in Rwanda.

The existing NEP-related initiatives within the private sector, according to our preliminary interviews, can be categorised into the following: (i) Initiatives or programs aimed at creating employment through improving access to finance for both start-ups and existing SMEs in the private sector (ii) training programs aimed at supporting and developing entrepreneurial and business skills of women youths and (iii) internship programs which are aimed at integrating new entrants (including TVET and university graduates) into formal and informal labour markets. The stakeholders in the private sector and entrepreneurship sector of the NEP include both government agencies and private sector institutions like banks and entrepreneurship service providers.

The main government stakeholders under this sector include the Private Sector Federation of Rwanda (PSF), Rwanda Development Board (RDB), The Ministry of Commerce (MINICOM), MIFOTRA, MINICYOUTH, the Business Development Fund and Rwanda Cooperative Agency (RCA). Private stakeholders include banks like Bank Populaire du Rwanda, which provide a range of credit and business services throughout its countrywide branches and private entrepreneurship provider like KORA and COOJAD. Some of the existing programs aim at national or countrywide coverage while other are localised in urban centers like Kigali.

Programs and initiatives within the Private sector and Entrepreneurship

Development Area of Intervention

The Private Sector Federation has two ongoing programs aimed at promoting business development and entrepreneurship including the district-wide Business Development Services (BDS) and the TVET program respectively.

The TVET Program (PSF)

The TVET program was motivated by labour gaps that existed for people with vocational and technical skills and the need to stimulate job creation from the TVET graduates. The main objectives of the TVET program include (i) Empowering technical schools' graduates with practical hands-on skills through an integrated Technical and Vocational Education and Training (TVET) system (ii) converting technical and vocational skills into business by empowering TVET graduates with entrepreneurship skills needed to successfully manage their own start-ups (iii) Establishing linkages or networks between the TVET service providers and the private sector through internship placements and (iv) promote a culture of business and self employment or job creation as opposed to job seeking after training.

The Private Sector Federation's TVET program consists of an internship program, a Business Plan

Competition, and an advocacy component –all which target graduates from the TVET system.

- PSF's Internship Program: This is intended to promote skills development among TVET graduates. PSF's internship program promotes of skills development through an industrial attachment where graduates are placed in industries as interns and 60% of those graduates are employed. Every 6months they are attaching around 300 students and they target those from technical schools. In addition, they are planning to export labor especially those in tourism after getting employability skills.
- Business plan competition (PSF): The business plan competition program started in 2005, with aim to reduce the high unemployment rate that was seen on ground. This was done to facilitate graduates or any other person who has a positive idea but failed to get funds due to lack of collateral, high rate of repayment etc. The selection is based on the quality of ideas and the best ones are trained to develop viable business plans as well as facilitated to access funds. Last year there were 1500 applications; 150 were selected to present their ideas and among them only 100 were selected for training and facilitation. PSF has also set up a guarantee fund to help people to get loans at low interest rates; this program is targeted towards fresh graduates. The main limitations however are that PSF has limited financial capacity to support all the applicants for the business plan competitions
- Provincial investment cooperation: The PSF also has a program of Provincial Investment groups, where rich people in different provinces mobilize funds to generate large investment capital and plan what business to carryout depending on what is crucial in their province. The program provides them with a large dividend and is as well an opportunity to create jobs for young youth. However, during the PSF's recent countrywide road show, business people have expressed concern about Provincial Investment Groups (PICs) that have delayed to takeoff despite their expressed interest.
- Business Development Services (BDS): The Private Sector Federation has implemented a district-wide Business Development Services (BDS) program that started in January 2006. A number of initiatives have been undertaken since the inception of this program. These include entrepreneurship and business training; preparation of business plans; and facilitating access to finance for SMEs. According to the Private Sector Federation, the BDS program has over the years benefited entrepreneurs, especially those at the grassroots in terms of training, preparation of business plans to access loans, business health advisory services and advocacy. However, it is not clear to what extent the program is sustainable and effective, especially in terms of following up with the trained SMEs. This would be ascertained through a more in-depth evaluation of such a countrywide initiative – the next phase of this evaluation.

The Business Development Fund

Other programs for employment promotion in this area of intervention are specifically intended to provide access to finance for start-ups and existing SMEs. The Business Development Fund (BDF) is such a program. The Government of Rwanda created BDF in partnership with the Rwanda Development Bank (BRD) with a chief objective of increasing access to finance for SMEs as spelt out in the National SME Development Policy. As such, it is an umbrella institution through which funds for SME development are channelled.

In addition to facilitating SMEs to access finance from bank and other financial institutions, BDF also carries out campaigns raising awareness for the availability of government guarantee funds for SMEs. This is mainly done through countrywide BRD centers and through local authorities such the Governor's office at the provincial level and the Mayor's office at the district level.

<p>Business Plan Competition (BPC)</p>	<p>BPC objectives include; promoting, stimulating and entrepreneurship development in Rwanda by encouraging start-up and existing enterprises to prepare viable business plans that can attract external financing. BPC also aims at building capacity of the entrepreneurs to manage their businesses efficiently, to develop a spirit of entrepreneurship</p>	<p>Young entrepreneurs, TVET graduates, SMEs , traders and the private sector</p>	<p>PSF, World Bank, Netherlands embassy, MINICOM, WDA</p>	<p>2005-2012</p>	<p>-In 2009, BPC got incorporated with TVET. -PSF conducted a sensitization campaign in all districts and technical schools. -A total of 160 BPC finalists also benefited training on business plan writing skills.</p>	<p>SME Policy, PSF annual reports</p>
<p>Hanga Umurimo Project</p>	<p>Project is aimed promoting, stimulating and entrepreneurship development in Rwanda by encouraging start-up and existing enterprises to prepare viable business plans that can attract guarantee financing with BDF. It's a countrywide initiative</p>	<p>Micro, Small and Medium enterprises</p>	<p>MINICOM, BDF, MIFOTRA, PSF, RDB, Districts,</p>	<p>2011-2012</p>	<p>16000 applicants with business ideas have been registered countrywide. 300 will be selected for training and guarantee funding which</p>	<p>SME policy</p>
<p>Internship Programs</p>	<p>These are aimed at developing employable skills for young graduates through establishing linkages or networks between University and TVET graduates the TVET with the private sector companies through internship placements</p>	<p>TVET and university graduates</p>	<p>RDB, PSF, Higher institutions of learning, WDA</p>	<p>2006-2012</p>	<p>So far a total of 459 students have been attached to private companies by PSF.</p>	<p>TVET policy, PSF reports, RDB reports</p>

Table 3. Summary of NEP –related Private sector initiatives

Initiative/ Programs	Brief description of the initiative/ program	Beneficiaries	Implementing partners/ key partners	Timeline	Outputs, effects, etc. (short notes)	Related documents/ Policies
Business Development Services(BDS)	The objectives are training entrepreneurs, especially those at the grassroots in terms of, preparation of business plans to access loans, business health advisory services and advocacy	SMEs, Household enterprises, traders and the rural private sector However, the main target is enterprises with the potential to grow	MINICOM,PSF MINECOFIN , MINALOC, RDB,	2006-2012	350 entrepreneurs trained on how to write business plans between 2005-2009	SME policy, PSF annual report, 2009
Business Development Centres (BDCs)	The objectives of this program are training business owners on business management aspects, access to finance, business reporting ,tax issues and ways of developing income generating activities at district level	Traders, rural and urban businesses the private sector	RDB, MINICOM, MINALOC, RDB, BNR, Districts,	2009-2012	So far a total number of 2980 SME owners have been trained in BDCs.	SME policy, RDB annual reports,

<p>SMEs guarantee fund</p>	<p>Guaranteeing loans made by Banks to Businesses without adequate collateral.</p> <p>Up to half the loan can be guaranteed for individuals and 75% for cooperatives.</p> <p>The rural Investment Facility gives grants of up to 50%</p>	<p>Individuals Companies Associations Cooperatives</p>	<p>MINICOM, MIFOTRA, Private Sector Federation (PSF), Rwanda Microfinance association, BNR and all Commercial Banks</p>	<p>So far over 200 individuals and cops with SMEs have benefited from the 3 guarantee funds under BDF, but data does not enable the age of beneficiaries to be ascertained.</p>	<p>SME Development Policy, Interviews and BDF website</p>
----------------------------	--	--	---	---	---

Analysing the Key Challenges for Employment Promotion in the Private Sector

Priority Area

Coordination

As part of its coordination efforts in the private sector, the Government of Rwanda has taken commendable steps to coordinate and integrate institutions whose functions were similar but initially scattered under different institutions in order to improve coordination and impact. In addition, this integration has gone hand in hand with consolidated budgets. These institutions include Rwanda Development Board (which brought all investment related functions under one roof), the Business Development Fund (which merged all guarantee funds to simplify access to finance for the SMEs) and the Rwanda Local Government Support Fund (RLGSF) which was recently created to merge Vision 2020 Umurenge project, Common Development Fund, Ubudehe and HIMO.

However coordination gaps still remain with respect to employment and entrepreneurship in the private sector thus affecting the implementation and impact of initiatives. For instance, employment promotion and entrepreneurship go hand in hand. However, entrepreneurship initiatives are mainly concentrated in MINICOM and while employment programs are undertaken by MIFOTRA without any linkages between the two ministries

Duplication

Our findings show that there is duplication and overlap of activities and programs between the different entities in the private sector. For instance, PSF runs an annual Business Plan Competition among TVET graduates; participants with sound business ideas are trained and funded using guarantee funds. In their last round, 150 applicants were selected, out of 1500 with potentially good business ideas; others were not taken up due funding shortages.

On the other hand, MINICOM in collaboration with BDF has also initiated a nationwide project called 'HangaUmurimo.' This initiative is also a business plan competition and is in advanced stages of registering applicants with sound business ideas. Although PSF is supposed to be a partner in this project, *HangaUmurimo* has started afresh and yet it could have supported previously trained applicants, those who did not manage to get guarantee funding in previous rounds of PSF's business plan competition.

Sensitization and awareness of programs

Coupled with the low entrepreneurial spirit among potential beneficiaries in the private sector, there is also little awareness of entrepreneurship guarantee funded programs. This is lack of awareness especially acute outside Kigali as programs for sharing this information and raising awareness are yet to be developed.

Guarantee funding vs Cash funding for entrepreneurship programs

Our findings show that one of the challenges for guarantee funded entrepreneurship programs in the private sector is that banks prefer cash upfront to guarantee funding. In addition, some of the guarantee funding only covers 50% and yet beneficiaries cannot afford to cover the remaining 50%. A case in point is the Business Development guarantee Fund, which gives a partial coverage of risk. Here, BDF intends to do advocacy in Government to increase the quality of products offered by the Guarantee Funds with special regard to the Guarantee (Risk) Cover.



ASSESSING YOUTH AND WOMEN EMPLOYMENT PROMOTION PROGRAMS AND INITIATIVES

EMPLOYMENT PROMOTION FOR YOUTH

Introduction

In 2007, MIFOTRA commissioned an M&E framework for the Capacity Building and Employment Promotion (CBEP). The broad objective of this framework was to guide the monitoring evaluation of progress in the capacity building and employment promotion sector as part of the EDPRS monitoring.

The objectives underlying the CBEP were two fold. The first objective is to strengthen public sector capacity in order to provide effective and efficient service delivery. This objective is closely related to the NEP priority sector on human resource development and employability. The second objective was to put in place initiatives to enable increased levels of decent and economically productive employment. This objective is more relevant to NEP priority sector on promoting youth and women. Our analysis of this document shows that it provides a useful tool not only in providing benchmarks on which to assess progress but also sets out what mechanisms can be implemented to improve coordination and streamline employment outcomes into sectoral policies of MINIAGRI, MINICOM, MINICYOUTH, MIGEPROF and other ministries.

According to this document, the Capacity Building and Employment Promotion (CPEB) sector was tasked with implementing two complementary employment promotion initiatives in order to ensure increased levels of economically productive employment in 2007. The first was the establishment of a National Employment Agency with district branches which will provide information and advice to job seekers and provide contact with potential employers. According to our preliminary findings, the decentralised National Employment Agency has not been implemented to date.

The second initiative was to provide access to priority high quality vocational training through a Rwandan Workforce Development Authority and its provincial and district centres. Priority was to be given to employment of youth, women and people living with disability, and elimination of child labour. These interventions were intended to support growth through simplifying access for appropriately skilled job seekers to employers in the private sector, as well as developing their vocational and entrepreneurial skills in key shortage areas. Our initial findings show that the Work force Development Authority has been implemented and is functional. It is not clear to what extent the WDA has decentralised its activities to the provincial level. In addition further evaluation needs to be done in the second phase of this evaluation in order to determine the extent to which women and people living with disability have been incorporated into the program and the general impact, relevance, effectiveness and sustainability of WDA programs on employment promotion

In order to enhance coordination in the CBEP sector, the 2007 M&E framework set out the establishment of an effective labour system for coordinating employment promotion as one of the outputs of the CBEP. The key actions for coordinating employment creation included:

- Developing a strategic plan for employment promotion,
- Establishing a National Employment Agency to support employment promotion
- Putting a mechanism in place to mainstream employment promotion policy into key sectoral policies i.e. investment policies, agricultural policies, youth policies, private sector development policies and others

- Putting in a place mechanism to coordinate integration of plans for youth, women, disability and elimination of child labour in sector plans and policies
- Carry out awareness raising activities to promote employment of women, youth and people with disabilities, and elimination of child labour

Preliminary findings from stakeholders show that although youth and women action plans have been drafted and approved by cabinet as the main strategic plans aimed at coordinating employment initiatives, results from the implementation of the youth and women action plans are mixed. According to MIFOTRA, there is need to establish a single employment strategy which will not only consolidate the actions and strategies in the youth and women action plans but also guide the overall coordination of the NEP in order to improve implementation outcomes. With respect to mainstreaming employment into key sectoral policies, our preliminary findings show that most sectoral plans like the youth policy, agricultural policy, investment policy and others have objectives aimed at creating employment. However, there is no explicit mechanism in place to coordinate the implementation of these outcomes at inter-sectoral level. Each of the ministries implements its own agenda, which sometimes results into duplication of activities.

Programs for Youth Employment Promotion

Youth Training centres

MINIYOUTH has a One Stop Employment and Productive Youth Center in Kimisagara, Kigali that offers: (i) Entrepreneurship training programs, (ii) Training in ICT and different Sports activities and (iii) Talent Spotting. MINIYOUTH has 18 Youth Training Centers in different parts of the country that offer training in Income generating activities for example tailoring, arts and crafts to mention but a few. Youth trained are also offered a minimum package to kick – start these activities once they graduate from this training. MINIYOUTH supports 4 projects in every district for the earmarked programs in youth employment promotion. Through its sensitization programs about existing opportunities for youth employment creation, many people have benefited from the Bank of Kigali (BK) Guarantee Fund for women and youth.

Financing for youth enterprises

MINIYOUTH funds COOJAD's budget to enable them to provide finance for youth who are starting up small businesses. COOJAD's first priority is youth; its vision is to enlarge from more than a co-operative so as to reach even huge youth investors to even have a big capital (It has 70 million right now).

- COOJAD gives loans and credits to young people with innovative projects. This has made a huge impact in many people's lives mostly the illiterate ones who get small loans. Many members have more than one bank account and use COOJAD as a means to get small loans for small projects.
 - It trains them also on how they can do their projects. It also corrects their projects and is more involved in capacity building.
 - Since most of its clients are illiterate or never went to schools, COOJAD helps by informing them on government updates in different aspects concerning their projects.
 - COOJAD always monitors and advises the youth that they gave loans to on how to use them effectively.
- Through the partnership with RDB, MINIYOUTH has 14 graduates undertaking professional internships at MINIYOUTH, at the Kimisagaracenter and in different Youth Training Centers around the country. RDB also undertakes the Rwanda youth internship program whose objectives include:

- (a) Capacity reinforcement aimed at converting theory to practice, learning through performance and strengthening competences
- (b) Developing professionalism, communication, interpersonal and organizational skills

(c) Building expertise

(d) Creating a positive work ethic amongst youth-effective work competencies and employability skills for workforce development. RDB is also implementing an education advisory services program whose key priorities are to prepare and equip students with employability skills that are crucially needed on the Rwandan labor market. This program helps students better understand their chosen profession, as well as help them create a career path. It also links students with employers

YES Rwanda has a physical job desk where youth enter their profiles and employers contacts YES with qualifications needed so that youths are matched with employers. YES encourages youth to use the database. YES Rwanda also strives to cover the skills gap. Based on employer's need, they offer capacity building skills and trainings including basic computer skills, work ethics training, interview practice, how to write CV, create forums: debates and oral communication skills. YES Rwanda also conducts advocacy backed up by research in two major areas: laws and capacity or skills. Its advocacy is intended to remove challenges and barriers to youth entry into the employment market.

The key priorities for RCA include; cooperative promotion, mobilization of youth and women to work in cooperatives, trainings youth and women on business plan elaboration and help them to access finance. The main challenges are that entrepreneurship is not part of Rwanda education system. Coupled with the fact a large percentage of youth that form cooperatives are uneducated, many people have not yet had a good understanding of the benefits of working in cooperatives. Youth especially graduates are not aware that they can start a small business with little money and grow into a medium even large business. Lastly, the majority of the targeted beneficiaries are unaware of the availability of start-up funds.



Table 4: Summary of NEP-related Youth Sector

Initiative/ Programs	Brief description of the initiative/ program	Beneficiaries	Implementing partners/ key partners	Timeline	Outputs, effects, etc. (short notes)	Related documents
Youth Training Centres	The objectives are capacity reinforcement aimed at converting theory to practice and strengthening competences. Others include developing professionalism, communication, interpersonal and organizational skills, building expertise, creating a positive work ethic amongst youth- and developing effective work competencies and employability skills for workforce development.	Youths in rural and urban centres	MINIYOUTH ,Bank of Kigali, COOJAD	2003-2012	MINIYOUTH has established 18 Youth Training Centres in different parts of the country that offer training in income generating activities for example tailoring, arts and crafts	Youth policy, Youth employment action plan .Women employment action plan
Financing for youth start-up enterprises	The objectives of these programs include providing finance for youth who are starting up small businesses, capacity building and business training for youth start- ups,	Youth in rural and urban centres, youth SMEs, HEs	MINIYOUTH, COOJAD, KORA, Commercial banks, BDF	2003-2012	COOJAD has been capitalised to the tune of 70 million RWF and plans to expand its cooperative in order to reach out to more youths	SME policy, MINIYOUTH reports, MINIYOUTH strategic plan, Youth policy

Youth Internship Programs	These are aimed at developing employable skills for young graduates through establishing linkages or networks between University and TVET graduates the TVET with the private sector companies through internship placements	TVET and university graduates	RDB, PSF, Higher institutions of learning, WDA	2006-2012	Every 6 months PSF attaches around 300 students from technical schools to companies. RDB is also implementing an internship and education advisory services program to prepare and equip students with employability skills	TVET policy, PSF reports, RDB reports Youth and women action plans
Youth employment and entrepreneurship services	Main objectives of these programs are to link youths to potential employers through job desks, equip youths with both employable and entrepreneurship skills in order to start up their own enterprises. In addition some of these programs do research advocacy work on labour market policies for young entrants onto the labour market	Young youth entering the job market	YES Rwanda, private sector companies, DOTT services, MINICYOUTH, Private entrepreneurship service providers			YES Rwanda reports, Youth action plans, youth policy
Initiatives for promoting youth and women cooperatives	The main objectives are cooperative promotion, mobilization of youth and women to work in cooperatives, trainings youth and women on business plan elaboration and help them to access finance.	Youth and women groups	Rwanda cooperative agency(RCA), MINICYOUTH, BDF			RCA reports, Rwanda Cooperatives policy and action plans

.Analysing Stakeholder Views on the Issue of Youth Employment Promotion

Findings from our preliminary stakeholder interviews show that coordination in the capacity building and employment promotion sector is mainly done at the macro level i.e. sector level. This is mainly through the joint sector reviews between the main donors in the sector i.e. (GIZ and ILO) and their government counterparts in MIFOTRA, HIDA, among others. These bi-annual meetings assess the both the mid-term and annual performance of the sector against indicators from the Common Performance Assessment Framework (CPAF).

The major limitation for this macro-level assessment is sometimes lack of statistical data and baselines on employment creation. This sometimes makes it difficult to measure sectoral performance in absence of macro level data on employment. According to the majority of the interviewed stakeholders, the main coordination problems with respect to youth and women employment promotion sector mainly occur between the different government ministries.

According to the 2007 M&E framework, coordination of youth and women employment initiatives was supposed to be achieved through an inter-ministerial steering committee led by MIFOTRA and comprising of members from key ministries like MINICYOUTH, MINICOM, MIGEPROF, PSF, RDB and other stakeholders. This committee would then harmonise and coordinate the work and action plans of the different stakeholders working on employment creation. We find no evidence of a functional inter-ministerial steering committee in the sector.

Duplication of youth and women initiatives within the different ministries is one of the consequences of limited coordination and limited harmonisation of work and action plans between the different ministries. An example of duplication in this area of intervention is the double training of women groups by both MIFOTRA and MIGEPROF. Here, MIFOTRA usually provides training to women groups in order to increase their entrepreneurship skills in identifying profitable income earning opportunities. MIGEPROF also runs a parallel program with components relating to women training and sometimes some women groups are trained twice by both MIFOTRA and MIGEPROF which is an inefficient allocation of resources. There is also duplication of program components between MIFOTRA and MINICYOUTH on youth programs relating to employment.

Preliminary findings from our interviewed stakeholders shows that ever since the NEP was validated in 2008, there has never been an assessment done to evaluate whether the NEP –related programs have been implemented effectively and if so what impacts they have had on employment creation over time. For reporting purposes MIFOTRA uses data from RDB, MINICYOUTH, PSF data to monitor the employment situation in the country. However, there are still limitations in the data used due to the fact RDB data contains number of promised jobs at registration of companies and not actual jobs since some companies which register do not actually start operations. In addition MIFOTRA uses public works data from VUP. However, public works jobs are not sustainable since the majority of the workers are unskilled, which raises the issue of sustaining the unskilled labour after public works have ended.

Over the years, MIFOTRA has tended to put emphasis on objective of strengthening public sector capacity in order to provide effective and efficient service delivery thus subordinating the employment promotion function in the process. This was understandable given the low capacity constraints that affected the delivery services in the public institutions after 1994. Civil service reforms have been implemented and progress has been made in this area. As a result, MIFOTRA has been visible and more perceived for work related to public service reforms and labour regulation rather than employment promotion. An increasing youth population coupled with limited number of jobs being created in the formal sector, has dictated employment especially for the youth is becoming an important issue for Rwanda's development. Despite the crucial role of youth employment, MIFOTRA has a small unit of employment and Entrepreneurship promotion whose capacity needs to be boosted in order to coordinate this crucial function. According to interviewed stakeholders

there is need to give more weight to MIFOTRA's employment and entrepreneurship unit not only in terms of capacity but also political backing. The issue of youth and women employment should be given greater political weight that it is currently. In liaison with MIFOTRA, employment creation should be prioritised by being adopted at the offices of the permanent secretaries in the key ministries, from where employment issues will be discussed and adopted at cabinet the level.

According to key stakeholders, political backing should go hand in hand in hand with financial backing. According to the current division of labour policy, the main donors to MIFOTRA employment unit include GIZ and the International Labour Organisation (ILO) which mainly offer support in terms of technical assistance. The current division of labour implies that other donor interested in supporting the employment creation will remain silent partners. This limits the amount of funding that goes into supporting youth and women employment initiatives.

EMPLOYMENT PROMOTION FOR WOMEN

Along with the NEP has a Five Year Action Plan for Women whose focus is to provide technical and financial support to women and youth organizations. Programs supporting the creation of micro projects are also outlined in the Plan as a means towards self-employment. Other similar actions are included in the action plan and are intended to be in line with the needs of the economy in the various sectors. Below are the programs and projects outlined in the Action Plan:

Program I: Sensitizing (on importance of gender equality and women representation in public and private spheres)

- Project 1. Sensitizing gender promotion in the world of work

Program II: Women's Skill Development

- Project 1. Creating a database of women skills in Rwanda
- Project 2. Training women in functional literacy
- *Project 3. Training women in entrepreneurship and project formulation* (training regarding women entrepreneurship, entrepreneurship spirit)

Program III: Financing women initiatives

- Project 1. Creating a "basket fund" for financing women

Implementation

The implementation of programs and projects for Women employment promotion is carried out by the Ministry of Youth (MINIYouth), the Ministry of Gender and Family Promotion (MIJEPROF), the National Women's Council and the National Youth Council.

The MIJEPROF and the National Womens' Council have the following programs and activities for strengthening economic empowerment for women, but with a direct relation to employment promotion:

1. Capacity building program: Women are offered training in project management and business plan elaboration; they Council also offers training to cooperatives (men and women are beneficiaries) for farmers to use modern agricultural technologies
2. Represent women entrepreneurs through advocacy for the resolution of their problems
3. Mobilization and sensitization: women are encouraged to participate in project development; to encourage them to take advantage of financial services and opportunities such as the Women's Guarantee Fund, the Rural Investment Facility, Umurenge SACCO, among others; other sensitization programs involve campaigns to encourage more women to benefit from government programs that are related to employment creation, such as HIMO.
4. Womens Skills Audit: a program that identifies women's skills needs regionally as a means to respond to

opportunities in the market

5. CAPEC (Caisse Populaire d'Épargne et de Crédit): helps women in rural areas manage money for income generating activities

ANALYSING ISSUES OF EMPLOYMENT PROMOTION FOR WOMEN

Challenges of Coordination and Duplication

The NEP gives special consideration for youth and women in employment promotion through the respective Action Plans. The Five Year Action Plan for women provides, perhaps, the most elaborate of the action plans intended for employment creation. While the document itself spells out, in specific terms, the interventions needed for employment promotion for women, it is not clear which government agency should put in action the plan. Likewise, potentially useful programs such as the women's guarantee funds, the agricultural guarantee funds end up targeting the same beneficiaries, whereas harmonization would improve coordination and lead to targeting of diverse groups (NWC).

Awareness and Sensitization

Different stakeholders have raised issues of awareness and sensitization as a challenge for successful implementation of programs. Where programs could potentially improve employment promotion women do not have enough information, especially those in the rural areas given that most programs are located in towns. Programs are yet to be spread into the rural areas where the majority of women who are in most need for empowerment live. Few women, for instance, are aware of the available guarantee funds. Accordingly, you find that absorption capacity for such programs is low: some are not aware of the application criteria, let alone the high cost of accessing the guarantee (NWC).

Challenges of sensitization are also related to the issues of program duplication and coordination raised earlier. You find that, government institutions like Gender Monitoring Office are silent on the issue employment promotion. According to the respondent from the institution, they are yet to include employment promotion as one of its areas of emphasis. This office regards employment promotion⁴ as a secondary area of concern that will be incorporated in the next phase of monitoring priorities where they are expected to "encounter with employment issues" (GMO).

In its Action Plan for 2011-2012, the National Women's Council has incorporated some programs found in the Five Year Action Plan for Women. The Council has four broad objectives for the year. Its first objective of strengthening economic empowerment for women has more direct relation to employment promotion

Clearly, therefore, despite the fact that the National Employment Policy and its Five Year Action Plan for Women spells out very articulately the programs to mitigate unemployment in this priority area, there is a lack of ownership that results in program duplication, lack of coordination mechanism, and in some instances an implementation of programs for women empowerment that are not informed by both the NEP and the attendant Action Plan for Women. Examples from the National Women's Council and the Gender Monitoring Office have elaborated this fact.

It is worth noting again that while these objectives of the National Women's Council are in line with employment promotion, they are not necessarily implementing the Five Year Action Plan for Women, which is elaborate and specific on the programs and activities that will mitigate the unemployment situation for women. According to MIJEPROF, it has extended the responsibility to the NWC to ensure that government

⁴ Its present areas of monitoring emphasis include governance, infrastructure and agriculture. The next phase will include labor, trade, and education.

mandates for gender equality and women empowerment are implemented (www.mijeprof.gov.rw). Any form of implementation and coordination of the Action Plan for Women, therefore, would seem to fit in the objectives of both these institutions, let alone those of the GMO and the Youth Council.

Another issue of consideration is the fact that the implementation of the Five Year Action Plan for the youth tends to overlap with the Five Year Action Plan for Women. The argument is that many of the beneficiaries absorbed in the youth employment programs are women. This point was raised by respondents from various institutions, including MIFOTRA, the National Youth Council and those from YES Rwanda.

Clearly, then, there is a need for ownership of the Five Year Action Plan for Women. This means that a government agency, such as MIJEPROF, must have primary responsibility in implementing the policy, with its own internal monitoring and evaluation system. Regular reports and coordination with MIFOTRA on the status of women employment promotion would then be necessary. Agencies like the National Youth Council are considered too weak to assume responsibility for both Action Pla

Table 5. Summary of Employment Promotion Initiatives for Women

Initiative/ Programs	Brief description of the initiative/ program	Beneficiaries	Implementing partners/key stakeholders	Timeline	Outputs/progress, Effects, etc.	Related documents
Capacity building program	Offering training in project management, business plan elaboration and use of modern agricultural technology	All men and women; they train those in cooperatives	NWC; MIGEPROF; Civil Society; DUTERIMBERE; MIFOTRA; RDB; RCA	2010- 2011	314 women were trained in business plan writing; 5 cooperatives for women were formed; 40 cooperatives for women trained in cooperative mgmt (NWC annual report, 2010-11). 450 women from various districts were trained in ICT (2010-11 NWC annual report) Also, 316 women beggars and sex workers were mobilized and trained in business plan elaboration and management; MIGEPROF has also helped 150 women street vendors access employment; 2012 (NWC 1 st quarter report) Trained 70 women in Kicukiro in forming small business schemes, and training in cooperative formation 30 women from various districts were facilitated to exhibit at the 14th international expo in Gikondo (2012 NWC 1 st quarter report)	Strategic Plan for the Implementation of the National Gender Policy (May 2010) National Gender Policy (July 2010) Strategic and Action Plan for Implementation, National Womens Council Action Plan (2011- 2012)

Represent women entrepreneurs through advocacy for the resolution of their problems	A broad objective of providing advocacy for women, especially addressing challenges raised by women organized along cooperatives	All women by targeting cooperatives	NWC; MIGEPROF; RCA	2010-2011	500 vulnerable women were supported; 79 women received iron sheets to construct their houses; others received financial support to pay their SACCO contribution; During the Women's Week 1834 (85%) out of 2150 houses were constructed for poor women; 3000 women were helped to pay their contribution to Umurenge SACCO (NWC annual report, 2010-11)	Strategic Plan for the Implementation of the National Gender Policy (May 2010) National Gender Policy (July 2010) National Womens Council Action Plan 2011-2012
Mobilization and sensitization	Encouraging women to participate in project development; use financial services (including guarantee fund, Rural investment facility,...) and encourage them to take advantages in government programs such as HIMO	Women cooperatives	National Womens Council; MIGEPROF; DUTERIMBERE; RCA	2011-2012	100 men and women at sector level sensitized on gender based violence, land and labor laws; 2012: 210 were trained on these laws 2012 (1 st Quarter report, NWC): visited 11 women cooperatives in nyarugenge and trained in cooperative management and how to access discounted credit;	NWC Annual report, 2010-11 National Gender Policy (May 2010) National Gender Policy (July 2010) National Womens Council Action Plan 2011-2012

Women Skills Audit	The program identifies women's skills needs regionally as a means to respond to opportunities in the market	Women cooperatives	MIGEPROF and NWC	2011-2012	Training and monitoring of 15 women's cooperatives; by first quarter of 2012, the NWC is preparing a format to use for this exercise (needs assessment format)	National Women Council Action Plan 2011-2012
CAPEC (Caisse Populaire d'Epargne et de Crédit)	This program helps women in rural areas manage money for income generating activities	All women	The Rural Investment Facility (RIF); Rwanda Development Bank (BRD); Umurenge SACCOO;	2011-2012	N/A; no specific targets have been set for this program	National Women's Council Action Plan 2011-2012

ASSESSING EMPLOYMENT PROMOTION PROGRAMS AND INITIATIVES FOR DISABLED

Employment promotion programs and initiatives for disabled persons shall be identified in the in-depth phase of the evaluation. The crosscutting nature of the subject requires that we evaluate strategies across all priority areas of intervention. We are in the process of acquiring the draft strategy for disabled persons, which shall guide our evaluation across all priority areas of intervention for employment promotion.

HUMAN RESOURCE DEVELOPMENT & EMPLOYABILITY

The Education Sector Strategic Plan (2010-2015) outlines a key objective of “improving education, particularly skills development, to meet the labour market demand.” It lays out seven key priorities:

1. Improving completion and transition rates whilst reducing dropout and repetition in basic education
2. Ensuring that educational quality continues to improve
3. Developing and skilled and motivated teaching, learning and lecturing workforce
4. Ensuring that the post-basic education (PBE) system is better tailored to meet labour market needs
5. Ensuring equity within all fields and throughout all levels of education training
6. Strengthening education in science and technology
7. Strengthening the institutional framework and management capacity for effective delivery of education services at all levels

Of the seven priorities, the fourth listed above is most directly related to employment promotion. The Workforce Development Authority (WDA), a government agency that is tasked with implementing the Technical and Vocational Education and Training system (TVET), especially provides for this link through its main objective “To provide the economy with qualified and competitive workers and to train citizens able to participate in growth and poverty reduction,” a task achieved by offering training opportunities (TVET Policy). The WDA strategic plan identifies the programs and projects for employment promotion.

- The industrial attachment program, which links graduates from vocational training centers to industries; this is done in partnership with the Private Sector Federation (PSF)
- Capacity building programs for entrepreneurship, which include helping TVET graduates access funds for proposed projects, through the Business Development Fund
- Programs for sustaining entrepreneurship through incubation centers, where graduates from the TVET system are placed into incubation centers to develop income generating projects; these graduates can in turn provide employment for future graduates of this system.
- Other training programs are tailored for graduates who may have access to finance but lack the skills needed to develop and manage projects.

Challenges in Implementing Programs



The major challenge articulated above in the Human Resource Development and Employability priority area of intervention is that a direct link to employment promotion has not been emphasized. Of course the TVET system is the exception as earlier noted, for its relation to employment promotion is well articulated, implemented, with a monitoring and evaluation system in place to ascertain progress. This is done by the Workforce Development Authority, whose coordination system is primarily with its line ministry of education (MINEDUC). The programs and projects of the Workforce Development Authority, however, were never developed as a means of implementing any aspect of the National Employment Policy. Respondents from the WAD noted awareness of the existence of the NEP but also acknowledged that they have “never read it.” In other words, any strategies put in place by the WAD that align with those of the NEP are serendipitous.

While the WAD has no mechanism for coordination with MIFOTRA in terms of implementing the NEP, it is still able to operate programs and projects that are important for employment promotion.

Among the major challenges faced by the WAD in employment promotion are, according to the respondent, the same challenges faced by those dealing with issues of youth unemployment. In addition to the WDA, respondents from YES Rwanda, the National Youth Council, and the National Women’s Council have identified most of the challenges.

The key barriers include:

- Lack of access to finance
- Deficiency in innovative spirit
- Negative mentality towards non-office employment
- Lack of entrepreneurship spirit
- Little or no experience
- Language barriers (for interaction with industry owners who are foreigners)

Table 6. Summary of Human Resource Development and Employability initiatives

Initiative/ Programs	Brief description of the initiative/ program	Beneficiaries	Implementing partners/key stakeholders	Timeline	Related documents
The industrial attachment program	The program aims at linking graduates from vocational training centers to industries.		Done in partnership with PSF; WDA, MINEDUC; Belgian Embassy; BTC; NVOB; NUFFIC; SNV; ADB; JICA; KOICA; PCU; World Bank		
Capacity building programs for entrepreneurship	The program helps TVET graduates access funds for proposed projects, through the Business Development Fund		BDF; WDA;		
Programs for sustaining entrepreneurship through incubation centers	The program focuses on placing TVET graduates into incubation centers				
Other training programs	Training programs tailored for graduates who may have access to finance but lack the skills needed to develop and manage projects.				

ASSESSING EMPLOYMENT PROMOTION PROGRAMS AND INITIATIVES FOR STRENGTHENING THE LABOR INTENSIVE APPROACHES

Rwanda Local Development Support Fund (RLSF)

The Rwanda Local Government Support Fund was recently created to merge the Vision 2020 Umurenge project, the Common Development Fund, the Ubudehe and HIMO programs.

Key priorities of the RLSF

The Rwanda Local Government Support Fund has two main priorities that are directly linked to employment creation. First, it contributes to sustainable development for local government.⁵ Secondly, it is tasked with the implementation of the Vision 2020 Umurenge (VUP) social protection program.

The VUP program has three main components:

- Direct support to vulnerable people who are unable to work. This component does not target employment creation but the satisfaction of basic needs;
- Public works: This is cash for work program paid to members of poor households who are able to work. Some of the interventions done under public works include, constructing anti-erosive ditches, radical terracing, road construction, building valley dams, building coffee plant ditches, school classroom construction, building markets, building water infrastructure, building health centres, improving furnaces, constructing bridges, and crop cultivation.
- Financial Services: The program facilitates the provision of financial services (savings, credit); it also offers training, related to the culture of savings, to the poor.

For purposes of employment creation, the above components show that it is only the public works and financial services programs that target fighting poverty through job creation, financing income-generating activities.

5 This program has just started and not yet effectively implemented.

ASSESSING EMPLOYMENT PROMOTION PROGRAMS AND INITIATIVES FOR THE REINTEGRATION OF RETRENCHED PUBLIC EMPLOYEES AND DEMOBILIZED SOLDIERS

Retrenched Public Employees

At the time when The National Employment Policy was written (2007), two reconversion programs for retrenched public servants were in place. One offered scholarships for those interested in returning to school; the other program encouraged them to start entrepreneurship and to form cooperatives. CODACE is such a cooperative of retrenched drivers, who had been laid off following the “fleet policy” that resulted in many drivers becoming redundant. More than 3000 people benefited from this program. Other projects for entrepreneurship were started while others failed to take off because the credit line for the guarantee fund became unsustainable for government to maintain (MIFOTRA).

Demobilized Soldiers

The Rwanda Demobilization and Reintegration Commission (RDRC) carries out employment promotion programs, activities, and advocacy for demobilized soldiers.

- Capacity building training: the reintegration grant was put in place to help demobilized soldiers acquire job creating skills; upon completion of training, they are encouraged to form cooperatives and start income generating activities; the Commission also provides some start up capital
- Vocational Training and Apprenticeship programs: six and four months training, respectively, for the poorest among ex-combatants. Upon graduation, ex-combatants are provided start-up capital, usually in the form of fixed assets, such as sewing machines. Those who have completed training are encouraged form cooperatives
- Literacy programs: for those who are illiterate and therefore unable to access opportunities in formal education (primary, secondary and university)
- Advocacy programs: the Commission helps its beneficiaries acquire jobs in “stakeholder agencies,” such as ministries. The Commission also advocates for its beneficiaries who have viable business ideas to access finance from banks and from government guarantee funds

Need for Coordination

Most of the the programs under the RCRC have a direct link to employment promotion. It has several layers of reporting on a regular basis with an evaluation system that accompanies its strategic plan. The system is decentralized to the extent that regular reports from the district level are obtained. In terms of coordination, the RDRC collaborates with MINADEF and MINALOC through regular reporting from the district level. Its activities and programs, while supporting employment promotion, do not seem to be a result of an attempt to implement the NEPA system for proper implementation, monitoring and reporting for employment promotion is, therefore, in place. Proper sensitization raising awareness of the NEP would

have met in place a proper reporting system for coordination with MIFOTRA.

RECOMMENDATIONS ON IMPLEMENTATION OF RWANDA'S EMPLOYMENT POLICY

Coordination:

As part of its coordination efforts, the Government of Rwanda has taken commendable steps to coordinate and integrate institutions whose functions were similar but initially scattered under different institutions in order to improve coordination and impact. In addition, this integration has gone hand in hand with consolidated budgets. These institutions include Rwanda Development Board (which brought all investment related functions under one roof), the Business Development Fund (which merged all guarantee funds to simplify access to finance for the SMEs) and the Rwanda Local Government Support Fund (RLGSF) which was recently created to merge Vision 2020 Umurenge project, Common Development Fund, Ubudehe and HIRMO.

With regard to the NEP, there is a need for MIFOTRA to coordinate the policy in order to enhance the process of job creation in Rwanda. An existing opportunity to improve coordination and consultation within the employment sector is the employment stakeholder platform which was initiated by MIFOTRA and GIZ in 2011. This platform brought together all the stakeholders in the sector with the aim coordinating all initiatives aimed at promoting employment through regular meeting in order improve the effectiveness of programs and reduce the current duplication of employment initiatives. Given that youth and women employment issues cut across different ministries and institutions like MIFOTRA, MINICYOUTH, MINICOM, MIGEPROF, PSF and other, there is a need to strengthen the employment stakeholder platform so that it becomes one-stop shop for youth and women active labour market programs in Rwanda. This stakeholder platform needs to be strengthened by boosting the capacity of MIFOTRA in coordinating, monitoring and evaluating employment initiatives.

In order to function effectively, the employment stakeholder platform should be backed up by an Employment Promotion Support fund. This support fund could take the form a basket fund based at the donor coordination unit in MINECOFIN where different donors with interest in supporting employment promotion will pool their resources for greater impact. This basket fund can then be managed by MIFOTRA in liaison with the stakeholders in employment stakeholder platform in order identify viable projects with youth cooperatives (through RCA) and private employment and entrepreneurship service providers. Through regular meetings they can then prioritize in order and allocate employment resources from the consolidated basket fund to initiatives which are likely to achieve greater employment creation outcomes than the many isolated initiatives with minimal impact.

Sensitization

Sensitization is another important aspect of the NEP implementation that needs to be given wider attention to make sure that the NEP is not only when known but is accepted and gets a sense of ownership. This will enhance the use of the NEP as a guiding policy document on which interventions in the employment sector will be based. MIFOTRA's sensitization of the NEP should start with government institutions like MINICOM, RDB, BDF, MINALOC, WDA, PSF and other stakeholders. After government institutions, the sensitization campaign should move onto the districts with the aim of embedding employment indicators into the performance contracts of district and local government authorities. Lastly the sensitization campaign would then spread to Civil Society Organisations (CSOs) and to the private sector.

As one interviewee noted,

“The problem of sensitization is beyond the NEP; people don't know the guaranteed fund ...it is not known beyond Kigali...the BDF”

This implies concerted efforts for not only MIFOTRA but for stakeholders in the employment stakeholder platform including BDF and RLGSF.

Monitoring & Evaluation

The M&E system should include the CSO platform where there should be monitoring. PSF should be monitoring, Public institutions, local government should be monitoring in the districts. In addition to reviewing and up-dating the NEP, MIFOTRA alongside with stakeholders in the employment stakeholder platform should help to re-focus and identify the priorities within the priority sectors so as to come with specific employment sector indicators which can be used as benchmarks in the monitoring and evaluating the progress in sector. These indicators can be allocated to contact persons who represent the different priority sectors with the employment stakeholder platform and can be monitored on a quarterly basis together with data from Labour Management Information System (LMIS)

Alignment and refocusing of NEP with work and action plans in other government ministries

The ideal process is that MIFOTRA should review and elaborate the National Employment Policy along partners in the employment stakeholder platform in order to ensure that policy is up-to date with current trends and reforms both in the East African region and in Rwanda. This should include working with other institutions like MINICOM, RDB, BDF, MINALOC, WDA, PSF and other stakeholders to ensure the NEP is harmonised with other policies like the SME policy, TVET policy, trade policy and other reforms in Rwanda's business environment. MINIYOUTH, MINICOM, MIFOTRA should have harmonised action plans so there is no duplication in their objectives and activities. Harmonisation could for instance be done through a steering committee tasked with assessing the action plans of each ministry to ensure that each ministry does what they said they would do in regards to employment. In addition the steering committee must ensure that their objectives are "SMART" and clear

For purposes of aligning employment related initiatives, better coordination can be achieved by better information flows from MIFOTRA to concerned ministries which then liaise with implementing partners in the various NEP priority sectors. The sequence of coordination would for instance be as follows; From the ministry of labor, to the ministry of youth and finally to COOJAD (which is the implementing partner for youth employment projects.) In addition the coordination of action plans should follow the same sequence. For women employment projects, information flows on priorities should move from MIFOTRA, then to MIGEPROF and finally to the implementing partners of the women projects. In general, the effective NEP implementation process should follow the stages below in the following order; 1) implementation 2) coordination 3) Sensitization 4) Monitoring

ANNEX 1: ACCESS TO FINANCE IN THE RURAL AND AGRICULTURAL SECTOR: ISSUES AND LESSONS FOR RWANDA

Challenges

According to Rwanda's Rural and Agricultural Financial Services Strategy, (RAFSS) the financing of agricultural value chains is the key challenge for rural and agricultural finance in Rwanda, particularly in relation to staple crops. While there are some issues relating to the major export crops – coffee, tea and horticultural products – these issues for the most part non-financial. The more severe challenges in the financing of staple crops are exacerbated by other financial and non-financial issues, such as the inadequacies of the value chain infrastructure and asymmetries of information between actors. Such issues need to be tackled alongside the purely financial issues. (OPM, 2011)

The existence of relatively weak linkages between actors along the value chains represents another major challenge to the development of value chain finance. This is an important issue because value chain finance is not simply a matter of pumping money into the value chain; the cornerstone of good value chain finance is trust between actors, built on good flows of information and communications.

A shortage of agricultural finance at the post-harvest stage is the other major challenge faced by the agricultural system in Rwanda. There is a belief among many stakeholders in Rwanda that the lack of agricultural finance is particularly serious for inputs at the primary production level. The analysis of value chains and financial sector demand and supply set however, suggest that finance is not currently a binding constraint preventing the success of primary production. Finance is a much more important constraint at the post-harvest stage at the present time.

Bottlenecks

According to the 2011 RAFSS report by OPM, the main bottlenecks to the provision of financial services include

i) Value chain financing bottlenecks:

These include insufficient trust among the actors across the value chain, poor incentive structure for large off-takers for contract farming and lack of warehouse receipt regulations

ii) Agricultural finance bottlenecks include;

Lack of financial products to serve rural smallholders, insufficient skills for risk assessment and management in the sector, inadequate rural banking infrastructure (branches)

iii) Bottlenecks with sector-wide impacts include:

Low-value, bulky which are difficult to finance, inadequate market information mechanisms for responding to demand-side signals, the need for a transitional model to increase private sector involvement and an immature market for equity and debt instruments. Bottlenecks do not operate in an isolated way; it is more accurate to talk in terms of clusters of bottlenecks negatively reinforcing each other. For that reason, any intervention to improve financing mechanisms for agriculture needs to take account of the links between bottlenecks.

Options for improving Financial Access to the Rural and agricultural Sector in Rwanda

The following are the different types of financing mechanisms that have worked in agriculture and the rural sector of other developing countries

Chain liquidity:

This involves financial transactions *between chain actors*. An example is where a buyer or trader issues a short-term loan to a producer and is repaid when the latter sells the produce to the former. This type of finance improves the efficiency of a value chain. It is low-cost finance, often having no direct interest charges to the producer. It also entails relatively low levels of risks because of the almost perfect information existing between the lender and the borrower. However, this mechanism relies heavily on trust; it handles only small sizes of loans and critics argue that it creates dependency and may get farmers into a trap: a vicious cycle of indebtedness.

Agricultural Finance:

The most common financial service, provided by financial institutions, including banks, microfinance institutions (MFIs) and SACCOs. Examples include a loan issued by a bank to a trader for buying a crop, or a loan to a farmer for buying inputs. This mechanism suffers from all the well-known problems of small-scale rural finance – asymmetry of information, a requirement for collateral, etc.

Value Chain Finance:

These are financial services established and anchored on the cooperation between agents along value chains and between them and a financial institution. For example, a loan might be given to a trader who banks with a financial institution in an area for the purpose of paying farmers for their produce. This is then sanctioned against crop sales to a processor, preferably one who also banks with the same financial institution. On delivering the crop to the processor, the latter pays the trader through the bank, which automatically deducts what is due for the loan repayment. It is not a solution for the many other technical, governance and managerial capacity issues along value chains, but it works well if augmented with a diverse range of capacitybuilding initiatives.

Proposed strategic options for improving Rural and Agricultural Finance in

Rwanda

That Rural and Agricultural Financial Services Strategy proposes the following priority options for improving financial access for rural youths and women in Rwanda;

Linkage banking and other product innovations

There is considerable scope in Rwanda for policies and strategies to make much greater use of informal providers of financial services. The existence of a well-established tradition of informal village savings and loan groups, such as tontines and Ikiminas, in most areas of the country creates the conditions to develop efficient links between these informal providers and larger and more formal financial institutions, like commercial banks or microfinance institutions. Such linkages offer mutually beneficial solutions for both formal and less formal financial institutions, as well as for non-financial actors. In particular, they allow institutions to overcome either geographical limitations in their branch networks or asymmetries of information with poor clients in rural areas, or both, to serve clients that would otherwise have been impossible for the institutions to reach cost effectively. The role of the government and the National Bank of Rwanda in this area is mainly as a promoter and facilitator, encouraging banks and microfinance institutions to form linkages, and ensuring a sympathetic regulatory environment. There is also need to include the exploration of innovative products and services that have the potential to increase access to finance in the rural areas, including asset financing (through leasing and matched savings), factoring, micro-insurance and business development services linked to financial services.

Collateral Management and Warehouse Receipts

The development of a collateral management and warehouse receipt system of international standard is

another priority to increase access to finance in the rural sector. This will require: (a) the creation of the necessary legal and regulatory framework; (b) a warehouse receipt regulatory body; (c) the development of specific value chain financing mechanisms; and (d) the development and implementation of a capacity-building programme to create the necessary institutional capacity and skills.

Dealing with the information gaps

A whole range of information gaps and asymmetries of different kinds have been identified. There is a need to pursue a range of options to mitigate these bottlenecks, of which the key ones are: (i) the lack of specific financial information about agricultural finance supply and demand; and (ii) asymmetry of information between value chain actors. Solutions proposed include the development of the credit information bureau to cover rural smallholders and an extended commodity information exchange systems.

Remote access banking

The increasing use of mobile phones throughout Rwanda opens the opportunity for mobile money transfer and other forms of m-banking. These technologies have advantages in themselves in opening up access to financial services in the rural areas, exploiting techniques that are also an essential component in linkage banking and in many other product innovations. This will obviously improve rural access to financial services, but m-banking is a sector-wide issue that goes well beyond the requirements of rural and agricultural finance. The National Bank of Rwanda will clearly need to ensure an appropriate regulatory environment for mobile-banking.

Longer term finance

The value chain analysis reveals a need for medium to long term financing instruments, particularly to finance post-harvest handling and processing. Leasing would be an appropriate mechanism to meet the requirement for medium term financing, for which a regulatory and institutional infrastructure to expand leasing in Rwanda will be needed. The same applies to the main sources of long term financing, including capital markets and PPPs.



This work is licensed under a
Creative Commons
Attribution – NonCommercial - NoDerivs 4.0 License.

To view a copy of the license please see:
<http://creativecommons.org/licenses/by-nc-nd/4.0/>

This is a download from the BLDS Digital Library on OpenDocs
<http://opendocs.ids.ac.uk/opendocs/>