

GOVERNMENT OF RWANDA



MINISTRY OF PUBLIC SERVICE AND LABOUR
(MIFOTRA)

RWANDA
PUBLIC SECTOR PAY AND RETENTION POLICY
AND IMPLEMENTATION STRATEGY

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LIST OF ABBREVIATIONS

CE	-	Current Expenditure
CE/GDP	-	Current Expenditure-to- Gross Domestic Product ratio
COLA	-	Cost of Living
CPI	-	Consumer Price Index
CSRU	-	Civil Servants Remuneration Unit
DPSMP	-	Draft Public Sector Management Policy
EDPRS	-	Economic Development and Poverty Reduction Strategy
ESSP	-	Education Sector Strategy Plan
FSO	-	Foreign Service Officer
FW&SC	-	Fair Wages & Salaries Commission
FY	-	Fiscal Year
GDP	-	Gross Domestic Product
GDR	-	Government Domestic Revenue
GDR/GDP	-	Government Domestic Revenue-to-Gross Domestic Product ratio
GoR	-	Government of the Republic of Rwanda
HR	-	Human Resources
HRMD	-	Human Resources Management and Development
IMF	-	International Monetary Fund
MDGs	-	Millennium Development Goals
MIFOTRA	-	Ministry of Public Service and Labour
MINAFFET	-	Ministry of Foreign Affairs and Cooperation
MINAGRI	-	Ministry of Agriculture and Animal Resources
MINALOC	-	Ministry of Local Government
MINECOFIN	-	Ministry of Finance and Economic Planning
MINEDUC	-	Ministry of Education
MINISANTE	-	Ministry of Health
MTEF	-	Medium Term Expenditure Framework
MTPP	-	Medium Term Pay Policy
MTPRIS	-	Medium Term Pay Reform Policy
NEMIC	-	National Employment, Manpower and Incomes Council
NSC	-	National Salary Council
PBF	-	Performance Based Financing
PPSRRB	-	Permanent Public Service Remuneration Review Board
PSR	-	Public Service Reform
PSRB	-	Public Service Remuneration Board
PSRP	-	Public Service Reform Program
RPS	-	Rwanda Public Sector
SSA	-	Sub-Saharan Africa
ToR	-	Terms of Reference
WB	-	Wage Bill
WB/GDP	-	Wage Bill-to-GDP ratio
WB/GDR	-	Wage Bill-to-Government Domestic Revenue ratio
WB/RE	-	Wage Bill-to-Recurrent expenditure ratio
WPC	-	Wages Policy Committee

PART I

RWANDA PUBLIC SECTOR PAY AND RETENTION POLICY

I.1. EXECUTIVE SUMMARY

The GoR developed in 2004 and implemented in 2006 Guidelines fixing salaries in Rwanda public sector for a medium term pending the development of a comprehensive and long term salary policy. This has been the primary document for the determination of pay in the civil and public sector. Its implementation process highlighted gaps and has since called for the necessity to develop a new integrated and comprehensive pay and retention policy addressing both pay and retention issues to help the Government attain capable, competent and well-motivated civil and public service required to achieve its objectives under Vision 2020, the EDPRS and MDGs.

Indeed, the Policy is premised on the fact that the capacity of the Rwanda Public Sector (RPS) to attract, retain and adequately motivate its personnel, and to build the requisite human resource (HR) capabilities, are prerequisites to facilitating the transformation of the public sector to become a more effective and efficient institution, capable of addressing the needs of the citizenry.

As many of the attraction, retention and motivation challenges are related to pay and existing incentives regime, addressing these challenges necessitates that pay and retention policy is central to the improvement of civil and public service performance.

The Policy is founded on key principles of compensation including equity, transparency, competitiveness, employee performance and affordability.

The Policy considers recent and projected employment growth and subsequent wage bill trends and addresses issues that have been remarked in the implementation of 2004 Pay Guidelines. Indeed, the available data on employment growth shows that total employment in the public sector grew by 49% i.e. 5.5% per annum, over the 2006 - 2010 period with major growth areas being public agencies, education and local government (districts). The Education and Health sectors are also expected to maintain the employment growth trend for the medium term.

Among others, the Policy notes and addresses the issues of the turnover in Central & Local Government standing at 18% in 2009 and imbalance between

teacher wage bill share against teacher employment share (respectively 24.3% against 62% in 2011/2012).

The Policy recognises that the public service pay policy priorities that should be addressed include enhancing public service compensation over time in a systematic manner within an affordable and sustainable wage bill; undertaking measures to improve public service capacity (quality, delivery and accessibility) in line with the Government's commitment to achieving the goals set out in the Vision 2020, EDPRS and the MDGs; rationalising compensation across all public institutions; addressing management of monetary and non-monetary incentives regime in the pay policy; and adopting an improved institutional and strategic framework for implementation of the pay policy.

An implementation strategy has been developed detailing implementation plans for each component of the pay and retention policy, with monitoring and evaluation procedures and the institution responsible to ensure follow up of policy implementation framework. The Policy recommends that Government will systematically and equitably improve the pay of public servants based on a Wage Bill to Gross Domestic Revenue following macroeconomic realities trends for the 2011/2012-2016/2017 period and include the pay policy priorities within the MTEF.

Over the six year period from 2011/12 - 2016/17 annual pay adjustments would be made to increase pay steadily while employment grows within an annual WB to GDR ratio of 40%. The medium term target will be to enhance the average net monthly compensation of public servants i.e. an increase of 13% to 58% for civil servants, 13% to 21% for non-tertiary education teachers, the Health Sector, the Army and the Police will be allocated a yearly block 10% Wage Bill increase consistent over the period while current gross salaries of Top Political Leaders will be adjusted by at least 15% in 2011/2012 and a consistent adjustment of 10% after every three (3) year period afterwards.

It is worth mentioning that this synopsis refers to a three-fold document including the situation analysis as a prelude to the Policy and finally the implementation strategy of the Pay and Retention Policy.

I.2. INTRODUCTION

I.2.1 Background

The Government of the Republic of Rwanda (GoR) is determined to improve the public sector's capacity to:

- a. Promote a high and sustainable rate of pro-poor economic growth;
- b. Ensure effective and efficient delivery of public services, particularly within the social sector;
- c. Improve the general well-being of the citizenry, particularly the most vulnerable groups;
- d. Promote security, peace, and national unity; and
- e. Reduce poverty levels, in line with the goals of the Economic Development and Poverty Reduction Strategy (EDPRS) and Millennium Development Goals (MDGs).

The capacity of the Rwanda Public Sector (RPS) to attract, retain and adequately motivate its personnel, and build the requisite human resource (HR) capabilities, are prerequisites to facilitating the transformation of the public sector to become a more effective and efficient institution, capable of addressing the needs of the citizenry. As many of the attraction, retention and motivation challenges are related to pay and weaknesses within the incentives regime, addressing these challenges necessitates that pay and retention policy is central to the improvement of civil and public service performance.

I.2.2 Historical Context

The GoR began initiatives related to pay and employment reform in 1995. Their attempts to address the pay and incentive issues include:

- 1) An initial civil and public service census conducted by UNDP and another in 2010 by the Ministry in charge of Public Service to determine the actual size of the civil service
- 2) Diagnostic studies to advise the development of a pay and retention policy and incentives system;
- 3) The development of Guidelines For Fixing Salaries In The Rwandan Public Sector in 2006
- 4) Development of a new job classification and salary regime for Rwanda civil and public service 2007;
- 5) The consolidation and improvement in pay across the civil and public service in 2006

- 6) Introduction of public agencies for sectoral policy implementation and delivery of some non-core services, while providing flexibility in their pay and conditions of service;
- 7) Introduction of house and transport allowances as a means of improving real compensation for personnel in the public service;
- 8) Introduction of Performance Based Financing scheme within the health sector;
- 9) The development of a Performance Appraisal and Promotion Order;
- 10) The establishment of a Public Service Commission to promote good governance in Public Service and provide comprehensive human resource advisory services; and
- 11) The adoption of a Policy Framework for Rwanda's Civil Service Reform, with pay reform as one of its major objectives.

The GoR, in recognizing that the achievement of its objectives under Vision 2020, the EDPRS and MDGs requires a capable, competent and well-motivated civil and public service, has determined that the development of an integrated, comprehensive and systematic pay and retention policy to link the various initiatives is a priority.

I.2.3. Rationale for Pay and Retention Policy

The rationale for the development of a pay and retention policy is to provide the GoR with a framework for compensating, rewarding, retaining and motivating public servants that is equitable, competitive and recognizes their competencies and contributions to the performance of the public sector and achievement of Government's objectives. The formulation of an appropriate pay and incentives regime is crucial to improvements in the:

- a. Quality of governance;
- b. Service delivery, quality and accessibility;
- c. Formulation and implementation of policies; and
- d. Public expenditures management.

I.2.4. Benefits of the Pay and Retention Policy

The consistent implementation of the pay and retention policy is expected to enable the GoR to enhance its capacity to attract, retain and adequately motivate personnel with requisite skills and experience to improve service delivery, quality and accessibility in an equitable and sustainable manner at the national and local level.

It is expected that the implementation of the pay and retention policy, over the medium term will result in:

- a. Enhancing public service compensation within a sustainable and affordable wage bill
- b. Improved staff motivation and performance and thereby Government's ability to achieve the goals set out in Vision 2020, EDPRS and MDGs
- c. Rationalised compensation across public sector institutions that draw their compensation from the Treasury
- d. Reinforcing the links between pay and performance
- e. Improved institutional framework for implementation of pay and retention policy

I.3. PAY AND RETENTION POLICY CONTEXT

I.3.1. Pay and Retention Policy Linkages

The GoR has endeavored to establish policy frameworks to guide the implementation of various initiatives designed to move the country forward. The pay and retention policy is advised by existing stated policies, strategies and objectives.

The Vision 2020 influences policy through the determination that:

- Improvement in public sector pay should be in a manner and rate that attracts and retains the requisite skills to create and maintain an enabling environment for private sector growth and the achievement of middle income status.
- Specific attraction, retention and motivation concerns related to teachers (tertiary and non-tertiary), professionals in health care, accounting, finance, engineering, energy, transport, water, telecommunications, science, technology and ICT will need to be addressed.

The EDPRS influences policy in that it will consider:

- Establishing the GoR's stated commitment to the improvement of remuneration to attract, retain and motivate competent staff with the requisite skills in the public service as this is not explicitly mentioned in either the Vision 2020 or the EDPRS, although they recognise that the low capacity of the state and competent personnel hinders social and economic transformation.

The Draft Public Sector Management Policy influences policy through the determination that:

- Central Government's role and therefore its career growth opportunities will be primarily in the areas of sectoral policy formulation, regulation, coordination, monitoring and evaluation
- The public sector grade level structure should reflect job value equity across the public sector
- The basis for the establishment of the salary structure would be pay equity and any recommendations on pay differentials and allowances would be determined using transparent criteria
- The pay administration function remaining within the Ministry in charge of Public Service.

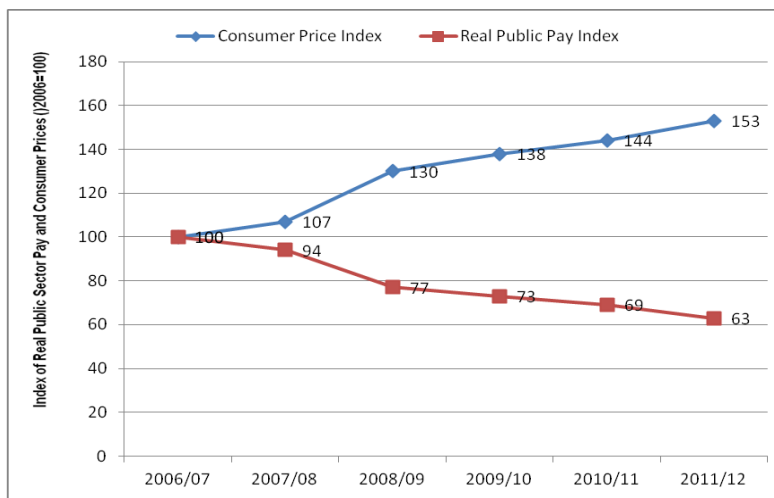
I.3.2. Current Pay Policy and Practice

The GoR developed the Guidelines for Fixing Salaries in the Rwandan Public Sector which were implemented in 2006. This has been the primary document for the determination of pay in the civil and public sector. In 2006 a new job classification system was adopted which moved the RPS away from the career system and a job-based system which classified and re-graded jobs based on the full requirements of the job instead of qualifications only. The system continues to require review and refinement.

A major contributory factor of the disaffection with pay in the public sector is the pay stagnation that affects a large segment of employees. Pay stagnation and decline in real compensation is the result of the fact that many employees have not received any adjustment in their pay since the introduction of the new salary structure in 2006. Teachers were awarded a 10% increase in pay in 2009/10.

The real pay, for public sector employees who have not received an adjustment in their pay since 2006, has been severely eroded over the past five years. As illustrated in Figure 1.1, with increases in the consumer price index over the period and nominal compensation remaining constant, the real pay declined steadily, resulting in a 37% reduction in real purchasing power for these employees. This means that RwF 100,000 earned in 2006 is only worth RwF 63,000 to employees in 2011 who have not received a pay adjustment.

FIGURE 1. REAL PUBLIC SERVICE PAY INDICES, 2006/7 -2011/12:
2006/07 = 100



Source: MTEF and Provision Results of the Census.

The available data on employment growth shows that total employment in the public sector grew 22%, 5.5% per annum, over the 2006 – 2010. The major growth areas were public agencies, education and local government (districts). The most significant increase in employment occurred in public agencies, which grew by 59% over the period, by about 15% per annum.

As shown in Table 1.1, the share of public agencies in public sector employment increased from 12% in 2006 to 14% in 2010, while their wage bill share increased from 39% in 2003 to 45% in 2010.

TABLE 1. PUBLIC AGENCIES SIZE, EMPLOYMENT AND WAGE BILL SHARES, 2006 AND 2010

Year	Number of Public Agencies	Number in Agencies with 500 Index Value	Number of Employees	Employment Share	Wage Bill Share
2006	49	6	5,500	12%	39%
2010	82	30	8,252	14%	45%

The direction of the trend in public sector wage bill appears to be correlated to the trend in public agencies employment. However, the issue is not just public agencies employment, but the increase in agencies with 500 index values. The number of agencies with index values of 500 increased from 6 to

30. The significant increase in the number of personnel at public agencies combined with the significant increase in the number of agencies with the maximum index value probably would have resulted in a significant increase in the public sector wage bill.

The result of a job evaluation and classification exercise was the development of a job level structure that has 14 levels with 7 grades each for professionals, technicians and execution staff, along with 12 lettered levels with 1 grade each for political and command positions.

The pay structure establishes pay indexes for each of the 7 grades in each level, with Levels 6 – 14 having a probationary grade. The pay indexes for each level and grade are multiplied by index values for positions or institutions to determine an individual's basic salary. For most of Central and Local Government the index value is 250, with other institutions and some management positions having index values of 270, 280, 300, 330, 400 and 500. The basis for the determination of the index values would have been based on a market salary survey.

The review of wage bill data revealed that the wage bill grew significantly over the 2006 – 2011 period relative to other macroeconomic variables. The WB/GDP grew steadily over the period from 3.30% in 2006/07 to 4.78% in 2010/11. Further to this, the WB/GDR grew from 26.7% to 38.3% between 2006/07 and 2009/10. The increase in the WB/CE was more or less corresponded to those of WB/GDR.

Other things being equal, experience would lead to the expectation that the increase in the WB/GDP by 1.48%, nearly 0.30% per annum over the period, would have provided adequate fiscal space for the Government to finance:

- a. Across the board adjustments in pay to cover the cost-of-living for all public sector employees;
- b. The observed growth in public sector employment over the period; and
- c. Provisions for at least a moderate rate of salary enhancement for all public sector employees.

As the Rwanda WB/GDP grew by 1.48% over the period, the implicit pay policy can be described as a "high pay policy." It may appear contradictory to describe the implicit pay policy practice of the period as being a de facto high pay policy when many personnel experienced significant declines in their real compensation. But this result appears to reflect:

- a. The partial of implementation of some aspects of the Guidelines, the proposal for annual adjustments in pay or tri-annual progression within grade with a 15% increase in basic salary;
- b. The adoption of an ad hoc and piece-meal approaches to pay review and adjustments, through the introduction of selective allowances and selective revisions of index values for various agencies and commissions.

I.3.3. Allowances Practices

The policy for the provision of free or subsidized housing and access to official vehicles for personal use was reversed and only a very limited number of public servants receive these benefits. There are currently housing and transport allowances for all public servants which are each 1/7th of the basic salary.

The establishment of the Government health insurance scheme has removed a major cost factor for public servants and all indications are that they are satisfied with the provision of this benefit.

I.3.4. Current Retention Issues

The 2009 turnover in Central Government is 18%, the Judiciary 10.8% and Education 1.4%.¹ These appear to be relatively high rates of turnover, except in education.

The civil service census established that 91% of employees of all ages in central and local government have been employed less than four years. This means that the majority of employees are unfamiliar with the public sector systems, procedures and the underlying basis for policies, strategies and objectives.

The age profile of central and local government reveals that 60% of employees are between the age of 25 and 34, 27% between 35 and 44, with only 6% being between 45 and 65². The age profile differs for large state institutions, agencies, commissions and projects. Their profile reflects a 41% of employees between the ages of 25 – 34, 38% between 35 and 44, and 19% between 45 and 65. These institutions have higher salary index values but more importantly the technical specialists that head them are usually those who had depth of knowledge in the Ministry.

As the GoR has determined to restrict the central management to core functions of policy formulation, regulation, monitoring, evaluation and coordination as much as possible and shift implementation to the agency and district level, depth of knowledge should be at the Central Ministries. The

¹ MIFOTRA, Draft Public Servants Census, 2011

² Ibid.

best employees at the implementing level may then be recruited up to the Ministry level to inform and develop policy and regulation, as well as coordinate, monitor and evaluate activities from a depth of knowledge and experience. Currently the trend in staff movements is upside down.

The management of a young workforce who are typically less concerned about a lifetime job than life-work balance and career progression requires that Government change its approach to human resource management. Young employees require meaning, challenge, learning and balance in their employment.

I.3.5. Major Issues and Policy Priorities

I.3.5.1. Issues Arising from Pay Policy Practices

Need for Greater Coordination and Cooperation: The increasing likelihood of successful implementation of the public service pay policy will require among other things:

- a. Strengthened coordination and cooperation between the two ministries responsible for wage bill budgeting, control and management and ultimately pay reform matters, the Ministry in charge Public Service and the the Ministry in charge of Finance;
- b. Pay policy priorities should feature prominently within the MTEF and be appropriately budgeted for.
- c. Appropriate and strengthened institutional framework to oversee implementation and holding the responsible bodies accountable.

Need for Improved Monitoring and Evaluation: The design and implementation of procedures for coordination, monitoring and evaluation of remuneration related issues in the public sector that enable a lean structure to operate effectively where decisions can be based on adequate, accurate and timely information.

Scope for salary enhancement in light of wage bill size: The major constraint on undertaking pay reforms at one go, is that the undertaking of such reforms have wage bill implications, whereas Government has limited fiscal space to finance such reforms in the medium term from its own resources. Rwanda has limited fiscal space in the medium term to increase the wage bill relative to other central government operating variables without:

- a. Overburdening taxpayers;
- b. Squeezing the productive sector; and/or
- c. Crowding-out expenditures on goods and maintenance.

Implementing various pay policy measures will require major tradeoffs that policy-makers must be cognisant of are:

- a. The trade-off between higher pay and higher levels of employment, the pay-employment nexus;
- b. The trade-off between a higher public service wage-bill and having more expenditures on operational and maintenance, the crowding-out effect; and
- c. The trade-off between higher across-the-board salary enhancement and more targeted enhancement focusing on the professional and technical cadres that the Government has the most difficult attracting and retaining.

Need for Documented Processes and Procedures: The high turnover in the public sector significantly reduces the ability of GoR to consistently implement national policies and programs. Well documented and circulated processes and procedures will enable continuity.

Need to Review Job Classification: The appropriate placement of jobs on the job level structure is important for job equity. To improve acceptance pay equity that there is a need to revalidate the jobs that are currently on each level and re-classify if necessary. Further to this, it is important to recognise the limitations of the current index job grade structure with its multitude of index values, and the fact that all individuals in a given institution have the same index valuation regardless of the relative scarcity of their skills and professional qualifications. The latter factor makes it difficult for the Government to target salary enhancement to those job groups that it has the most difficulty attracting and retaining.

1.3.5.2. Issues Arising from Review of Retention Matters

The turnover in Central & Local Government in 2009 was 18% with 91% of all employees being in the service for less than four years. While the level of pay is of importance, the composition (the compensation mix) and structure of pay (reflecting differentials between job grades) are also of significant importance in attraction, retention and motivation matters.

Staff motivation must be addressed as well as pay: Pay is not a panacea, i.e., it will not in itself be a sufficient condition to yield the desired improvement in the effectiveness and efficiency of public service. Also, pay is not the only motivating factor in the determination of the choice of labour effort in the production process. The GoR must work to build motivational capital to

ensure improved employee motivation and work performance. Non-monetary incentives are often an important part of staff motivation to perform well. However, effective incentives also require effective performance management systems. The establishment of effective management systems is perhaps the greatest challenge for providing performance incentives to staff members.

Need to Have the Right People in the Right Positions: Develop a plan to recruit the public servants with sector depth of knowledge into central government. This would be done while sourcing a strong core of public sector managers with the mandate to undertake the technical functions as well as implement well defined on the job training and development programs which would be monitored and evaluated by the Ministry in charge Public Service.

Need to Provide Inducements, Incentives and Special Enhancements: The public service must often compete with the private sector, donors, non-governmental organizations and public agencies for skilled personnel. The need to provide some form of additional compensation to attract and retain key, specialised and rare skills centrally or at the local level is one element that must be transparently addressed.

I.4. PAY AND RETENTION POLICY STATEMENT

I.4.1. Vision

The vision of the pay and retention policy is to provide competitive remuneration and incentive packages in the public sector that attract, retain and motivate competent personnel with the requisite skills and experience to achieve Government's development and growth objectives in a productive, efficient, affordable and sustainable manner, providing pay equity across the public sector, rewarding performance and delivering high quality service.

I.4.2. Guiding Principles

Compensation to public sector employees in Rwanda shall be guided by the principles of:

- a. **Equity - Equal pay for equal work:** Personnel in job positions with similar job content shall be remunerated comparably. The comparability of job content and relative compensation shall be based on the objective outcome of a comprehensive job evaluation and classification to establish job equity and pay equity;
- b. **Ensuring affordability and sustainability of the public service wage bill by:**
 - i. Improving pay within the Public Service in a systematic, affordable and sustainable manner, while maintaining an appropriate balance between the Public Service wage bill and current expenditures;
 - ii. A commitment to pay adjustments becoming an integral component of the Medium Term Expenditure Framework (MTEF) and implementing the adjustments consistent with the MTEF;
 - iii. Strengthening wage bill determination, planning and management;
- c. **Transparency in the establishment and management of salaries, wages, allowances and benefits.** The basis and guidelines for the development and adjusting of pay structures shall be clearly documented and consistently implemented. Any differences in pay will be determined by objective, measurable criteria. The use of non-salary allowances in Public Service compensation will be minimized;
- d. **Competitiveness within the public sector and the economy.** The GoR shall provide compensation packages that are competitive enough to attract, retain and adequately motivate personnel with the requisite skills required for raising public service efficiency and the quality of service delivery, and who are also instrumental in the production of strategic government outputs; and
- e. **Rewarding employee performance:** Performance based salary, rewards and promotions shall be provided to employees utilizing an objective performance appraisal system.

I.4.3. Pay and Retention Policy Objectives

The primary objective of the public sector pay policy is to attract and motivate competent personnel with the requisite skills and experience into the public sector to improve public service efficiency and the quality of service delivery, and who are also instrumental in the production of strategic government outputs.

The primary objective of retention policy is to maintain competent employees in the public sector. Maintaining these employees will assist in achieving the

objective of a capable state which can effectively formulate policy, regulate, coordinate, monitor, evaluate, provide public services and create the environment for a private sector led economy which is critical to nation's success.

As pay and incentive issues go beyond low and stagnant real pay, multi-faceted objectives are required. The other objectives of the pay and retention policy are:

- a. To ensure the evolution of compensation structures with:
 - i. adequate transparency;
 - ii. adequate links between pay and performance;
 - iii. an appropriate mix between salary and non-salary remuneration; and
 - iv. the ability to maintain vertical and horizontal equity, within and across public sector institutions.
- b. To ensure the development of appropriate job levels and moving towards the payment of public service pay levels that are:
 - i. commensurate with the valuation of productivity, skills, experience and responsibility; and
 - ii. adequately competitive to allow the public service to attract and retain the desired quantity and quality of HR, with the appropriate requisite skills and experience.
- c. To ensure the evolution of an incentives regime with appropriate rewards (and sanctions) to adequately motivate public servants:
 - i. towards acceptable standards of performance; and
 - ii. to aspire for progression and to move up the career ladder.
- d. To facilitate wage-bill determination, control and planning, as well as include mechanisms for regular systematic review and adjustment of remuneration within the context of the MTEF:
 - i. Affordability;
 - ii. Sustainability.

I.4.4. Pay and Retention Policy Framework

I.4.4.1. Sustainability

Government will systematically and equitably improve the pay of public servants based on a Wage Bill to Gross Domestic Revenue over the medium term. It will endeavour to sustainably retain the purchasing power of public sector employees through annual pay adjustments, while systematically improving pay equity between public sector institutions and targeting pay enhancements towards priority skills necessary for the achievement of Government's objectives.

The Ministry in charge of Finance shall ensure that the pay policy priorities are annually included within the MTEF and appropriately budgeted. The annual targets for key macroeconomic indicators related to the wage bill will be:

Macroeconomic Variable	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17
(In Billions of Rwanda Francs)							
GDP	3,448.0	3,886.0	4,390.0	4,938.0	5,532.0	6,226.1	7,007.2
GDR	471.7	510.4	596.0	686.3	789.2	889.7	1,016.7
CE	514.9	557.9	633.7	733.0	809.6	911.2	1,025.5
Wage Bill	149.1	204.36	248.74	270.93	288.44	336.4	356.03
(In Percentage)							
GDR/GDP	13.68%	13.13%	13.57%	13.89%	14.26%	14.28%	14.50%
CE/GDP	14.93%	14.36%	14.43%	14.84%	14.64%	14.64%	14.64%
WB/CE	28.93%	36.62%	39.25%	36.96%	35.62%	36.91%	34.72%

I.4.4.2 Structures

The basic salary provided to public servants shall compensate for the demands the job places on their performance (in terms of responsibility and decision making, knowledge and experience, the mental, social and physical skills, and the environment in which the job has to be carried out). The basic salary shall be determined by the job level which would have been established through objectively based job analysis, evaluation and classification.

An accelerated remuneration enhancement Scheme shall be maintained to attract and retain the requisite skills and experience in the public sector such as key skills, specialized skills and rare skills. The pay system shall provide flexibility to attract these skills into the public sector under payment arrangements that are transparently established.

Pay structures shall provide motivating, yet affordable grade increments and substantial within grade increases to recognize the improved performance

that the average employee achieves over the period and the additional responsibilities that may be provided in promotion. The objective shall be to achieve pay equity that corresponds with job equity across the public sector.

The job level and grade structure shall respond to career paths of various categories of public servants with promotion grades and levels, while reflecting Government's objective of lean bureaucratic systems. The GoR shall ensure that these are transparent and provide job equity.

I.4.4.3. Practices

Monetary allowances shall be limited to those that are duty-facilitating as much as possible. Duty-facilitating allowances are for conditions or circumstances that arise from time to time in the course of work that require some form of compensation or payment. The provision of allowances for remunerative purposes shall be minimized and where provided established using objective, transparent and measurable bases.

Basic salary shall constitute at least 70% of gross salary. Monetary allowances associated with the normal duties, responsibilities and requirements of a job, transportation, housing and non-performance bonuses or payments shall constitute not more than 30% of gross salary.

Public sector institutions shall be required to create development plans for employees across the public sector who is employed in their technical specialisation. As Government recognises that competent public servants are required to deliver the development objectives for the country, managers shall implement well defined on the job training and development programs for the staff they supervise.

Government shall establish a Public Sector Management Development Program, targeted at future public sector leaders. The program shall provide focussed training, development and mentoring experiences with the expectation that the candidates will remain in the public sector.

Government shall initiate an annual Innovation Award to be presented to individuals who present ideas that prove to increase productivity and efficiency in the public sector.

Government shall ensure that central ministries are the repository for public sector professionals with sector depth of knowledge. Implementing agencies and districts shall be used to train and develop sector specialist.

I.4.4.4. Schemes

The ability of public servants to have their contributions recognised and rewarded is a central component of pay incentives. Performance bonuses and incentive schemes shall be instituted to encourage performance and retention.

All institutions shall institute an annual Employee Recognition Program which acknowledges the highest performing employee. Government shall ensure that the national employee recognition awards are presented to the deserving staff.

I.4.4.5. Pay Administration & Procedures

The Ministry in charge Public Service shall have the responsibility to ensure implementation of the pay and retention policy in collaboration with the Ministry in charge of Finance. The Ministry in charge of Finance shall have responsibility for the wage bill management and sustainability components of the policy. The ability to manage the components of the pay and retention policy in a fair and transparent manner is crucial. The specific mandate of the Ministry in charge Public Service shall be to ensure fair, transparent and systematic implementation of Government's Pay and Retention policy, consistent with parameters provided by the Ministry in charge of Finance.

The Human Resource function in central Ministries and at the district level shall be professionalized. the Ministry in charge Public Service shall ensure that human resource professionals at central and local levels are trained and developed to effectively manage, coordinate, monitor and evaluate their ministry's or district's implementation of pay and retention policy. The Ministry in charge Public Service shall have overall responsibility for the public sector human resource function, including the development / revision of all systems, procedures and processes, coordination, monitoring and evaluation of all human resource related information and particularly the implementation of the pay and retention policy.

Ministry of Local Government's Human Resource function at the district levels shall be strengthened to effectively manage pay and retention matters within the local Government. Priority will be given to strengthening the skills of the Ministry of Local Government at district level to understand causes of retention and develop ability to identify and implement solutions in a timely manner. Central level skills will be strengthened in effective monitoring, evaluation and analysis to develop and implement comprehensive solutions to retention problems.

I.4.4.6. Processes

The processes for job analysis, evaluation and classification shall be appropriately documented to ensure that standard approaches are used across the public sector and jobs are fairly compared and classified. Objective job evaluation and classification provides the underpinning for the establishment of job equity.

Performance based salary, rewards and promotions are the foundation of the incentives regime. The performance appraisal systems being used by any public sector institution shall be approved by the Ministry in charge Public Service and included as an institution specific system within the overall performance management system. The process ensures that the measures of performance are appropriate and comparable across the public sector, establishing a fair basis for rewards. The performance appraisal processes shall be documented and training shall be deepened at all levels of Government.

I.5. PAY AND RETENTION POLICY STRATEGIC IMPLEMENTATION FRAMEWORK

I.5.1. Strategic Implementation Approach

The GoR will develop detailed implementation plans for each component of the pay and retention, with monitoring and evaluation procedures. The implementation framework within this policy document only provides initial indicative strategic areas which the GoR would consider.

I.5.2. Public Sector Pay Strategy

Pay reform is not a wage-bill neutral, costless process. There are three cost elements to be considered as associated with pay reform in the Rwanda context:

- a. The wage bill cost associated with salary adjustments to, at least, partially compensate public servants for the erosion of real pay since 2006;
- b. The wage bill cost associated with rationalizing the salary and/or job grade structures, particularly where there is variance in the compensation within salary groups; and
- c. The wage bill cost associated with employment growth.

The major constraint on undertaking pay reforms at ‘one go’ is that the undertaking of such reforms have wage bill implications, whereas Government has limited fiscal space to fund such reforms in the short-term from its own resources. Given budgetary constraints facing the Government, trade-offs and sequencing issues will have to be addressed in the short to medium terms to assure consistency, affordability and sustainability of the pay reform effort.

The extent and pace to which pay reform can be phased in will depend on the amount of fiscal space that the government has to finance the pay reform effort.

Over the six year period from 2011/12 - 2016/17 annual pay adjustments would be made to increase pay. The medium term target will be to enhance the average net monthly compensation of public servants as follows:

- Civil Servants at the central level will have their salaries enhanced from 13% to 58%. This category includes tertiary education teachers.
- For non-tertiary education teachers, the monthly compensation will improve from 13% to 21%. Besides, as from 2011/2012, teachers’ pay system will be harmonised with the salary structure of other public servants through a pay index system, which will not only ease the management of their salaries but also provide an additional salary enhancement to teachers as result of performance bonuses.
- The Army and Police will be allocated a yearly block 10% Wage Bill increase consistent over the period calculated on basis of their preceding year Sector Wage Bill implying an impact of 61% Wage Bill increase at the end of the period.
- The Health Sector will be allocated a yearly block 10% Wage Bill increase consistent over the period calculated on basis of their preceding year Sector Wage Bill provided by Government and exclusive of other contributions to Health Workers’ salaries from other sources of funding. The 10% increase aims at ensuring same salary enhancement for Health Workers as it is in central government and is proportionate to Government contribution to Health Sector Wage Bill. The salary top-up namely Performance Based Financing (PBF) currently granted to Health Workers from other sources of funding will gradually phase out as salaries improve to match the acquired salary right as a result of PBF provision.
- In 2011/2012, current gross salaries of Top Political Leaders will be adjusted by at least 15% and afterwards, a consistent adjustment of 10% shall be applied to their gross salaries after every three (3) year period.

Equity and Harmonization

Equity and, thereby, harmonization, in the compensation structures would be improved over the period by holding constant the compensation for institutions with the top two index values for the first two years of implementation, then adjusting them in line with other groups, with the exception of teachers, in the subsequent years. Teachers' compensation growth on an annual basis would be faster than others over the period.

Over the 2016/17 period, as the salaries of lower index values improve and converge, all salaries will be reviewed on an annual basis and adjustments made to eliminate those index values where the least differentiation exist between salaries. At the end of the period, any existing differentiation would be reviewed and the approach to its final elimination determined.

Salary Enhancements, Specialised Pay Packages and Inducements

The GoR will maintain an Accelerated Remuneration Enhancement Scheme to enhance the salaries of selected personnel with specialized and rare skills that are critical to the achievement of Governments objectives in the delivery of the EDPRS, MDGs and Vision 2020 as well as improving service delivery.

Other skills that may required relatively for a short to medium term shall be transparently determined, agreed with the Ministry in charge of Public Service and obtained based on competitive selection and negotiated contractual pay arrangements.

Financial and non-financial incentives may be provided to attract qualified skilled personnel to Public Service. These may include housing allowance.

Job Level, Grade and Pay Structure

The job level and grade structure will be reviewed, within the context of establishing job equity, job reclassification and career path development. Consideration will be given to the need for possible modification of the number of levels and grades. The pay structure and regime to correspond with the job level and grade structure would reflect the types of jobs and career paths on those levels and the management structure of Government.

I.5.3. Public Sector Allowances Strategy

Monetary allowances that are not associated with the performance of duties will be minimized and limited to a maximum of 30% of gross salary.

Allowances to be included within the 30% of gross salary limitation shall be those associated with the normal duties, responsibilities and requirements of a

job that are included within the factors for job evaluation and classification. These may be responsibility, professional, qualification and operational risk.

Allowances that should not be included in the 30% of gross salary limitation shall be:

- a. Allowances associated with the performance of the job or duty-facilitating and for which the staff would not be expected to pay.
- b. These may be overnight outside of duty station, work travel (domestic and international), cost associated with duty transfer, mobile telecommunications, internet, official entertaining, etc. These allowances are provided to enable the employee or others on official missions to perform official duties.
- c. Allowances associated with providing accommodation and/or a standard of living for particular positions that are duty post accommodation and considered necessary for designated essential staff.

I.5.4. Performance Management Strategy

The GoR is committed to performance based salary and rewarding public sector employees for their contributions to delivering the development objectives of Rwanda. The GoR has established a performance appraisal and promotion system which will be expanded and deepened.

Incremental movement within each level on the job level structure shall be provided triennially based on performance through within grade promotions.

The Ministry in charge Public Service will ensure that all individual performance appraisal systems that provide monetary rewards are fair, transparent, integrated into acceptable approaches of public sector performance management and then effectively implemented. This includes ensuring that public servants are adequately trained in the processes and the results are monitored, reviewed and evaluated on an annual basis to allow improvements in the system to be made.

I.5.5. Retention Strategy

The strategies related to pay will also improve retention:

Have the Right People in the Right Positions: In order to allow the Central Government the capacity to fulfil its policy level, evaluation and monitoring

functions, it is necessary to develop in a long run a plan to attract the public servants with sector depth of knowledge into central government. For this there will have to be identification and a strong consideration of specialized and rare skills.

Provide Inducements, Incentives and Special Enhancements: The Ministries must often compete with the private sector, donors, non-governmental organizations and public sector agencies for skilled personnel. The need to provide some form of additional compensation to attract and retain key, specialized and rare skills is one element that must be transparently addressed.

Particularly for non- tertiary teachers, besides envisaged pay enhancements, Government will contribute substantially and regularly to raising Umwalimu SACCO capital in order to continuously increase its capabilities to fulfil its mandate to provide to teachers easy access to finances at low interest rates.

Ensure the evolvement of an incentives regime with appropriate rewards (and sanctions) to adequately motivate public servants.

Establish a Public Sector Management Development Program, targeted at future public sector leaders. The program shall provide focused training, development and mentoring experiences with the expectation that the candidates will remain in the public sector. Any training provided would require the employee to be bonded to ensure they return to the public service for the number of years determined after their training is complete. Failure to remain in the service would result in the candidate refunding all or a portion of the training cost to Government.

MIFOTRA will collaborate with other Ministries to create career development plans for all categories of staff with these plans being discussed and agreed with the employees. The plans may include but not be limited to:

- ✓ Developing special programs or areas of interest to which young employees can be periodically assigned
- ✓ Ensuring staff participate in specific local, regional or international training programs.

The Government will establish a home ownership scheme to encourage home ownership for public sector employees. This scheme may encourage public servants to stay in the service and the housing allowance may be used as subsidy on the interest as an employee benefit.

Other facilitation schemes e.g. transportation, domestic equipment, etc. The annual Innovation Awards initiative will be designed and lead by the Ministry in charge Public Service which will also be responsible for promoting the implementation of the productivity and efficiency ideas.

The annual “Indashyikirwa” listing will be expanded to include those receiving special gratification for performance from institutions and a recognition ceremony established.

GoR will annually celebrate those who have stayed in the public service for on the anniversary of every five years of stay. These celebrations will be undertaken at the sector level with the Ministry in charge Public Service providing guidance on awards and programming.

I.5.6. Pay Administration and Wage Bill Management

Effective pay administration will provide the ability to manage the components of the pay and retention policy that are perceived, and are in fact, fair and transparent. The Ministry in charge Public Service has the primary responsibility for the strategic management and implementation of the pay and retention policy and pay administration in the public sector.

Coordination between the Ministry in charge Public Service and the Ministry in charge of Finance will be strengthened for the purpose of improved wage bill management as well as for monitoring and evaluation of the implementation of Pay and Retention Policy. To ensure that pay and retention policy priorities are taken into consideration in the budgeting process, Pay and Retention Policy implementation will feature prominently in the MTEF.

The Ministry in charge of Finance shall have primary responsibility for the wage bill management and sustainability components of the Pay and Retention Policy.

The Ministry in charge Public Service will ensure that the human resource professionals at the central and local levels are developed and trained to effectively implement the components of the pay and retention policy that relate to their sector or district.

I.5.7. Engaging Personnel on Employment Contracts

Where personnel with specialized skills or specific expert skills are engaged on a contract basis, the practice will be as follows:

- a. Contract employment will be kept to a minimum, with personnel being only engaged on contract where capacity in the Public Service is lacking or specific skills are required;
- b. The positions to be contracted will be consistent with the human resource requirements as specified in its Strategic Plan; and
- c. Personnel engaged on contract terms will be competitively recruited through an open and transparent process.

PART II

IMPLEMENTATION STRATEGY

II.1. INTRODUCTION

This document is the third part of the Rwanda Public Sector Pay and Retention Policy and provides the Strategic Implementation. The other two parts are the Situation Analysis and the Rwanda Public Sector Pay and Retention Policy.

Presented in this document are the medium term pay projections for 2011/12 – 2016/17, including appendixes which provide details by job level, approaches to the provision of enhanced pay packages for special categories of public servants, as well as strategic approaches to allowances and benefits, performance management, retention and pay administration. With the exception of Sections 2 and 3, the strategic implementation approaches, including appendixes, are only indicative. They are provided to offer the GoR areas to consider when developing the detailed implementation plans for the components of the policy.

II.2. MEDIUM TERM PAY FOR 2011/12 – 2016/17

Introduction

This section presents salary projections that demonstrate the likely budgetary implications of pursuing alternative approaches to enhancing public service pay over the medium-term period.

Three salary projections are derived to assess the scope and timeframe for adjusting pay in an affordable and sustainable manner. These salary projections are derived in a wage-bill based on data related to:

- a. The size and distribution of the public service personnel by job level;
- b. Salary differentials between job levels and public sector institutions; and
- c. Projected wage bills related to other macroeconomic variables.

Overview

Pay reform is a not wage-bill neutral, costless process. There are likely to be three cost elements associated with pay reform in the Rwanda context :

- a. The wage bill cost associated with salary adjustments to, at least, partially compensate public servants for the erosion of real pay since 2006;
- b. The wage bill cost associated with rationalizing the salary and/or job grade structures, particularly where there is variance in the compensation within salary groups; and
- c. The wage bill cost associated with employment growth.

The extent to which and pace at which pay reform can be introduced/phased in will depend on the amount of fiscal space that the government has to finance the pay reform effort.

II.2.1. Major assumptions in the development of salary projections

Three salary projections are derived to assess the scope and timeframe for adjusting public service pay in an affordable and sustainable manner over the medium term period. These projections are derived in a wage-bill based on data related to:

- a. The size and distribution of the public service personnel by job grade;
- b. Salary differentials between levels and grades; and
- c. Projected annual wage bill ceilings.

The starting point is the size and distribution of the wage bill in 2010/11. Table 3.1 presents the various components of the wage bill in nominal terms and as a percentage of the total government domestic revenue (which stood at RwF471.69 billion in 2010/11).

TABLE 3. VARIOUS COMPONENTS OF THE WAGE BILL IN NOMINAL AMOUNTS, AS PERCENTAGE OF 2010/11 TOTAL WAGE BILL AND TOTAL GOVERNMENT DOMESTIC REVENUE

Wage Bill Component	Nominal Amount (in Billions of RwF)	As % of the Total WB	As % of GDR
Total Wage Bill	167.55	100.00%	35.52%
Technical Assistance	18.44	11.01%	3.91%
Total Wage Bill	149.11	88.99%	31.61%
Wage Bill for Military +Police personnel	38.29	22.85%	8.12%
Total Non-Security Personnel Wage Bill	110.82	66.14%	23.49%

The Total Wage Bill for 2010/11 was RwF167.55 billion. Of this total, 11% or RwF18.44 billion was for the cost of Technical Assistance personnel. The total wage bill for non-security and security personnel amounted to RwF149.11 billion. The non-security personnel covered personnel employed in central and local government as well as public agencies and amounted to RwF110.82 billion. The security personnel covered military and police and amounted to RwF38.29 billion.

Salary projections have been developed in accordance macroeconomic framework to set out salary enhancement over the course of the medium term period, 2011/12 – 2016/17.

Salary projections assume that the Wage Bill have to accommodate both the public sector employment growth and pay enhancement and considers the consolidation of capitation grant with teachers salaries. The capitation grant , an allowance granted to teachers to enhance their salaries, used to be given to teachers separately with their salaries. The intention is to combine it with the teachers salaries to ease the public service salaries management.

The employment assumptions are based on 5% increase over the period for Central Government and Public Agencies while the social sectors education and health have increased respectively by 38% and 45%. It is assumed that employment growth occurs as set out in Table 3.2, which presents assumptions regarding the size, distribution and growth of public sector employment.

TABLE 4. ASSUMPTIONS REGARDING THE SIZE, DISTRIBUTION AND GROWTH OF PUBLIC SECTOR EMPLOYMENT

Sector	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Agencies / Commissions and Ministries & High Institutions	10,284	10,387	10,491	10,586	10,702	10,809	10,917	11,026
Local Government	8,549	10,492	10,597	10,703	10,810	10,918	11,027	11,137
Education	54,692	57,220	60,975	63,695	67,266	70,494	73,465	75,423
Health Workers	15,155	15,948	16,053	16,576	19,000	19,990	20,905	21,004
Total Public Sector	88,680	94,047	98,116	101,560	107,778	112,211	116,314	118,590

Source: MIFOTRA employment projections

From 2010/11 to 2011/12, public sector employment is assumed to grow by 6,085 personnel, 7%. The majority of the growth would occur in the social sector, with the number of teachers increasing by 2,528 (4.6%) and health workers by 1,511 (10.5%). The size of public sector is assumed to increase from 88,680 in 2010/11 to 116,314 in 2016/17, by 27637 personnel or 31,16 %.

Assuming that the average monthly compensation of the additional 6,085 personnel planned for 2011/12 are consistent with the 2010/11 average weighted gross monthly compensation for the public sector, the wage bill would increase by about RwF10 billion in 2011/12, excluding the military and police. This 9% increase in 2011/12 wage bill would be over that for 2010/11 given the same average gross compensation levels in the two years.

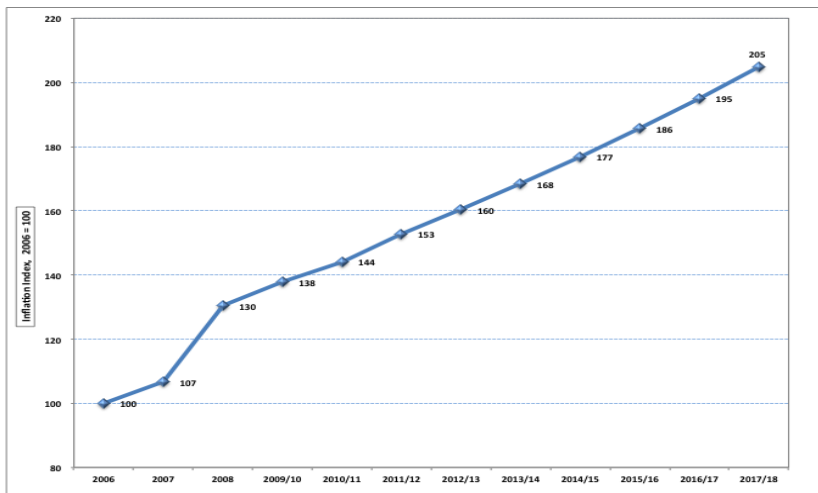
As indicated in the Situation Analysis, the level of real gross compensation is a major determining factor in retention in the public sector. This being the case, a major objective of the public sector pay and retention policy should be raising real gross compensation and restoring the real value of gross compensation at least to the 2006 level.

The starting point for assessing the requirement of restoring the real value of gross compensation over the period is a determination of the expected real inflation index over the period.

Figure 3.1 presents an index of actual and projected inflation for the period 2006 - 2017/18. The inflation data for 2006 through 2009/10 are actuals. Those for 2010/11 through 2016/17 are projected assuming a constant rate of inflation of 5.0% per annum.

Based on this inflation index, in 2017/18 nominal gross compensation would have to be doubled that for 2006 (more actually 105% higher) in order to restore the real purchasing power of a public servant's earnings.

FIGURE 2. INDEX OF ACTUAL AND PROJECTED INFLATION, 2006 - 2017/18 (2006 = 100)



Source: IMF Rwanda Country Report No. 11/19, January 2011. Table 1. Rwanda: Selected Economic and Financial Indicators, 2006-15.

Assuming a 5.0% annual rate of inflation over the 2010/11 - 2017/18 period, it would take a 42% increase in nominal gross compensation over the period just to keep real gross compensation from falling below its 2010/11 level. Nominal gross compensation would have to increase by at least 105% by 2017/18 to restore gross compensation to its real 2006 value. Falling significantly short of restoring real gross compensation to its 2006 level would

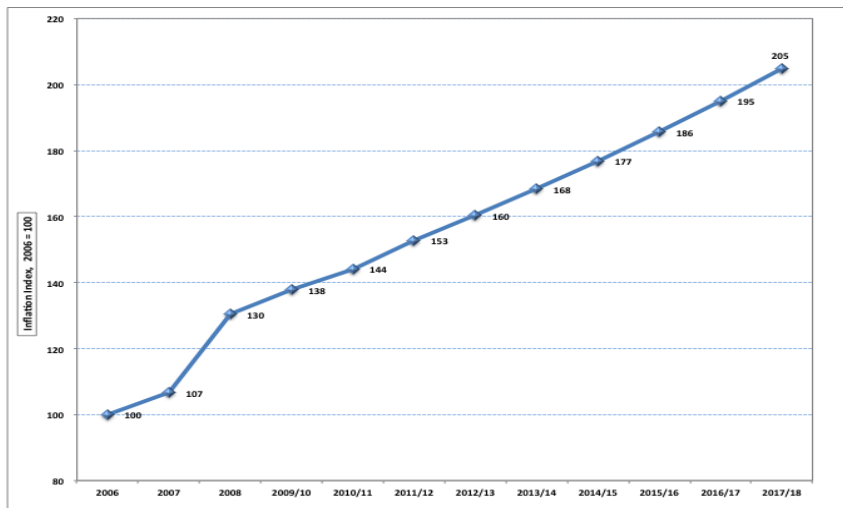
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government and is proportionate to Government contribution to Health Sector Wage Bill. The salary top-up namely Performance Based Financing (PBF) currently granted to Health Workers from other sources of funding will gradually phase out as salaries improve to match the acquired salary right as a result of PBF provision.

- In 2011/2012, current gross salaries of Top Political Leaders will be adjusted by at least 15% and afterwards, a consistent adjustment of 10% shall be applied to their gross salaries after every three (3) year period.

The net monthly compensation for teaching personnel i.e A0 teacher would increase by 21% and A2 by 15% (With Capitation Grant) by 2016/17. The increase of 13% to 58 % for other personnel is exclusive of those in the 400 and 500 index values in public agencies. Public agencies with 400 and 500 index values would receive the smallest increases over the period, due to the performance appraisal, as their compensation would be frozen throughout much of the period. Public agencies with index values of less than 400 receive increases in line with those in the Central Government and High Institutions. As a result the compensation gap would be narrowed across the public sector over the period.

Table 5 presents macroeconomic assumptions and results.

Table 5. Macroeconomic Results for 2011/12 -2016/17

Macroeconomic Variable	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17
	(In Billions of Rwanda Francs)						
GDP	3,448.0	3,886.0	4,390.0	4,938.0	5,532.0	6,226.1	7,007.2
GDR	471.7	510.4	596.0	686.3	789.2	889.7	1,016.7
CE	514.9	557.9	633.7	733.0	809.6	911.2	1,025.5
Wage Bill	149.1	204.36	248.74	270.93	288.44	336.4	356.03
	(In Percentage)						
GDR/GDP	13.68%	13.13%	13.57%	13.89%	14.26%	14.28%	14.50%
CE/GDP	14.93%	14.36%	14.43%	14.84%	14.64%	14.64%	14.64%
WB/CE	28,93%	36,62%	39.25%	36.96%	35.62%	36.91%	34.72%

ANNEX: Monthly Net Compensation for Representative Salary Groups

TABLE 6. MONTHLY NET COMPENSATION FOR REPRESENTATIVE SALARY GROUPS RESULTS

Level	I.V	INDEX	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	% Increase
A	926	5280	2 544 988	2 544 988	2921980	2921980	2921980	3212578	3212578	26
B	765	4591	1 832 544	1 832 544	2105708	2105708	2105708	2314679	2314679	26
C→B	765	3992	1 595 535	1 595 535	2105708	2105708	2105708	2314679	2314679	36
D	650	3472	1,023,959	1,023,959	1,273,236	1,273,236	1,273,236	1,398,960	1,398,960	36
	650	3472	977 333	977 333	1205080	1,205,080	1205080	1334988	1334988	36
E	500	3156	1,023,959	1,023,959	1,158,810	1,158,810	1,158,810	1,158,810	1,158,810	13
E	441	3156	1,023,959	1,023,959	1,023,959	1,023,959	1,023,959	1,023,959	1,023,959	0
G->F	441	2869	714,838	889,912	889,912	889,912	889,912	977,303	977,303	50
G->F	441	2869	682,512	889,912	889,912	889,912	889,912	977,303	977,303	57
G	330	2608	610,456	610,456	610,456	610,456	610,456	808,608	808,608	45
1.IV/G	400	2608	610,456(IV=330)	736553	736553	736553	736553	736553	736553	21
	330	2608	610,456 (IV=330)	610,456	610,456	610,456	610,456	736,553	736,553	21
2.IV/H	330	2173	497,102	583,013	583,013	583,013	583,013	703,289	703,289	41
2.III	330	1890	389,613	509,169	509,169	509,169	509,169	613,780	613,780	58
3.II	250	1369	286,622	373,221	373,221	373,221	373,221	448,995	448,995	57
4.II	300	1141	241,591	286,662	286,662	286,662	286,662	376,882	376,882	56
5.II	300	951	203,992	241,591	241,591	241,591	241,591	316,788	316,788	55
6.II	300	793	172,561	204,111	204,111	204,111	204,111	266,815	266,815	55
7.II	300	660	146,468	172,561	172,561	172,561	172,561	224,749	224,749	53
8.II	300	508	116,421	136,505	136,505	136,505	136,505	176,673	176,673	52
9.II	300	391	93,292	108,751	108,751	108,751	108,751	139,668	139,668	50
10.II	300	300	77,164	87,164	87,164	87,164	87,164	110,886	110,886	27
11.II	300	231	59,089	70,797	70,797	70,797	70,797	89,062	89,062	51

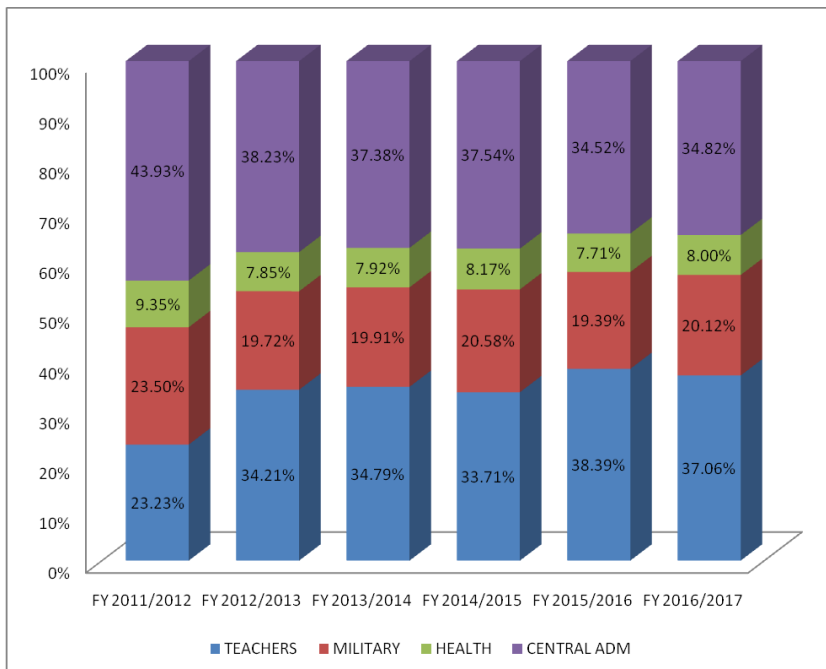
SALARY GROUP	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	% INCREASE
Headmaster A0	182,908	182,908	199,599	199,599	199,599	220,574	220,574	21
Headmaster A1	139,526	139,526	151,879	151,879	151,879	158,337	158,337	13
Headmaster A2	60,595	78,248	78,248	78,248	78,248	91,791	91,791	28
Teacher A0	123,850	123,850	134,635	134,635	134,635	150,813	150,813	22
Teacher A1	97,140	97,140	105,254	105,254	105,254	114,091	114,091	17
Teacher A2	41,804	44,334	44,334	44,334	44,334	48,195	48,195	42

II.2.2. Preferred Salary projections

From the situation analysis and subsequent pay and retention issues to be addressed, the above salaries projected are preferred for the following reasons:

- a. They help cope up with the required employment growth, especially in education and health sectors where the employment is expected to grow by 38% and 45% respectively;
- b. The proposed salary projections improve the teachers wage bill share which stands at 23.23% in comparison to their employment share of 62%; the proposed salary projections over the period 2011/12 to 2016/17 will rise teachers wage bill share to 37.06%;

Figure 3. WAGE BILL SHARE BY SECTOR, 2011/2012-2016/2017



- c. The proposed salary projections allow a minimum fiscal space to start addressing wide gaps between salaries of public agencies and central Ministries as a solution to the 18% attrition rate in central Ministries while bringing in more equity in public sector pay structure;
- d. It narrows considerably the compensation gap between the personnel with index value of 400 and 500 and those with index value of 250, 270,280 and 300.

II.3. PAY STRUCTURE, JOB GRADING & CLASSIFICATION AND PERFORMANCE MANAGEMENT

II.3.1. Pay Structure

The current pay structure that utilizes index values to differentiate salary across the public sector will be revised and a new pay structure will be developed which should be consistent with the revised grade level structure and affordable within the pay policy framework.

II.3.2. Job Grading and Classification

To re-establish job equity and improve the acceptance of pay equity as the MTPP is implemented it is necessary to revise the grade level structure and re-validate the classification of jobs in levels. The fundamental premise for the new job level structure will be job equity and it will respond to career progression for various categories of staff as well as provide adequate levels and grades for promotions. MIFOTRA shall:

- a. Revise the grade level structure
- b. Develop a career progression system
- c. Develop a job evaluation and classification handbook for use in undertaking job analysis, evaluation and classification.
- d. Develop job level descriptions based on the characteristics of jobs for each level. This will enable jobs to be easily placed and transparently establish the basis for a job being on one level or another.
- e. Validate the jobs that are to be on each level and re-classify if necessary.

II.3.3. Performance Management

The GoR is committed to performance based pay and rewarding public sector employees for their contributions to delivering the development objectives of Rwanda. The GoR has established a performance appraisal and promotion system that will be expanded and deepened.

MIFOTRA will ensure that all individual performance appraisal systems that provide monetary rewards are fair, transparent, integrated into acceptable approaches of public sector performance management and then effectively implemented. This includes ensuring that public servants are adequately trained in the processes and the results are monitored, reviewed and evaluated on an annual basis to allow improvements in the system to be made. Institutional performance appraisals will be expanded and deepened to include productivity measurements. Institutional “Indashyikirwa” performance awards will be an integral component of the annual program recognising public servants on the “Indashyikirwa” list and those receiving special gratification. This will provide information into the evaluation of why development initiatives are succeeding or not.

II.4. ALLOWANCES AND BENEFITS, RETENTION AND PAY ADMINISTRATION STRATEGY

II.4.1. Allowances and Benefits Strategy

Allowances and benefits were considered a major area of dissatisfaction and a determining factor in employees deciding to leave the service.⁴ A transparent and structured approach along with well managed implementation of allowances and benefits would begin to address this retention issue.

Allowances can usually be placed within five broad categories.

1. Category 1 allowances are those related to the normal duties, responsibilities and requirements of a job. These are usually included within the factors for evaluation and would have been considered in the determination of the job classification level. In instances where individual based classification systems have been used, which focus primarily on the minimum academic qualifications, additional

⁴Republic of Rwanda, Comparative Study for Salaries in the Public and Private Sector, 2007, Page 17. The study reported that 50% of leavers gave Salary and Benefits as a primary reason for leaving the service.

allowances such as responsibility, professional, qualification and operational risk are seen to be added to reflect the other aspects of a job that were not considered in the classification and basic salary. Where job evaluation considered all of the requirements for the job and jobs are classified based on the evaluation, these allowances would not be considered appropriate, as the pay for the job would reflect these elements.

Although it has been stated that a job based classification system has been implemented, the individual classifications continue to appear on various levels, with pay often not reflecting the full requirements of the job. Over the period implementing the pay policy, as jobs are reclassified into their appropriate grades and pay is improved the additional allowances that were provided will be eliminated. Public servants at the executive and senior management level often receive a responsibility allowance, however, their basic salary should reflect their level of responsibility. As the pay structures are decompressed over the medium term and the basic salary for these positions is increased, it is expected that the responsibility allowance would be consolidated into basic salary. The operational risks of health workers may continue to be provided separately if the level of the risk in their normal duties was not specifically addressed in the job evaluation and classification.

If allowances were provided for elements of a job that should be reflected in the basic salary, they would be included within the 30% of gross salary limitation.

2. Category 2 allowances are those associated with special conditions and/or circumstances of work that arise from time to time which require some compensation. These allowances may be associated with work performed beyond the normal requirements of job (Acting Allowance, Sitting Allowance, Additional Responsibility, Extra Duty, Honorarium, Overtime, etc.) and /or the location where work is required to be performed that is less favourable than the majority of employees (Inconvenience, Additional risk, Hardship, Inducement, Incentive, Night Duty, etc.) These allowances are temporary and are only provided when the special conditions and/or circumstances exist. When they no longer exist the allowance is removed.

The amounts to be provided for Acting Allowance and Overtime would be standard amounts determined by the Statues for the Rwandan Public

Service. Sitting Allowance and Honorarium shall be determined by MIFOTRA based on the duties being performed and whether the allowance is paid to a public servant or non-public servant. Additional responsibility, extra duty and night duty allowance shall vary depending on the duties being performed and be determined by MIFOTRA, but shall not exceed 30% of gross salary.

Inconvenience, additional risk (risks over and above those related to normal duties), hardship, inducement and incentive allowances shall be determined based on a market data gathering using transparent and objective criteria. Some positions in Ministries and agencies receive special allowances as incentives to remain in the public sector or for a particular skill they possess. These allowances should be definitively established and known by MIFOTRA to ensure that they are equitably and consistently applied across the public sector for similar skills and the transparent basis for their provision determined.

These allowances would not be included in the 30% of gross salary limitation as they are temporary.

3. Category 3 allowances and/or benefits are staff welfare related. Staff welfare benefits are those that the employer considers would enhance the well-being of the employee and their family. These may be fully or partially paid by the employer (i.e. medical and funeral grant) and for which no cash would be provided in lieu of the event. Social security payments by the employer to a national pension scheme, any additional institutional pension schemes, transport and housing allowance provided to all staff would also fall into this category of allowance.

Transport is a major expenditure for most public sector employees and although it is the employee's responsibility to get to and from work, employers may provide some relief providing a greater allowance and/or access facilitation to own transport means.

Medical insurance, funeral grants and social security payments would not be included within the 30% of gross salary limitation for allowances. The additional pension scheme payments transport and housing allowance provided to all staff would be included in the 30% of gross salary limitation for allowances.

4. Category 4 allowances are those associated with the performance of the job or duty facilitating and for which the staff would not be expected to pay (overnight out of duty station, work travel domestic and international, duty transfer, telecommunications, official entertaining, etc.). These allowances are provided to enable the employee or others on official missions to perform official duties and are not considered additional compensation. With mobile communication a vital component of performing work duties, if allowances are provided for mobile telephone units and internet, it is considered an employer cost and not an employee benefit, they should not be taxed or considered within the 30% of gross salary limitation.
5. Category 5 allowances are associated with providing accommodation and/or a standard of living for particular positions. However, duty post accommodation is considered appropriate and necessary for designated essential staff such as military, police, etc. Duty post accommodation may also be considered for other critical staff in inaccessible areas. Rwanda has taken the bold step of removing itself from the housing business for all except a very small number of political functionaries. Given the level and special requirements for political functionaries and the detailed limitations on the provision of housing for them as well as those provided with duty housing, these should not be considered within the 30% of gross salary limitation for allowances.

The removal of housing allowance from most executives and senior managers in the public sector has had a significant impact on their disposable income, as the 1/7th of basic salary does not compensate for the value of the housing cost they are required to pay. The decompression in the pay structure over the long term should consider the quality of life the GoR requires of their executives and senior managers and consider this in developing the structure.

To encourage home ownership, GoR will establish a home ownership scheme for public sector employees. This scheme shall encourage public servants to stay in the service and the housing allowance may be used as subsidy on the interest as an employee benefit.

Allowances known as top ups will be phasing out gradually to ease Public Service salaries management as the national economy expands. The top up will decrease proportionally as the salary increase gradually compensates for top up.

II.4.2. Retention Strategy

The retention strategy responds to the reasons people leave the service as identified in the Comparative Study for Salaries in the Public and Private Sector undertaken by the GoR in 2007, along with the findings from a small focus group during the formulation of the pay and retention policy.

The need to retain capable and competent employees is integral to all implementation components of the policy at the central and district levels.

Addressing Why People Leave

50% of leavers stated that salary and benefits are a primary reason for leaving the service. The structured and consistent improvement in pay utilising the annual available fiscal space provided in GDR within the policy would begin to address the salary component of the problem. The establishment and full implementation of the allowances and benefits structure in Section 6.1 would begin to address the benefits component of a primary reason why people leave the service.

Management problems generally were given as a reason for leaving by 45% of those interviewed in the 2007 study. Seasoned managers with the primary objective of delivering outputs and training staff would begin to mitigate this reason for leaving.

Public sector is a knowledge industry and requires professionals who understand how it works as well as the national issues for which it must establish policy and regulate. Public sector managers must be developed by a core of senior public sector managers. GoR will source senior public sector managers, from wherever they can be obtained, Rwandan nationals or others, and given the mandate to undertake the technical functions as well as implement well defined employee on the job training and development programs appropriate to the Ministry and the staff members, which would be monitored and evaluated by MIFOTRA.

Understanding why people leave is ongoing and systems are required to capture this information at the central and district level. MIFOTRA will develop exit questionnaires to be completed by all employees leaving the public sector whether central government, agency, commission, educational or health institution, district, etc. These will be collated and analysed on a semi-

annual basis and the results reported to the Prime Minister's office with the actions taken to mitigate the loss of staff the public sector desires to retain.

MIFOTRA will collaborate with technical ministries to create development plans for all categories of staff with these plans being discussed and agreed with the employees. MINALOC will assist and ensure that the districts create development plans for their staff. The plans may include but not be limited to:

- Developing special projects or areas of interest to which young employees can be periodically assigned
- Ensuring staff participate in specific local, regional or internal training programs related to technical skills, leadership and management

This approach would respond to the high level of importance placed on training and development by employees and provide incentive for them to remain in the service. The on the job training and development programs would be a key component of the retention strategy and would be fully developed, then coordinated, monitored and evaluated by MIFOTRA on an annual basis.

The career development plans, public sector career progression system and refined grading and classification structure will respond to the concern raised by 40% of leavers that there was a lack of career prospects and possibilities for promotion. New professionals would know what was required to be promoted, how long it would take and the rewards associated with successful performance. Professionals in senior levels would have a clear understanding of the availability of growth positions in their Ministry or others as well as the related pay improvements. District level employees would also know how their careers might progress. These plans and systems will provide a major improvement to the level of employee satisfaction and retention in the public sector. MIFOTRA will formalise these systems and structures disseminate the information to public sector employees as well as coordinate, monitor, evaluate and revise as may become necessary during its implementation.

Effectively respond to and manage the young workforce

To retain the best and brightest in the public sector, MIFOTRA will develop the broad criteria and guidelines for Governments' Public Sector Management Development Program, targeted at future public sector leaders. The program shall provide focussed training, development and mentoring experiences with the expectation that the candidates will remain in the public sector. The program will consider the technical and management specialisations required by Government and those to become a part of the program, the number of professionals to be recruited annually and the period of time of the training, the recruitment process for the program, the level of position at the end of training period, if any enhanced compensation would provided to those in the program, the specific training and development areas and the identification of mentors. Those not in the program would have their progress monitored through the development plans also undertaken by the sector ministries.

Any long term training provided would require the employee to be bonded to ensure they return to the public service for the number of years determined after their training is complete. Failure to remain in the service would result in the candidate refunding all or a portion of the training cost to Government.

Have the Right People in the Right Positions

The recruitment and selection of sector specialist into key positions in the Central Ministries will be based on defined job descriptions, requirements and outputs and undertaken in an open, transparent and expeditious manner.

To retain employees and use their knowledge in the public sector, promotion prospects should be there particularly in the Central Ministries. Through this Ministries would gain employees who have the depth of knowledge and experience to develop policy and regulations, as well as provide effective coordination, monitoring and evaluation.

The implementation of this approach requires committed change drivers within the center of government, a readiness for change within ministries, agencies and local government and the ability to stay on strategy when the going gets tough. Putting the right people in the right place would be implemented over the medium to long term as a part of the recruitment and promotion strategy. Care would be required to ensure that as central government is strengthened, the implementing agencies are not weakened.

Effective human resource recruitment, management and development would establish a depth of knowledge at the central government while having the appropriate knowledge and experience at agency and district levels for quality service delivery.

The human resource function across government is critical to managing the implementation of the pay and retention policy. These professionals will provide the sector ministry and local government level support to career development plans, job classification, management development programs, performance management and motivational initiatives, implementing retention plans, as well as providing input on the effective implementation of the overall pay and retention policy. The career progression structure will ensure that the human resource function has a clear career path and MIFOTRA will be responsible for the development, management, coordination, monitoring and evaluation of career plans for human resource professionals in the public sector. Special assistance would be provided to MINALOC to strengthen HR function in the districts to ensure implementation of all retention and career development strategies, with particular attention to those strategies that develop young and/or talented and motivated public servants.

Provision of Inducements, Incentives and Special Enhancements

Many retention approaches can be utilised to encourage employees to stay in the service, however, the primary approach is some form of additional monetary compensation. . However, there may be others which still may not be able to be recruited and who must be contracted on open, competitive and negotiated terms. These may be provided at the central or local level as determined by GoR.

Addressing Staff Motivation

Staff motivation improves work performance and retention. Key to improving staff motivation is effective performance management and rewards systems. Additionally, employees must be provided with the tools and equipment with which to effectively perform their required duties. Deepening the existing performance management system and expanding it to include institutions, while ensuring successes are rewarded more publicly than failures will provide considerable improvement in staff motivation and give them a reason to stay in the service. Some of the specific motivational strategies that will be implemented are:

- The annual Innovation Awards initiative will be designed and led by MIFOTRA which will also be responsible for promoting the implementation of the productivity and efficiency ideas.
- The annual “Indashyikirwa” listing will be expanded to include those receiving special gratification for performance from institutions and a recognition ceremony established.
- GoR will annually celebrate those who have stayed in the public service for on the anniversary of every five years of stay. These celebrations will be undertaken at the sector level with MIFOTRA providing guidance on awards and programming.

Accelerating the Recruitment Process

MIFOTRA will ensure that recruitments are effected quickly and efficiently and new employees deployed in the shortest possible timeframe.

II.4.3. Pay Administration and Wage Bill Management

Effective pay administration will provide the ability to manage the components of the pay and retention policy that are perceived, and are in fact, fair and transparent. MIFOTRA has the primary responsibility for the strategic management and implementation of the pay and retention policy and pay administration in the public sector, in collaboration with MINECOFIN. This primary responsibility will be a key element of its institutional performance criteria. MINECOFIN shall have responsibility for the wage bill management and sustainability components of the policy and provide the parameters within which MIFOTRA shall develop pay systems.

II.4.3.1. Capacity to attract, retain and adequately motivate personnel with the requisite skills

Compensation levels in the Public Service will be adequate to attract, retain and motivate qualified professional, managerial and technical personnel. The Government has had difficulties in attracting and retaining these cadres, who are most critical for raising public service efficiency and the quality of service delivery, and who are also instrumental in the production of strategic government outputs. This requires a compensation structure that is:

- a. Competitive in comparison to compensation enjoyed by other organs within the Public Sector on one hand, (internal competitiveness) and within the appropriate labour market, on the other hand (external competitive); and

- b. Linked to the activity, to the accomplished tasks, responsibilities of the job, and to the achieved results. For continuity purposes, motivation needs to be permanently sustained and stimulated.

The Government will work towards narrowing the gap between Central Ministries and Public Agencies in order to effectively attract and retain qualified professional, technical and managerial personnel. To achieve competitive salaries, the government will take cognizance of the significant differentials between skill, experience and responsibilities for a given job. Consideration will also be given to the differences in tenure, promotion, job-security and pension systems.

II.4.3.2. An affordable and sustainable wage bill

The pay structure is only prudent when developed within an affordable and sustainable resource envelope. Pay within the Public Service will be systematically improved in an affordable and sustainable manner, while maintaining an appropriate balance between the Public Service wage bill and expenditures on Purchases of Goods and Services. Such enhancement must be consistent with the Medium Term Expenditure Framework (MTEF).

Improved transparency of the compensation structure to improve links between pay and performance

II.4.3.3. Improving the management of recurrent budget

Development and implementation of clear staffing norms as well as accurate costing of standard Purchases of Goods and Services items will be undertaken as a matter of priority. The Public Service will be required to adhere to these staffing norms against stated outputs and targets when justifying their budget allocation requests.

II.4.3.4. Regular Review of Public Service Pay

The Government will undertake a regular review of public service pay and the corresponding wage bill ceiling as an essential element of the MTEF process.

Pay adjustments for all public institutions shall to be agreed and approved within budget cycle on an annual basis.

Coordination among the organizations with portfolio responsibilities on salary/wage bill matters within the Government will be improved. MIFOTRA has portfolio responsibility for:

- a. Setting salary structures;
- b. Proposing annual salary adjustments; and
- c. Setting, monitoring and controlling establishment numbers.

Given the size and grade distribution of the public service, the salary adjustment proposals by MIFOTRA imply a certain wage-bill level. However, it is the MINECOFIN that has portfolio responsibility for the budget and hence for setting wage bill ceilings which are consistent with the fundamentals of the budget framework.

Public Sector Pay and Retention Policy priorities must be taken into consideration in the setting of annual wage bill ceilings, and in the rolling and forward budgeting plans outlined by the MTEF.

The implementation of the **Guidelines** points to the need to improve wage bill management and strengthen the dialogue between MIFOTRA and MINECOFIN on public sector pay matters. There is also the need to improve the capacity of the MIFOTRA in monitoring and evaluating implementation of pay policy matters.

The Policy Process

With respect to pay reform, the policy process itself appears to require strengthening. It is necessary for the major stakeholders on pay-reform matters, particularly the MIFOTRA and MINECOFIN to thoroughly review salary scenarios and the underlying wage bill implications and reach consensus.

MINECOFIN shall be required to take the pay priorities into consideration in the MTEF and in setting guidelines for annual wage bill determination.

Coordination, Monitoring and Evaluation

As the wage bill comprises the largest component of recurrent expenditure, outside debt servicing, Public Service Pay and Retention Policy should be reflected in the MTEF. Intensive discussions shall be held between the MIFOTRA and MINECOFIN before the annual wage bill ceiling is set and before the MTEF budget frame is finalized.

The onus is not just on the MINECOFIN to desist from unilateral action in wage bill determination. The capability of the MIFOTRA to address wage bill determination and salary issues in a manner consistent with the budget frame was limited. Its capacity to articulate its case and to interface with the MINECOFIN was constrained by the lack of personnel with the adequate background and experience. This situation is being addressed with MIFOTRA's new structure providing the Civil Servants Remuneration unit, the capacity of the MIFOTRA will be strengthened to facilitate dialogue with MINECOFIN.

For at least the first two years of implementation of the policy, technical assistance may be required to ensure appropriate monitoring and evaluation of the implementation of the policy and to work closely with the MINECOFIN

on the wage bill aspects of the MTEF. If there is a need to revise projections or priorities these should be agreed by both the MIFOTRA and the MINECOFIN and not unilaterally determined. MIFOTRA should strengthen its capacity to undertake more consistent salary projections for the purpose of wage bill determination, monitoring, and evaluating the implementation of the Pay and Retention Policy.

Monitoring and Evaluation in the Short- to Medium-Term

Among the activities required in the short-term to assist the GoR in its effort to revise, monitor and evaluation of the Public Service Pay and Retention Policy are to:

- Undertake annual reviews of the medium-term pay targets and the corresponding wage bill ceilings as an essential element of the MTEF process, with the intent of facilitating the implementation of the Policy.
- Undertake a public service/private sector comparative compensation study. This study should be used as the basis for determining how to improve the competitiveness of public service pay and the extent to which public service compensation should be pegged to that of the private sector.
- Undertake analyses to determine the extent to which the Policy is being successfully implemented, impediments to doing so (where they exist), and the need for any revision of medium-term targets.

To ensure that any adjustments in pay are consistent with the policy, national priorities and sustainability, a National Salary Committee (NSC) will be established. The Committee will review recommendations for establishing or changing salary levels, market premiums, inducements or incentives submitted by MIFOTRA. NSC would decide on pay adjustments to be included in the national budget and discuss other pay related matters that will require Cabinet approval.

II.4.3.5. Systems and Procedures

MIFOTRA shall develop systems and procedures to effectively implement, coordinate, monitor and evaluate pay and retention related matters. These shall include:

- a. Establishing a system for collating, documenting, monitoring and reporting on exit interviews for those leaving the public service
- b. Establishing a system for collecting and monitoring information salaries and allowances of all types across the public sector.

II.4.3.6. Engaging Personnel on Employment Contracts

Where personnel with specialised skills or specific expert skills are engaged on a contract basis, the practice will be as follows:

- d. Contract employment will be kept to a minimum, with personnel being only engaged on contract where capacity in the Public Service is lacking or specific skills are required;
- e. The positions to be contracted will be consistent with the human resource requirements as specified in its Strategic Plan; and
- f. Personnel engaged on contract terms will be competitively recruited through an open and transparent process.

With regard to contract employees, two alternative compensation approaches are considered:

- a. Pay medium-term target salary level plus a premium; or
- b. Pay competitive salaries as required to attract and retain personnel.

Many stakeholders favoured the first approach during the consultation process.

Other personnel and development partners favour the second approach. Their reasoning is based on the following premises:

- a. As Rwanda embraces market economy principles greater effort should be made to let the market determine valuation of skills.
- b. The opportunity cost of many professional and technical personnel is likely to be higher than the target salary for the public sector hence they are likely to continue to seek better paying opportunities, retention is likely to remain low. To effectively engage them, government must meet their opportunity cost.

II.5. STRATEGIC IMPLEMENTATION TIMEFRAME AND ACTIONS

The integrated indicative implementation timeframe and actions for the immediate term 2011/12 and short/medium term 2012-2017 are provided in the Table 7.1. These timeframes and actions are only indicative as they may change following the development of the detailed implementation strategies and plans.

TABLE 7. STRATEGIC IMPLEMENTATION TIMEFRAME AND ACTIONS

Activities		Sub-Activity		Immediate Term 2011 /12	Short / Medium Term 2012 - 2017
1	Internalize Pay & Retention Policy for Public Sector	1.1	Develop final Public Sector Pay and Retention Policy into a MIFOTRA Document	May 2012	
		1.2	Prepare Cabinet Paper on Pay and Retention Policy	December 2012	
2	Enhance public service compensation in a systematic manner within an affordable and sustainable wage bill	2.1	Agree WB/GDR with MINECOFIN	May 2012	December Annually
		2.4	Complete wage bill determination for all public institutions	October 2011	
		2.5	Complete wage bill determination for all public institutions in advance of budget finalization		February Annually
		2.6	Salary adjustments for all public institutions to be agreed and approved within budget cycle		March Annually
		2.7	Annual review of medium term pay targets and wage bill ceilings		December Annually
		2.8	Implement salary adjustments on an annual basis in line with pay policy as set-out in the MTEF		December Annually
		2.9	Develop detailed implementation strategy and plan for enhancing public service compensation sustainably	February-March 2012	
3.	Improved incentives for key, specialised and rare skills	3.1	GoR adopts medium term target pay structure for 2011/12 - 2016/17	March 2012	

		3.2	Undertake comparative pay survey of public and private sector comparators		June 2016
		3.3	Initiate salary supplement payments		July Annually
		3.4	Assess implementation of pay & retention policy		December 2013
5	Re-establishment of Job Equity	5.1	Revise the job level and grading structure	June 2014	
		5.2	Develop a career progression system for various categories of staff within the public sector	June 2014	
		5.3	Develop a job analysis and evaluation handbook	June 2014	
		5.4	Start developing job level descriptions for each level in the job structure	July 2012	
		5.5	Validate or re-classify the jobs currently on each level based on re-evaluation or job level classification description	July 2014	
		5.6	Develop job descriptions		December 2014
6	Revaluate Performance Appraisal and Promotion Systems and Processes	6.1	Develop detailed implementation strategy and plan for deepening performance management system	December 2012	
		6.2	Refine performance appraisal system appropriate for non-tertiary education teachers and headmasters	December 2013	
		6.3	Redefine and document institutional performance criteria and rewards	June 2013	
		6.4	Document, for inclusion in the Performance Appraisal and Promotion Order, the performance appraisal processes within the Ministry of Health under the PBF and Ministry of Education for Teachers		December 2013
		6.5	Develop appraisal handbook and distribute across public sector		December 2013
		6.6	Train all supervisors and managers in Performance Appraisal processes		2014
		6.7	80% of all public servants have annual appraisal	June 2012	
		6.8	100% of all public servants have annual appraisal		June 2013
7	Enhance Public Sector Retention	7.1	Establish system for documenting, monitoring and reporting on exits and exit interviews of those leaving the public service	June 2013	
		7.2	Develop system for monitoring job satisfaction of employees in Public Sector Management Development Program	June 2013	

		7.3	Develop criteria for annual Innovation Award		June 2013
		7.4	Disseminate information for Innovation Award	September 2013	
		7.5	Annual innovation Award ceremony		June Annually from 2013
		7.6	Develop guidelines for formulation of staff career development plans		December 2013
		7.7	Disseminate career develop plans guidelines		March 2014
		7.8	Ministries to develop career development plans for all categories of professional staff		June 2014
		7.9	Develop guidelines for institutional and national employee performance recognition program	December 2013	
		7.10	Disseminate guidelines for institutional and individual performance awards	December 2013	
		7.11	Initiate "Indashyikirwa" employee performance recognition program at institutional level		1 March annually from 2013
		7.12	Initiate "Indashyikirwa" employee performance recognition program at national level		1 May annually from 2013
		7.13	Initiate "Indashyikirwa" institutional performance recognition program		1 May annually from 2013
		7.14	Establish the recognition to be given for each 5 years of service in public sector and develop guidelines	December 2013	
		7.15	Develop listing of all employees who have worked in public service for 5 years, 10 years, 15 years, 20 years, 25 years, etc.		June annually
		7.16	Initiate long service award program at institutional level		23 June annually from 2013
		7.17	Initiate long service award program at national level for those with 15, 20, 25 years, etc. of service		1 May annually from 2013
8	Encourage Home Ownership as Employee Benefit	8.1	Undertake a study to determine the feasibility and method of encouraging public servants to own homes, as an employee benefit, with GoR utilizing social security and provident fund schemes		December 2013
9	Monitoring and Evaluation of Policy Implementation	9.1	Undertake annual review of implementation of all components of Pay & Retention Policy during the first two years		Annually from June 2013
		9.2	Submission of semi-annual implementation report to Prime Minister during first two years of implementation		Annually

APPENDIX

PAY ADMINISTRATION AND WAGE BILL MANAGEMENT FRAMEWORK

- A. MINECOFIN shall:
 - a. Ensure pay reform targets are included in MTEF and annual budgets
 - b. Manage, monitor and evaluate the wage bill
 - c. Approve any proposed increases in salaries for institutions or individuals, in collaboration with MIFOTRA, and ensure that they are consistent with the pay targets and annual budgets
- B. MIFOTRA, through its Civil Service Remuneration Unit (CSRU), will have a specific mandate and functions.

The mandate and objectives of the CSRU are to:

1. Develop, advise, coordinate, monitor, evaluate and report, as well as ensure that decisions are implemented for civil and public sector on matters related to:
 - a. Salaries and wages
 - b. Allowances and benefits in the public service
2. Develop, advise, coordinate, monitor, evaluate and report on the implementation of retention strategies across the civil and public sector
3. Coordinate, monitor, evaluate and report on pensions and social security related matters across the public sector
4. Manage, monitor, evaluate and report on the Integrated Payroll and Personnel System

The functions of the CSRU shall be to:

1. Implement the public service pay and retention policy
2. Collaboration with MINECOFIN in their planning and management of the wage bill
3. Develop and monitor allowances and benefits of public servants

4. Undertake job analysis and job evaluations
5. Develop, document and ensure a consistent review of standard job evaluation and classification methodology
6. Develop and/or adjust salary structures for the public service
7. Develop mechanisms to attract and retain requisite skills in the public sector
8. Manage and coordinate all pension and social security related issues
9. Develop, manage, collect data, update records and provide reports on and from the Integrated Payroll and Personnel System
10. Undertake research on salaries, benefits, allowances, incentives and retention