



Evaluation Summary



International
Labour
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Evaluation
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Promoting Decent Work in Rwanda's Informal Economy (Boneza Umurimo)

Quick Facts

Country: Rwanda
Final Evaluation: November 2019 to January 2020
Mode of Evaluation: Independent mid-term Evaluation
Administrative Office: ILO CO Dar es Salaam
Technical Area: ENTERPRISES/SME
Evaluation Manager: Ricardo Furman
Evaluator: Thomas Ranz
Project End: October 2021
Project Code: RWA/17/04/SWE
Donor & Project Budget: Sweden SIDA, USD 4,662,166.51
Key words: decent work, informality, market systems development approach.

Background & Context

Summary of the project, logic and structure

With a funding of 4,662,166.51 USD, provided by the Embassy of Sweden in Rwanda, the project 'Promoting Decent Work in Rwanda's Informal Economy' was planned for a time span of four years, from May 2017 to October 2021. The project is promoting decent work in Rwanda's informal economy and uses a Market Systems Development, MSD approach to decent work, focusing on the two selected specific sectors of the economy, (i) construction building and (ii) garment and tailoring. It addresses the underlying causes of poor performance in these specific markets that matter to people living in poverty and with serious decent work deficits, in order to create lasting changes.

In addition it is expected to improve the capacity, motivation and willingness of market actors - including social partners - to promote decent work more effectively and in order to deliver a greater scale and impact on more and better jobs in Rwanda's informal economy.

The project planning, set up in the revised project document, PRODOC of November 2018 mentions the following target catalogue:

Development Objective:

Better living conditions in Rwanda through reduced decent work deficits

Immediate objective:

Working conditions improved for informally working women and youth in the selected sectors

Track 1: Outcomes for Garment and Tailoring Sector

Track 2: Outcomes for Building Construction Sector

Track 3: Action research on emerging opportunities on promoting decent work in Rwanda's informal economy.

Present situation of the project

The implementation period is divided up into two phases, the Inception Phase of eight months from November 2017 to June 2018 and subsequently the real Implementation Phase with revised project document of 40 months from July 2018 to October 2021.

The project's direct target groups are the informally working poor, particularly women and youth, in urban and peri-urban areas. In total, the project has set a target to improve working conditions for at least 1,500 women, 1,500 youth aged between 14-30 years.

The different stakeholders in this project are represented in a technical committee with 27

members in addition to the steering committee. The total number of members of the two committees amounts to a total of 45.

As external key implementing partners the PRODOC mentions (i) the Ministry of Public Service and Labor, MIFOTRA, (ii) the Private Sector Federation, PSF, (iii) the Centrale des Syndicats des Travailleurs au Rwanda, CESTRAR, (iv) the Rwanda Social Security Board, RSSB, and (v) the National Institute of Statistics Rwanda, NISR.

Under the MSD approach, projects work to facilitate changes within market actors that already operate in the market space. In principle, in the specific context key actors can be government agencies, financial service providers, construction companies and contractors, tailors, employers' associations or workers' unions, among others. The approach does not necessarily require which of those should be engaged when partnerships are chosen based on (i) a market actor's position to address key constraints to the market and (ii) in the case of decent work deficits for informal workers; and (iii) their willingness and capacity to drive change.

Purpose, scope and clients of the evaluation

The main purpose of this independent mid-term evaluation was to provide an independent assessment of the progress to date, through an analysis of the DAC criteria relevance, effectiveness, efficiency, effects and orientation to impact of the project. The specific objectives were defined as follows:

1. Assess the implementation of the project to date;
2. Analyze the implementation strategies of the project with regard to their potential effectiveness;
3. Analyze and assess, in particular, if and how the MSD approach has been understood, applied, adhered to and made use of;
4. Review the institutional set-up, capacity for project implementation including knowledge about and experience from applying the MSD approach;
5. Review the strategies for sustainability, particularly in light of the MSD approach.

The mid-term evaluation covered the period from May 2017 to October 2019 (from design to implementation so far). It covered all planned activities, outputs and outcomes under the project, with particular attention to synergies between the components and contribution to national policies and programs.

The Tor mentioned the following clients for this evaluation: the Government of Rwanda, the social partners, the national and local project partners, the Embassy of Sweden in Kigali, and ILO, the project team, as well as other relevant ILO policy departments, branches, and programs.

Methodology of evaluation

After a document review diverse Skype interviews with ILO officers in Dar-es-Salaam, Pretoria, and as well with the three backstopping experts at HQ in Geneva were conducted. The evaluation on the ground took place from December 2 to December 13, 2019. Talks were held in Kigali only. Field visits to project sites in Rwanda were de facto not possible as there were no projects with concrete implementation activities so far. Instead, consultations with development partners, ministries, and other key stakeholders had been organized.

Unfortunately a discussion with only one focus group was possible. The group consisted of 10 young painters (two women) who took part in a five-day training course that was jointly financed and organized by the project and a major paint manufacturer. De facto, almost all interlocutors, suggested by the project, came from the management levels of confederations, ministries and/or were lobbyists of professional groups. Most of them were also members of the technical or steering committees. Interviews have been based on a total of 24 evaluation questions, formulated in chapter 2 of the ToR.

Methodologically, the evaluation was limited by the following actors:

- No local co-evaluator was recruited.
- As a result of a lack of project results, the work plan, provided by the project, did only schedule one discussion with beneficiaries.
- The work plan, specified by the project, was not changed towards a more participatory proceeding, even upon repeated requests of the evaluator.
- Discussion partners were almost exclusively from the ranks of project stakeholders, most of them at a same time also members of steering or technical committees.

Main Findings & Conclusions

Planning and Design

1. It is repeatedly described that the Market Systems Development, MSD approach requires detailed analyses of existing market structures and vocational fields for specific targeting. However, from an initial pre-selection of 15 sectors, five were shortlisted and ultimately only one of them was pursued further in the project concept. (The initially pre-selected wholesale sector was dropped again.) That leads to the question of whether this extremely time-consuming approach was appropriate.
2. In response to the donor's wish to take Sida's Market Development Approach into account, ILO decided to apply MSD principles. But, together with staff turnover and changing responsibilities, the "innovative" project design ended up in a finally rather inconsistent and difficult to implement concept.
3. Anyone who has followed Rwanda's development in recent years knows that the construction sector has an enormous potential, offers by far the largest number of non-agricultural job opportunities, and more than 95% of workers there suffer from precarious employment conditions. Given that the project could only cover one or two sectors, it wonders why such an elaborate selection process was chosen and financed.
4. The current project concept is, after repeated amendments, very different from the initial version, which was not based on the MSD approach. According to sector two of the current concept, garment and tailoring, this sector was not even represented in the initial elaborate selection process. This sector was rather chosen retrospectively for political and gender-related reasons: tailoring as a female dominated vocational sector.
5. The Market Systems Approach, MSD is an impressive development concept from a theoretical-academic point of view. In that case, it didn't work. The question of whether this is due to implementation practice, the existing political and economic framework conditions or the approach itself must remain unanswered at this point.

6. The Rwandan government has put together extensive packages of measures and promotional instruments for the support of economic development and the creation of new jobs. Many structures that appear at first glance to be private sector initiatives are ultimately subsidized or mandated by the state to finance themselves through ordinances and/or decrees.
7. For the ILO project, this frequently means that co-funding is often submitted as co-operation project, even though it represents an original core task of the respective stakeholder. Altogether, Rwanda's specific market structure does not appear to have been sufficiently reflected in the project concept.
8. During the year 2018, still no project co-operations were prepared. However, it is clear that for revision of the PRODOC, diverse analyses, surveys and studies carried out, a total of 565.718 USD was charged, including staff costs.

Financial Aspects and Budgeting

9. The project has a scheduled duration of 40 months and a total available budget of 4,662,167 USD. In detail, only the budget line "MoUs and Implementation Agreements" can be regarded as a direct support of the beneficiaries. This available budget amounts to only 13 % of the total as "the budget that directly benefits the defined target groups".
10. Consequently, so called transaction costs - including especially staff costs of 40% - amount to 87 % of the budget. The resulting cost-benefit ratio is unacceptable.
11. The budget line "Seminars and Workshops" could possibly be partly allocated to the target group, which was so far not the case. However, a clear allocation could not be made by the accounting department.
12. Budget lines such as "Travel Project Staff" or "National and International Consultants" are "hidden running costs". Under the title "Project Direct Activity Costs", these have no place at this point and obscure the actual cost overview and allocation.
13. The backstopping effort also appears to be extremely high at almost 4% of the total budget. And the location as direct activity costs is also incorrect, since backstopping cannot be regarded as a direct service to the project beneficiaries.

Management

14. The project design proposes the position of an international CTA. After the initial holder of the post left, it was not re-publicized. Due to a denial of a working permit - the reasons for which can only be speculated - the current CTA is now stationed in Dar es Salaam and unable to visit the project since almost one year. At this point, in time there is no new information suggesting that this situation will change.
15. For almost one year now, the Chief Technical Adviser, CTA has not been on the ground. Consequently, to a large extent the contractually agreed services could not be provided. However, as reported by the administration, the corresponding cost unit is billed continuously and in full.
16. As a result, the project team in Kigali has no leadership at all, and that although very strong leadership would be absolutely essential in this project.
17. In addition, the current project personnel were only prepared for the highly ambitious MSD approach within a quick course and do not actually have the necessary qualifications and the understanding for the methodical MSD instruments.
18. In organizational development, the so-called worst case describes a situation in which employees have in fact departed from their work internally. This means that employees no longer feel able to achieve set goals, but do not want to lose their jobs. That seems to be at least partially the case in this project.

“Projects” (MoUs and Implementation Agreements)

19. The project has so far concluded four co-operation agreements. In addition to an agreement with MIFOTRA, three agreements are classified as private sector agreements.
20. Only within the co-operation with AMACO PAINTS Ltd. concrete results could be examined within a group discussion with the direct target group. These young painters (150 young people, 19 women among them) had been trained for five days.
21. Considering the other three co-operations, activities at the Institution of Engineers are at the beginning, and for the other two there are still almost no activities at all.
22. So far only 5% of the budget line “MoUs and Implementation Agreements” have been spent - compared to 40% of the estimated personnel costs. So far as well only 5% of the pre-defined final beneficiaries have been reached (3,000 youth and women).
23. Apart from the project with AMACO, the extent to which the actual target group (the informally working poor) will be the final beneficiaries of planned activities can be discussed.
24. In general, the cost sharing required by the project is considered too high, if not unreasonable. Representatives of national organizations refer to their binding annual plans (from July to June), which do not allow any financial flexibility. Representatives of the private sector described their “benefit” as too expensive. And also AMACO wants to renegotiate before signing a subsequent co-operation project

Steering Mechanisms and Monitoring

25. The Rwandan government, represented by the Ministry for Public Service and Labor, MIFOTRA, has been given responsibilities of chairing both Steering and Technical committees in order to follow up project implementation.
26. Rwandan government offers a variety of funding, co-funding, credits and/or guarantee instruments, in addition to which the co-operation modalities offered by the project may not be very attractive.
27. Private sector interest in the project was rated as relatively low by various interlocutors.
28. The two committees, a technical committee with 27 members, and steering committee with 18 members appear disproportionately high for this project. It is not possible to say to what extent both committees played a role in the failure of the project.
29. The permanent filling of a full-time position for monitoring since the very beginning of the project seems inappropriate. In this context, the question of the concrete tasks of the liaison officer at the MIFOTRA also arises.

Recommendations & Lessons Learned

Recommendations

1. The project's co-operation offers made so far are apparently not really interesting for stakeholders - for whatever reasons. For a continuation the incentive system would need in particular to significantly reduce, if not eliminate, the financing contributions of partners. However, this would require a complete restructuring of the current modalities of co-operation.

To do so would require enormous resources of time and funds for a detailed analysis and re-adjustment. And a temporary suspension of project activities would be unavoidable. In addition this would be inconsistent with the ambition to facilitate solutions that can become self-sustained by the partners. Certainly, in this case new partners who are willing to make their contribution should also be sought.

2. Conceptual MSD documents refer to the very high demands on specially trained personnel. In contrast, various discussion partners repeatedly addressed professional weaknesses of the current team. Thus, for an appropriate continuation of the project, a completely new team would have to be recruited and/or the existing one would have to be fundamentally re-qualified.

This type of training and/or recruitment of new staff would probably take about one year and would also in this case make a temporary suspension unavoidable.

3. An acquisition and communication offensive could lead to more signed MoUs and Implementation Agreements. For this purpose, additional personnel resources could be internally reallocated, at least temporarily (e.g. support by liaison and monitoring officer).

In addition to the small number of co-operation agreements signed to date (4), the number of other promising potential projects, currently under negotiation, also argues against this option. And, also the high number of particular unsuccessful acquisition visits, executed by project staff in the past, stands against this option.

4. The permanent presence of a highly qualified team leader on site would be essential for any kind of project continuation, whether it should be an international or national expert.

Rwandan government has refused a residence permit to the ILO nominated CTA. And a repetition of this situation could not be excluded and

would be very costly to the project and the funder. But, this project requires the presence of a strong and, above all, independent leader for negotiations with government agencies and other project partners "at eye level"

Lessons learned

1. Although otherwise agreed, the team leader recruited by the ILO was refused a work visa in Rwanda. The reasons for this could not be found out despite intensive and repeated efforts during the evaluation in Rwanda. The ILO therefore located the CTA (project team leader) in Dar es Salaam, with a hope that an amicable solution would be found. This however did not resolve the issue since the CTA could never visit Rwanda. As a consequence, this meant that the project team has been working without a team leader for about a year. Since that time the team leader is based in Dar es Salaam in the ILO Country Office and could never come to Rwanda.

The evaluator considers this as inappropriate decision. Whether with a temporary suspension of the project operation or with the replacement of the CTA: Anything would have been better than a so-called "remote management" - with accounting of the full personnel costs.

2. The Market Systems Development Approach, MSD is still a relatively new project approach. On the one hand, it is considered to be very innovative, but on the other hand it poses great challenges. The implementation requires very experienced project personnel as well as an economic climate that motivates employers in particular to make a social commitment. Without being able to rely on a detailed analysis, both preconditions were probably not met to the necessary extent.

Despite a very considerable effort in terms of scientific studies and labour market analyses, the concrete feasibility of the project was apparently not sufficiently examined. In any case, this assumption suggests the extremely poor track record.