

REPUBLIQUE DU RWANDA

REPUBLIC OF RWANDA

# **NATIONAL EMPLOYMENT POLICY**

December 2007

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## **ACRONYMS AND ABBREVIATIONS**

ILO: International Labour Office;  
ENE: Enquete Nationale d'Emploi  
FAO: Food and Agriculture Organization  
MIFOTRA: Ministry of Public Service and Labour;  
MIGEPROF: Ministry of Gender and Family Promotion;  
SAP: Structural Adjustment Programme  
GDP: Gross Domestic Product;  
SME/SMI: Small and Medium Enterprises/Small and Medium Industries;  
GPHC: General Population and Housing Census  
ONAPO: National Population Agency

## **EXECUTIVE SUMMARY**

This National Employment Policy is in line with major principles and guidelines established by the Constitution of the Republic of Rwanda and the Universal Declaration of Human Rights to which Rwanda has subscribed which provides that “every one shall have the right to work, to free choice of employment, to just and favorable conditions of work and to protection against unemployment.”

This assertion, which was recently stressed in the recommendations of the Summit of Heads of State and Government held in Ouagadougou in September 2004, calls on the State parties to put in place a favorable environment for the development of employment everywhere and for all, as stipulated in ILO Convention 122 regarding employment policy.

This Policy document highlights employment generation related constraints and then proposes solutions as follows;

### Constraints.

- Low investment level;
- Limited employment opportunities;
- High unemployment and underemployment levels, especially for the youth;
- High illiteracy rate;
- Under-representation of women in wage-earning jobs;
- Insufficient data on the labor market, etc

### Proposed solutions in the following priority areas:

- Rural sector development;
- Private sector and entrepreneurship development support;
- Youth employment promotion;
- Women employment promotion;
- Employment promotion for vulnerable groups.
- Strengthening the labour intensive approach in economic and social infrastructure programs;
- Human resource development and employability;
- Promotion of tripartism and social dialogue;
- Social security promotion;

For this policy to be effectively implemented, the existing Partnership between the public and the private sector will be reinforced and incentive mechanisms to make financial facilities accessible will be established.

## **1. INTRODUCTION**

Today more than ever before, employment presents one of the real challenges to the international community. This is felt more acutely in Rwanda, which faces many developmental problems. After the socio-economic crisis of the 1994 war and genocide which contributed to increased unemployment and underemployment, the Government of Rwanda since 1998 carried out national consultations aimed at facilitating long term sustainable development. It is in this context that the government adopted a long-term strategic vision “vision 2020” with key developmental pillars which would help Rwanda move from a very poor country to a middle-income country with employment as one of the fundamental pillars.

In addition to vision 2020, in 2001 Rwanda adopted the National Poverty Reduction Program, which contains the country’s developmental programs, projects and policies for poverty reduction.

It is in line with this that the Government adopted this policy which is a set of integrated strategic actions and economic policies aimed at promoting employment as a strategy for poverty reduction and sustainable development.

The strategies spelt out in this policy document will be translated into programs, projects and activities as part of investment strategies in the field of employment. This will involve the Government, the private sector, civil society and other stakeholders.

### **1.1 SOCIO-ECONOMIC CONTEXT AND POVERTY**

The deterioration of the economic situation observed since 1990, the aftermath of the 1994 war and genocide and the persistent recession highlights structural weaknesses of the economy and its stagnation together with the worsening economic, financial and social imbalances.

The fundamental question to address here is whether it is possible to generate employment in such a socio-economic context and structural adjustment measures (the main objective of which is growth and maintenance of the macro-economic equilibrium).

In order to address this question, it is important to review the economic reform programmes, GDP growth, socio-economic infrastructure and social adjustments.

#### **a. The Economic Reform Programs**

In order to address the budgetary crisis resulting from the general economic crisis and the aftermath of the 1994 war and genocide, the Government drew up in 1995 a National Reconciliation, Rehabilitation and Development Programme aiming at the establishment of social and economic stability and development for all with the assistance from development partners.

This program had a component aimed at restoring the balance of payments with a view to helping the country to address its import needs.

Since 1995, Rwanda implemented structural adjustments. In this regard, several reform measures have been launched including the following:

- A Shadow Programme
- An Enhanced Structural Adjustment Facility (ESAF) 1998, etc.

These reforms involved the recovery of public finance, boosting of production, inflation control, improved balance of payments, restructuring of the public and quasi-public sector, establishment of specific social programs, democracy, liberalization of the economy, poverty reduction by increasing purchasing power, savings and investments.

## **b. GDP Growth and Structure**

GDP growth and structure can be effectively analyzed through the following elements:

- Economic growth and development
- Contribution of different economic sectors to GDP growth
- Development of the domestic demand

### **• Economic Growth and Development**

In 2003, real GDP growth rate was 0.9% compared to 9.4% for 2002 and estimated at 4% for 2004. After exceeding 10% in 1996, the investment rate started declining until it was less than 10% in 1998. One of the explanations for this situation is the persistence of negative levels of domestic savings and the reduction of the flow of foreign aid, considering that investment is greatly dependent on foreign aid.

The other constraint that affected the economy since the 1990s was the very high rate of inflation at double digits. Its management had become a significant source of concern for the economic authorities since it is a determining variable of the purchasing power of the population and their well being. However, it is important to point out that since 1998, inflation recorded a downward trend and was even negative in 1999.

### **• Contribution of various Sectors of the Economy to GDP Growth**

The analysis of the contribution of various sectors of the economy to GDP growth in 2003 leads to the following observations:

- The primary sector contributes about 45% to GDP and accounts for almost 80% of foreign exchange earnings from exports, particularly coffee and tea.
- The secondary sector contributes about 19% to GDP.
- The tertiary sector accounts for 36% of GDP.

### **• Development of Domestic Demand**

The analysis of trends during the past two years shows consistency in consumption by both Government entities and households. This can be explained by the application of SAP measures, particularly the draconian management of public expenditure.

Investment rates also declined after a significant rise, which was partly due to the application of public finance stability measures since 1998.

### **c. Social Adjustment**

Analysis of the effects of the economic reforms introduced over the past few years should not be limited to economic and financial indicators alone, account of the social dimension of development through the assessment of the impact of this situation on important and strategic elements of the fight against poverty should also be considered. These are:

- Food security
- Health
- Education
- Income distribution and employment.

In general, food security remained relatively stable despite some forms of malnutrition observed in some regions due to unstable weather and environmental instabilities in some region.

In Rwanda, per capita income is US\$ 250. However, it is unevenly distributed among different categories of the population and in reality this income is in the hands of only a small proportion of the population.

## **I.2. DEMOGRAPHIC CHALLENGES IN RELATION TO EMPLOYMENT**

Rwanda is a land locked country situated on the borders of Central Africa and East Africa, with a total surface area of 26,338 km<sup>2</sup>.

The country has a high population growth rate of 2.9%, which could bring the population to 16 million by 2020 if this rate is maintained. The population is very young with an average age of about 21 years and about 60% of the population being less than 18 years old.

Rwanda has had a unique context in the history of African. With the 1994 war and genocide, the country lost a big part of its population estimated at about one million people. After these atrocities, as a result more children became orphans and are today forced to work for their survival. Millions of Rwandans who were in exile for several decades returned, hence aggravating unemployment and underemployment.

### **a. Demographic Expansion**

The general population and housing census carried out in 2002 showed that total resident population was 8,128,553, of which 4,249,105 are women, representing 52.3%, against 3,879,448 men, or 47.7%. The majority of the population lives in rural areas, representing 83.1% of the population, against 16.9% who live in urban areas.

The urbanisation level is still very low as it is evaluated at 16.9% for the whole country. The distribution of the population per classic age groups showed that 53% of the population is in the working age group (15-65 years) against 47% in inactive age group (0-14 years and 65 years and above). This indicates a high demographic dependence ratio of 87%, which is higher in rural areas (93%) than in urban areas (63%).

Population structure per age showed that the population is very young with an average age of 21.2 years, and that half of the population is less than 17.4 years old. It was observed that the



rural population is younger (21 years on average) than the urban population (22.2 years on average), and that the male population is younger (20.5 years on average) than the female population (21.9 years on average).

### **b. Space Occupation and Land use Planning**

Rwanda has a total of 1,385,000 hectares of agricultural land, representing 52% of total surface area of the country. Traditionally in Rwanda land is acquired by inheritance, with high population pressure, this resulted into massive land fragmentation hence affecting agricultural production.

According to FAO in order for a farm to be economically viable it must have more than 0.90 ha. However, in Rwanda almost 50% of the farms are less than this threshold. There is also the problem of soil degradation due to erosion and regular intensive farming. This shortage of land in rural areas coupled with the country's low level of industrialization is at the root of the high level of unemployment and underemployment.

Per capita income estimated at less than 250 US\$, does not allow significant savings or investment and this constitutes a major obstacle to economic growth particularly in the primary sector. This situation is partly linked to the intrinsic parameters of the sector but also to the economic environment of the country in general.

### **c. Consequences of Population Growth and Migration on Employment**

According to a health and demographic survey that was carried out by ONAPO in 2000, the active population records a rapid increase. This situation is mainly due to a high fertility rate (5.8 children per woman) and the entry into the active life caused by school drop outs.

Estimates of the working population may be relatively reliable but not employment estimates. Rural urban migration is also the major cause for increased urban employment demand which the structure and growth of the economy have only managed to address partly.

## **2. GENERAL ORIENTATION**

Referring to the objectives of the Millennium Development Goals, the objective of the National Employment Policy is to permit millions of persons without jobs today or with jobs with little remuneration that can not adequately support them and their families out of poverty to access productive employment that will improve their standard of living.

This policy is equally aligned to the major orientations fixed by the national constitution, vision 2020 and the Poverty Reduction Strategy Paper that targets reducing poverty from 60% to 30% by 2015. Other fundamental orientations include good governance, decentralisation, liberalisation, privatisation, private sector development, human resource development. In other words, this policy is defined considering other sectoral approaches for example the National Agricultural Policy, sectoral strategies for the youth, public service, education, Gender, infrastructure and Energy.

In the implementation framework of the National Investment Strategy, the National Employment Policy focuses mainly in creating a favourable environment for private investment and employment creation. This implies: economic stability by inflation management, liberalisation, promoting savings and productivity as well as promoting investments for a quick economic recovery.

### **3. MACRO-ECONOMIC FRAMEWORK ELEMENTS**

The difficulties which Rwanda faces today are of various origins historical, economical and demographic. It is therefore useful to review them if we want to have an accurate analysis of the situation and propose solutions suitable to address the problems found in the labour market and their impact on poverty.

#### **3.1 PROBLEM STATEMENT OF EMPLOYMENT**

The employment situation in Rwanda is characterized by a deteriorating labour market situation due to a number of factors among which public service restructuring and the privatization of Government enterprises.

##### **a) Employment Features**

Analysis of the working population per branch of activity shows that agriculture employs the vast majority of the population for both sexes. For the female population 97.18% are engaged in agricultural activities against 90.19% for men. These proportions are 92.97% and 80.97% respectively at the national level. In urban areas these proportions are less significant but they are more significant compared to the other sectors of activity. In other words this means that in urban areas men and women are more engaged in agricultural activities.

This paradox can be explained by the new division of administrative entities which resulted in agricultural activities being more dominant in several urban areas in different provinces. The importance of informal activities carried out by women street vendors of agricultural products should be noted. It is very likely that these people are referred to as farmers.

This can be explained by the limited number of employment in the public sector and the existence of an undeveloped private sector in the country which is unable to create paying jobs in significant numbers. This situation can also be linked to the low level of education and skills which does not allow the large part of the population to access gainful employment.

##### **b) The Active Population**

In Rwanda the active population is estimated at 4 492 000 individuals of whom 44.77% are men and 55.23% are women. This population is found particularly in the rural areas. Among this population, 2 334 000 are young in the 15-29 years age bracket, and 1 153 000 are less than 20 years old. The number of the less than 17 years old is 3 973 022 of the total population.

The working population grows rapidly at an average annual rate of about 3%. In order to maintain the unemployment rate at a relatively low rate (less than 10%), it is necessary to create about 140 000 new jobs every year on average to absorb the additional labour force resulting from population increase.

The working population is also characterized by an abundant inadequately trained labour force. According to estimates, almost 37.50% have never been to school, 55.56% received primary school education, and 2.03% have post primary level of education, 4.40% received secondary school education and about 0.51% have university education. The self-employed are 76.81% and family helpers 15.22% both representing almost 92.03% and mainly in the agricultural and livestock sectors (about 87.63%) with often no skills and education. This is as a result of an under developed economic structure dominated by primary and subsistence production mainly in the informal sector with low productivity and added value.

- **Salaried Employment**

Very few people are engaged in salaried employment in Rwanda. The formal sector (public and private) employed about 295,742 workers in 2002. The evolution of employment in the past years has declined in all sectors of activity. Thus, due to the economic crisis, restructuring programs that have a direct impact on employment were put in place.

This situation has led to increased unemployment and the further development of the informal sector in a context where jobs are rare and some enterprises close down.

- **Informal Sector**

To lessen the effects of increased unemployment and poverty the informal economy has developed rapidly. This sector is booming in some towns in the country and contributes to partial reduction of unemployment despite persistent underemployment. According to the last general population and housing census of 2003, craft activities and the small retail trade dominate this sector. Many studies describe this sector as the area where elementary professional qualifications are acquired and a transitional stage towards the modern sector of the economy. The major problem in this sector is the absence or inappropriateness of credit and capacity building policies. Considering employment generation and creation, this sector is the last resort in as far as unemployment is concerned because of less entrance requirements.

It may be concluded that in the years to come in light of the rate of population increase and public sector restructurings employment creation will depend less on Government than in the past hence the need to refocus development policies and strategies of the private sector (including the informal economy) as a way of promote employment.

- **Rural Sector**

The Rwandan economy is dominated by agricultural activities and 90% of the population are based in rural areas. Due to this land scarcity, the primary sector is characterized by old plantations and the stagnation or decrease of the production. The majority of workers in this sector are independent (76,81%) and family helpers (15,22%) with no required qualifications. The remunerated employment concerns only less than 6% of those involved in agriculture and stock farming. The salaries are not motivating especially to young graduates who chose to go for remunerated jobs in the modern sector. On top of this, the difficulty of access to land and loans should also pointed out as it considerably hampers the chances of integration in this sector and limits access to technological innovations.

It is an illusion to think that the modern sector alone will solve the problem of unemployment in the short term. The size of the rural labour force justifies the establishment of rural employment alternative programmes. It is therefore imperative that diversified strategies of developing traditional employment should be initiated.

### **c. Underemployment and Unemployment**

Underemployment refers to a situation where part of the population is idle for some or most of the working hours. In case of Rwanda the private sector is largely under developed and this makes the public sector to be the largest employer compared to the private sector but it also employs less than 1% of the employable population. The agricultural sector is said to be the largest employer but this sector is largely less productive as the average land holding per person is very small at less than one hector per person. This leads to low productivity and incomes to the rural majority of whom are youth and women who would otherwise be employed in other sectors.

One of the major challenges is that unemployment is growing at a very high rate especially among the youth both the educated, skilled and semi skilled. This is due to the fact that the job market is not expanding at the same rate as the competition.

According to the 2002 population and housing census unemployment is about 2%. This is due to the big number of employees in the rural sector who disguise to be employed in the agricultural sector yet in actual sence they are not.

With regard to underemployment (where one works for only a few days in a reference week) it is important to point out that ENE (1989) estimates that nearly 63% of the working population consists of women. In terms of the structure of underemployment, 25% work for less than 15 hours per week, 27% work for between 15 and 25 hours, while 48% work for between 25 and 35 hours per week.

Caution should also be made of the very marked difference in terms of the level of underemployment between rural areas (93% in total) and urban areas (7%).

## **3.2 LABOUR MARKET RELATED CONSTRAINTS**

Rwanda is classified among the least developed countries with more than 60% of its population living under the poverty line. The country has limited mineral resources, producing only a small quantity of tin ore, Colombo-tantalite and wolfram. The industrial sector is small and substantially all industrial units in the country are classified as small and medium enterprises, their production being essentially import-export dependent which makes them very sensitive to the fluctuations of exchange rate and foreign inflation.

The following are the major constraints to employment generation:

1. Shortage of technically skilled labour force to meet the labour market demands;
2. A biased attitude towards traditional agriculture and livestock farming ;
3. Low level of modernisation in the agricultural sector that employs about 90% of the population;
4. Low level of investment due to insufficient domestic savings;

5. High illiteracy rate;
6. Lack of incubation support structures for employment creation;
7. Inadequate national framework for coordinating and monitoring employment promotion;

### **3.3 POTENTIALITIES FOR EMPLOYMENT CREATION**

#### **3.3.1. Farming Jobs**

Despite the major challenges in the farming sector, there are a number of assets and potentialities that can contribute to the improvement of Rwanda's agriculture and these are:

##### **a. Physical Elements**

- The North-East volcanic rich soils and the Congo-Nile peak acidic soils that are favorable for some crops (' tea, potatoes, maize, etc)
- A diversity of agro-bioclimatic zones allowing a diversification of agriculture as well as the existence of two major farming seasons per year
- A dense and well-provided hydrographic network (135,000 ha of rivers and lakes)
- The existence of a potential of 165,000 ha suitable marshlands conducive for intensive irrigated agriculture (94,000 ha exploited, 5,000 ha under preparation)
- Climatic conditions conducive for agriculture (average temperature 19°, rain fall range between 900 and 1600 mm) per year, etc.

##### **b. Human and Organizational Assets**

- Political will and motivation from authorities to transform the farming sector;
- Young and abundant labor force;
- Existence, initiation and development of organizations that support employment creation;
- Stable and favorable macro-economic, political and legal environment.

#### **3.3.2. Non-Farming Jobs**

Non-farming jobs in rural as well as urban areas currently relates to about 12.8 % of the Labor force that is approximately 433,596 people distributed in the various branches of economic activities. If we only consider the non-farming rural jobs they relate to only 1.8 % of the employed, that is 149,368 people in 2002. However, if this agricultural sector is well exploited, it will certainly create many jobs.

Types of non-farming jobs in rural areas.

- a) Mining extraction
- b) Rural industrialization
- c) Handicraft making and cottage industries
- d) Rural infrastructures development.

Types of non-farming jobs in urban areas:

- a) Construction
- b) Transportation
- c) Commerce
- d) Services.

### **3.3.3. Jobs in the Informal Sector**

Despite all those difficulties and problems in the sector's development, it has a lot of advantages that can be summarized as follows:

- i) Easy entry;
- ii) Local resources;
- iii) Family control;
- iv) Small and easy to manage enterprise;
- v) Appropriate technology;
- vi) Labor-intensive activities;
- vii) Qualification acquired outside the educational system;
- viii) Competitive and free markets.

### **3.3.4. Employment in the Public Service**

The Public Service opted for a restructuring strategy, which consists of redefining employment and job positions in relation to qualifications. This resulted to efficient and effective service delivery.

### **3.3.5. Labour Intensive Works (HIMO)**

Though this provides a short time solution it is helpful to younger and less qualified people.

The labor-intensive sector include:

- Construction and Public works Enterprises (Civil Engineering, Roadway maintenance system and drainage, allotment and development of sites, construction of Town Ships accommodations, etc).
- Agricultural sector enterprises (marshes development, plantation works, sorting and conditioning of industrial agricultural crops such as tea and coffee),
- Works at the factory in relation with raw materials and fuel transport (handling, gatekeeper, messenger and industrial guarding works).

Job opportunities for a great number of young people under 25 years are mostly oriented towards the labor-intensive sector as well as activities of small enterprises providing services to the population or enterprises

### 3.3.6. Regional Integration

Though Rwanda is a landlocked country, its geographical position places it at the borders of two great regional blocks, namely the East African Community and Economic community of Central Africa States. In addition, Rwanda is a full member of COMESA which brings together many Southern, Central and Eastern Africa Countries.

All this makes up a large market of raw materials and offers significant opportunities to sell locally manufactured products. It is also about a vast field for local human resources' mobility.

It is up to the country to make good use of all these regional opportunities while specializing itself in products in which it has a comparative advantage compared to other countries in the region, like coffee, tea, fruits and their by-products, flowers, tourist services, handicraft products, traditional products, qualified and unqualified human resources, bilingualism, communication and full modernized banking network facilities.

### 3.4 RATIONALE

This National Employment Policy is based on the following;

- The commitment of the Government of Rwanda to the Universal Declaration of Human Rights and respecting the Constitution of the Republic of Rwanda which stipulates that **“everyone has the right to work, to free choice of employment, to just and favorable conditions of work, to protection against unemployment”**.
- Employment is one of the development pillars as reflected in the National Emblem
- Strict compliance with the declaration of the twenty seventh ordinary session of the Conference of Heads of State and Government of the Organization of African Unity on employment crisis in Africa. Commitment to comply with the recommendations of the Extraordinary Summit of Heads of State and Government of the African Union on employment and poverty alleviation held in Ouagadougou in September 2004.
- Call on the Government pursuant to the provisions of the ILO 122 conventions and recommendations the ratification of which requires it to put in place a favorable environment for the development of employment for all.
- The fact that with regard to the above diagnosis the problem of employment constitutes more than ever before one of the real challenges for the Government.
- The search for solutions to this « social » scourge has been given priority by the government of Rwanda as stipulated in the government strategies for the socio-economic development.
- Continued increased rates of unemployment and underemployment despite the application of established measures.
- Lack of an official reference documents on a coherent national employment policy integrated to the economic policies and clearly spelt out.

In light of the above mentioned observations, the implementation of this policy will involve a number of actors in different national social and economic spheres hence solutions to employment problems require a multi-sectoral approach.

It is in line with the fundamental principles and guidelines established by the Constitution of Rwanda, Vision 2020, and the Poverty Reduction Strategy Document aimed at reducing poverty from 60% to 30% by 2015.

Furthermore, this policy is defined in relation to other comprehensive sectoral approaches such as the National Agricultural Policy, the National gender Policy, Investment Policy, cooperatives policy, sectoral strategies for Youth, public service, Education, Infrastructure, and Energy.

### **3.5 PURPOSE**

The main purpose for this Policy is to realize as much as possible fully productive and freely chosen employment through economic growth in accordance with the dignity and respect of fundamental human rights. This policy is therefore aimed at ensuring that:

- a) There is productive employment for all persons in search of work;
- b) There is free choice of employment and each employee will have all the opportunities for acquiring the necessary skills to exercise the work that suits him/her and use his/her skills and talents, irrespective of race, colour, sex, religion, political opinions, and social origin.

### **3.6 OBJECTIVES**

In order to achieve the above mentioned purpose, the following general and specific objectives will have to be implemented.

#### **a. General Objectives**

- To distribute optimally the labour force between the public sector and the private sector;
- To improve the competitiveness of individuals and enterprises;
- To improve work productivity by aiming at a better synergy between education and employment;
- To promote self-employment activities and strengthen the capacities of the private sector;
- To promote innovation, entrepreneurship and a saving culture;



## **b. Specific Objectives**

These specific objectives may be categorized in medium and long term considering the urgency of finding solutions to mentioned problems.

### *Medium Term*

- Creating a favorable environment for employment promotion;
- Improving information on employment and training opportunities in relation to labour market needs;
- Establish a support programme for the informal sector so as to increase productivity (and incomes) in the rural and urban informal sector;
- Create the structures that support employment creation activities
- Put in place a coordination framework for all the key actors in the field of employment creation
- Increasing employment opportunities in the rural areas;
- Increasing training opportunities;
- Creating incentive measures for the employment of young graduates from institutions of higher learning targeting Local and International markets.

### *Long Term*

- Reducing by at least 1/3 the current level of unemployment for young graduates from institutes of higher learning;
- Stopping the current growth of unemployment, emphasis being put on the employment of youth, women and the persons with disability;
- Promoting the employment of youth, women, persons with disability, the marginalized and increasing their contribution to economic production;
- Reducing the mismatch between needs of the labor market and the profiles of graduates from school;
- Strengthening entrepreneur capacities for job seekers through training.

## **4. STRATEGIES FOR EMPLOYMENT PROMOTION AND GENERATION**

As a strategy to achieve the above mentioned objectives, the following eight (8) priority areas of intervention were highlighted.

### **4.1 PRIORITY AREAS OF INTERVENTION**

#### **4.1.1 The Rural Sector**

The rural sector still dominates Rwanda's economy both for its contribution to economic growth and its potential in terms of poverty reduction. More than 2/3 of the population live in rural areas and engage in agricultural and livestock farming activities.

The following are the principal engines for the rural economy development in Rwanda as specified in sectoral policies and strategies:

### **a) Direct Strategies for Wealth Creation in the Sector**

- Specialization and regionalization of products;
- Increased agricultural productivity through the use of appropriate agricultural technologies;
- Support and assistance in processing and marketing of products;
- Recapitalization and financing of rural areas

### **b) Infrastructure Strategies Necessary for Rural Economic Development**

- Local plans for the use of land, water and a forestation;
- Development of marshlands and catchments areas, protection of forests and soil erosion control;
- Economic infrastructure development paths, roads, telephones, rural energy, water etc;
- Infrastructure for storage, conservation and marketing of products.

The rehabilitation and development of these facilities using the labour-intensive approach will create many income-generating jobs that will stimulate the rural demand of products and services and the chances of increasing savings in the rural areas will be higher in the future.

### **c) Supportive Actions for the Development of the Sector**

- Development of technical and vocational training centers;
- Mobilization of the private sector, cooperatives and professional bodies;
- Decentralization of supportive social action networks with a view to increased participation of the population and other concerned stakeholders;
- Implementation of an agrarian reform aimed at streamlining access to land and optimal distribution of agricultural resources;
- Agricultural modernization and generation of productive and sustainable employment through rural small and medium enterprises and industries;
- The establishment of an incentive strategy aimed at encouraging the youth back to agriculture.

This programme is part of the rural sector development strategy and contains actions for mechanization, processing, storage and packaging of agricultural products.

With regard to environmental concerns, compliance with the existing legislation will enable Rwanda to promote agriculture within the framework of sustainable development.

The agricultural, livestock, fisheries and forestry sub-sectors will be revitalized.

#### **1°) Agriculture**

For now and the future agriculture will continue to be the main employer in Rwanda. For that reason the Government will establish mechanisms to promote, modernize and develop agriculture so that it can provide productive employment to its people.

The following will be considered:

- Promoting agriculture for domestic demand. In this case local farmers will be supported to target local markets putting into consideration comparative and competitive advantages of their regions and the local and national demands for their products.
- Promoting agriculture for export. For quite some time to come, traditional export crops will continue to play an important role in the economy of Rwanda. The government will therefore do the following;
  - Capacity building for producers and their organizations in terms of good command of production operations, marketing and adaptation to the development of products at international market standards;
  - Improved economic performance of systems with a view to increasing producers' incomes and improve cost competitiveness on foreign markets;
  - Strengthening the functioning of production systems in their diversity in order to better manage market vagaries related risks.

## **2°) Livestock Farming and Fisheries**

Besides the important role they play in the improvement of food security, livestock farming and fisheries products contribute also to wealth creation through the jobs they generate and related activities including;

- Production of organic fertilizers which contributes to the improvement of agricultural yields;
- Animal traction which contributes to the reduction of the load of agricultural works thus improving its yield.
- Facilitated transport by transportation of agricultural produce from un accessed areas to collection centers or neighboring markets.

The Government's strategy in the field of livestock farming and fisheries is therefore based on the improvement of productivity and competitiveness of high profit agricultural systems including ruminants, short cycle livestock farming, semi-intensive stock-farming, non conventional livestock farming, commercial fisheries and fish-farming.

### **4.1.2 Private Sector and Entrepreneurship Development Support**

The Government considers the development of enterprises as the best way of employment creation. It is for this reason that it is committed to the promotion of the private sector and entrepreneurship and the partnership forum between the private and public sectors has been put in place in order to strengthen the economic sector development.

#### **a) Private Sector Development Support**

The Government is committed to the development of the private sector by creating a favorable environment for business promotion through creation of enterprises, mobilization of domestic financial resources and attracting private foreign investment.

To the prevailing constraints that hinder the growth of the private sector, particularly SME/SMI. The Government intends to:

- Define an effective financial intermediation policy;
- Implement the incentive system provided for by the investment code;
- Promote freedom of entrepreneurship and investment;
- Implement an appropriate institutional and regulatory framework guaranteeing the security of investment as provided for in the investment code;
- Put in place tax incentives to attract investors;
- Promote information and communication technologies;
- Develop the decentralized financing system of cooperative and mutual nature based on the mobilization of local resources to meet the investment needs of SME/SMI;
- Establish support operational departments and infrastructure for the creation and development of private enterprises, particularly in the urban and rural informal economic sector;
- Open up the country to international financial markets;
- Develop basic infrastructure in the sectors of telecommunications, transport, energy supply and distribution;
- Strengthen the legal security of investment through the modernization of the operations of the judiciary.

On the other hand, the Government has undertaken measures to develop permanent mechanisms of dialogue between the public sector and the private sector. The aim of these consultations is to foster:

- A wider range of participation of the private sector in the definition, implementation, monitoring and evaluation of economic policies;
- The strengthening of dialogue within private sector organizations and with the Government;
- A dynamic cooperation between the public and private sector in the process of wealth creation, based on an effective sharing of roles and responsibilities.

#### **b) Enterprise Creation Support**

The objective is to provide managers and job seekers with high profile projects and skills for entrepreneurship and giving them technical, material and financial support to enable them reinforce or establish their own enterprises.

This strategy consists of:

- Making available to potential entrepreneurs especially the youth a list of high profile projects or enterprises and give them opportunities to develop and create their own enterprises;
- Evaluation of entrepreneurship or management capacities of project developers;
- Support to the organization with prefeasibility and feasibility studies;
- Control, evaluation and monitoring of established projects;
- Advice and support for the establishment and launching of projects;
- Consultancy follow-ups during the first three years of activity.

At the institutional level, the Government envisages putting in place reforms with a view of establishing a mechanism for enterprise promotion and creation. These reforms will result in the following activities:

- Establishment of an enterprise registration formalities center in the principal town of each district headquarter;
- Strengthening financially the existing structures which currently support and give advice to enterprise developers;
- Creating synergy between UNDP/UNIDO/ILO/GOVERNMENT with a view of networking all the partners currently engaged in the creation and promotion of enterprises;
- Putting in place a system of incentives for the promotion of long term savings in order to enable banks to meet different types of credits necessary for enterprise creation and development;
- Developing a mechanism for deposit insurance for financing institutions in general and micro-finance institutions in particular. This deposit guarantee fund could also be used as a refinancing body for micro-finance institutions.

#### **4.1.3: Youth and Women Employment Promotion**

In order to promote employment for youth and women the Government intends to do a series of measures in four areas:

- Measures for integrating youth and women particularly through the development of formal vocational training or on the job training adapted to the needs of the labour market;
- Measures for increased production and productivity in firms and their employment capacities by giving them facilities for investment expansion;
- Measures for encouraging youth and women to create enterprises in various sectors of the formal economy;
- Equal opportunities for young girls and young boys.

As a supplement to these measures, the Government envisages implementing the following programs:

#### **a) Youth**

Programs for youth employment promotion will be initiated and developed as follows:

- Programs to fight against all forms of Child Labour;
- Programs for career advice providing information about employment opportunities and labor market information to the youth should be developed;
- Programs for the integration of the youth in enterprises through pre-employment internship courses;
- Vocational training programs. Such training courses will be carried out in approved centers, enterprises or production workshops;
- Self-employment and micro-enterprise programs. The aim of this program is to encourage entrepreneurship among the youth;
- Support programs to rural employment development.

Other initiatives for youth employment promotion by the Ministry of Youth and the Ministry of Social Affairs and Local Administration will be reactivated.

#### **b) Women**

Notwithstanding the numerous initiatives carried out for women by the Government, problems persist requiring the establishment of specific measures in order to improve their employment situation.

In this connection the Government envisages two specific programs.

- Technical and financial support to women organizations with a view to revitalizing their training activities and refocus them towards the real needs of the economy.
- Establishing of a productive micro-project program for women.

Government considers promotion of income generating activities, particularly self-employment for women, as an appropriate and sustainable answer to the problem of poverty.

This involves increasing the capacity of the individuals associations and enterprises to generate sufficient incomes for their basic needs.

#### **4.1.4. Specific Employment Programmes for Disabled People**

According to the data from the first 2002 GPHC, nearly 5% of Rwanda's population suffers from a major disability. Individuals with physical disability (lower or upper limbs) are by far more numerous than others.

The Government intends to implement a series of special actions, including the following:

- Assistance programs to persons with disability including micro-financing and specialized training;
- Establishment of incentive measures to encourage persons with disability to form associations and initiate income generating activities;

- Incentive measures for the employment of persons with disability in the public and private sectors;
- Making work environment conducive and favorable to the persons with disability.

#### **4.1.5 Human Resource Development and Employability**

Having recognized the weaknesses of its educational and vocational training system, the Government initiated reforms aimed at adapting it to the needs of the country's economy. It is in this context that important changes were effected in technical and vocational education. New branches of training were created especially in technical education. Vocational training schools were started and some university courses were professionalized.

In spite of these reforms, Rwanda is still far from reaching adequacy between the needs of the production system and the supply of the educational system. Nearly 70% of job seekers do not possess the qualifications required by enterprises. This situation explains the paradox of the existing shortage of skilled labor force. This shortage slows down production and even the development of sectors of activity where certain sections are completely vacant.

Considering the current situation, there is an urgent need to formulate and implement a real national vocational training policy in order to ensure an integrated and comprehensive management of this sector. Vocational training will not confine itself to the modern sector alone but will also consider the agricultural and informal sectors which after all are the ones that currently provide the bulk of employment.

Government priorities in the development of human resources are based on the following:

##### **a) Education**

The educational strategy aims at the achievement of the Millennium Development Goals (MDG), particularly raising the rate of access and the rate of completion of primary education to 100% by 2015, and the girl-boy parity index to 1 by the same year. This will be done through:

- Expansion of access for all by correcting the disparities;
- Raising the quality of educational supply;
- Development of an effective partnership with the private sector and civil society;
- Improved management and governance of the educational system.

##### **b) Technical Education and Vocational Training**

The Government has to redefine and undertake the development of this still undeveloped sector in the following manner:

- To sensitize the population on the role and importance of technical education and vocational training with a view of erasing the existing negative perception about this type of education and making it effective;

- Mapping of technical and vocational education institutions and fields to be established on the basis of comparative advantages of each area;
- Training needs assessments inline with labour market needs will have to be realized and utilized with a view to a better training-employment link;
- To elaborate a policy and a law on skills development and vocational training;
- To encourage entrepreneurs to establish vocational training centers;

### **c) Higher Education**

After the educational reform currently under implementation the Government intends:

- To improve access, quality and relevance of education in all higher institutions of learning through the rehabilitation and construction of academic infrastructures;
- To strengthen information and communication technologies in the education system;
- To develop education modules that meets the new needs of the labour market in the current world trends;
- To encourage community based adult and life long education;
- To promote research and technology;
- To train and recruit highly qualified teachers with adequate teaching and technical skills;
- To encourage private investments in the education sector particularly higher education.

#### **4.1.6 Strengthening the Labour Intensive Approach in Economic and Social Infrastructure Programs**

The Government envisages strengthening the labour intensive approach in economic and social infrastructure programmes. Rwanda's specificity will be the creation of an explicit linkage between infrastructural investment policy and the employment policy thus giving priority to the problem of employment.

This will involve getting investors to give priority to decent and useful mass employment by the improvement of the number of employment-investment ratio.

The following are the advantages of the labour intensive approach:

- Cost reduction for the development of good quality investments (35% to 50% reduction);
- Foreign exchange savings (40% to 60%) ;
- Employment creation (by 3 to 5 times employment) ;
- Use of unskilled labour force and integration and reintegration of vulnerable groups;
- Rural-urban migration control ;
- Strengthening the productive, technical and managerial capacities for the local private and public sectors ;
- Reduction of delinquency and insecurity;
- Basis for social development strategy.



Therefore, the Government intends to:

- Increase awareness in the use of labour intensive techniques;
- Carry out an identification exercise of target individuals and institutions to carry out labor intensive projects;
- Put in place a training mechanism for the users of labor intensive projects;
- Draw up standards in relation to labour intensive projects;
- Promote partnership platforms between different labour intensive projects actors;
- Encourage population support to the projects.

#### **4.1.7. Special Programs for Persons Suffering from HIV/AIDS**

Persons affected by the HIV/AIDS virus will receive social protection by the Government, irrespective of whether they are workers or not.

Furthermore, campaigns will be launched with a view to:

- Increasing HIV/AIDS preventive actions at work places;
- Managing and supporting workers infected and/or affected by HIV/AIDS;
- Eradicate stigmatization and discrimination based on HIV/AIDS status, real or perceived;
- Enhance social dialogue at work places.

#### **4.1.8. Reintegration of Retrenched Public Employees and Demobilized Soldiers**

Since 1999 the Government of Rwanda started reducing its workforce through Public Service Reforms. Retrenchments were based on lack of qualifications in relation to the qualifications required for the job. So far, almost 5000 employees have been retrenched. The year 2004 recorded almost 1000 retrenched employees with the aim of increasing efficiency and productivity. The general welfare and remuneration of the remaining employees will also be improved.

The Government will encourage voluntary termination of service by providing incentives and a mechanism of requalification so as to help those who leave to reintegrate employment either through wage-earning employment, or the creation of profit-earning activities.

## **4.2 INCENTIVE MEASURES**

### **4.2.1: Availability of Information on the Labour Market**

Recognizing the fundamental role of a reliable information system on the labour market in the implementation of employment policies and programmes, the Government looks forward to develop the information system on the labour market in Rwanda. Emphasis will be put on collecting, analyzing, publication and disseminating the information. This will provide reliable tools for developing policies and programmes in relation with employment planning matters and monitoring achievements.

#### **4.2.2: Employment Integration in Public Investments**

Public investment is an economic policy instrument for the Government. It becomes important in countries without an independent monetary policy, as a privileged instrument in the hands of the Government for attaining some of its objectives.

Public investment becomes thus a powerful tool for employment generation in Rwanda. In that regard, employment creation will be one of the fundamental criterions for the consideration of public investments and resource allocation.

The Government undertakes to make employment a determining criterion for choosing public investments and in the allocation of resources within the framework of public investment programmes.

Furthermore in determining the type of investment favorable to employment the most significant element will not be the investment rate but rather:

- The amount of capital invested per employee
- The elasticity of employment in relation to investment
- The number of net employment during the period

Based on these three selection criteria some sectors will be given priority in relation to others due to their strong propensity to employment generation.

#### **4.2.3. Facilitation of Access to Productive Financing**

There are plans to launch a program for the restructuring of the national financial sector with a view of making this important sector of the economy play its role in financing growth and employment creation. In its present state the system is characterized by lack of adequate resources to finance medium and long-term credits and by difficult access to existing resources.

Based on thorough studies the Government intends to establish in the medium term specialized financial structures to provide medium and long term financing to SME/SMI. Diversification of financial instruments such as risk capital, mutual sureties, leasing, guarantee funds to facilitate access of enterprises to productive financing will be considered.

#### **4.2.4. Employment Creation Support Mechanisms**

##### **a) Labor Code**

With the current economic liberalism which began at the beginning of the 1990s, Rwanda initiated a reform of its labor code in 2001 which sanctioned the withdrawal of the State from social life and the accountability of social partners. In this regard employers and employees are to determine by themselves working relations that govern them.

This is manifested in the new labor code that emphasizes increased freedom and flexibility in negotiations of working and employment conditions between the employer and the employee and through a more asserted trade union freedom.

## **b) General Statute of Public Service**

Since 9<sup>th</sup> July 2002, Rwanda has a new General Statute of Public Service which brought in major innovations the main ones that are as:

- Employment and the post become the foundation of the organization and management of public service;
- A new job classification;
- Competitive recruitment;
- A performance assessment system based on performance contract established before hand;
- Remuneration based on the post held;
- Training for Government employees.

Implementation of the provisions of the new Statute of Public Service enables the Government to have a competent, capable and motivated staff. With specialized training in conception and development which is result oriented, the development of the private sector, increased wealth and poverty reduction.

## **c) Investment Code**

Promotion of private investment is governed by Law No, 14/98 of 18/12/1998 which confers the following advantages to companies investing more than 50,000 US\$ (foreign investor):

One stop center for administrative formalities concerns:

- Flat-rate tax or zero tax on imported equipment;
- Tax on raw materials at 5%;
- Facilitated allocation of three work permits for foreign workers in a given enterprise/ organization;
- Additional advantages to investors in industrial free trade zone.

These encouragement measures that aim at developing private activities serve as a good basis for employment creation. On top of private investments, the Government has undertaken the efforts aimed at promoting the country's economic growth and development and is committed to improve the living conditions of the population, modernization of activities and increase of revenues for different levels of the population.

## **d) Social Security**

The development of a country's social security has an influence on the labor market. In Rwanda social security has been in existence since colonial times but it was formally institutionalized in 1962 with the creation of Rwanda's Social Security Fund and the adoption of the law on social security.

The current state of social security in Rwanda brings forth the following three principal comments:

1. Social security covers a limited proportion of the working population, it is in fact compulsory to only those salaried workers in the formal sector that represent less than 10% of total work force. The recently introduced voluntary insurance has registered only 300 affiliated self-employed persons. Therefore, social security concerns only a small proportion of employed persons.
2. Social security covers only old age pension (pension) and occupational risks. This means that even for employed workers all fundamental risks are not covered. Lack of medical care insurance is particularly like a nightmare for employed workers. This of course has an influence on their performance and their income.
3. Social services are still modest especially at the level of pension. Old age pension represents about one third of earned salary. Old age pension as a salary is not indexed to the cost of living. This low level of old age pension makes the employed worker remain convinced during his active years that the pension he will receive will not enable him to end his days comfortably. As a result he will tend to either hoard his savings (for more security) or engage in speculative activities which earn him quick money but without creating employment or else invest in real estate or any other sector where there is less risk. He will rarely accept to contribute to investment in risky but productive and employment generating sectors.

On the other hand the low level of old age pension leads workers to continue looking for paying employment beyond the pension age with a view to getting a more consistent income and because of this they contribute to increased employment supply sometimes preventing the young graduates from entering the employment market.

Faced with these shortcomings, the Government is considering:

- Strengthening the social security and social protection system by integrating the specificities of the informal economy;
- Adapting the social security law to CIPRESS requirements;
- Putting in place health insurance schemes in rural areas and strengthening them.

#### **e) Occupational Hygiene, Health and Industrial Safety**

It should also be noted that occupational hygiene and industrial safety might contribute to better employment productivity. In actual fact measures taken in terms of hygiene and industrial safety are efficient in reducing industrial injuries, occupational diseases and other occupational hazards.

Through social dialogue the Government encourages firms to undertake program meant to ensure occupational hygiene and industrial safety in modern enterprises but also in agricultural and informal sectors where occupational hazards are likely to be more serious.

The Government also encourages the formation of occupational health and industrial safety committees in business premises as stipulated by the labour code. The premises are required to be adequately equipped with a view of minimizing risks.

## **f) Promotion of Tripartism and Social Dialogue**

With a view to the promotion and strengthening of social dialogue, the Government intends to establish a permanent concerted action framework with social partners (employers' and employees' bodies) and civil society organizations (women, youth, people with disabilities). Formal structures for social dialogue are already provided for by the labour code such as the National Labour Council, the Collective Conventions Joint Commission or the Conciliation Board. These will be put in place and measures will be taken to make them operational.

The Government will promote also the principle of tripartism in all these structures. This will involve bringing all the actors to internalize the new vision of economic development to be achieved by the development of cooperation between social partners through promotion of social dialogue and a climate of trustworthy.

## **5. INSTITUTIONAL FRAMEWORK FOR EMPLOYMENT PROMOTION**

### **5.1: Streamlining the action of Government structures**

a. For the effective implementation of this policy the Ministry in charge of employment will be responsible for national coordination of all actions and programs concerning employment promotion.

#### **b. National Employment Agency**

#### **Justification**

One of the consequences of the of the the 1994 war and genocide that Rwanda went through is the deterioration of the economic and social conditions and this has an impact on employment and disorganised the labor market.

Considering the unemployment situation prevailing in the country, it is extremely important to develop a labor structure to create, in cooperation with other public and private interested organizations, the best organization of the labor market whose knowledge and mastery constitute an inevitable condition for the success of different measures and strategies for job promotion.

In fact, since its creation in 1919, the ILO recommended State members through the convention No2 on unemployment to establish public labor services controlled by a central authority. In the years tha followed, the ILO established other conventions aimed at supporting the monopolistic labor related services of the public sector vis a vis the labor related private services (conventions No 34, 1933 and No 96, 1949 on the remunerating positions).

Later on, with the economic liberalisation, the ILO abandoned the monopolistic relabor related services of the public sector and recognised the partneship with private services, with the former carrying out the control and coordination role.

Thus, the convention n° 88, 1948 and the recommendation n° 83 of the same year explicitly requested each country to develop or see to it that a public and free department is developed and controlled by the central authority (generally, the Ministry having labor in its attributions) having local and regional representations.

Such a service has not yet been developed in Rwanda and should be set up, either directly in the Ministry having labor in its attributions or through an autonomous service supervised by the Ministry having labor in its attributions

The tasks of this agency will be as follows:

- To increase employment opportunities by mediating job seekers and job providers;
- To foster the integration of youth and other job seekers in the labor market;
- To support the establishment of micro-enterprises;
- To design and monitor formal training, on job training and possibly any other program depending on the requirements of the labour market.
- To support entrepreneurship and self employment;
- To put in place an information system on employment and vocational training;
- To create a partnership network between information seekers and information providers regarding the labour market;
- To develop and implement a mechanism for communication and dissemination of gathered and processed information of the labour market;
- Create structures to support entrepreneurship innovations;
- Financial resource mobilization for programs and action plans derived from the national employment policy.

In order to facilitate job seekers with no grantee to access loans for employment creation, Employment fund will be established.

## **5.2. Tripartite Structures for Decent Labour Promotion**

National Labour Council will be established in the Ministry of Labour with the responsibility of:

- Giving advice and making proposals on labour legislations and regulations.
- Help in the correct application of laws and regulations concerning employment and labour;
- Highlight all insufficiencies regarding labour and employment and propose appropriate measures to correct them;
- Studying problems related to labour conditions, employment, vocational training, job placements, labour force movements, migrations, improvement of the working conditions of workers, social security, professional labour unions and labour related policies;
- Study the elements that can lead to the determination of the minimum wage

Headed by the Minister in charge of Labour or his representative, the National Labour Council will be composed of technicians and specialists competent in the fields of employment , labour administration and health. Composed equally by representatives of employers and employees.

## **6. MODALITIES FOR THE IMPLEMENTATION, MONITORING AND EVALUATION OF THE NATIONAL EMPLOYMENT POLICY**

The implementation process of the employment policy involves the intervention of various actors including Public institutions, the private sector, the civil society and other stakeholders.

Among all these actors the Ministry of Labor will play a central role. It will be responsible for overseeing all employment and labor related issues. In this connection, the Ministry will coordinate the various actors in the development of programs, actions and investments in the field of employment with a view of translating the National Employment Policy into projects and activities.

The Ministry of Finance and Economic Planning will ensure the integration of employment variables into the national macro-economic policies and strengthen resource mobilization strategies for employment promotion related issues.

For implementation of this policy besides the national contributions, the government will mobilize support from its development partners and other stakeholders.

The implementation of the National Employment Policy will be reviewed by the Government, the beneficiaries and other partners all together.

In order for the necessary adjustments to be carried out on time, the review by the three actors will be carried out every six (6) months.

Different implementation structures will be invited to put in place monitoring and evaluation mechanisms.

The evaluation report of the results obtained to be submitted to the actors for approval by the Ministry in charge of employment.

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