

Supporting Skills Development for Economic Transformation in Rwanda (SD4T)

The challenge

Rwanda's economic development has been remarkable with annual growth rates averaging at eight per cent over the past two decades. However, unemployment and underemployment remain high. A large proportion of local companies are informal micro-enterprises which are not very competitive and cannot harness the long-term potential for growth. Most of them are only creating a handful of jobs at present. Domestic value creation, specifically in the light manufacturing sector is low and meets international standards only to a limited extent. At the same time, the professional skills of many job seekers do not match the requirements of the labour market.

Rwanda has been hosting refugees for several decades. The protracted refugee situation and the country's overall economic situation put pressure on the host country Rwanda. Moreover, while refugees have the legal right to access work and education, they face various obstacles for economic inclusion and access to markets. There is a general lack of quality business development services for existing micro, small and medium sized enterprises (MSMEs) in refugee camps and refugees' and host communities' access to career guidance and job-matching services is very limited.

With strategies such as the *National Strategy for Transformation (NST 1)* and *Made in Rwanda Policy*, the Government of Rwanda (GoR) is promoting skills development, the creation of off-farm jobs and domestic value creation. To contribute to the implementation of the GoR's strategies, the German Federal Ministry for Economic Cooperation and Development (BMZ) commissioned the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH to implement the programme "Skills Development for Economic Transformation" (SD4T), which is co-funded by the European Union (EU). In addition, SD4T supports the GoR in

stepping up its efforts for local inclusion and graduation of refugees out of humanitarian aid, reflected in the *Joint Strategy on Economic Inclusion of Refugees and Host Communities in Rwanda* by the Ministry in charge of Emergency Management (MINEMA) and the United Nations High Commissioner for Refugees (UNHCR).

Our approach

Together with its Rwandan partners, the SD4T programme aims to create jobs by strengthening the competitiveness of MSMEs and cooperatives in the light manufacturing sector (e.g. furniture production, metal processing). Therefore, it builds on an integrated approach to employment promotion, consisting of 1) the promotion of technical and vocational education and training (TVET) to enhance the quality of labour supply, 2) private sector development to raise labour demand, and 3) economic policy advice to improve the matching of labour supply and demand. A specific focus is placed on inclusivity and environmental sustainability as well as on the economic empowerment of women and refugees and their host communities.

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L. to r.: Carpenters inspecting a door frame;
female entrepreneurs producing crafts

Our areas of intervention

The SD4T programme aims to **strengthen the capacities of key sectoral institutions** for managing pro-employment growth in the Rwandan light manufacturing sector, targeting mainly the value chain of wood and complementary crafts. One priority area of capacity development is the support in drafting relevant strategies, studies and standards which can promote the development of the light manufacturing sector. Besides these advisory services which contribute directly to product development, the SD4T programme also provides advice to agencies and companies on work related health and safety standards.

SD4T contributes to **improving the quality of TVET** for the light manufacturing sector through better alignment with industry needs and practical training within companies. This includes fostering collaboration and innovation among stakeholders at district level where SD4T supports the actors in implementing own solutions, jointly solving challenges related to local marketing and skills development. Additionally, this includes organizing workplace learning for TVET students, facilitating the development or revision of curricula by industry practitioners together with TVET academics and supporting TVET teachers in enhancing their competencies. Moreover, short courses for upgrading skills of already employed staff from light manufacturing companies are offered. The programme collaborates closely with Rwanda Polytechnic (RP) and the Rwanda TVET Board (RTB) and supports those institutions in their mandates. It also contributes to their efforts towards increased use of digital tools and access to learning materials for TVET pedagogy.

The programme also aims to **raise the productivity of companies in the light manufacturing sector**. Further training and business development services are offered to micro, small and medium enterprises through selected cooperatives, Integrated Crafts Production Centers (ICPCs). Together with the National Industrial Research Development Agency (NIRDA) the programme offers an Incubation/Acceleration Facility that aims to improve production processes and product quality. These may include the introduction of quality management mechanisms, measures to improve safety at work, mechanization of production processes, digitalization of sales or preventing waste and pollution. The programme supports product-related networking between companies of different sizes, for example through trade fair events, to develop

relationships with suppliers and to increase the depth of value added within the country.

In addition, SD4T aims to **strengthen the economic participation of women**. Women's participation in the economy is the basis for sustainable economic transformation, as it is key for greater productivity and social cohesion. For this, services are being developed to strengthen women-led companies and aspiring female entrepreneurs as well as improve working conditions for women. This includes business development or financial services for women-led MSMEs. On the other hand, the programme promotes the participation of girls and women in TVET. Both pillars are supplemented by measures to improve integration of girls and women into the labour market, such as workplace learning opportunities.

Specific focus on the empowerment of refugees and host communities

The programme places a specific focus on the **improvement of self-reliance of refugees and the host population** in Kirehe District. This includes measures aimed at enhancing protection services for refugees, such as access to legal aid and mental and psycho-social support. In addition, interventions aim at promoting the socio-economic integration of refugees and their host communities. For example, access for MSMEs in selected value chains to business development services in Mahama Camp and Kirehe are enhanced and active labour market measures offered in the Mahama Camp and surrounding host communities are strengthened from a gender perspective.

Our expected impact

We expect that through the joint interventions with our partners, 1) Rwandan institutions are enabled to promote job creation and economic growth in the light manufacturing sector; 2) the quality of TVET has improved; 3) the capacity of companies to raise productivity has increased; and 4) women have access to services aimed at strengthening their economic participation. Moreover, we expect that the protection of refugees in Kirehe District is enhanced and the resilience, empowerment and self-reliance of refugees and communities hosting refugees is strengthened.

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Text SD4T Programme

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