RDB | RWANDA DEVELOPMENT BOARD

LABOUR MARKET TRENDS ANALYSIS BRIEF 2016-2020

SKILLS RWANDA

List of Abbreviations

KLMI	Key Labour Market Indictors
ILO	International Labour Organisation
ICLS	International Conference of Labour Statisticians
LFS	Labour Force Survey
COVID19	Coronavirus Disease of 2019
EDPRS	Economic Development and Poverty Reduction Strategy
NST	National Strategy for Transformation
TVET	Technical, Vocation, Education and Training
STEM	Science, Technology, Engineering and Mathematics
LMIS	Labour Market Information System
HLIs	High Learning Institutions
GDP	Gross Domestic Product
NEET	Youth Not in Employment, Education and Training
PLF	Potential Labour Force
NPLF	Non Potential Labour Force
LFPR	Labour Force Participation Rate
CHOGM	Commonwealth Heads of Government Meeting
NSDEPS	National Skills Development and Employment Promotion Strategy
ICSE	International Classification by Status in Employment
EICV	Integrated Household Living Conditions Survey or Enquête Intégrale sur les Conditions de Vie des ménages
MSMEs	Micro Small and Medium Enterprises
SMEs	Small and Medium Enterprises
POLF	Potential Outside Labour Force
RRT	Rapid Response Training
ICPC	Integrated Craft Production Centres
SACCOs	Savings and Credit Cooperative Organisations
AGOA	The African Growth and Opportunity Act

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EXECUTIVE SUMMARY

This First edition focused mainly on main Key Labour Market Indicators (KLMI) to identify labour market performance over the past five years in a bid to understand the potentials and challenges the labour market is facing and propose strategic interventions to overcome the identified challenges and accelerate job creation in the economy. The KLMIs were analysed based on new International Standards, adopted by 19th International Conference of Labour Statisticians (ICLS) in 2013.

The working age population 16+ years has been increasing overtime from 6.5 million persons in August 2016 to 7.5 million persons in August 2020. This indicates that annually, around 200,000 persons enter the working age population in the country though not all are available for employment as majority in that age bracket (16 years) are still schooling.

Generally, the new entrants are either in labour force or outside labour force. According to the findings, around 4 million persons (53 percent) of working age are female while 3.5 million persons (47 percent) are male. Rwanda's Labour Market is characterized by a youthful age population which serves as a strong base to provide required labour for all sectors of the economy.

The Labour Force Participation (either employed or unemployed) has been increasing since August 2016 from 3.3 million persons to 4.3 million persons in August 2020 of whom 2.4 million (56%) are male and 1.9 million persons (44%) are female. Unlike the working age population, the labour force participation has not been increasing at the same rate due to many factors, for example, from 2016 to 2017 an increase of 271,616 person entering the labour force was recorded, from 2017 to 2018 an additional 188,080 persons were recorded entering into the labour force.

From 2018 to 2019, only 73,803 persons entered into labour force, this reduction was mainly influenced by phasing out of big projects especially in construction sector and other factors still under analysis. From 2019 to August 2020, a record increase of 502,022 persons was recorded, which was mainly attributed to the closer of schools in a bid to prevent spread of COVID19 thus students of working age were engaged in income generating activities or actively search for employment opportunities as they were waiting for schools to re-open.

The Persons Outside Labour Force (either participating in subsistence activities, discouraged job seekers, students still schooling, persons with high degree of disability or aged persons) according to the August, 2020 LFS is estimated at around 3.1 million persons out of whicharound 1.6 million persons were participating in subsistence activities and the remaining 1.5 million persons were not participating in subsistence activities. Among the persons outside labour force, around 2 million were female and 1.1 million persons were male.

Since August 2016, the number of employed (people of working age who are actively engaged in activities for a pay or profit) has increased from 2,703,200 persons to 3,667,611 persons in August 2020. This indicates an additional 964,411 new jobs in the past 4 years. The economy was able to create a round 200,000 new jobs annually thus meeting the EDPRS2 target of creating 200,000 new jobs annually by 2020 and also a good indication that the economy is on the right truck to achieve NST1 target of creating 1.5 million new jobs by 2024. This target will be achieved if the economy remains stable after the effect of COVID19 on the global economy.

According to the LFS findings, the Service Sector remains the main driver of job creation as of August 2016: 43.7% of the jobs were from the Service Sector, 37.3% from the Agriculture Sector and 19% from the Industry Sector. Since then, there have been various changes in the performance of the 3 Main Branches of the Economy with the Service Sector declining to 41.4% of total employment by August 2020 due to the effects of COVID19 on the sector. Also Agriculture declined to 32.5% of total employmentand the Industry Sector performed well and increased to 26.1% of total employment mainly driven by construction and Manufacturing economic activities in line with Made in Rwanda program.

Looking at the level of education and employment, out of 3,667,611 employed persons as per August 2020 LFS findings, majority of employed persons (75.7%) completed primary and lower education (75.7%), while those who completed secondary and lower education were around 17.9% and the minority-6.4%-completed University level.

Thus while planning to upskill and re-skill employed persons in the economy, the level of education should be taken into consideration while designing curricula. But looking at level of education with employed population ratio, University graduates have the highest employment ratio at around 73.6%, 55.3% of upper secondary are employed,47.1% for person within the category of "None" and 48.9% for persons with a Primary education. The lower secondary category has an employed to population ratio of 39.5%, the lowest ratio among all education levels.

Unemployment remained at double digit for all working age groups (Youth and Adult), though youth are unemployed at higher rates than adults, and females are unemployed at higher rates than males. Unemployment also remains high in both urban and rural areas. According to the LFS, in August 2016, general unemployment was around 18.8% which later declined to its lowest level-13.1%- in February 2020. The subsequent quarter recorded the highest unemployment rate at 22.1% due the effect of COVID19 mitigation measures. As business began to normalize in the following quarter, unemployment declined again to 16% in August 2020.

Like unemployment, Underemployment remains a critical labour market issue among the employed persons. In August 2016, 29.8% were Time Related Underemployed (working less than 35 hours a week and willing to work more time if opportunities arise) and since then the trend has been fluctuating mainly influenced by the seasonal nature of some economic activities in the economy.

More underemployed persons are recorded in months of February and reached all-time high in May 2020 due to the effect of COVID19 on labour market. Currently Time Related Underemployment is around 31.8% in August 2020. Time related underemployment is higher in rural areas compared to urban areas and is higher among female than male.

INTRODUCTION

The Government of Rwanda has put skills development and job creation at the forefront of its national development agenda The National Strategy for transformation (NST1) has set the target of creating 1.5 million decent and productive jobs by 2024, which amounts to 214,285 jobs per annum.

The National Skills Development and Employment Promotion Strategy (NSDEPS) and the revised National Employment Policy are among the strategies that were put in place to speed-up the realization of NST1 goal to enhance skills development and job creation. To reach this overarching goal, employment needs to be regarded as a priority policy issue which can only be addressed through re-orientation and consolidation of different policy interventions such as support for business environment, active labour market programmes and investment strategies.

In addition, mechanisms have been put in place to upskill the labour force to meet the skills demands in the economy. One such mechanism focuses on enhancing strategic partnerships with private sector companies in the implementation of work place learning (rapid response training, industrial based training and apprenticeship). Another mechanism is on scaling-up the number of TVET graduates with skills relevant to the labour market through working with the private sector to understand Labour Market needs, and identify critical skills required in the labour market to inform training programs in TVET and HLIs.

Finally, programs to increase scholarships provided to students enrolled in Science, Technology, Engineering & Mathematics (STEM) have been important in improving skills. Rwanda's business environment has also been improved to attract more investments in the economy. The Government has prioritised economic infrastructure to boost market access, and the national entrepreneurship policy has been reviewed to reflect the current realities, and has been introduced at all levels of schooling to boost entrepreneurship culture among Rwandans. Innovation centers have been put in place to facilitate graduates with innovative ideas to commercialize them. All these interventions and more have been central to increasing the supply of skilled labour.

Labour Market indicators reflect sectoral behaviour, shifts, dynamics and economic activities that are driving the economic growth and employment. A steadily growing GDP, for instance, could translate into high employment since capital and labour are major factors of production in the production process.

D. Canlas (2008) argued that the combination of these factors of production under an enabling business and policy environment created by the government through deliberate policy rules and regulations as well as the external environment appear to influence the people's entry and exit decisions in the labour market and whether or not investments in human capital are to be undertaken. In the same vein, firms will also align their decisions with these dynamics and this could trigger different implications for the labour market.
The size and structure of the population is widely viewed as the departure point of the analysis of labour supply. In this regard, the population constitutes the nation's human capital and gives an indication of its potential labour supply. Likewise, from an economic point of view, a working population is a factor of production that of its skills and aptitudes are expected to boost the productivity of the national economy.

Objective of the Report

- To analyze performance of key labour market indicators overtime;
- To put together information for the past 5 years to monitor employment trends;
- Possible policy actions

Scope of the Report

This report covered the following Key Labour Market Indictors (KLMIs);

- Working age population
- Labour force participation rate
- Employment-to-population ratio
- Status in employment
- Employment by sector
- Employment by occupation
- Employment in the formal, informal sectors and households
- Unemployment
- Youth unemployment
- Time-related underemployment
- Persons outside the labour force
- Youth Not in Employment, Education and Training (NEET)
- Educational attainment

Rationale of Indicators Selected

The indicators analyzed are selected based mainly on:

- Conceptual relevance;
- Data availability;
- Relative comparability across country especially in Province, District, Gender, Age group, Education.

Impact of Covid-19 on Economy and Employment

The impact of covid-19 has been felt in all aspects of micro and macro economy. Labour market is one of the most affected area of the economy. Due to decline in economic activities, has resulted into job loss, wage reduction, from permanent to temporary employment contract, closure of work places, decline in profits generated, decline in hours of work and loss of labour related incentives. This has widened the inequality gap on labour market and affected mostly informal workers compared to formal workers.

The first case of Covid-19 was reported on 14th March 2020, by 20th March 2020 cases rose to 17. The Government of Rwanda acted first to contain the spread of Covid-19 by imposing strict measures (first lockdown) imposed on 21st March 2020. Despite of imposing the total lockdown cases rose sharply due to cross-border trade for essential products. By 23rd March 2021 Rwanda had 20,896 total cases of whom 19,214 recovered, 292 died and 1,390 still active. The stringent measures contained covid-19 from spreading to the entire population but had a negative impact on the economy.

Rwanda has been experiencing fastest economic growth at above 8% by 2019 but due to covid-19 and measures to contain the virus from spread globally, the economy was heavily hit. According to National accounts indicates that the economy plummeted by 12.4% in Quarter2 2020, improving to -3.6% in Quarter3 2020, continued to recover to 0.6% in Quarter4 and generally grew by -3.4% in 2020. Service sector was mostly affected dropped 6% in 2020, Industry dropped 4% and only Agriculture increased by 1%.

The impact has not been evenly distributed to all economic activities, as economic activities with strong linkages globally were strongly hit by the pandemic as international flights were halted globally. The differing impact across the economic sectors has been reflected on total employment across the respective sectors; key among the sectors that are floundering include: Activities of extraterritorial organizations and bodies, arts, entertainment & recreation, accommodation and food service activities, transportation and storage, mining & quarrying, professional, scientific and technical activities.

As all non-essential services were halted: mining sector completely closed down (declined by 53% in quarter2 and annual decline of 31% in 2020), foods and beverage industry-in addition to closing down, the perishable products got wasted as market access was distorted, closure of firms in the wholesale sector because most of them depend on imported goods from international markets, tourism related activities such bars, hotels and restaurants (declined by 62% in quarter 2 and annual decline of 40%), meetings, incentives, conferences (domestic and international like the CHOGM), exhibitions, moto taxis, public taxis were suspended or postponed.
This resulted in micro destructive labour market decisions by firms that included: reduction of salaries and suspension of salary payment for retained employees, suspension and termination of employment contracts. These shocks contracted private sector productivity leading to a 10.6% decline demand for loans, loan payment defaults, economic recession and job destruction in the economy at large.

Whereas the negative shocks are significant, a few opportunities have been registered during this period; the ICT sector has grown (by increase of 33% in quarter 2 and annual increase of 29%) as demand for its services (internet, digital payments, computers) have increased. New industries of products like sanitizers and masks have emerged as the country had to find ways of meeting supply of essential goods whose demand had threatened global supply abilities.

The Construction and real estate services which experienced positive growth due to the ongoing projects of infrastructure in preparation for CHOGM, building of schools in all sectors, information and communication due to the adoption of technology by formal employers to enable employees to work from home and wholesale, retail trade, repair of motor vehicles, motorcycles albeit the significant decline in 2020 quarter2 since remote working couldn't be possible.

In response, the government moved swiftly to put in place a set of fiscal and monetary policies being implemented by government, private sector, civil society with support from development partners. The economic recovery fund, tax holidays, reduction in certain taxes all are intended to revive the economy. But the recovery may last beyond short term thus medium term strategies will be key to recover fully the economy. As per current fund recovery utilization report, informal businesses find it difficult to access working capital since majority were destroyed and are no longer in existence thus difficult to access the recovery funds.

While distress is across the labour market, the most affected group were youth and women. General unemployment increased from 13.1% in February 2020 to 22.1% in May 2020. Youth unemployment increased from 17.3% in February 2020 to 27.2% May 2020 and it worsen among female youth to 30.7% in May 2020. In all KLMI we will analyze the situation before, during and after Covid-19 to understand generally its impact on labour market.

1. WORKING AGE POPULATION & IT'S DISTRIBUTION

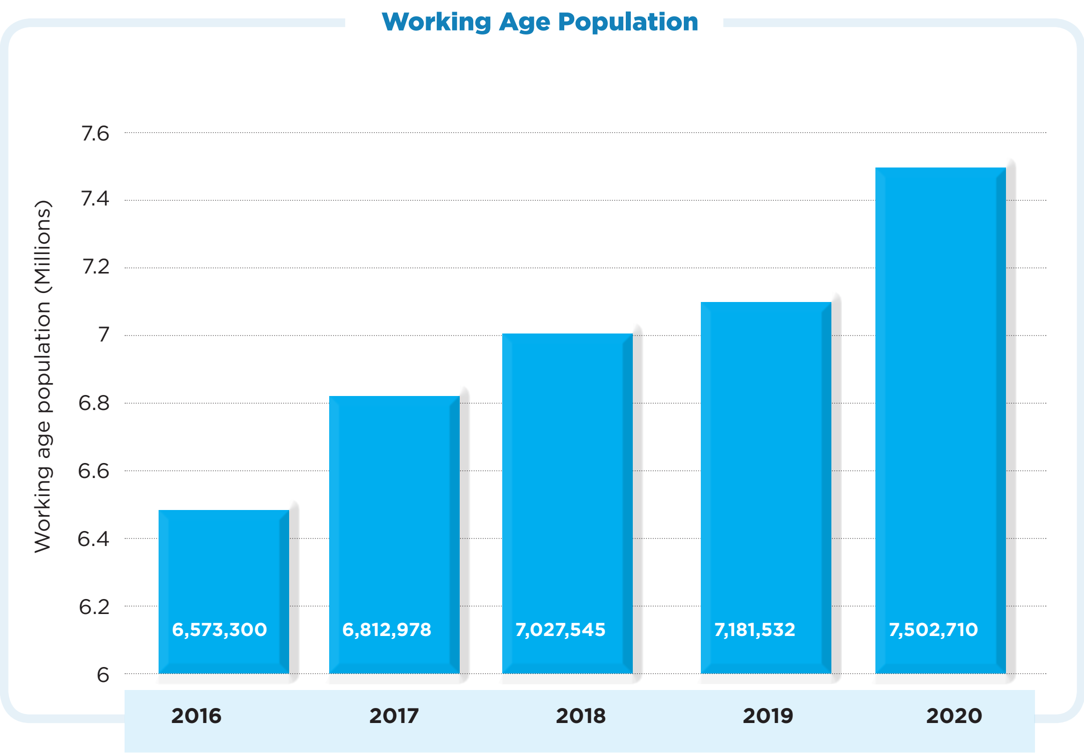
1.1 Evolution of Working Age Population

In the Rwandan context, the working age population is defined as persons aged 16+ years, employment of persons below 16 years is considered as child labour and is illegal in our country and punishable as par National Labour Law. Above 65+ years is considered as retirement age group and is optional in private sector especially in sole propriatorship establishments. The definition of Working age varies from country to another, according to International Labour Organisation (ILO) the working age is 15 years and above.

In August 2016, the working age population was 6,573,300 persons, the number increased to 7,502,710 persons by August 2020. This indicates that 929,410 persons entered the working age bracket in the economy in past 5 years.

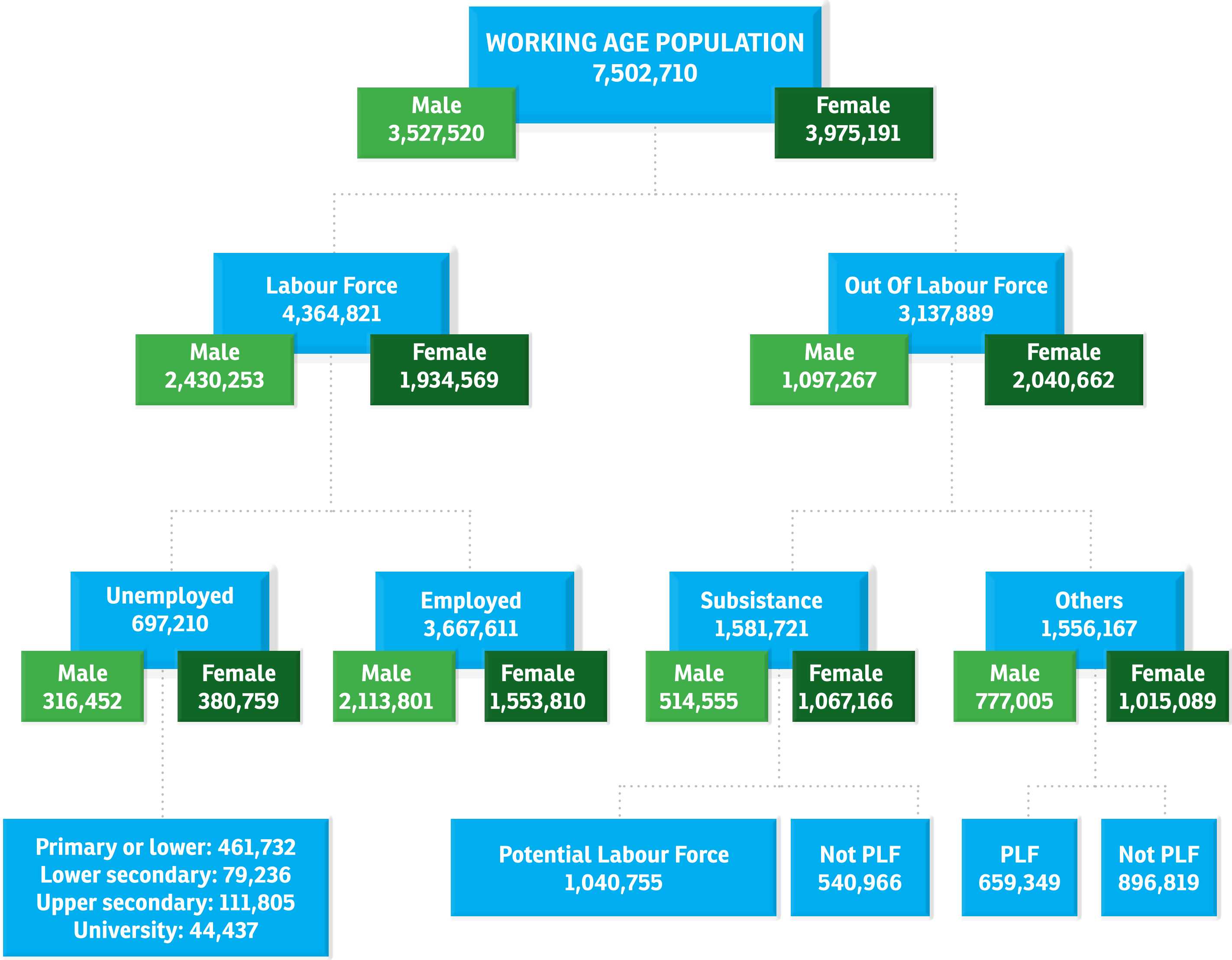
Due to improvements in education and in the standard of living, life expectancy increased significantly from 1997 to 2020 from 40 years to 69 years respectively which means people remain productive and active on labour market.

Figure 1: Working Age Population



Source: LFS Rounds

Figure 2: Structure Distribution of Working Age Population



Source: LFS August 2020

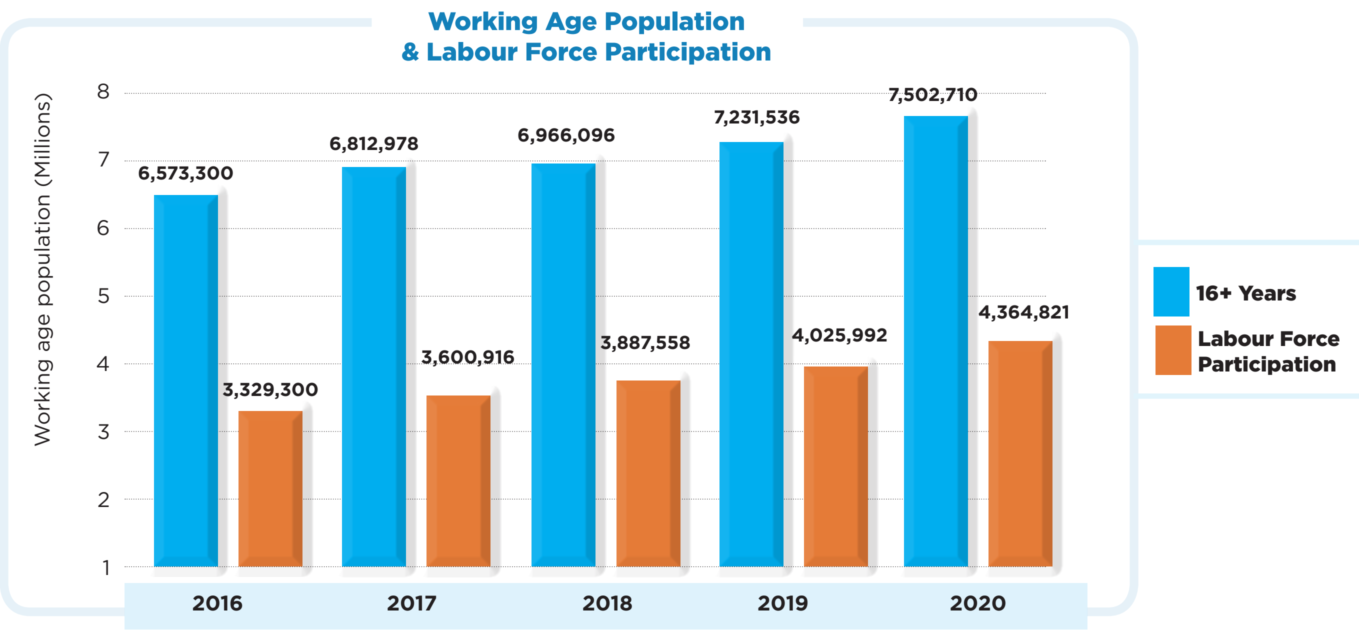
According to the LFS August 2020 findings, 7,502,710 persons are 16+ years of which 3,667,611 persons (48.8%) are employed, 697,210 persons (9.3%) are unemployed, and1,581,721 persons are participating in subsistence. Among persons outside of the labour force, 1,700,104 persons are Potential Labour Force (PLF), which is a group of people who are not employed for a pay or profit due to either failure to get a paying job (unemployed) or are participating in subsistence activities but if they are given an income generating activity are ready for it. While others after failing to look for jobs are no longer seeking jobs (discouraged persons).

The PLF is the untapped potential in the economy which calls for further active labour market policies to bring them in employment. 1,437,785 persons are classified as Not potential Labour Force (NPLF), this is a group of elderly persons who can no longer be employed due to the age, others are having high degree of disability to be employed while the rest are students still schooling not currently available for employment.

1.2 Evolution of Working Age Population and Labour Force Participation

Under normal circumstances, as the working age population increases, Labour Force Participation increases also since among people reaching 16 years some decide to participate in income generating activities rather than pursue further education.

Figure 3: Working Age Population & Labour Force Participation



Source: LFS Rounds

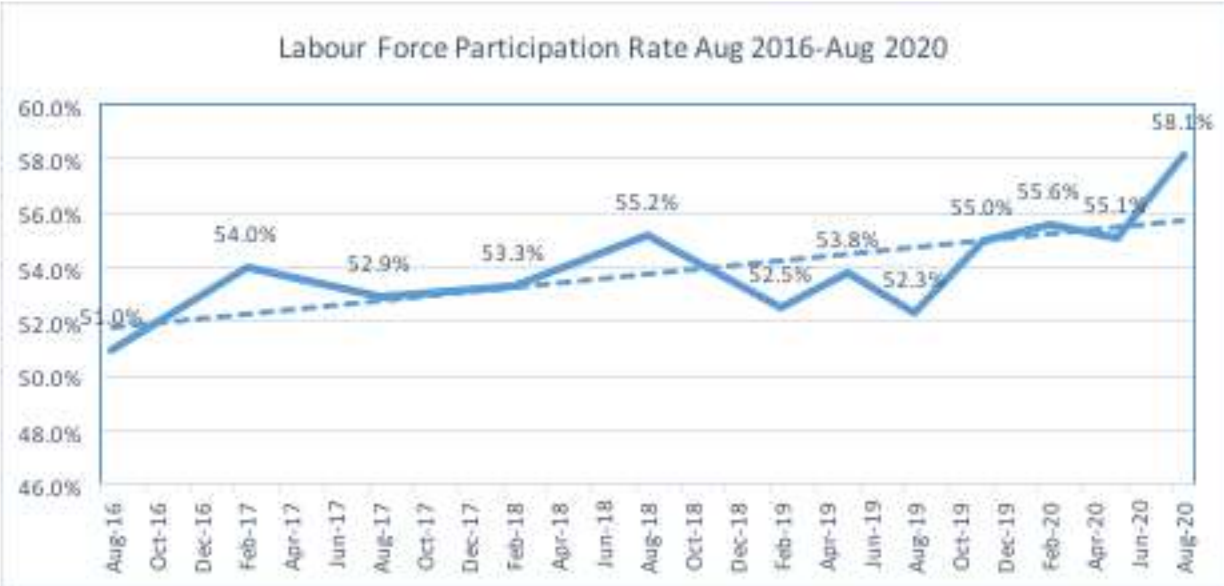
From the above graph, working age population and labour force participation are following the same trend. In the past four years, 929,410 persons entered into working age population. On the other hand, from August 2016 to August 2020, 1,035,521 new participants in labour force were either employed or unemployed but actively seeking for the jobs. The increase in labour force participation especially in August 2020 was influenced by closure of schools to mitigate outbreak of COVID-19 thus students had time to seek for income generating activities.

1.2 Labour force participation

The labour force participation is a measure of the proportion of a country's working-age population that engages actively in the labour market, either employed or looking for job; it provides an indication of the relative size of the supply of labour available to engage in the production of goods and services. The breakdown of the labour force (formerly known as the economically active population) by location, education, sex and age group gives a profile of the distribution of the labour force within a country.

In August 2020, the working age population was 7.5 million of whom 3,667,611 were employed, 697,210 unemployed and 3,137,889 out of labour force. The sum of employed and unemployed population is equal to the size of the labour force- 4,364,822. There have been remarkable positive changes in the labour market since May to August 2020. The proportion of working age population in the labour force increased to 58.2% in August 2020 from 55.1% in May 2020 and from 52.3% in August 2019. The proportion of the working age population outside the labour force decreased in the third quarter of 2020 as compared to previous quarters. The working age population out of the labour force was 41.8% in August 2020 while it was 47.7% in August 2019 and 44.8% in May 2020.

Figure 4; Labour Force Participation Rate



Source: LFS Rounds

As earlier stated, the Labour Force Participation Rate clearly indicates the economically active population available to produce goods and services in the economy, our linear graph (Figure 4) shows that LFPR is generally increasing over time with new entrants on the labour market (people reaching working age "16+" years and active people from moving back into labour force)

In August 2016, the LFPR was 51% which was the lowest participation rate over the period mainly influenced by the global recession and low agriculture season which reduced the number of employed population in market oriented agriculture activities. By February 2017, LFPR increased to 54% driven by an increase employed workers in market oriented agriculture and big construction projects.

By August 2017 big construction projects were completed and low season of agriculture reduced labour force participation to 52.9%. In February 2018, market oriented agriculture activities start to increase due to favourable agricultural seasons supported by public and private investments in the construction sector and a pick-up in tourism and hospitality.

By August 2018, the LFPR reached a three year peakwith 55.3%. This impressive trend was mainly influenced by big public and private investments in the Construction Sector that contributed to over a quarter of the new jobs created in the labour market. This was followed by job contributions of the manufacturing sector, food & accommodation activities and transport and storage activities.

By February 2019, big construction activities phased out, and despite theagricultural high season, market-oriented agriculture activities contracted which led to the lowest LFPR in February of around 52.5%. In May 2019, the LFPR increased to 53.8% due to good performance of the Service Sector. In August 2019, LFPR reduced to around 52.3%, the increase realized in May 2019 was not sustained due to further reduction in market oriented Agriculture activities even with a tremendous increase in employment in the construction sector.. By November 2019, with an introduction of quarterly LFS rounds, LFPR increased to 55% mainly driven by Agriculture market-oriented activities and increase in Tourism and Hospitality related economic activities.

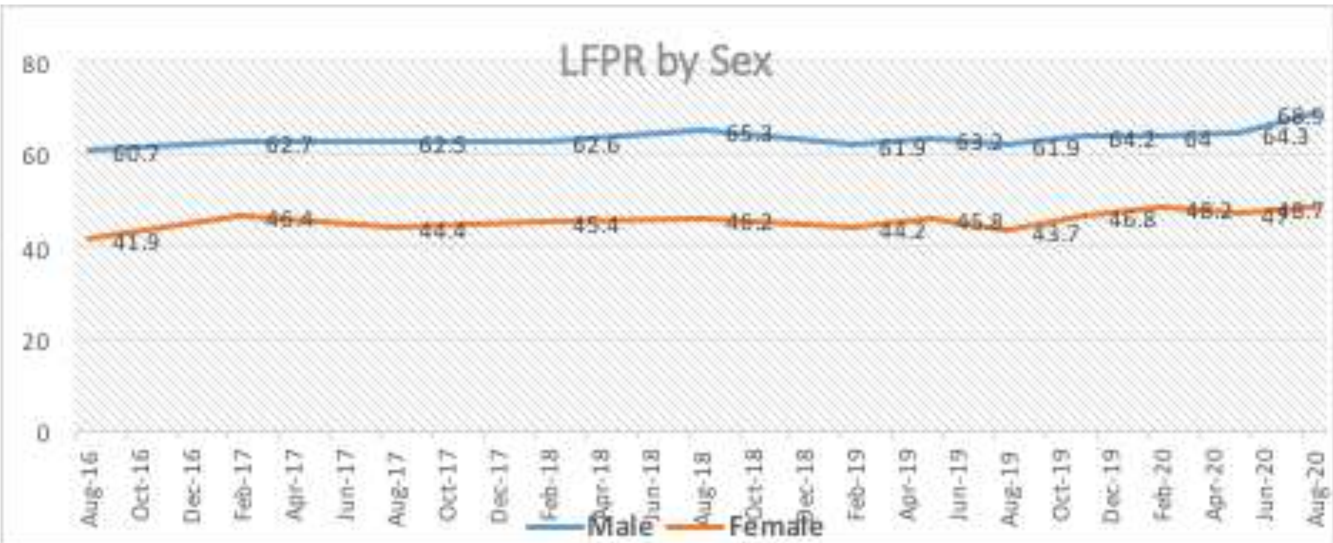
Tourism and Hospitality were mostly affected by COVID-19 leading to a reduction LFPR, by August 2020 the economic activities started to normalize and the LFPR increased to 58.1% as more people sought employment due to the closure of schools. Students who used to be out of the labour force were engaged in economic activities mainly retail sales, mega projects like construction of schools in almost every Sector.

They also participated in road construction and renovations in preparation of CHOGM scheduled for June 2021. Some also found jobs in manufacturing especially in Garments and Agro-Processing in line with Made in Rwanda program, and also in the production of personal protective equipment and items.

1.2.1 Labour Force Participation by Sex

Labour force participation rate by sex helps to analyze to what extent male or female engage in income generating activities (that is participation in production of goods and services in the economy) that contributes to economic growth. The ratios are in comparison with working age group per sex. The higher the proportion, the higher the labour force participation in the economy.

Figure 5; Labour Force Participation Rate by sex



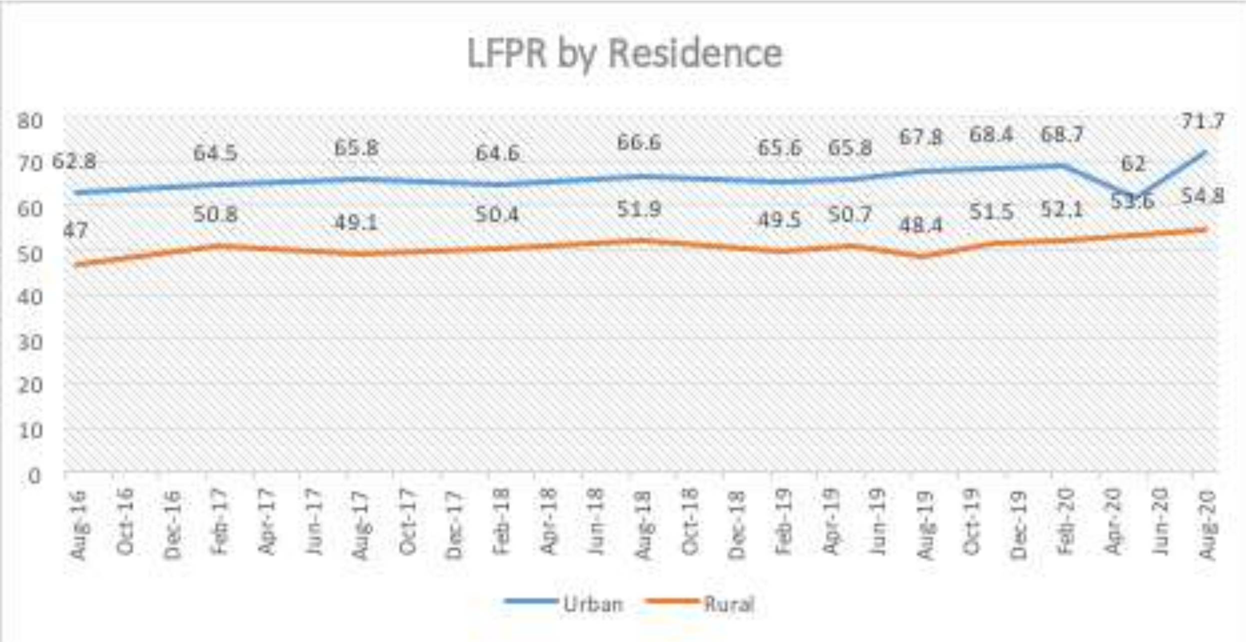
Source: LFS Rounds

According to LFS findings, the level of labour force participation in the economy indicates a rate at which the population participates in economic activities that contribute to economic growth of the economy. It is clearly observed that males have a high LFPR of 68% and above compared to females with 48% and below (Figure 5). The disparity, though generally large, increased in the August LFS 2020 round due to the fact that economic activities where women are well represented/dominating were the most affected by COVID-19 preventive measures put in place mainly in service sector including tourism and hospitality, education, preschool centers. This calls for deliberate actions aimed at increasing number of female participating in active economic activities given that 53.1% of working age population are female compared to 46.9% of male. This low participation is mainly due to large number of female participating in household activities aimed at producing goods and services for domestic consumption and non-market oriented activities are no longer considered as employment as per new ILO definition of employment.

1.2.2 Labour Force Participation by rural vs urban

Economic activities differ from rural to urban areas. In urban areas due to the nature of economic activity, the labour force participation is likely to be higher than in rural areas. Due to dominance of the agriculture sector in rural areas, majority of persons working in the sector are likely to fall in the category of subsistence farming and are thus out of the labour force leading to low labour participation rate in rural areas.

Figure 6: Labour Force Participation Rate by Residence



Source: LFS Rounds

The urban working age population are actively participating in labour force with over 62% actively involved in economic activities over the past three years reaching the highest rate in August 2020 with 71.1% actively participating in labour force. High labour participation rates in urban areas is due to the large number of various economic activities with urban areas and more opportunities for students waiting for school reopening to engage in informal and households micro business activities. In contrast, in rural areas, subsistence agriculture is the main and sometimes only option available. Indeed, in rural areas, labour force participation rate is still low with all-time high participation rate of 54.8% people of working age participating in the labour force. This is mainly influenced by low economic activities in rural areas where majority are engaged in subsistence farming, which is no longer considered as employment.

Therefore, interventions aimed at modernizing farming activities among others will help to uplift a large number of people in subsistence farming activities into market oriented farming which will in turn increase labour force participation in rural areas.

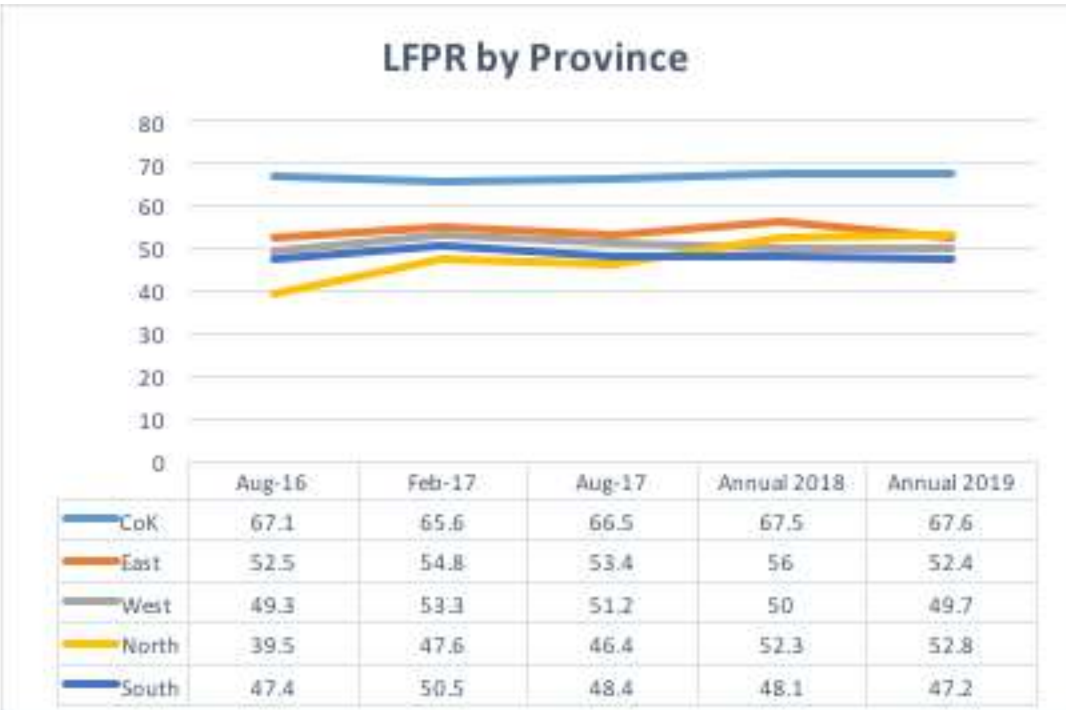
According to May 2020 LFS findings, COVID-19 preventive measures affected labour force in urban areas where labour force participation rate reduced from 68.7% in February 2020 to 62% in May 2020. In rural areas, COVID-19 measures did not affect the labour force participation rate as it increased from 52.1% in February 2020 to 53.6% in May 2020. This was mainly due to dominant agriculture activities in rural economic sector. COVID-19 preventive measures greatly affected the service sector which is the dominant sector in urban areas and less so in rural areas.

The agriculture sector, dominant in rural areas, was less affected by lockdown, and due to the disruption of global supply chain and panic buys, the demand for locally produced foodstuff in urban areas increased thus requiring more agricultural workers in rural areas to meet demand.

1.2.3 Labour Force Participation by Province

Labour force participation by Province helps to understand the level of economic growth in particular region as high labour force participation rate indicates how actively the population is participating in production of goods and services that are contributing to economic growth while, a low labour force participation rate indicates the opposite. Therefore, urbanized regions are likely to have higher labour force participation rate compared to rural regions.

Figure 7: Labour Force Participation by Province



	Aug-16	Feb-17	Aug-17	Annual 2018	Annual 2019
CoK	67.1	65.6	66.5	67.5	67.6
East	52.5	54.8	53.4	56	52.4
West	49.3	53.3	51.2	50	49.7
North	39.5	47.6	46.4	52.3	52.8
South	47.4	50.5	48.4	48.1	47.2

Source: LFS Rounds

Labour Force Participation rate by Province indicate the level at which Provinces participate actively in economic activities that contribute to the production of market-oriented goods and services. In the past three years as shown in the graph above on City of Kigali and Eastern Province performed above National labour force participation rates (Figure 7).

In the City of Kigali, over 65% of people with working age are participating in the labour force, with a high participation rate of 67.6% in 2019 and low participation rate in February 2019 of 65.6%. The high participation rate is mainly influenced by various economic activities in the City of Kigali.

The Eastern Province has a 52% labour force participation rate with high participation rate in 2018 (56%) and low participation rate in 2019 (52.4%). The LFPR in the East is mainly influenced by market-oriented agriculture activities and the construction sector, two seasonal and demand-dependent sectors that lead to fluctuating participation rates. The low participation rate in 2019, is mainly due to a decline in market-oriented agriculture activities and the completion of big construction projects like Kagitumba-Rusumo Road.

The Labour Force Participation rate was the lowest in August 2016 in the Northern Province (39.5%) and since then it has been increasing overtime reaching the second highest rate (52.8%) in 2019. This is due to high agriculture productivity, which has increased the number of people participating in market-oriented agriculture activities. Mining and construction activities are also contributing to the high increase.

With the Service Sector contributing the highest ratio in non-farm jobs, Northern Province being among potential areas for Tourism and Hospitality, this also contributed to the high Labour Force Participation.

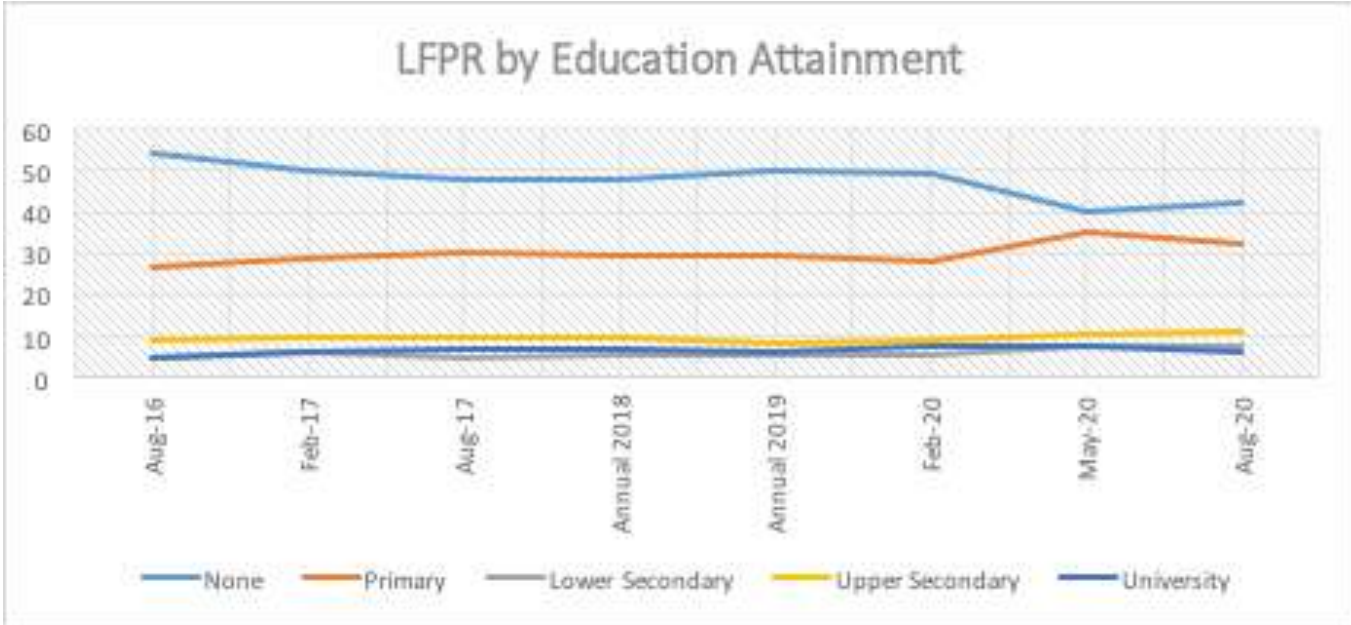
Western province is performing averagely, this is mainly due to cross border trade in Rusizi and Rubavu which encourages people in the area to participate in market-oriented agriculture and also lake Kivu and newly constructed Kivu Belt road that has opened new economic opportunities in the area.

Southern Province is not performing well. The labour force participation rate is decreasing overtime, which indicates low investment level in the region and low productivity of agriculture sector which influence people in the area into subsistence farming (just little for home consumption). Interventions in agriculture inputs and mechanization, infrastructure development is highly needed in the Province in order to increase labour participation rate among the working age people.

1.2.4 Labour Force Participation by Education Attainment

The ultimate goal of education is employment, therefore as higher levels of education are attained, the level of participation in labour force is also expected to be high. However, this must be backed by the availability of high quality of jobs on the labour market since the level of skills acquired determines the type of jobs to choose in pursuit of relevant occupations.

Figure 8: Labour Force Participation rate by Education Attainment



Source: LFS Rounds

The Rwandan Labour force is largely dominated by workers with primary and less education, where around 70% of the labour force either didn't attend school or completed only primary level. This calls for upskilling of such labour force through on job training, recognition of prior learning and strengthening apprenticeship program if the labour force is to embrace technology and innovation.

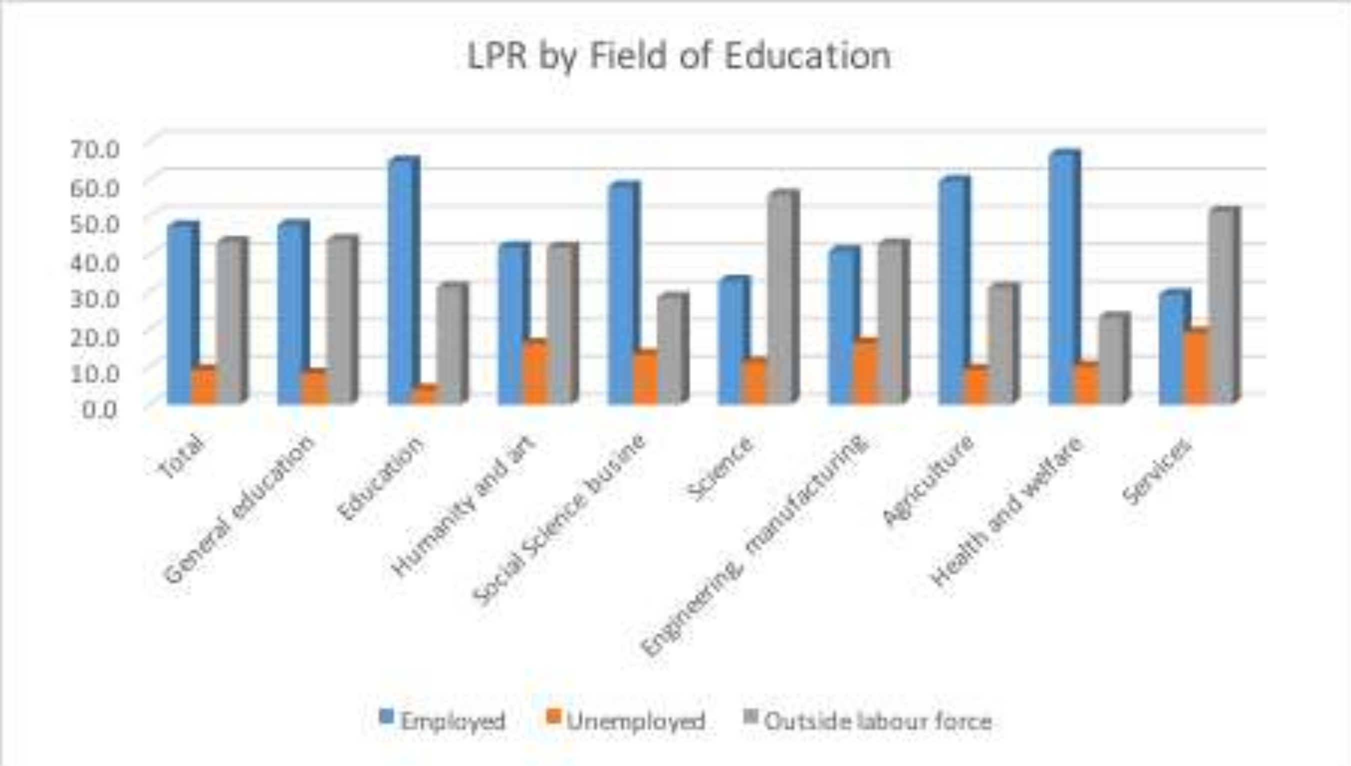
The past 3 years indicates a decline in labour force with primary and less which is a good indication of progress for interventions towards upskilling the labour force. But still more efforts are needed to increase enrollment of students in TVET or formal education to increase qualification level among people with working age population to meet both Public and Private Sectors' skills demand. Also low labour force participation rate for lower secondary and upper secondary is mainly due to pursuit further studies.

Upper secondary and University graduates' rate of participation is increasing and over 15% of labour force participation completed at least upper secondary. More effort should be put into the education sector to increase the number of youth enrolled in these levels as mostly after graduation the youth have high employability rate compared to lower secondary and below. Even the graduates from Higher Learning Institutions and TVET schools can easily embrace innovation and technology at workplace. Also, it has been observed that labour productivity increase with the level of education attainment among other factors.

1.2.5 Labour Market status by Field of Education

The labour market absorption rate of graduates from different fields of education varies from one to another and is a good indicator to which field of education is relevant to public and private sectors' skills needs. Therefore, the higher the level of employment, the higher the demand for graduates on labour market who are graduating from certain fields of education. But this is also influenced by the number of graduates completing certain courses.

Figure 9: Labour Market Status by Field of Education



Source: LFS Rounds

The level of employment by field of education from High Education Institutions indicates the level at which the economy absorbs certain graduates on the labour market. The field of education with the highest employed graduates indicate skills needs in the economy, while a large portion of graduates outside labour force indicates either graduates find it difficult to get jobs or to create their own business, or are still pursuing further education.

According to the Labour Force Survey, different education fields contribute significantly differently in status of employment of graduates on labour market either employed, unemployed or outside labour force. From the graph shown above, generally the majority of people who graduated from different fields of education are employed (47.5%), though a significant number of graduates are outside the labour force, or not employed or looking for a job (43%). Those who are unemployed make up 9.1%.

Looking into specific fields of education, health and welfare related courses have the highest employment ratio with over 66% of its graduates employed, while education, agriculture, social science & business studies follow with around 60% of graduates being employed.

Education fields with the lowest employment rate include services-related courses with 29% of the graduates being employed, followed by science with 33%, engineering and manufacturing-related courses with 40.9%, humanity and arts with 41.9% and general education with 47.8%.

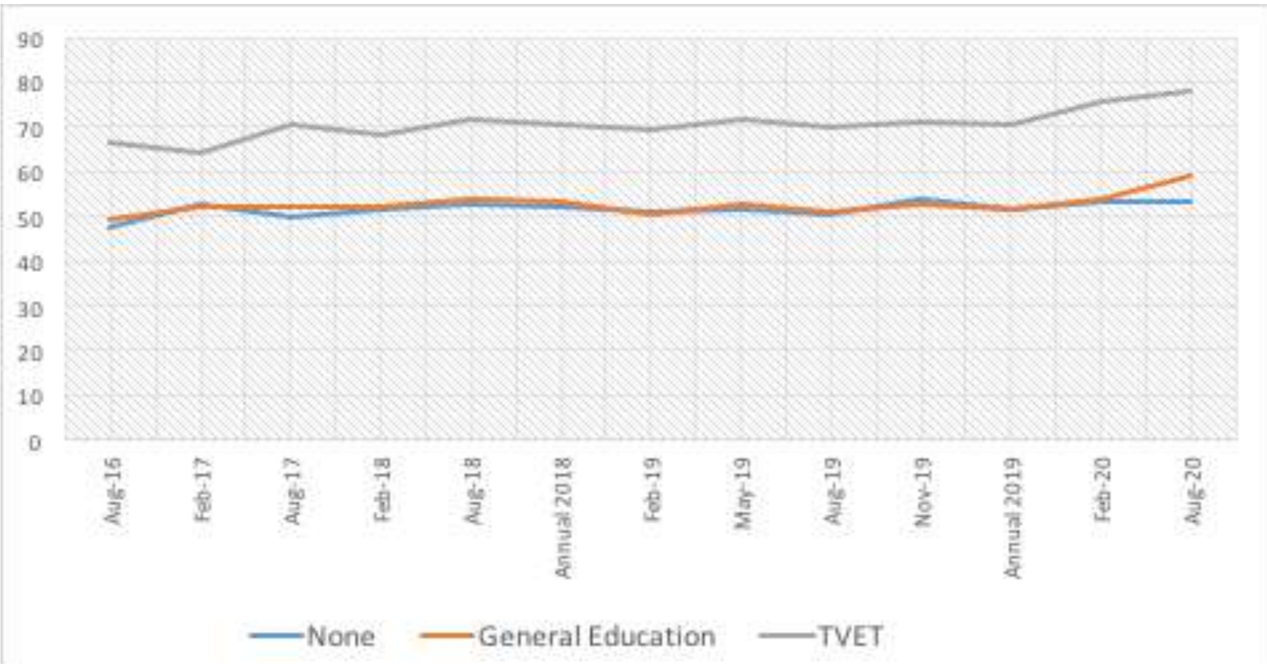
People outside the labour force are neither employed nor unemployed; they are either not looking for a job or still pursuing further studies, or they might either be engaged in unrecorded subsistence activities. As shown by the graph, the education field with the highest number of graduates outside labour force is science with over 55% followed by graduates in service-related courses with over 51%. This is an indication of how certain education fields are not responding to labour market needs and also education fields whose graduates lack entrepreneurship skills to start own business.

General education, humanities & arts and engineering & manufacturing have over 40% of the graduates falling outside labour force. This is not a good indication as far as investment in education is concerned. This might either be as result of the quality of the skills acquired or the level of development of sector specific that require such skills in the economy. It calls for further analysis to establish a valid conclusion to inform policy recommendation on how to overcome such labour market and educational mismatches.

1.2.6 Labour Force Participation by Education Category

According to NST1, the Government plans to increase enrollment inTechnical Vocational Education and Training (TVET) to over 60% by 2024 in order to the bridge skills gap and increase the employability of graduates as well as reduce unemployment. This target is mainly based on private sector skills needs and to spearhead economic transformation where majority of workers will be employed in Industry and service sectors.

Figure 10: Labour Force Participation by Education Category



Source: LFS Rounds

TVET graduates have the highest labour force participation ratio compared to graduates from general education. In other words, majority of TVET graduates are either employed or seeking jobs. In August 2016 over 66% of TVET graduates were participating in labour force and since then, the ratio has been increasing up to 77.7% in August 2020 which indicates the extent to which TVET skills are demanded and absorbed by the labour market.

General Education graduates have a low labour force participation rate compared to TVET. The level of their participation is below the general labour participation in the economy. This due to their low demand by the private sector and difficulties to create own job. When general education is compared to none education, the level of labour participation is almost the same overtime.

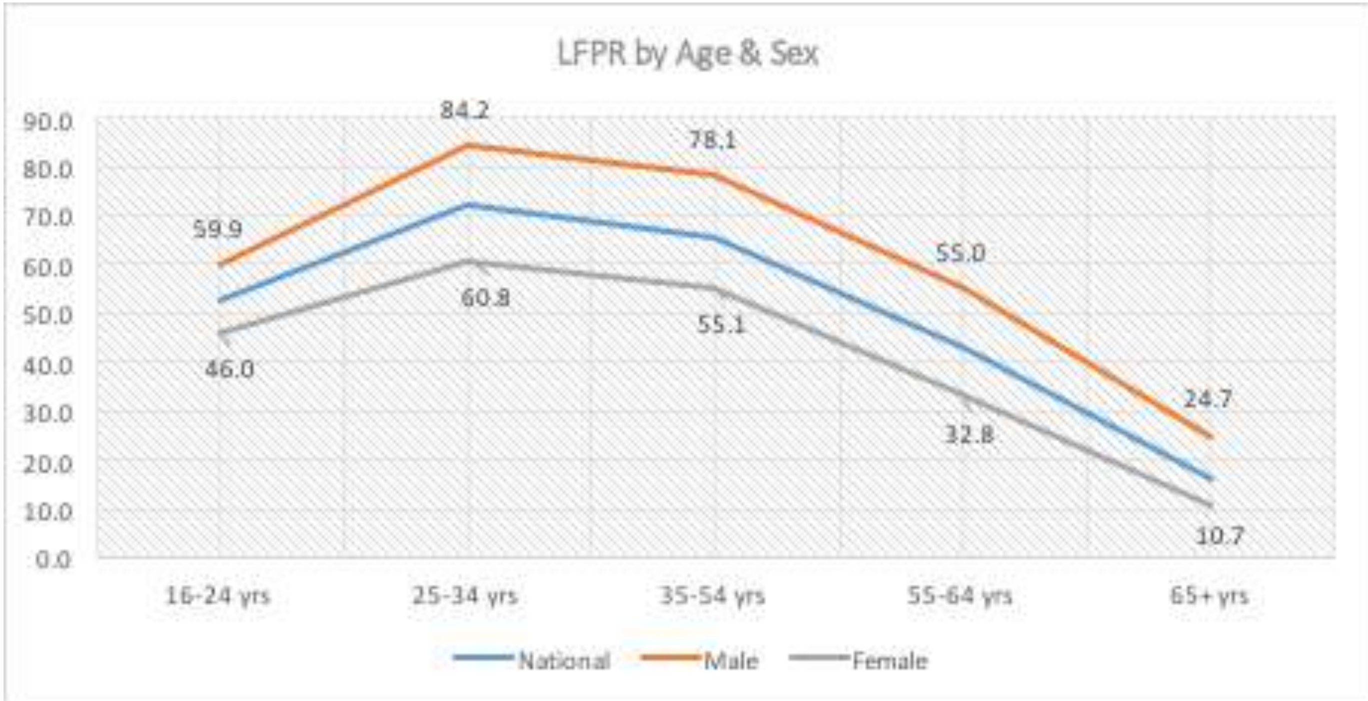
From the above analysis it can easily be concluded that TVET graduates have high labour participation ratios thus calls for strengthening TVET infrastructure in order to attract more enrollment and thus to reduce skills mismatch in the economy.

1.2.7 Labour Force Participation Rate by Age and Sex

Labour force participation rate in the economy is mostly composed of youthful age population where the age groups start from a lower rate and increase as per age group until reaching the optimum in early thirties. In late thirties LPR by age starts to decline. This is a good indicator of energetic labour force, thus more interventions are need to sustain youth employment.

Youth employment in productive and remunerative jobs will reduce dependency ratio and increase their participation in the production of goods and services and will increase the overall purchasing power. Youth exhibit high potential to apply new technologies and to embrace innovation which drive economic growth.

Figure 11: Labour Force Participation by Age and Sex



Source: LFS August 2020

From the LFS findings, for persons aged 16-24 years, the labour participation is low as majority are still in school and outside the labour force. For the group aged 25-34 years old, labour force participation is highest at around 84.2% participating in labour force, this due to majority finishing and graduating from school and energetic looking for income generating projects to build their families. From 35-54 the trend begins to decline mainly due to the composition of the age group to the total working age population and also some are in maternity leave and others are discouraged due to the quality of the jobs available and thus pushing some to settle for subsistence activities which takes them out of the labour force. From 55-64, there is a sharp decline in participating in labour force as majority retire and others are discouraged due to nature of jobs available especially in Informal Sector. The group 65+ years has the lowest participation rate as majority are in pension and others cannot afford the available energy demanding jobs on labour market.

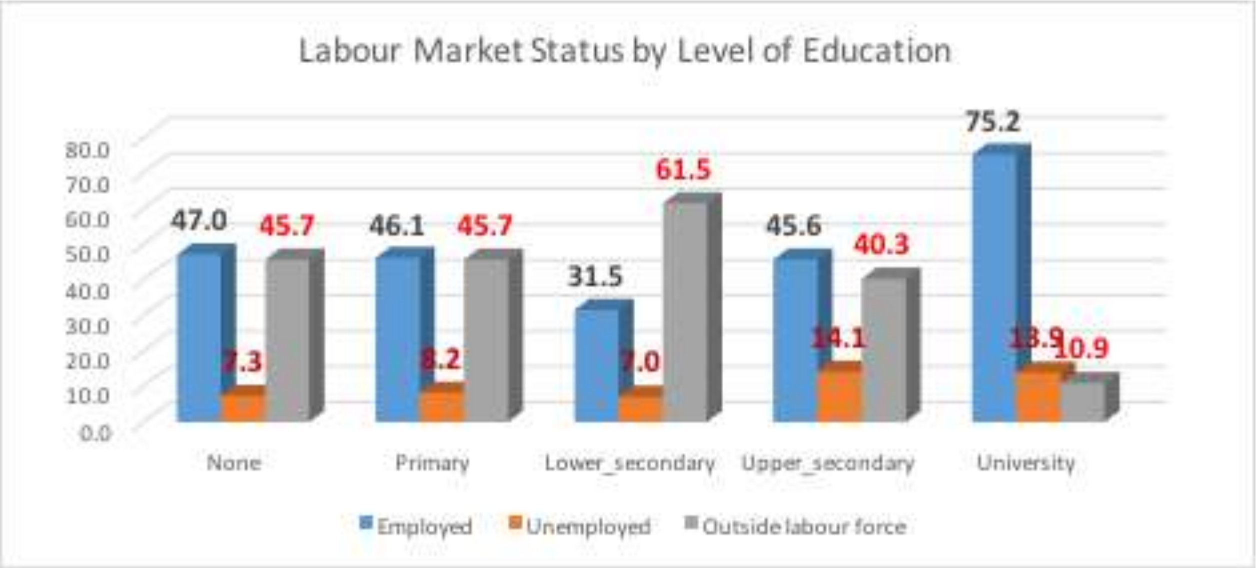
The age group 25-34 years has the highest participation rate mainly due to the nature of jobs created by driving sector like construction and tourism and hospitality. These sectors tend to create informal jobs, low paying, physical and energy demanding thus tend to discourage people older ages. Since older persons tend to be selective on nature of the job, majority fall under subsistence works and discouraged group (potential labour force).

As seen previously, the labour force participation rate for women, for all age groups is lower compared to that of men, which calls for specific employment interventions targeting female to increase their participation on labour market.

2. LABOUR MARKET STATUS BY EDUCATION ATTAINMENT

As mentioned before, people of working age in a country are either "employed (participating in various activities that produce goods and services for pay or profit), unemployed (actively seeking for a job or planning to start own business and available for work) or outside labour force (neither in employment nor seeking for job)". Education attainment and labour market status help policy makers to understand better the effect of education on labour market and the capacity an economy has to absorb certain category of education level. The Education level here is classified under the following; None (who never went to formal schools), Primary level, Lower Secondary, Upper Secondary and University.

Figure 12: Labour Market Status by Education Attainment



Source: LFS 2019

From the graph above it is observed that 75% of University graduates are employed while 14% unemployed with 11% outside labour force. On the other hand, 45.6% of upper secondary level are employed with 14% unemployed. While 61.5% and 40.3% for Lower & upper secondary respectively are outside the labour force this due to the fact that students from lower and upper secondary are waiting to continue with further education rather than seeking for employment. This calls for specific interventions designed specifically for certain groups finding it difficult to get employment on labour market.

Even though University graduates are doing well on labour market in terms of employment, we should remember that they are still the minority in terms of numbers on labour market, therefore a high consideration for the rest of other categories must be put high on agenda as they mostly face difficulty to get jobs with majority concentrating in subsistence activities neither generating profits nor earning them a wage.

3. EMPLOYMENT

Employment refers to a situation when a person is working for a pay or profit in a given period of time. According to ILO there 2 categories of employment (employee and employer), they are further disaggregated under five forms known as status in employment (employees, Employers, own-account workers, members of producers' cooperatives, and contributing family workers). Employed workers are either employed formally or informally.

3.1 Employment to population ratio

The employment to population ratio is defined as the proportion of a country's working age population that is employed. A high ratio means that a large proportion of a country's population is employed, while a low ratio means that a large share of the population is not involved directly in labour market related activities, either because they are unemployed or (more likely) because they are out of the labour force altogether.

The employment-to-population ratio provides information on the ability of an economy to create employment; Employment-to-population ratios are of particular interest when broken down by sex, as the ratios for men and women can provide information on gender differences in labour market activity in the economy.

Figure 13: Employment Participation Rate by Urban & Rural

Source: LFS Rounds

Employment participation is higher in Urban areas compared to rural areas, the highest participation rate was recorded in August 2020 with 59.5% in Urban areas and 46.2% in Rural areas. Generally, the employment participation rate has been increasing over time from 37.7% in August 2016 to 48.9% in August 2020 with a significant decline recorded in May 2020 due to COVID-19 effects.

The high rate of employment participation rate is influenced by students available for work due to closure of schools to prevent spread of COVID-19 and economic activities resuming to normal again.

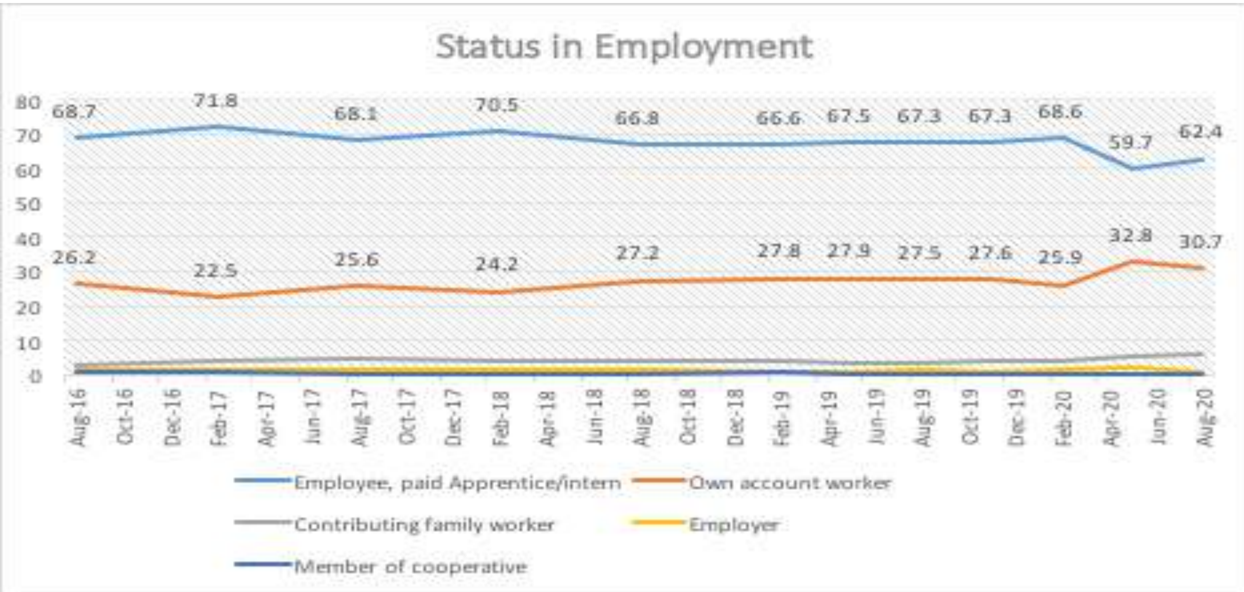
3.2 Status in Employment

Indicators of status in employment distinguish between the two main categories of the employed: (1) employees (also known as wage and salaried workers) and (2) the self-employed. The self-employed are further disaggregated into (a) employers, (b) own-account workers, (c) members of producers' cooperatives, and (d) contributing family workers. Each of these categories is expressed as a proportion of the total number of employed persons. Categorization by employment status can help in understanding both the dynamics of the labour market and the level of development.

Over the years, and with economic growth, one would typically expect to see a shift in employment from agriculture to the industrial and services sectors, with a corresponding increase in wage and salaried workers and concomitant decreases in self-employed and contributing family workers, many of whom will have previously been employed in the agricultural sector.

The method of classifying employment by status is based on the 1993 International Classification by Status in Employment (ICSE), which classifies the job held by a person at a point in time with respect to the type of explicit or implicit employment contract that person has with other persons or organizations. Such status classifications reflect the degree of economic risk entailed in these various types of arrangements, an element of which is the strength of the attachment between the person and the job and the type of authority over establishments and other workers that the person has or will have.

Figure 14: Status in Employment from August 2016 to August 2020



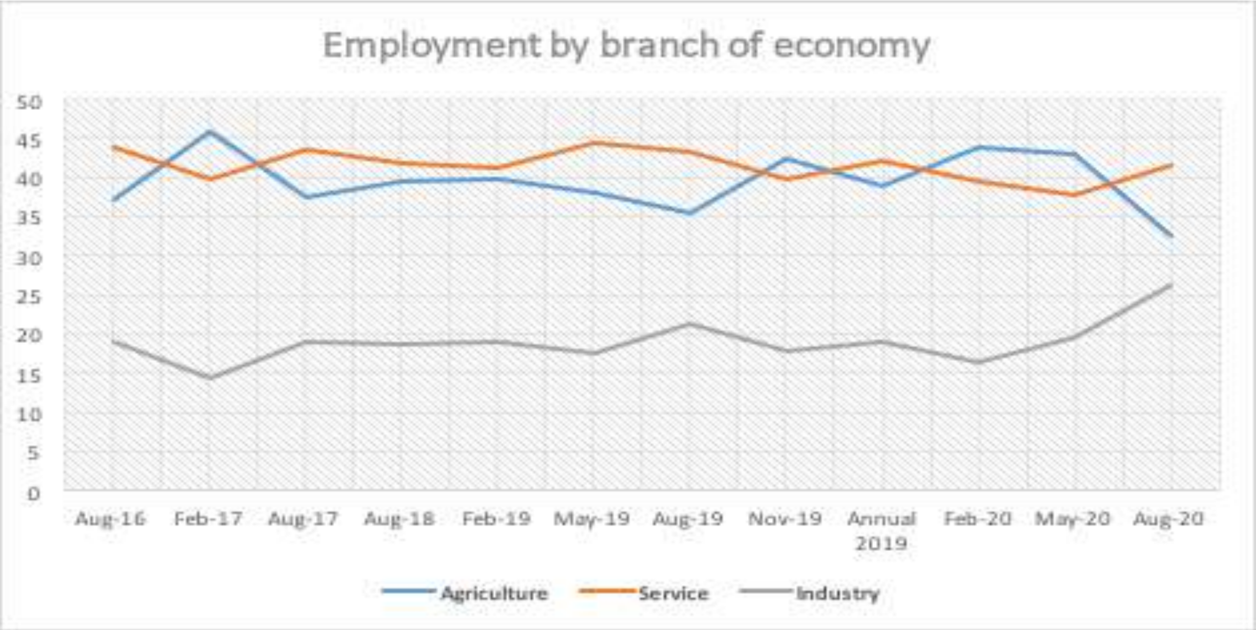
Source: LFS rounds

According to LFS findings, majority of employed population are employees (salaried or waged workers) employed by establishments and households but has been increasing on a decreasing rate compared to other categories. As majority of establishments closed during lockdown in a bid to prevent the spread of COVID-19, Own account worker increased as majority resort to different activities to sustain their families.

3.3 Employment by Sector

This indicator disaggregates employment into three broad sectors; agriculture, industry and services and expresses each as a percentage of total employment. The indicator shows employment growth and decline on a broad sectoral scale, while also highlighting differences in trends and sub-sectorial growth overtime in the economy. Sectoral employment flows are an important factor in the analysis of productivity trends, because intra sector productivity growth needs to be distinguished from growth resulting from shifts from lower to higher productivity sectors.

Figure 15: Employment by Branch of Economy



Source: LFS Rounds

From the figure above, the service sector is still providing a large number of employment opportunities on the labour market with 45.5% of employed workers in the economy are in this sector. This comes as a good indicator on poverty eradication and improvement in productivity since Service Sector is a relatively more productive sector compared to agriculture. By end 2019 industry sector declined due to weather conditions that hampered mainly construction sector which is a major contributor and some of big construction projects that phased out.

The industry sector wasn't affected by COVID-19 as manufacturing and construction activities were expanded in order to sustain essential supplies on market, construction activities were maintained and expanded especially in construction of building to increase classrooms and schools in almost all parts of the country which increased number of people employed in the sector.

The agriculture sector continue to decline as students waiting schools to re-open secured employment in construction, retail trade and manufacturing since youth are now preferring high productive sectors than agriculture which is still a low productive sector in terms of employment and productivity.

3.4 Employment by Economic Activity

Branch of economic activity refers to the activity of the establishment in which an employed person worked during the reference period. An establishment may be a farm, a mine, a factory, a workshop, a store, an office or a similar type of economic unit. It is important to distinguish enterprises from establishments. "Enterprise" is a broader concept than "establishment". An enterprise is a legal entity (or group of legal entities) and may have a number of establishments with different economic activities and different locations. According to ISIC level 2, our economy has 21 main branches of activities currently employing 3,667,611 workers.

The economic activities as per labour force survey findings, activities are increasing or decreasing at different rates, an increase in employment in particular economic activity is an indication of employment opportunities available in establishments with in economic activity. Agriculture, forestry & fishing has been the largest employer with 1,007,171 employees in August 2016 to 1,192,171 in August 2020, despite of employing more the rate of increase has been low compared to Wholesale & retail trade which increased from 396,139 employees in August 2016 to 608,656 employees in August 2020 and also construction increased from 302,902 employees in August 2016 to 576,278 employees in August 2020.

If the non-agriculture economic activities continue to grow at the current pace, by 2024 some will overtake agriculture which will be a good message to poverty reduction and labour productivity since they are high paying economic activities compared to establishments within agriculture economic activities (according to EICV5 median employment income for paid farm work was 18,200Rwf compared to paid income for non-farm worker 78,000Rwf) which attract more youth in Industry and Service compared to Agriculture sector.

Table 1: Employment by Economic Activity

The table below shows performance of different Economic activities from August 2016 to August 2020 in terms of number of jobs each economic activity generated or lost during that period of time.

Economic Activities	Aug-16	Aug-17	Aug-18	Aug-19	Aug-20	Net rate 2017	Net Rate 2018	Net rate 2019	Net rate 2020
Agriculture forestry and fishing	1,007,171	1,252,214	1,210,553	1,117,395	1,192,172	19.6%	-3.4%	-8.3%	6.3%
Mining and quarrying	37,608	47,725	69,494	74,329	67,735	21.2%	31.3%	6.5%	-9.7%
Manufacturing	155,445	158,496	220,566	225,167	297,973	1.9%	28.1%	2.0%	24.4%
Electricity gas stream and air conditioning supply	2,697	9,332	4,629	7,392	7,609	71.1%	-101.6%	37.4%	2.9%
Water supply, gas and remediation services	13,048	9,480	7,532	6,603	7,672	-37.6%	-25.9%	-14.1%	13.9%
Construction	302,902	271,506	363,138	361,725	576,278	-11.6%	25.2%	-0.4%	37.2%
Whole sale and retail trade; repair of motor vehicles and motorcycles	396,139	469,393	510,511	464,539	608,656	15.6%	8.1%	-9.9%	23.7%
Transportation and storage	109,111	124,454	164,502	150,825	150,171	12.3%	24.3%	-9.1%	-0.4%
Accommodation and food services activities	118,053	43,413	84,325	96,465	122,817	-171.9%	48.5%	12.6%	21.5%
Information and communication	14,026	11,105	11,521	8,770	13,241	-26.3%	3.6%	-31.4%	33.8%
Financial and insurance activities	18,861	22,417	34,187	35,359	38,424	15.9%	34.4%	3.3%	8.0%

Economic Activities	Aug-16	Aug-17	Aug-18	Aug-19	Aug-20	Net rate 2017	Net Rate 2018	Net rate 2019	Net rate 2020
Real estate activities	69	3,022	4,259	3,417	11,081	97.7%	29.0%	-24.6%	69.2%
Professional, scientific and technical activities	13,398	23,316	30,553	25,959	24,739	42.5%	23.7%	-17.7%	-4.9%
Administrative and support activities	35,104	37,328	54,190	44,504	76,708	6.0%	31.1%	-21.8%	42.0%
Public administration and defense; compulsory social security	68,808	62,359	67,511	65,315	64,743	-10.3%	7.6%	-3.4%	-0.9%
Education	103,434	111,329	105,613	117,566	92,366	7.1%	-5.4%	10.2%	-27.3%
Human health and social work activities	38,237	49,253	50,729	44,286	45,813	22.4%	2.9%	-14.5%	3.3%
Arts, entertainment and recreation	5,743	10,781	10,166	10,358	8,693	46.7%	-6.0%	1.9%	-19.2%
Other services	69,017	53,512	75,420	75,299	85,794	-29.0%	29.0%	-0.2%	12.2%
Activities of households as employers	182,495	207,812	226,428	195,961	171,285	12.2%	8.2%	-15.5%	-14.4%
Activities of extraterritorial organizations and bodies	11,845	11,002	15,772	21,597	3,640	-7.7%	30.2%	27.0%	-493.3%
Total	**2,703,211**	**2989249**	**3,321,599**	**3,152,831**	**3,667,611**	**9.6%**	**10.0%**	**-5.4%**	**14.0%**

Source: LFS Rounds

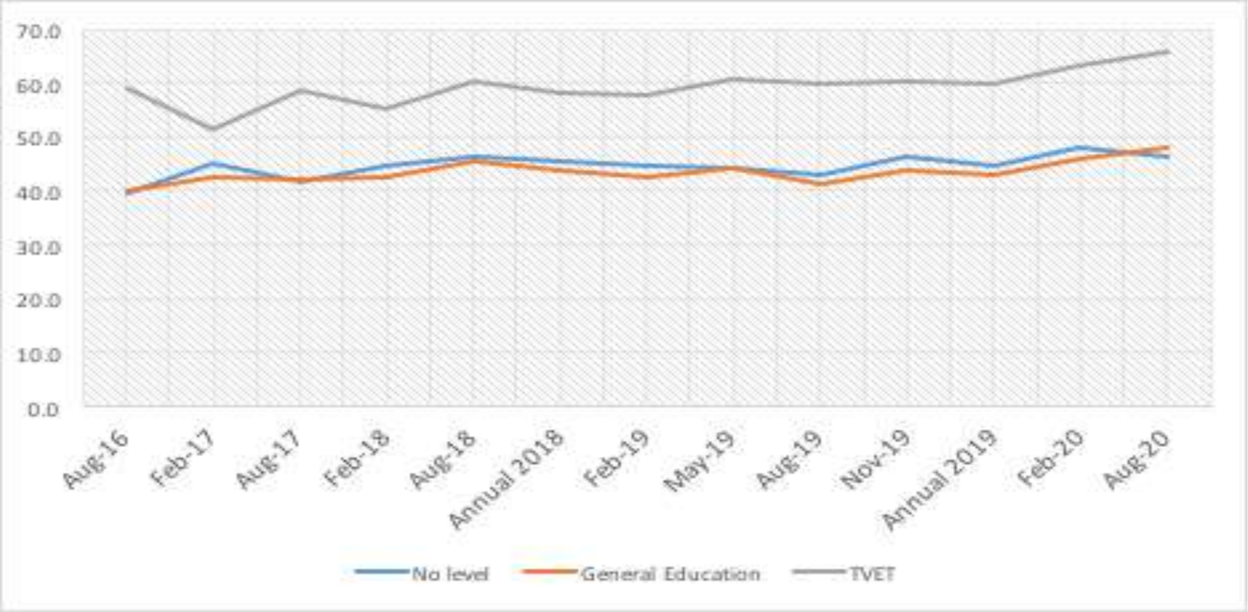
From August 2019 to August 2020, Job gains were mainly registered in Construction, Manufacturing, whole Sale & Retail and Information & communication economic activities, these sectors driven job creation in the economy which created over 400,000 new jobs on the labour market.

As the above mentioned sectors were not affected by COVID-19 preventive measures, some economic activities were heavily affected especially Activities of Extraterritorial Organizations & bodies which shirked by -493.3% (Jobs declined from 21,597 in August 2019 to 3,640 jobs by August 2020) this was mainly caused by expatriate who returned back home while waiting for travel to resume and some International Non-Governmental Organizations affected financially, Education and Arts and entertainment activities were also heavily affected as schools and entertainment activities closed.

3.5 Employment ratio by Education Category

Employment ratio by field of education indicates the extent to which graduates from a particular field are absorbed on the labour market. The demand for graduates from a particular field signals how the education acquired meets the private sector skills needs and employment requirements in general. But also the quality of jobs on labour market can either attract particular group of graduates or discourage certain graduates from a particular field depending on expectations.

Figure 16: Employment ratio by education category



Source: LFS Rounds

Employment ratio for TVET graduates is higher ranging from 59% in August 2016 to 65.9% in August 2020. This shows how the TVET graduates are able to find jobs on labour market and even their capacity to start own business using skills acquired.

Graduates from general education have low employment ratio ranging from 39% in August 2016 to 46% in August 2020. The low employment ratio of these graduates is attributed to either skills mismatch between general education imparted on graduates and skills needed by private sector or the desire of graduates to pursue for further studies.

Generally, the above analysis is indicative on how TVET is key to reduce unemployment and play a big role in bridging skills gap in the private sector.

3.6 Employment by Occupation

There is widespread interest in this indicator. Economists use occupation in the analysis of differences in the distribution of earnings and incomes over time and between groups men and women as well as in the analysis of imbalances of supply and demand in different labour market. Policy makers use occupational statistics in support of the formulation and implementation of economic and social policies and to monitor progress with respect to their application. For planning purposes, planning in employment promotion programs & interventions, planning of educational and vocational training curricula review requires accurate data on occupations. Managers need occupational statistics for planning and deciding on personnel policies and monitoring working conditions, both at the enterprise level and in the context of their industry and relevant labour markets.

Occupational statistics are used for research on labour market topics ranging from occupational safety and health to labour market segmentation. Occupational analyses also inform economic and labour policies in areas such as educational planning, migration and employment services. Occupational information is particularly important for the identification of changes in skill levels in the labour force. In many advanced economies, but also in developing economies, occupational employment projection models are used to inform policies aiming to meet future skills needs as well as to advise students and jobseekers on expected job prospects.

Changes in the occupational distribution of an economy can be used to identify and analyse stages of development. In the case of economic development context, when labour flows from agriculture to the industrial and services sectors, these flows will be visible in the occupational distribution as well. The share of skilled agricultural and fishery workers will typically decrease, while rising skill requirements are likely to be reflected in a decreasing share of elementary occupations, rising shares of high-skilled occupational groups such as professionals and technicians, and the need for rising educational attainment levels.

Table 2: Employment by Occupation from August 2016 to August 2020

Employed population	Aug-16	Aug-17	Aug-18	Aug-19	Aug-20	Net rate August 2017	Net rate August 2018	Net rate August 2019	Net rate August 2020
Managers	33,779	45,706	48,010	47,612	38,338	26.1%	4.8%	-0.8%	-24.2%
Professionals	168,697	187,371	208,589	190,249	173,789	10.0%	10.2%	-9.6%	-9.5%
Technicians and Associate Professionals	42,846	40,894	53,150	53,099	56,063	-4.8%	23.1%	-0.1%	5.3%
Clerical Support Workers	25,391	24,746	30,139	29,030	36,939	-2.6%	17.9%	-3.8%	21.4%
Service and Sales Workers	501,993	568,415	659,400	612,082	751,905	11.7%	13.8%	-7.7%	18.6%
Skilled Agricultural, Forestry and Fishery Workers	234,127	201,171	249,152	199,677	291,396	-16.4%	19.3%	-24.8%	31.5%
Craft and Related Trades Workers	289,427	224,244	302,407	276,083	423,088	-29.1%	25.8%	-9.5%	34.7%
Plant and Machine Operators and Assemblers	77,524	72,313	98,879	92,863	99,086	-7.2%	26.9%	-6.5%	6.3%
Elementary Occupations	1,329,428	1,595,105	1,671,871	1,652,137	1,797,007	16.7%	4.6%	-1.2%	8.1%
Total	**2,703,212**	**2,959,965**	**3,321,597**	**3,152,832**	**3,667,611**	**8.7%**	**10.9%**	**-5.4%**	**14.0%**

Source: LFS Rounds

According to the labour force survey findings, Elementary occupations is still a dominant occupation but due to a shift from Agriculture to Service and Industry, a significant shift is observed to skilled occupations especially to Service and Sales workers, Technicians and associate professionals, Clerical support workers and craft and related trades workers. Managers (mainly self-employed managers) and Professional workers are some of the occupations heavily affected by COVID-19 as the number of employed in these occupations declined due to closure of business especially sole proprietors' as personal businesses were heavily affected by COVID-19 preventive measures.

3.7 Informal Sector and it's Informal & Formal Employment

Informal Sector is the largest employing Sector in the economy, employees working informally with very few operating formally. Informal establishments are unregistered businesses operating without license and keeping no records of account. Employees work with no formal contracts and not accessing or paying social security costs. Sometimes informal businesses employ workers formally but this is not common.

The informal sector represents an important part of the economy and certainly of the labour market in many developing countries and plays a major role in employment creation, production and income generation. In countries with high rates of population growth or urbanization, the informal sector tends to absorb most of the expanding labour force in urban areas. Informal employment offers a necessary survival strategy in countries that lack social safety nets, such as unemployment insurance, or where wages and pensions are low, in both public and private sectors.

Globalization is also likely to have contributed to raising the share of informal employment in many countries. Indeed, Global competition erodes employment relations by encouraging formal firms to hire workers at low wages through intermediary staffing/payroll managing agencies, with few benefits or to subcontract (outsource) the production of goods and services to small SMEs. In addition, the process of industrial restructuring in the formal economy is seen as leading to greater decentralization of production through subcontracting to small enterprises, many of which are in the informal sector.

The informal economy represents a challenge to policy-makers that pursue the following goals;

- Improving the working conditions,
- Legal and social protection of persons in informal sector employment and of employees in informal jobs,
- Increasing the productivity of informal economic activities;
- Developing training and skills;
- Organizing informal sector producers and workers;
- Implementing appropriate regulatory frameworks, governmental reforms and Urbanization.

Poverty, too, as a policy issue, overlaps with the informal economy. There is a link although not a perfect correlation between informal employment and being poor. This stems from the lack of labour legislation and social protection covering workers in informal employment and from the fact that persons in informal employment earn on average, less than workers in formal employment in additional to precarious and hazardous work.

Table 3: Employed workers in Informal Sector

LFS Rounds	Jobs in Informal Sector	Informal Employment	Formal Employment	Rate of informal jobs	Rate of formal jobs
Aug-16	2,060,106	2,040,218	19,888	99.0%	1.0%
Feb-17	2,354,870	2,326,355	28,515	98.8%	1.2%
Aug-17	2,233,674	2,208,543	25,131	98.9%	1.1%
Annual 2018	2,490,023	2,464,967	25,058	99.0%	1.0%
Annual 2019	2,556,780	2,540,594	16,186	99.4%	0.6%

Source: LFS Rounds

According to LFS findings, almost over 99% of workers in informal sector are employed informally. Thus workers are operating without contracts and no social security benefits.

3.8 Formal Sector and Employment

Formal Sector refers to establishments, which are registered with Government entities, meeting tax and customs demand and operating with books of accounts. Formal enterprises employ workers both formally or informally

Table 4: Employed workers in Formal Sector

Employed Workers in Formal Sector	Formal Sector	Formal Employment	Informal Employment	Rate of Formal jobs	Rate of Informal jobs
Aug-16	476,994	218,362	258,632	45.8%	54.2%
Feb-17	482,633	241,560	241,073	50.1%	49.9%
Aug-17	516,876	251,853	265,023	48.7%	51.3%
Annual 2018	499,371	300,193	199,179	60.1%	39.9%
Annual 2019	494,635	294,572	200,063	59.6%	40.4%

Source: LFS Rounds

Figure 17: Employed workers in Formal Sector

Source: LFS Rounds

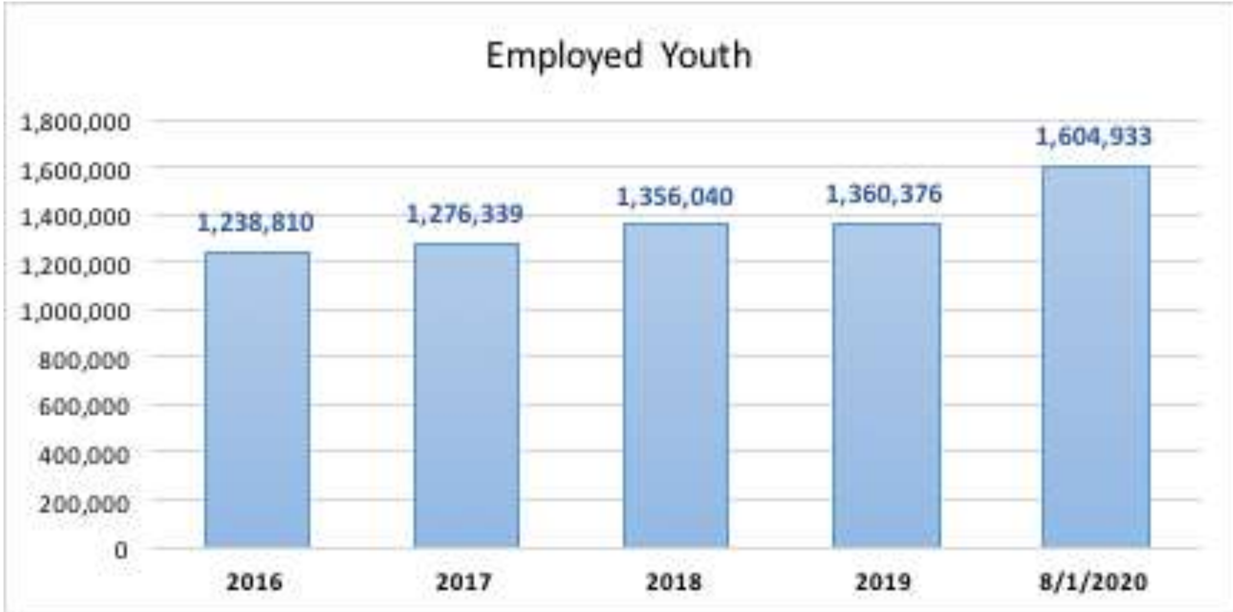
According to LFS finding, formal jobs in formal sector fluctuating from one year to another, in August 2016, 46% of workers were in formal employment (have employment contract, getting social security benefits and annual leave) the rate increased to 50% in February 2017 and declined to 48.7% in August 2017, in 2018 and 2019 the rate increased to 60.1% and 59.6% respectively which shows that as the economy shift from Agriculture to Service and Industry, formal employment increase. From the findings it was observed that, within formal sector there is still a big number of informal employment.

3.9 Youth Employment

Youth employment is the number of people aged 16 to 30 years that are participating in production of various goods and services for a pay or profit. At 16 to 30 years it's a youthful age bracket that drives the economy with innovative ideas but again it's the educational participation range. Indeed, when many are in employment and other still also studying it shows a good balance for the sustainability of the economy and upskilling of the labour force.

Therefore total youth in employment can't be enough to indicate the right picture the progress youth are doing on the labour market. When youth are getting employment opportunities on the labour market it helps them to be empowered economically and social acceptance in the community. Therefore it's a duty of the government to strick a balance between education for the youth and youth employment for sustainability of development in the country.

Figure 18: Annual Employment among the Youth



Source: LFS Rounds

According to Labour Force Survey findings, the ratio of youth employment has been increasing overtime from 2016 to August 2020. From 2016 to August 2020, new jobs created in the economy were 964,411 jobs of whom 366,123 jobs were for the youth which constitutes around 38%. From the above findings, 2019 to August 2020 over 200,000 jobs were created for/by youth which could have been contributed by closure of schools to mitigate COVID-19 spread thus increasing a number of youth in labour force and employment.

4. TIME RELATED UNDEREMPLOYMENT

Time-related underemployment refers to the situation when the working time of persons in employment is insufficient in relation to alternative employment situations in which they are willing and available to engage.

This indicator relates to the number of employed persons whose hours of work in the reference period are insufficient in relation to a more desirable employment situation in which the person is willing and available to engage. The indicator was previously known as "visible underemployment".

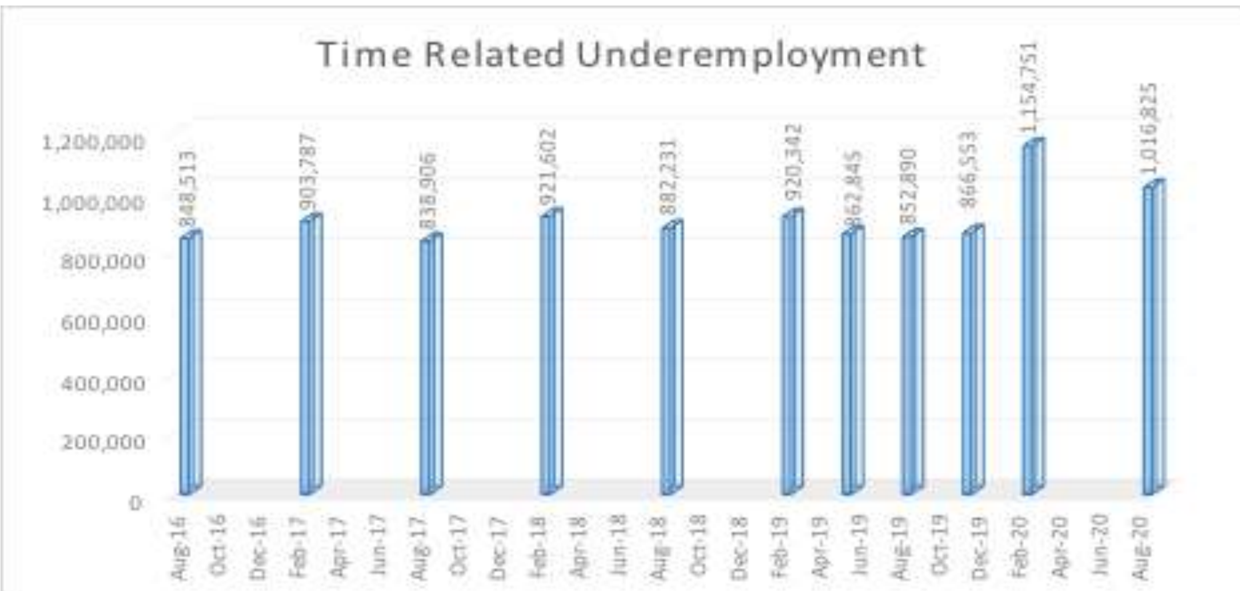
According to International Labour Organization, persons are considered as underemployed when:

- Persons in employment who reported that they were working part-time or whose hours of work (actual or usual) were below a certain cut-off point, and who also reported involuntary reasons for working fewer than full-time hours – these are also known as "involuntary part-time workers".
- Persons in employment whose hours of work (actual or usual) were below a certain cut-off point and who wanted to work additional hours.
- Persons in employment whose hours of work (actual or usual) were below a certain cut-off point and who sought to work additional hours

Underemployment indicator help to measure the level at which the economy is able to provide full employment for all people of working age who are actually working. The ultimate goal of economic policies, strategies and programs are to achieve full employment of the labour force. Therefore, underemployment helps to measure the progress of such policies in achieving the set goals.

In our National context, a person is considered underemployed when is working below cut-off point. Thus, underemployed persons are all persons working less than 35 hours per week and are willing to work additional time if the employment opportunities could be available. The labour force survey has been capturing this indicator overtime.

Figure 19: Time Related Underemployment



Source: LFS Rounds

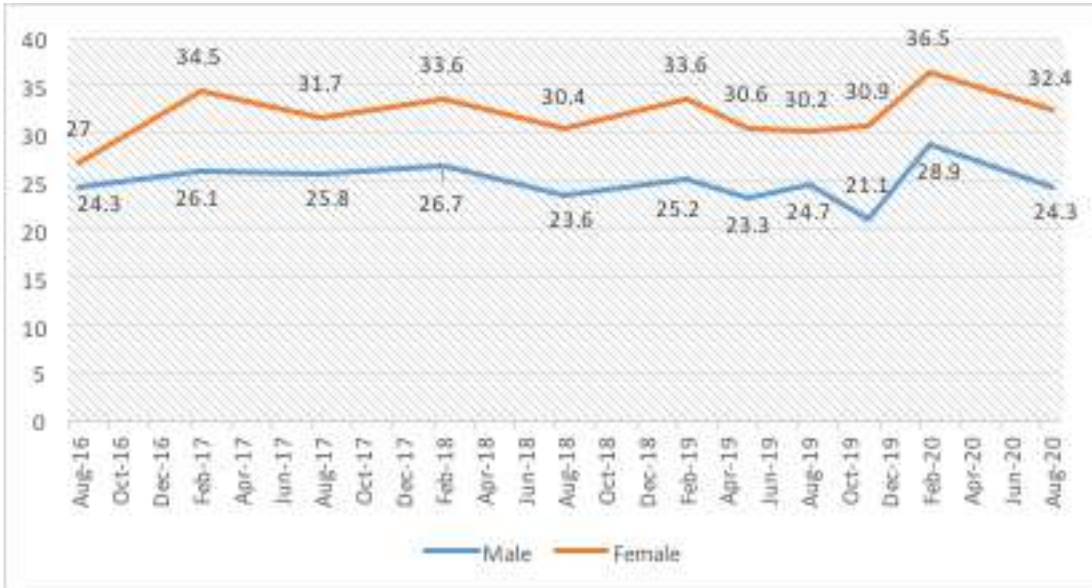
According to Labour Force Survey findings, number of persons underemployed vary from one period to another. In August 2016 848,513 workers were underemployed, in February 2017 the number increased to 903,787, in August 2017 the number decreased to 838,906. Generally, from August 2016 to August 2020 it was observed that in month of February underemployment increases compared to other months of the year. The highest underemployment was recorded in February 2020 with 1,154,751 underemployed.

This is mainly influenced by seasonality where in January and February are high seasons where households are busy preparing small hold farms thus many people are working less hours in paying jobs and later attend family gardens (subsistence farming). In the same period other sectors especially Service Sector is in low season as much expenses met in festive season reduce disposable income available for further expenses.

4.1 Time Related Underemployment by Sex

Time Related Underemployment affecting different groups differently where some are heavily affected than the other. In our previous analysis on labour underutilization mainly on unemployment by sex, female are mostly affected compared to male. This indicator also can help us to analyze on people who are employed at the level at which they are available for further engagement in other productive activities for a pay or profit.

Figure 20: Time Underemployment by Sex



Source: LFS Rounds

According to the figure above, it can be seen that time related underemployment vary from time to time ranging between 27% to 36.5% among female and ranging between 21.1% to 28.9% among male. These figures shows that like unemployment, also time related underemployment affects mostly female than male. This is mostly influenced by traditional beliefs where women are still perceived as responsible for family activities thus during working day they reserve time to participate in domestic activities that are not counted.

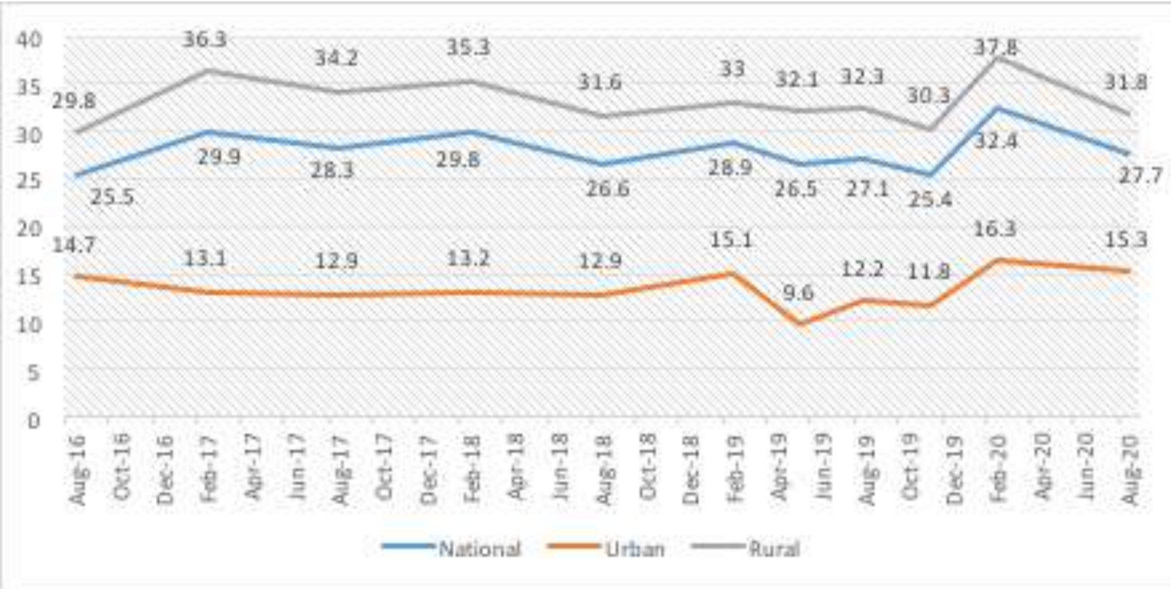
Also most of the female are employed in low productive activities/sectors that sometimes requires less time compared to male dominated trades. However, it can also be seen that generally all groups are facing a challenge of underemployment. This calls for additional concerted effort to address this challenge in order to attain full employment.

4.2 Time Related Underemployment by Residence

Time related underemployment is likely to be influenced by the nature of work in different economic activities within the economy and likely to be higher among persons working on one economic activity compared to another. The time related underemployment also varies from area to area especially from rural to urban due to difference in economic settings. It is likely to be higher in rural areas than urban areas due to concentration of extractive economic activities in rural areas compared to urban areas.

Workers are likely to spend less hours in extractive activities related jobs due to lots of demands for physical energy and the nature of work in general. Also due to land fragmentation, household farms are small thus workers of such farms use less hours on daily basis.

Figure 21: Time Related Underemployment by Urban & Rural.



Source: LFS Rounds

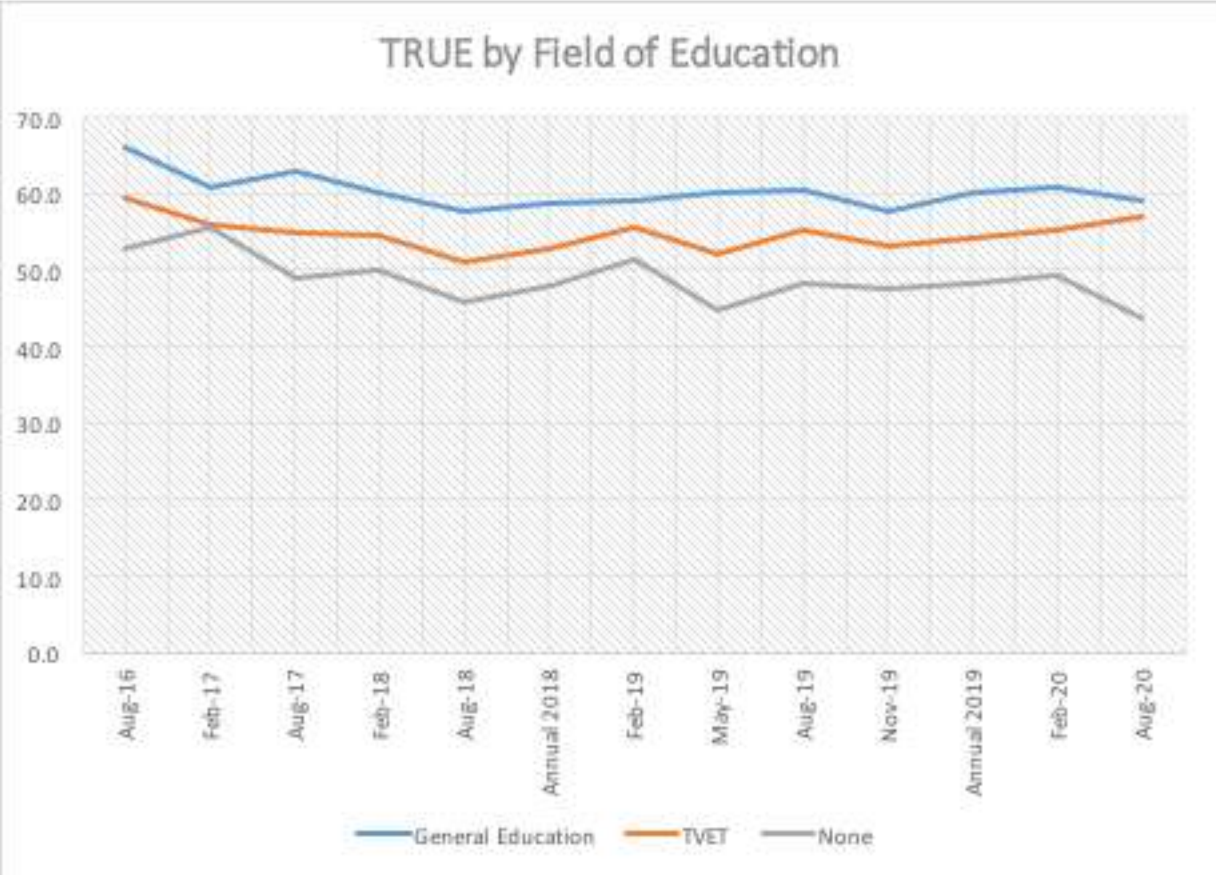
Time related underemployment vary greatly from urban to rural, it is affecting more persons working in rural areas compared to urban areas. Indeed, in August 2016 it was 29.8% in Rural areas compare to 14.7% in urban areas and it declined to 9.6% in Rural areas May 2019 while it increased to 32.1% in Rural areas. By February 2020, it was recorded high at 37.8% in Rural areas compared to 16.3% in Urban areas.

From the above observations, Time Related Underemployment in Rural Areas vary from one quarter to another mainly influenced by seasonal factors thus it increases in high season and decreases in low season of agriculture sector. Therefore, diversification of economic activities in rural areas will reduce Time Related Underemployment and further reduce Rural-Urban labour migration.

4.3 Time Related Underemployment by Education Category

Time related underemployment seem to be general problem affecting a big ratio of employed workers in the economy, cutting across all age groups and sex. In this case we are looking to what extent graduates from either general education, TVET or those who didn't go school are affected by time related underemployment.

Figure 22: Time Related Underemployment by Education Category



Source: LFS Rounds

From the LFS findings, graduates from general education are mostly affected by time related underemployment but on a decreasing rate. In August 2016, 65.9% of graduates from general education were underemployed compared to 58.9% in August 2020.

TVET graduates are also very affected by time related underemployment, in August 2016, 59.5% of employed graduates were underemployed compared to 56% in August 2020.

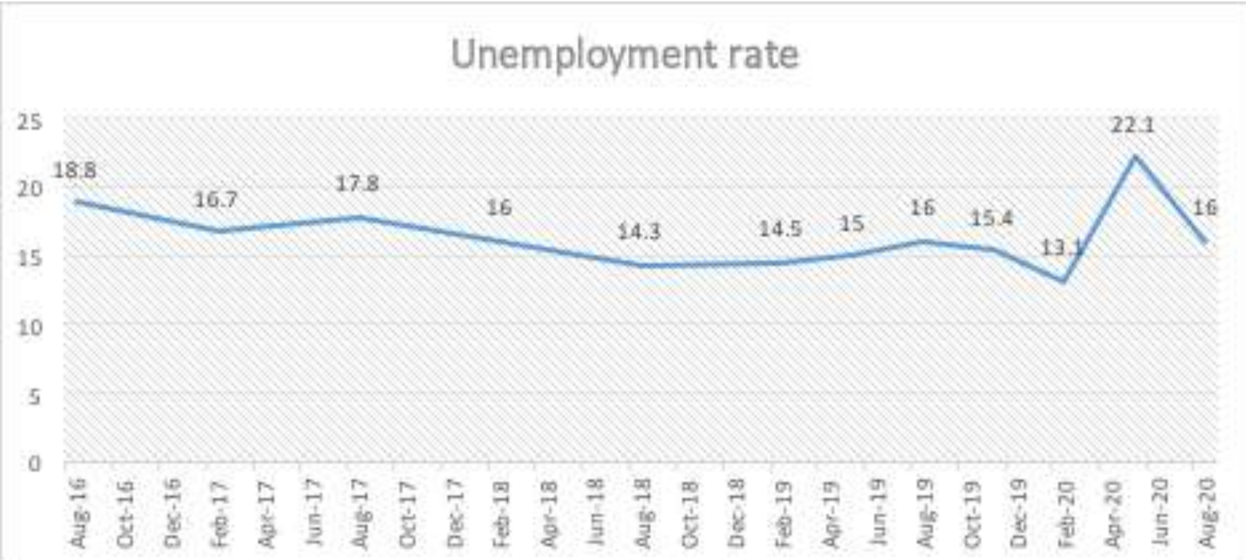
Private sector development through theattraction of both domestic and foreign investment are key to reduce time related underemployment. Also diversification of the economy to increase employment opportunities is key to reduce stiff competition and surplus labour in some economic activities. Diversification will increase both market for good and services produced as well as attracting more graduates to high productive sectors like industry and service sectors.

5. UNEMPLOYMENT

The unemployment rate is probably the best-known labour market deficiency measure. It reflects the lack of employment in the economy. Together with the employment-to-population ratio, it provides the broadest indicator of the labour market situation in the country. The unemployment rate tells us the proportion of the labour force that does not have a job, is available to work and is actively looking for work. It should not be misinterpreted as a measurement of economic hardship, although a correlation often exists.

Unemployment here is analyzed according to National, Sex, Age, Geographical Location and Educational attainment in order to gain a better understanding of the composition of the jobless population and therefore to develop employment strategies and programs that appropriately address unemployment challenges. The graph below clearly indicates the National unemployment rate for the past four years (2016 t0 2019)

Figure 23: Showing National Unemployment Rate (Aug 2016 to Aug 2020)



Source LFS Rounds

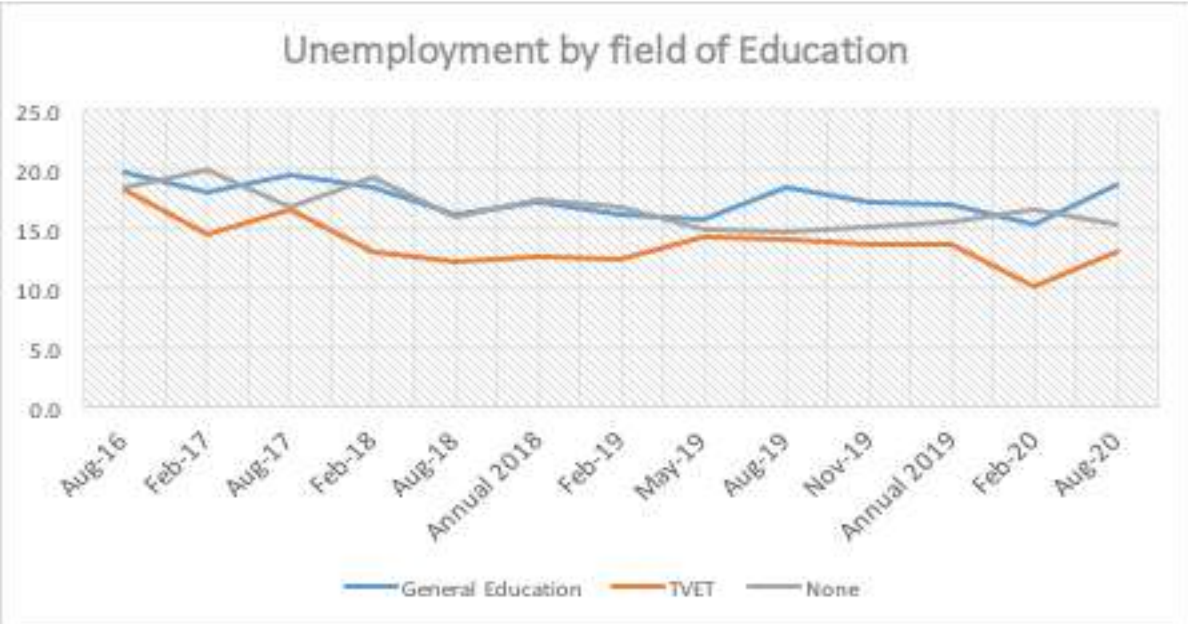
From the graph above, unemployment was 18.8% in 2016 and since then it has been declining with a record low of 13.1% in February 2020, in May 2020 due to COVID-19 effects, unemployment increased as most of establishments especially in Service Sector were coping with restrictions to mitigate the spread of COVID-19.

As lock down measures were eased, the economy slowly bounced back to normal with few economic activities in Service Sector still in lockdown, employment opportunities start increase especially Industry Sector where made in Rwanda and construction activities created more new jobs leading to a reduction in unemployment to 16%. Generally, the declining trend has been influenced by an increase in economic growth supported by sound labour market policies, strategies and programs. Despite of a declining trend, unemployment is still high and affecting differently different groups of working age population, by gender and education attainment as it will be analyzed further in this section.

5.1 Unemployment rate by Education

Education is key to employment status on labour market. People used to base their career path on different professions needed on the labour market, but due to attractiveness of certain professions, it has attracted a big number of students' enrollment which later led to flooding of the labour market in particular professions or specialization.

Currently due to the saturation of the labour market for particular professions, youth are choosing career path basing on the employability skills to be gainful. The Government of Rwanda together with its development partners are trying to increase competence-based curricula and hands-on skills to increase employment opportunities among the graduates.

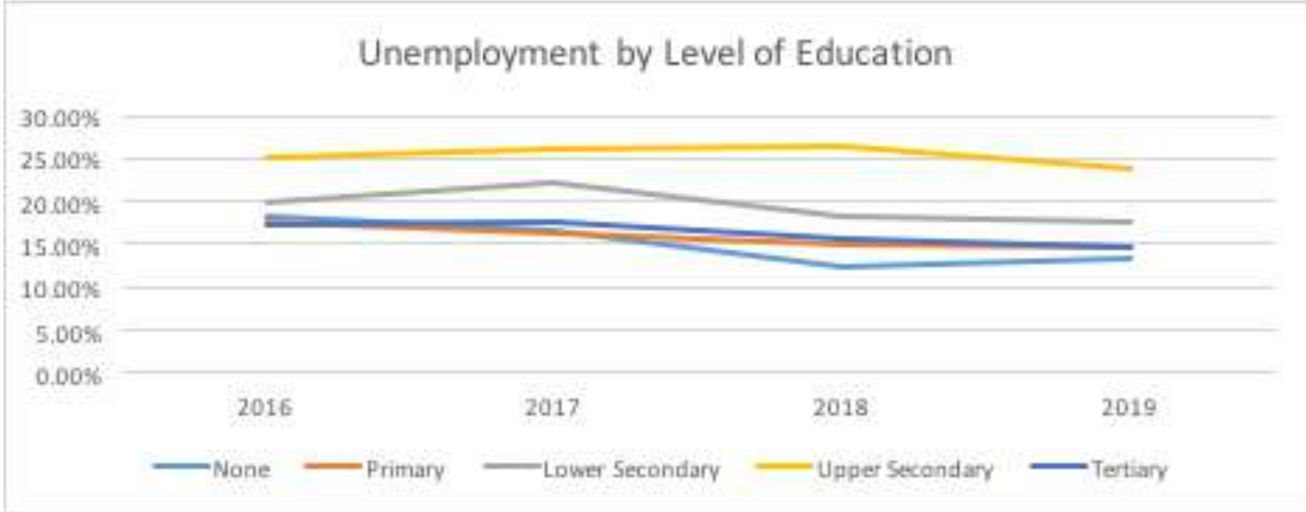


Source: LFS Rounds

According to Labour Force Survey findings, unemployment is higher among graduates from General Education compared to graduates from TVET school. In 2016, 20% from general education were unemployed compared to 18% from TVET in the same period, though unemployment has been declining among the graduates, in TVET the slop is steeper compared to the slope for general education trend.

The outbreak of COVID-19 increased unemployment among graduates, in general education unemployed graduates increased to 18.6% compared to 13% among TVET graduates. Therefore, as more students are enrolled to TVET schools, the unemployment is likely to decrease further.

Figure 25: Unemployment by Level of Education



Source: LFS Rounds

Unemployment is high among Upper Secondary graduates compared to other levels of education. The none education has a lower level of unemployment compared to the rest, this is due to both quality of jobs available on the labour market and majority being outside labour force mainly participating in subsistence activities. This contrary to Upper Secondary and Tertiary graduates who prefer to be unemployed rather than engaging in low quality jobs. Generally, all levels of education have a declining trend a part from those who didn't attend school with a U shaped curve.

5.2 Youth unemployment

Youth unemployment is an important policy issue for many countries at all stages of development. For the purpose of this indicator, the term "youth" covers persons aged 16–30 years. The indicator presents youth unemployment in the following four ways:

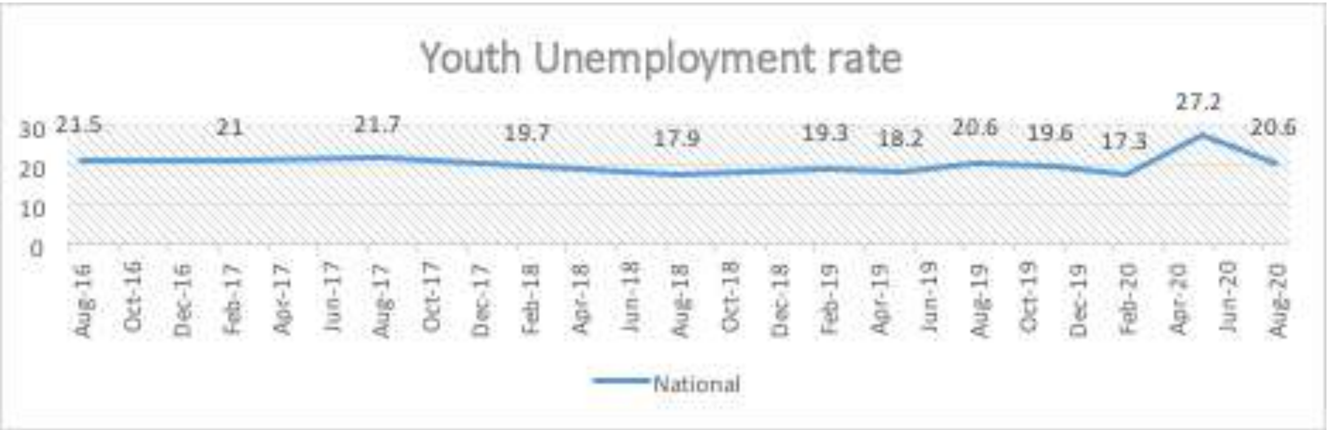
- The youth unemployment rate by sex;
- The ratio of the youth unemployment rate to the adult unemployment rate;
- Youth unemployment by Urban and Rural.
- Youth unemployment by type of education.
- Youth unemployment by level of education.
- Youth Not in Employment, Education and Training

The analysis of youth unemployment is intended to measure the rate at which youth enter and absorbed by the labour market in comparison with the adults, sex, geographic location, education type and education level. The presentation of youth unemployment as a proportion of the youth population recognizes the fact that a large proportion of young people enter unemployment from outside the labour force. Taken together, the five indicators provide a fairly comprehensive indication of the problems that young people face in finding jobs. The deficiency of the labour market situation of youth is also shown by the number of young people who are not in employment, education or training (NEET) as a percentage of the youth population. The NEET rate is presented for youth aged 16–30 years which indicates hidden unemployment.

5.2.1 Youth unemployment rate

Youth unemployment rate helps to measure the extent to which youth finds it difficult to find jobs or start own business in the economy. The higher the rate the more youth specific employment interventions needed to reduce the rate.

Figure 26: Unemployed youth



Source: LFS Rounds

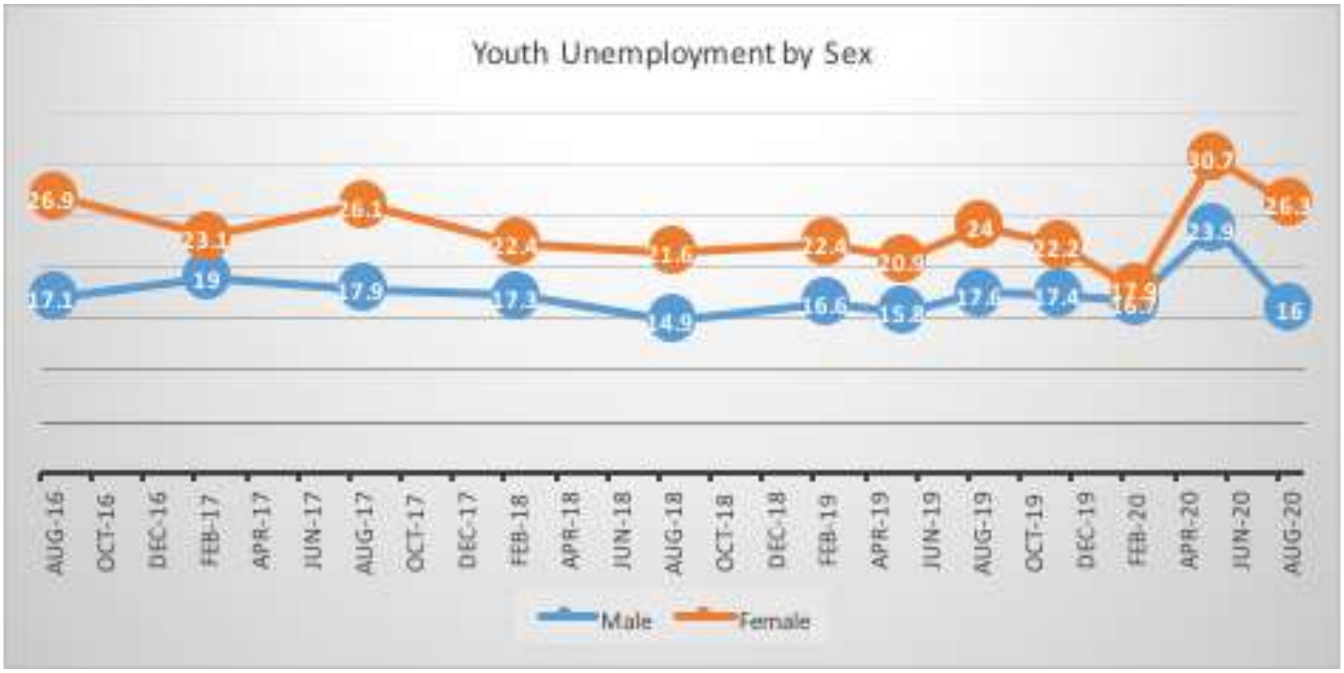
Unemployment among the Youth is still high, in August 2016, youth unemployment was 21.5%, since 2016 it has been declining due to specific labour market interventions targeting unemployed youth and graduates and, by February 2020 unemployment among the youth declined to 17.3%. Due to the outbreak of COVID-19, some establishments were temporary closed to contain the virus which increased unemployment among the youth to 27.2% in May 2020. Currently unemployment among the Youth is 20.6% according to LFS August 2020.

5.2.2 Youth unemployment by Sex

Youth unemployment by sex help to understand the extent at which female or male aged between 16-30 years find it difficult to access job opportunities on labour market. Under equal economic opportunities the rate for both female and male is expected to be the same, though this hypothesis must put into consideration the job creation driving sectors and the extent at which are attractive to both females and males of working age.

Unemployment tends to vary by sex as different economic activities offer different employment opportunities where sometimes they favor certain groups especially when gender employment mainstreaming measures are not well mainstreamed at workplace.

Figure 27: Unemployed youth by sex



Source: LFS Rounds

From the graph above, it is clearly observed that unemployment is high in both sex with a declining rate. The rate of unemployment was high in May 2020 compared to the rest of the period in analysis. It was very high among female youth with 30.7% in May 2020 compared to male youth with 23.9% in the same period and had declined in February 2020 to 17.9 among female and 16.7% among male in the same period.

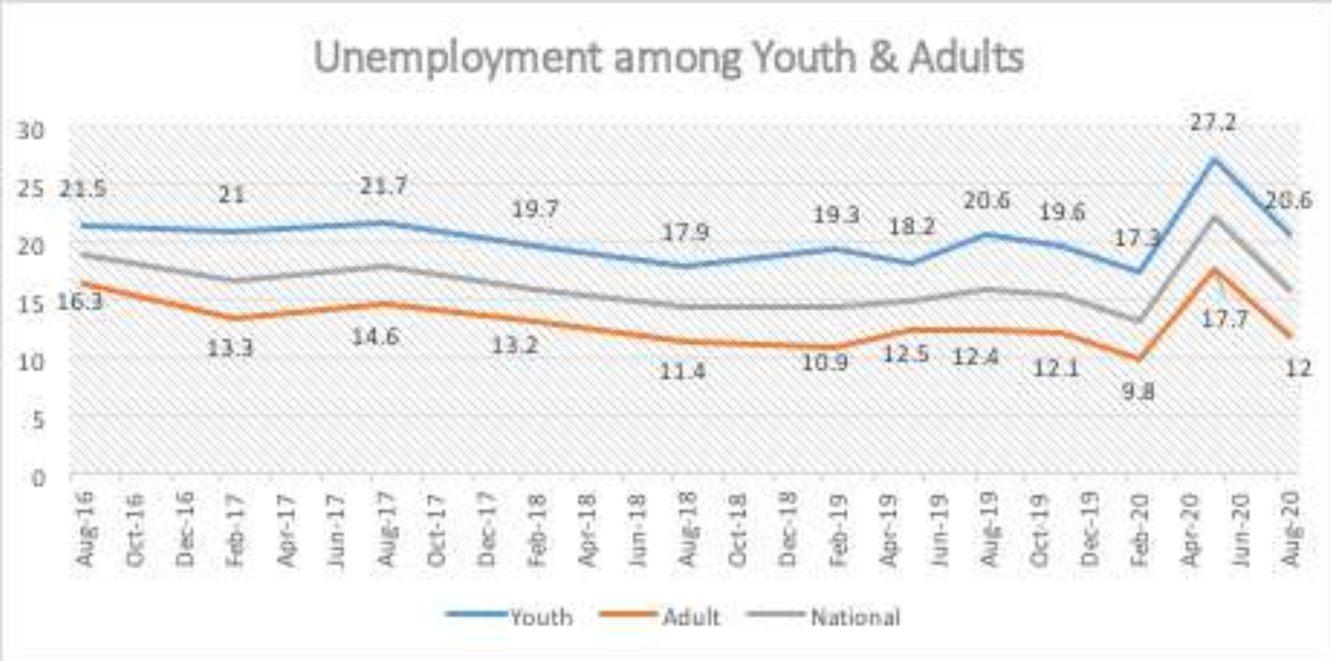
Over the last five years Construction, Wholesale & Retail trade, Transport & Storage, Tourism & Hospitality Sectors have been drivers of job creation thus with construction sector being male dominated justifies the reason why female youth unemployment rate was higher than male.

In February 2020, employment opportunities among female increased which reduced unemployment among the female to 17.9% and for the first time it came closer to male unemployment which was 16.7%, with the outbreak of COVID-19, it created more difficulties among female than male to be absorbed on the labour market which resulted into an increase of unemployment rate to 30.7 among female compared to 23.9% among the male.

5.2.3 Comparison youth unemployment rate and adult unemployment rate

The youth unemployment rate in comparison with adult unemployment rate helps to understand level at which two groups find it difficult to get job opportunities on labour market and this helps policy makers to design strategies and interventions addressing the affected group on the labour market. Youth age bracket range from 16-30 years.

Figure 28: showing rate of employment among youth and adult



Source: LFS rounds

The figure above indicates that youth unemployment is higher than adult unemployment. Youth unemployment, was over 21% between 2016 and 2017 and in 2018 youth unemployment decreased to 18% to become later 19.4% in 2019. Adult unemployment is low compared to the youth and decreasing at high rate, it was 16% in 2016 and 12% in 2018.

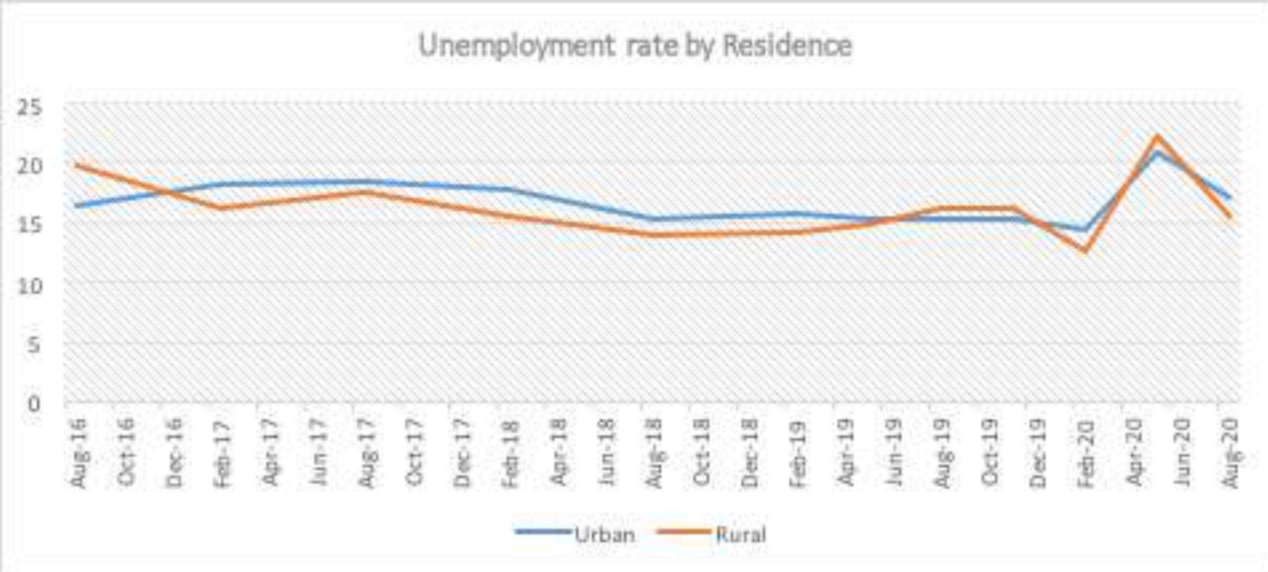
During COVID-19 youth were heavily affected with unemployment rate of 27.2% compared to adult with 17.7% unemployed. Based on data above, deliberate job creation interventions should be designed to create more job opportunities for the youth as they find it much difficult to be absorbed on the labour market than adults.

5.2.4 Unemployment rate by Urban and Rural

Employment opportunities are the major polling factors or rural-urban migration or urban-rural migration and thus lack of jobs in either Urban or Rural areas is the major pushing factor to either side. As the economy expands, Urban areas grow and attract more youth to exploit available opportunities in Service and Industry Sectors which result into increased supply of labour compared to the available opportunities.

Unemployment in rural setting is mainly seasonal unemployment influenced by agriculture productivity and other extractive sectors like construction and mining sectors.

Figure 29: showing youth unemployment rate Rural and Urban



Source: LFS Rounds

Unemployment rate between Urban and Rural has almost the same unemployment trends, increasing or decreasing overtime depending on seasonal factors that affect especially agriculture sector and construction activities in either side.

5.2.5 Youth Not in Employment, Education and Training (NEET)

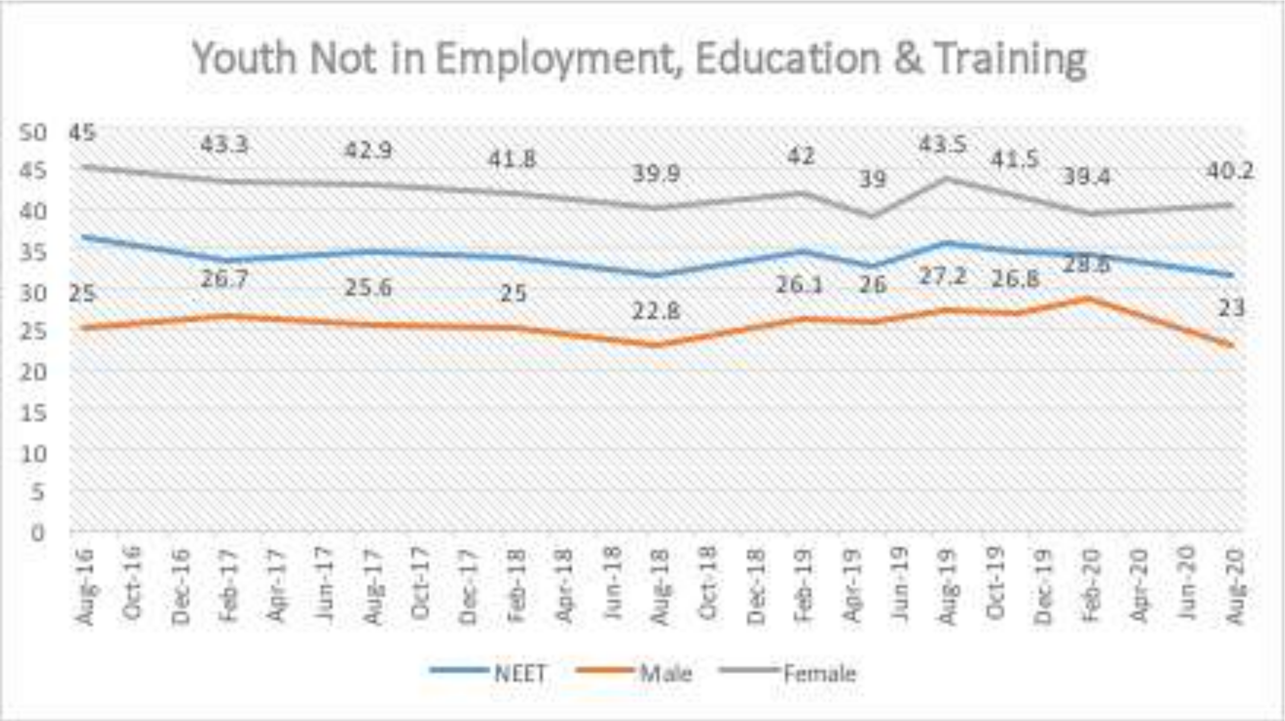
The NEET rate is a broad measure of the untapped potential of youth who could contribute to National Development through work. Because the NEET group is neither improving its future employability through investment in skills nor gaining experience through employment, this group is particularly at risk of both labour market and social exclusion.

In addition, the NEET group is already in a disadvantaged position due to lower levels of education and lower household incomes.

In view of the fact that the NEET group includes unemployed youth as well as economically inactive youth, the NEET rate provides important complementary information to labour force participation rates and unemployment rates. For example, if youth participation rates decrease during an economic downturn due to discouragement, this may be reflected in an upward movement in the NEET rate.

More generally, a high NEET rate and a low youth unemployment rate may indicate significant discouragement of young people. A high NEET rate for young women suggests their engagement in household chores, and/or the presence of strong institutional barriers limiting female participation in labour markets.

Figure 30: Youth Not in Employment, Education and Training



Source: LFS Rounds

From Labour Force Survey findings, generally female are heavily affected by NEET with almost over 40% of the young women with 16+ and above are not in studying and even in employment. This might in long run continue to affect women as they will be lacking employability skills, as they are not in education or training and will be lacking experience, as they are not working to again experience. This challenge will further create social problems and even widen income gap by sex. In other words, there is a big gap between unemployed female and total NEET, meaning that many female youths are either discouraged or participating in family activities (subsistence).

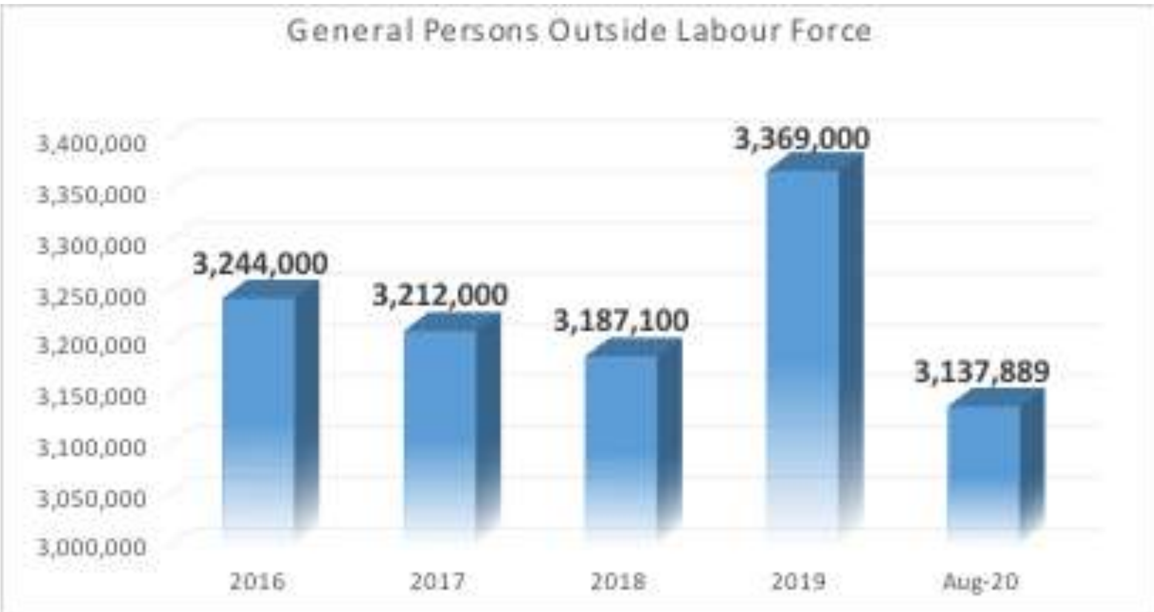
6. PERSONS OUTSIDE THE LABOUR FORCE

The Persons outside the labour force rate are defined as the percentage of the population that is neither working nor seeking work (not in the labour force). The 25–64 age group can be of particular interest since it is considered to be the "prime" age band, representing individuals who are generally expected to be in the labour force, having normally completed their education and not yet reached retirement age; it is therefore worth investigating why these potential labour force participants are inactive.

The inactivity rate of women, in particular, tells us a lot about the social customs, attitudes towards women in the labour force and family structures in general. When the inactivity rate is added to the labour force participation rate, the total will equal 100%.

The main groups of people outside the labour force with 16+ years include; Students still schooling, people in retirement, discouraged job seekers, fulltime participants in subsistence activities and people incapacitated by birth or accident.

Figure 31: General Number of persons outside the Labour Force

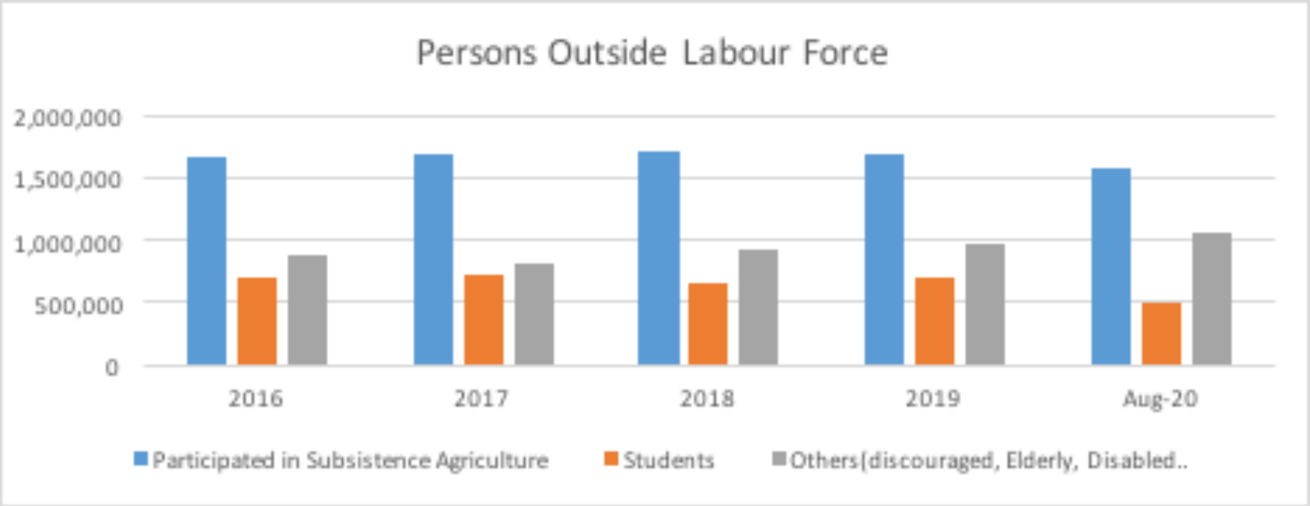


Source: LFS Rounds

According to the labour force survey findings, persons outside labour force survey were 3,244,000 persons in 2016, the number has been declining since then except in 2019 when the number increased to 3,369,000 persons, in August 2020 the number declined significantly to 3,137,889 persons. Given the large number of persons outside labour force, more active labour market policies and programs are need to reduce number of people outside labour force in order to increase number of persons in labour force.

6.1 Persons Outside Labour Force by Category

Figure 32: Persons Outside Labour Force by Category



Source: LFS Rounds

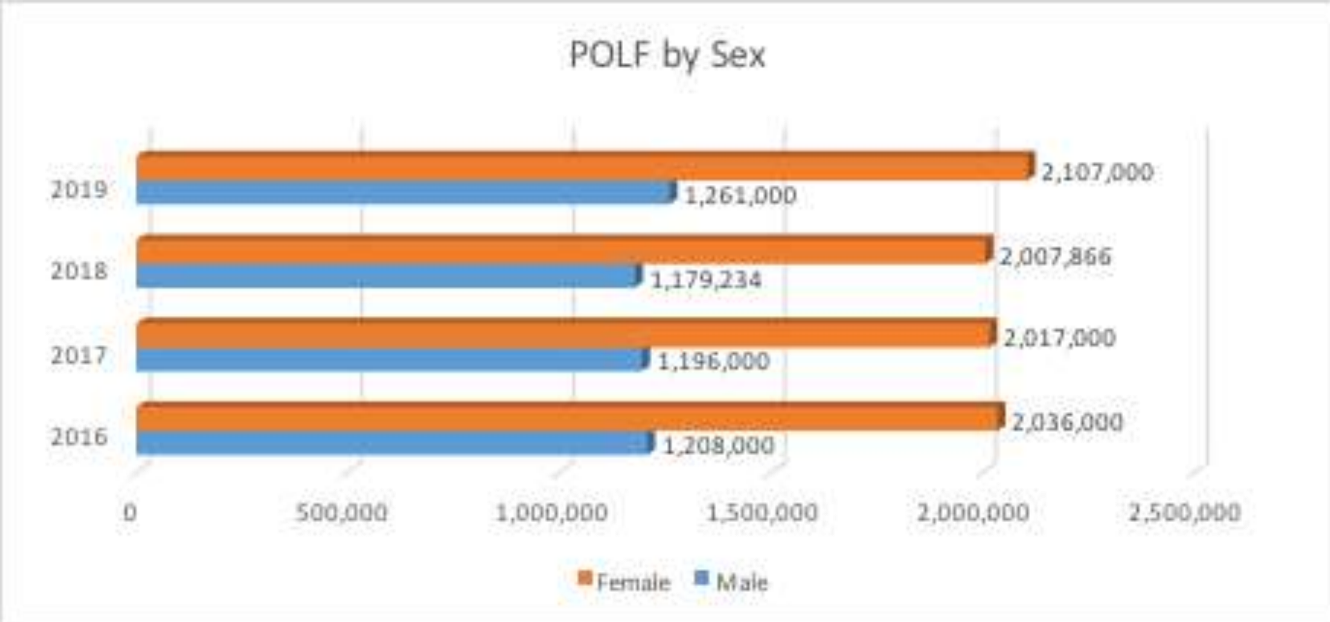
As seen in the graph, majority of persons outside labour force are participating in subsistence Agriculture with almost over 52%, Students have also a big share as majority of students are busy studying.

Others especially (discouraged, retired, incapacitated due to high degree of disability...) constituting a large share as some of elderly people 65+ years are in retirement, the discouraged person majority of them were once in labour force but after failing to get jobs are no longer interested but if given an opportunity they can again come back on the labour market.

In August 2020 the number of students' decline since schools were temporary closed to mitigate spread of COVID-19 thus reducing the number of students.

6.2 Persons Outside Labour Force by Sex

Figure 33: Persons Outside Labour Force by Sex



Source: LFS Rounds

Like other labour underutilization indicator, female are the majority of persons outside labour force, this is mostly influenced by cultural norms which used to perceive that domestic activities are for female thus leaving them with no time to engage in other income generating activities.

According to the findings, over 62% of the person outside labour force are female, thus intervention aimed at improving productivity of farm holds and commercialization of farm produce will increase number of female participating in labour force.

6.3 Persons Outside the Labour Force by Urban & Rural

Figure 34: POLF by Urban & Rural

Source: LFS Rounds

Rural areas are mostly affected with persons outside labour force with over 83% of persons outside Labour force residing rural, this is mainly caused by dominance subsistence activities in the area and shortage of employment opportunities for pay or profit. Urban areas have a small number of persons outside labour force and majority of them are students compared to rural where majority are practicing subsistence agriculture.

7. PROPOSED POLICY ACTIONS

Issue	Cause	Proposed policy action
7.1 Unemployment by level of Education in LF out of school; Upper Secondary/ University		
Upper Secondary & University 24.6%	o Lack of market relevance skills o Limited capacity of Private Sector to absorb a large number of graduates o Limited access to labour market information o Lack of ownership of employment interventions by local government entities o Limited labour mobility and inward looking of graduates o Education not responding or changing with global changes o No expansionary monetary and fiscal policies	**7.1.1 Employability Skills Development** ➢ Initiate skills and innovation competition and awards among TVET Schools and High Learning Institutions; ➢ Streamline Internship, apprenticeship and industrial attachment partnerships with formal companies and incentives to companies that are willing to host and employ part of the interns ➢ Enhance strategic partnership with private sector companies in the implementation of Work Place Learning (Rapid response Training, Industrial based training, apprenticeship and internship) which will help to curb the skills gap and mismatch hence reduce graduates' unemployment and increase private sector productivity as well. ➢ Introduce modular and part-time higher education programs (introduction of reconversion program or short term courses, certificate courses at university) ➢ Joint review and update education policies and curriculum by all stakeholders to be relevant with labour market needs/demand; ➢ Enhance development of partnership and enter into agreement with advanced industries in developed friendly countries to take-up graduates for internship and employment in both TVET, Science and Technology domains & implement it with clear and measurable both short-Medium and long term strategies; E.g Automobile Companies, Computer making companies, Modern Agriculture Economies, High end tourism and hospitality, etc ➢ Strengthen young Professional program through mainstreaming it to big public projects; **7.1.2 Investment, Access to Capital and Markets** ➢ FDI and All public and private projects should include employment dimension; ➢ Research and mainstream employment in/as one of the economic stability indicators to ensure that both Monetary and Fiscal Policies are pro-employment. ➢ Research on causes of high MSMEs attrition rate to inform monetary and fiscal policies formulation incase are proved to be the cause; ➢ Strengthen Leasing and Micro Leasing facilities to ensure MSMEs are boosting production capacity and harness self-employment of TVET graduates; ➢ Sensitization of Districts and Sectors to give priority SMEs & cooperatives in their proximity while awarding of possible public tenders; ➢ Proper follow-up and management of ICPCs to ensure Public interests are observed and achieved; ➢ Ensure that policies, programs and strategies aimed at boosting businesses and job creation are implemented accordingly and timely reviewed to maintain labour market relevancy;

Issue	Cause	Proposed policy action
		➢ Involve Graduates in implementation of big labour intensive projects like greening/public construction works among others; ➢ Promote creativity and innovation culture especially among youth and support talented youth to realize their potentials as a way to promote massive and decent jobs. ➢ Support high growth start-ups to scale. **7.1.3 Access to information** ➢ Set-up domestic, regional and foreign Market Intelligence Unit, to inform policy makers & domestic producers on the new trends and opportunities on the market; ➢ Update regularly Labour Market Information System to facilitate decision making on both individual and policy level; ➢ Increase and improve on management of Employment Service Centers/agencies to improve on information sharing. ➢ Strengthen KORA Job Portal to provide matching facilities and coordinate public and private employment portals and disseminate information to public. ➢ Increase in number of locally produced and published labour market research/studies that guide training programs and that are relevant to the socio-economic development of Rwanda **7.1.4 Modernization of Agriculture** ➢ Enhance on farm training and mentoring of small house hold farmers on modern practices by a model farmer in a village or Agronomy Officers at Cell & Sector level, with clear performance evaluation; ➢ Review Umuganda and increase its scope to orient it to farm activities in village to help transformation of subsistence farm activities; ➢ Improve marketing strategies of farm produce through value addition chain in rural areas (cottage industries, agro-processing); **7.1.5 Improvement of hands-on skills** ➢ Orientation of short-term training to improve skills of Secondary school dropouts based on available economic potentialities of the District;

		➢ Fast track the operationalization of ICPCs as per the model ICPC so as to serve as incubation Centres, centres for internships and industrial attachments. ➢ Increase in number short term courses (TVET courses) which are benchmarked against regional/international standards and increase peer learning events and study tours at national, regional and international levels. ➢ Expand apprenticeship Support traditional apprenticeship and establish partnership with SMEs (Garage, workshops,...) to host and transfer systematically hands on skills to young men and women; ➢ Introduce massive short term training in Agriculture related courses focusing mainly on rural youth drop-outs; **7.1.6 Entrepreneurship & access to finance** ➢ Reinforce the capacity of Umurenge SACCO to enable the access of the loan and advocate for special financial products for the youth MSMEs; ➢ Encourage saving cooperatives at different socio-economic classes of people in all levels to generate capital for the investment in areas of their locality; ➢ Provide trainings on project development and management and facilitate the BDAs to extend services to the group.
7.2 Potential Labour Force that are out of school and not in employment; Primary and lower primary and Lower Secondary		
Out of school & not in employment; **Primary and lower primary and Lower Secondary**	o Leaving Relatively in well-off families and are selective on jobs or are discouraged	➢ Promote creativity and innovation culture especially among youth and support talented youth to realize their potentials as a way to promote massive and decent jobs. Talented young people are empowered and supported in terms of skills ➢ Enhance career guidance and development advisory services as a bridge to talent detection and reorientation
7.3 Time Related underemployment by economic activity		
Underemployment	o Lack of full employment o Low productivity o Limited market	➢ Works in infrastructure projects to happen in low season/ sequencing projects ➢ Forge supply and production linkages and content contract between SMEs and Large firms ➢ Production incubations and technology demonstration. ➢ Improved production equipment ➢ Expand prior learning recognition to certify skills acquired through learning-by-doing and develop tailor made modules to facilitate up-skilling ➢ Promote livestock diversification and increases total farm production and income, provides year-round employment, and disperses risk. In low season, farmers can be engaged in small animal husbandly and avoid seasonal unemployment ➢ Enhance strategies to increase off-farm jobs in order to reduce labour force in agriculture sector

7.4 Subsistence agriculture foodstuff producers (Emphasis on women)		
	o This is largely due to a general perception that farming is unprofitable and unattractive, and not desirable for those with higher education levels. o Fragmented and infertile land which limit the potentiality of market orientation or profit driven. o Lack of modern farm transformation strategy; o Lack of saving culture;	➢ Promote systematically the use of improved seeds, fertilizers, irrigation and land use consolidation ➢ On farm training and mentoring of small house hold farmers on modern practices by Agronomy Officers at Cell & Sector level, with clear performance evaluation; ➢ Model farm per village to help transforming subsistence farming, with support from Umuganda from fellow village mates; ➢ Sensitize people to form saving Association at Umudugudu level with the aim of transforming savings into Umudugudu Model Projects and provide grants on such investment projects ➢ Attracting qualified youth is critical for transforming the Rwandan agriculture sector into one that is driven by genuine entrepreneurship and one that can deliver more value added, through agribusiness investment facility in the development of food processing and high-quality produce. ➢ Enhance export-oriented farming through linking small holders with investors who are tapping into the expanded foreign market access through trade agreements such as EPA, AGOA, Commonwealth and the Tripartite agreement ➢ Strengthened contract farming and structured trading systems, where producers are secured markets, usually at pre-agreed fair and transparent prices, ➢ Initiating adapted financing scheme that take into account harvesting and seasonal period in paying back and interest setting with insurance scheme associated. ➢ Training in the maintenance and management of irrigated infrastructure skills, technologies and empower farmers' organizations in that endeavor.

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