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the LAB
MARKET SYSTEMS DEVELOPMENT FOR DECENT WORK

International Labour Organization

WEAVING BETTER WORKING CONDITIONS INTO RWANDA'S GARMENT INDUSTRY

A MARKET SYSTEMS ANALYSIS IN RWANDA'S GARMENTS & TAILORING SECTOR

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KIGALI, RWANDA
AUGUST 2018

First published 2018

ISBN: 978-92-2-031259-9 (web pdf)

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Printed in Switzerland

EXECUTIVE SUMMARY

'The Lab' team of the International Labour Organization (ILO) performed a market system analysis (MSA) of the garments & tailoring sector in Rwanda to understand the market incentives to better working conditions. The analysis (summarized in this study), along with a similar analysis on the building construction sector, is part of the inception phase for the regional project "Promoting Decent Work in Rwanda's Informal Economy", carried out by the ILO and funded by the Embassy of Sweden in Kigali. This project attempts to reduce decent work deficits among women, young women and young men working in selected informal sectors. Decent work deficits or labor rights deficiencies are predominant in the informal economy, where 91%[1] of Rwandans work. Many workers cannot exercise their rights, which means that decent work deficits persist in practice, despite a fairly supportive national labor rights legislation.

The analysis was performed on the garments & tailoring sector to find the market constraints to better working conditions for informally working poor women and youth in the urban areas. Such an analysis will be used as a tool to help sharpen and better focus ILO's project implementation. As such, potential project interventions have been identified at the close of the study.

The garments & tailoring sector in Rwanda is in its infancy. It struggles with limited demand for locally –made garments and competition from cheap, mass-produced imported clothes. The sector is almost exclusively comprised of micro and small businesses and self-employed ("independent") tailors. At large-scale production levels, garment production is limited to two large clothing manufacturers.

Informality

Most businesses in this sector are largely informal. Registered businesses largely still operate with elements of informality: not paying social security contributions for their employees and not formally contracting casual workers. In the case of independent tailors, informality at the business level automatically implies informality at the worker level.

1. The National Institute of Statistics of Rwanda (NISR): Labour Force Survey Report (August 2017).

Youth and women

The sector has an abundance of women, young women and young men who work across all professions. Since independent tailoring far exceeds any other profession in absolute numbers in the sector, more women and young people work as independent tailors than at any other positions. The profession of tailoring is suitable for low-skilled youth with limited employability on the labour market given the low entry barriers.

Decent work deficits

All the actors in the value chain were initially assessed regarding a set of working conditions dimensions and presence of women and youth. The purpose was to determine which group of actors is most vulnerable based on the following criteria: gravity of decent work deficits and presence of women and youth in the group. Tailors working independently or in informal tailoring businesses were found to suffer from the largest number of deficits: long working hours and unstable income plus insufficient coverage of health insurance and lack of pension savings. The last two deficits affect most workers in the sector, both in formal and informal businesses. Decent work deficits are not found to be more pronounced for women or youth in particular. Only levels of income, which were not identified as a deficit, are likely to differ among some women and men. Young mothers are likely to earn less while raising children because earnings are linked to the number of garments made and they often cannot work as many hours. Based on these findings, this MSA zooms in on the decent work deficits faced by tailors[2], their root causes and potential interventions to tackle them.

Root causes

The analysis shows that **low demand** for locally-made garments is the main constraint in the core vale chain. This is caused by exogenous factors (e.g. population size, increased foreign competition), but also by a general **lack of advanced tailoring and design skills** and **limited access to finance** of tailors to purchase adequate sewing equipment. In addition, there is **little interaction** among actors such as tailors and designers, which hinders new business opportunities.

Regarding the root causes to decent work deficits, a combination of factors were found. **Long working hours** (11- 12 hours per day six days per week) hide a problem of poor management skills to cope with peaks in demand and is aggravated by the lack of coordination among tailors, who could manage workload more efficiently together. Societal norms may also play a role as individuals prioritize other concerns such as higher income and seem to accept the working hours as given. **Unstable income** (i.e. unpredictable, varying levels of income) is influenced by market demand and goes hand in hand with the nature of the profession. **Insufficient health coverage** derived from the *mutuelle* health insurance scheme most people have is exacerbated when workers have minimal savings for out-of-pocket payments and face competing needs (e.g. paying school fees). Finally, the **lack of worker pension savings** is at least partly explained by the difficulties to keep money aside for the future when short-term and more immediate expenses prevail.

2. Tailors working independently or in informal tailoring businesses.

Potential interventions

The fact that the fundamental constraint – low demand- is unlikely to be influenced in the short-term means that project interventions may not produce a fundamental change in the sector. Despite this *ceiling*, some small improvement in business performance and working conditions can be achieved. Several potential interventions are summarized in the table below.

Type of constraint	Potential Intervention
Managerial skills	• Encourage organizations providing basic tailoring training to integrate management in the curriculum and also offer management courses.
Advanced tailoring and design skills	• Carry out a market survey to help define and increase the added value of upcoming initiatives.
Access to finance	• Facilitate uptake of existing financing mechanisms. • Strengthen the functioning of associations and cooperatives.
Access to markets	• Encourage and help the government define the 'Made in Rwanda' (MIR) brand. • Assist the main actors supporting the MIR initiative in defining strategies for businesses to move into higher value-addition roles. • Approach local large manufacturers to understand the potential of sourcing from small domestic producers.
Coordination	• Promote inter-sectorial learning among tailoring businesses. • Partner to organize industry events on the MIR theme that bring together all types of actors in the sector. • Test the appetite for creating an industry association.
Lower earnings for women with children	• The business case exists for female tailors to jointly hire helpers to look after children.

GLOSSARY OF TERMS

Decent work: Decent work is work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

Fitted clothes: Clothes made by a tailor.

Garments: Wearable clothing produced by the ready- made garment industry.

Market system: The market system contains the value chain as well as many 'supporting functions' and 'rules' that shape how the market works for both businesses and workers in the sector.

Retailer: A person or business that sells goods to the public in relatively small quantities for use or consumption rather than for resale.

Tailor: A person whose occupation is making fitted clothes such as suits and dresses.

Textiles: The design and production of cloth and woven fabrics using natural or artificial fibres.

Trim: Materials used in sewing other than fabric, such as threads, buttons, lining, zippers and labels.

Value chain: Full range of activities that are required to bring a product or service from conception, through the intermediary phases of production and delivery to final consumers, and final disposal after use.[3]

Youth: Individuals between 16-30 years old.[4]

3. Kaplinsky & Morris (2003).
4. As defined in the Rwanda Labour Force Survey (August 2017).

NOTES

On terminology and data consistency. This study uses the terms ‘garments’ and ‘clothes’ interchangeably. Secondary sources often present statistics for garments together with related products such as footwear, apparel and textiles. Much of the data about the garment industry is inconsistent and uses assumptions or proxies. Where contradictory figures exist, range estimates have been provided based on the most generally accepted secondary sources.

On confidentiality. All data collected through primary research have been made anonymous so that individual cannot be identified. Instead, we refer in generic terms to ‘interviewee(s)”.

On study limitations. The challenge of targeting the informal sector: Many informal entrepreneurs avoid communicating about their lack of formalisation and status as they do not (fully) comply with labour, tax and other laws. The same holds for informal employees. Formal firms may fear visits from compliance officers and are often not willing to share information on informality among their workers. This explains the scarcity of secondary research and could introduce bias in the research. To minimize this risk, the research team relied strongly on the networks of a local consultant. Also, the purpose of the study was explained clearly and whenever possible, interviewees where asked about past experiences so the fear of repercussions was minimal/ **The geographical focus:** Information was collected from business owners and workers in Kigali. The main findings are expected to apply to other urban areas in the country, although this requires further research.

PREFACE

This study was written by Rebeca Granda Marcos and Judith Van Doorn with very valuable inputs from William Babigumira and Steve Hartrich.

The team would like thank the following people for their critical feedback: Tapera Muzira, Matthew Ripley, Jude Muzale, Francois Murwanashyaka, Alexander Twahirwa, Merten Sievers, Annamarie K. Kiaga, Jens Dyring Christensen, Jeanne Schmitt, Laura Brewer, Elisabet Montgomery and other Sida colleagues.

The research team would like to thank all those who participated in the interviews and focus groups.

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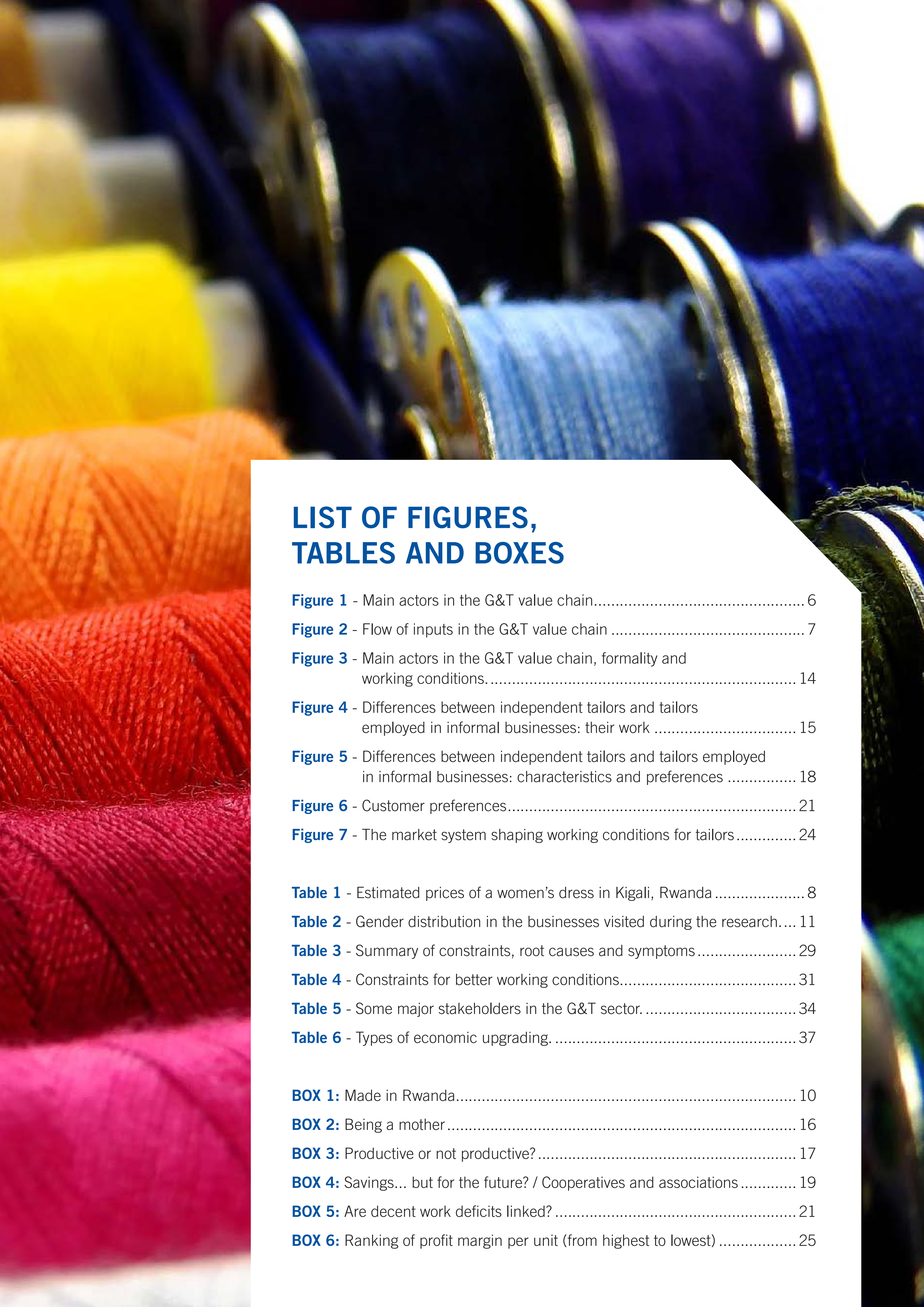
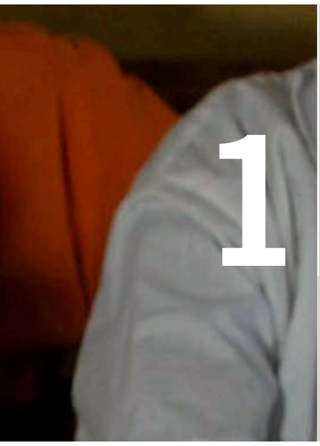


LIST OF FIGURES, TABLES AND BOXES



1 INTRODUCTION

1.1 PROJECT INTRODUCTION

The International Labour Organization (ILO), with the support of the Embassy of Sweden in Kigali, is implementing a three-year project (December 2017 – November 2020) to promote decent work in Rwanda's informal economy. Although labour rights are quite well acknowledged and provided for in Rwanda's legislation, the challenge to effective implementation still remains. The problem that this project seeks to address is that the vast majority of workers, most of whom are in the informal economy, cannot exercise their rights and have access to the protections under legislative provisions. This means that decent work deficits persist in practice despite a fairly supportive labour rights legislation.

To address these deficits in the informal economy, the project will use a market systems approach to decent work with a focus on the building construction and garments & tailoring (G&T) sectors. In this approach, the first step is to identify and understand where the key constraints to decent work to the target group – women, young men and young women in the informal economy – along with their corresponding root causes, lie in each sector. The project then implements through leveraging high capacity and highly motivated actors – those that already operate in the market space – to drive innovations that address the 'root causes' of these constraints. The objective of implementation is to either find incentives for, or build the capacity of existing actors, such that they become the change agents that can address market constraints and decent work deficits in a way that is both sustainable and scalable.

This assessment, referred to herein as the MSA, provides the analytical basis for identifying the constraints to, and opportunities for addressing, working conditions in the G&T sector.

1.2
STUDY PURPOSE AND SCOPE

This MSA of the G&T sector has been performed to first identify the key constraints to the sector and later, the corresponding root causes that limit functionality to these markets in relation to business operations, working conditions and gender. The target group within the MSA is **informal workers**, and in particular those who are **women, young women and young men**. The study is not about finding opportunities to formalize workers; rather, it is about finding the market constraints to decent work faced by informal workers and the opportunities to address working conditions among these workers.

1.3
STUDY METHODS

The research was carried out in two subsequent phases:

- **Desk research:** Available literature was gathered to provide a framework for the primary data collection process. Secondary information was very scarce, so the analysis heavily relies on the field research.
- **Field research:** A total of 34 in-depth, semi-structured interviews and focus groups were held with government officials, associations, a union, training centres as well as formal and informal business owners, employees and self-employed people located in Kigali. A detailed list of all the stakeholders is included in Annex A. In addition, 53 surveys[5] were administered to employed and independent tailors (41), tailoring business owners (2), garment sellers (5) and customers (5).

The research is based on the methods of ILO's Value Chain Development for Decent Work guide[6] and the Springfield Centre's Operational Guide for the Making Markets Work for the Poor Approach. Results were validated through triangulation of data and methodologies. This means the research uses different types of data (i.e. primary and secondary) and multiple methods (e.g. observation, surveys).

5. Around 70% of respondents were women. The surveys covered work experience and training, perceptions about improving working conditions and current income. Customers were asked about their satisfactions with tailors' work.

6. International Labour Organization: *Value Chain Development for Decent Work – How to create employment and improve working conditions in targeted sectors (2015).*

2 SECTOR STRUCTURE

2.1 MARKET OVERVIEW

A visit to Nyarugenge market in Kigali downtown will take you to a vibrant conglomerate of small stalls. Dyed with the colours of thousands of stacked clothes and shoes, the market is dominated by imported ready-made garments. In the surroundings, two dozen young tailors work with old-fashioned machines directly under the sun. Similar images are depicted in other markets such as Kigali City Market.

Even though this is the most visible part of the G&T sector in Rwanda, the sector consists of a wider range of actors. At a small scale production level, it essentially comprises micro and small businesses as well as self-employed workers that work as:

- **Retailers & middlemen**: Retailers import (or buy from importers) and sell ready-made garments to the final consumer. Middlemen import (or buy from importers) and sell fabrics, trim and sewing machines to supply to local producers.
- **Local producers:** Local production is in the hands of a few *higher- end* design businesses which design and produce handmade clothes, and tailoring businesses and self-employed tailors that mainly work by order.

Local production or imports of raw materials, as discussed later, is very limited. This is because almost all fabrics are imported from abroad.

At a large scale production level, the garment production in Rwanda is mainly restricted to two large clothing manufacturers: Utexrwa and C&H. The first one, established in 1984, produces garments in addition to some textiles, which are mainly for the domestic market.[7] Chinese-owned C&H,

7. Rwanda has 16 textile establishments with one, Utexrwa, dominating the industry. Own and Associated Limited: *Skills Audit in Manufacturing Sector* (2017)

which started operations in 2014, makes only garments and exports 80% of its production. Figure 1 summarizes the structure and main actors in the value chain and figure 2 shows the flow of inputs in the production process.

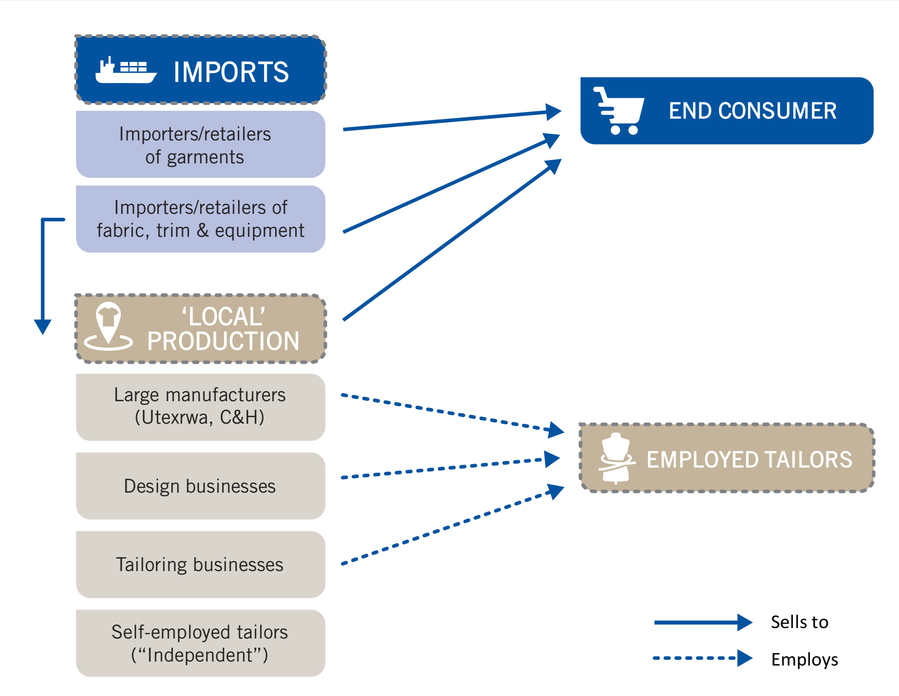
Employment: Almost 15% of the Rwandans engaged in the production of handicrafts work in the textile and apparel sector, making it the 3rd largest job creator within handicrafts.[8] The number of existing jobs within the "Importers" and "Local Producers" segments is largely unknown, although the local market demand is largely served by imports. The estimated number of businesses importing and selling ready-made garments is, according to key informant interviews, between 200 and 350.

Zooming in on local production, this research estimates that tailors are the most numerous group in the segment: approx. 88,400.[9] Of those, the tailors working independently make-up the vast majority of this group. Independent tailors include those working from home,[10] in a cooperative, in a formal or informal association or on their own.

Large manufacturers Utexrwa and C&H jointly employ around 2,000 workers, mainly Rwandans. [11] No data was found for the number of design and tailoring businesses, but this research estimates a relative small contribution to the total employment in local production. The Association of Designers has only 26 businesses affiliated.[12]

The Association of Professional Tailors alone has already 3,100 tailors affiliated

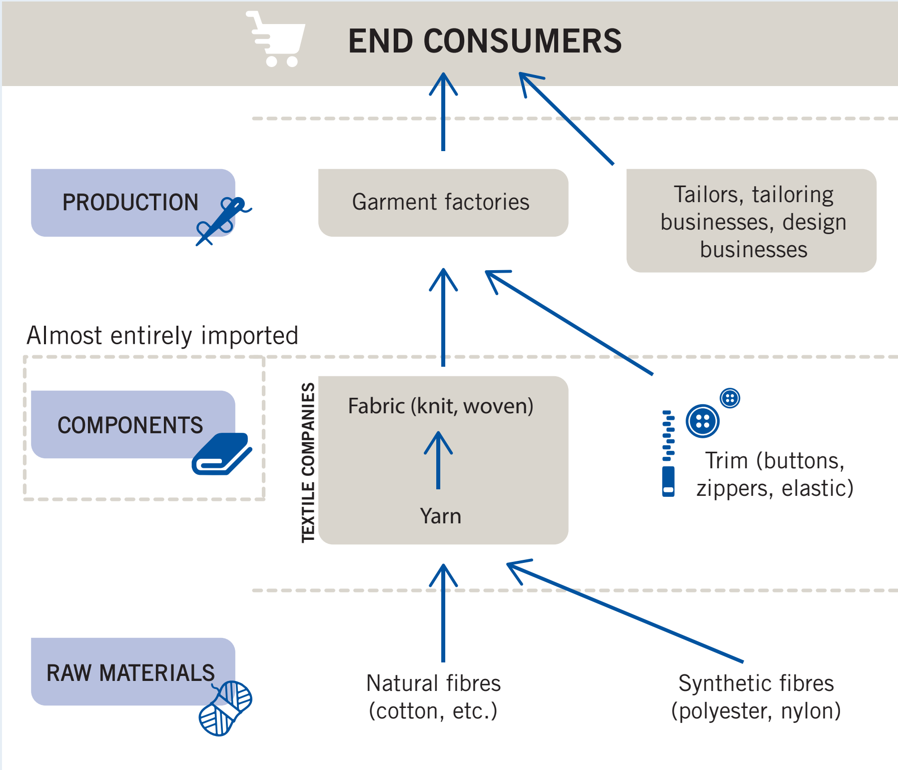
Figure 1
Main actors in the G&T value chain



Source: Own. Note that the arrow from "Importers/retailers of fabric, trim & equipment" to "End consumer" reflects that the end consumer often purchases fabrics and other materials to provide to the tailor.

8. After basketry and wood-work. Rwanda Ministry of Trade and Industry: *Strategy to transform the textile, apparel and leather sectors* (April 2016)
9. It refers to the estimated current number of people working in tailoring in Rwanda. The number of independent tailors may be slightly lower because the figure can include some people currently working as designers or businesses owners. The National Institute of Statistics of Rwanda (NISR): Labour Force Survey Report (August 2017).
10. Tailors who exclusively work from home were not interviewed. Nevertheless, other tailors were inquired about the work situation of those at home. No major difference with independent tailors were identified.
11. Estimated from interviews.
12. Reported by a member of the association.

Figure 2
Flow of inputs in the G&T value chain



Source: Own. Note that in Rwanda, the production or imports of raw materials are almost non-existent. Producers buy fabrics from abroad.[13]

Informality: Almost 91%[13] of total employment in Rwanda is informal and the G&T sector is not an exception. **Most businesses** in this sector are largely informal. Registered businesses largely still operate with elements of informality: not paying social security obligations for their employees and not formally contracting casual workers. This is consistent with the extremely low number of formal, active businesses in the textiles, clothing and leather sector registered in the 3rd quarter of 2016: only 22 businesses.[14] In the case of **self-employed** ("independent") **tailors**, informality persists both at the business and worker level. Most tailors do not register their businesses at the Rwanda Development Board (RDB) and face similar decent work deficits as informal tailors who are employed.

13. The National Institute of Statistics of Rwanda (NISR): Labour Force Survey Report (August 2017).
14. Rwanda Revenue Authority, VAT Data (2016).
15. Adapted from *ILO: From obligation to opportunity: A market systems analysis of working conditions in Asia's garment export industry* (2017).

2.2 HISTORY AND TRENDS

Local garment and tailoring production struggles with a small domestic market and rivalry from imported clothes. More favourable are the governmental efforts aiming at developing the sector such as the 'Made in Rwanda' (MIR) policy, [16] which derives from the industrial policy (2011)[17] that targets the textile cluster for promotion.

Demand

In 2015, the value of imports of textiles, apparel and footwear was RWF 103.3 billion (USD 124 million), of which 22% refers to second hand clothes. According to the Ministry of Trade and Industry, the overall market size for clothing is expected to continue to grow as the economy grows.

A small market: The demand in Rwanda for locally-produced clothes is weak, although several interviewees mentioned that Rwandans increasingly appreciate locally produced garments. As compared to neighbouring countries, the population is quite small and the amount of Rwandans that can afford to buy domestically produced clothes (or high-end imported garments) is low. Per capita annual income is only RWF 1.12 million (USD 1,340)[18] and the price of these clothes varies from RWF 2,000 up to RWF 60,000 (USD 2.5 - USD 72), as shown in Table 1.

Table 1
Estimated prices of a women's dress in Kigali, Rwanda

Population segment	Main type of purchase	Estimated price (Woman's dress)
Low income segment	Imported second-hand clothes	On the roadside Rwf 2,000 – 3,000 / USD 2,5 – 3,5
	Imported cheapest (new) garments	Rwf 5,000 / USD 6 Can be found for as low as Rwf 4,000 / USD 5 (mainly Chinese origin)
	Fitted clothes (by tailor)	Rwf 6,000 - 15,000 / USD 7 - 18 (of this, Rwf 2,000 to Rwf 4,000 paid to the tailor)
Medium income segment	Imported garments	Rwf 8,000 – 10,000 / USD 9,5 – 12 Can be found for as low as Rwf 8,000 / USD 9,5 (mainly Chinese origin)
	Fitted clothes (by tailor)	Rwf 15,000 - 25,000 / USD 18 – 30 (of this, Rwf 3,000 to Rwf 5,000 paid to the tailor)
High income segment	Imported most expensive garments	Rwf 80,000 – 100,000 / USD 96 – 120
	Locally designed fitted clothes (by design business)	Rwf 50,000 – 60,000 / USD 60 – 72

Source: Own estimations.

16. Ministry of Trade, Industry and EAC affairs: *Made in Rwanda Policy* (April 2017).
17. The policy will be reviewed in the financial year 2018/9. Rwanda Ministry of Trade and Industry: National Industrial Policy (April 2011).
18. In 2016. United Nations Development Programme: Rwanda summary (2018).

Increased foreign competition: Local garment producers get a small slice of pie. Demand for local production seems to be relatively stagnant while in the last few years the value of imported new textiles has increased steadily as these are generally perceived to be of high quality and cheaper than locally produced garments. Rwanda's largest import partner for new textiles and apparel is China and this import was valued at RWF 22.3 billion (USD 26.8 million) in 2015. Other important textiles and apparel importers originate from Vietnam, Kenya, Uganda and India.[19]

Supply

Exports of garments are mainly limited to C&H and a few small-scale businesses. In 2016, the total value of textiles and clothes exported was RWF 5.8 billion (USD 7 million), with countries like Democratic Republic of the Congo (56%), USA (18%) and Uganda (7.5%) as the major buyers.[20]

'Local' production for a domestic market: The local market is highly fragmented and each player tends to focus on a different segment (e.g. design businesses serve middle to high income customers). The greatest competitors for local players seem to be foreign manufacturers rather than other local producers. Yet at the bottom end of the market, there is also a trend of increased competition due to a growing number of Rwandans operating in the sector.

Current local production of raw materials (e.g. cotton, silk, etc.) and fabrics is very limited and prices are not competitive. In the recent past, domestic production of silk was introduced through sericulture, but the progress has been slow to take off, with domestic cocoon production still below 11 tonnes per years.[21] Cotton was tried to be produced domestically, but the soil and climate are not appropriate for the production of competing quality cotton. Thus to a large extent, fabric production depends on imported raw materials such as cotton, wool and even silk.

Currently, almost all fabrics are imported – cotton from East African Community (EAC) member countries and artificial fabrics, primarily polyester, from South Africa, Taiwan, Korea and Indonesia.[22] Some interviews mentioned buying from neighbouring countries such as Kenya when there are delays in the delivery of the fabrics coming from far away. Sewing machines, that are available for sale in Kigali, are all produced abroad. Working with imported materials has at least three important implications. First, it increases sales prices of locally produced garments (versus garments from China and other exporting countries) - by an average of 20%.[23] Second, it reduces the value added in Rwanda essentially to labour, which can make it more difficult to sell 'Made in Rwanda' clothes as genuinely local. Finally, it reduces the diversity of actors in the value chain as the operations related to transforming raw materials (such as collection, washing, etc.) and manufacturing trim are not performed.

Nevertheless, there are mixed opinions about the commercial and environmental case for textile production, some arguing that textile production is energy intensive, capital-intensive, employs relatively few people and requires excellent infrastructure.[24]

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19. Rwanda Ministry of Trade and Industry: *Strategy to transform the textile, apparel and leather sectors* (April 2016).
20. Source: WITS (World Integrated Trade Solution) (2014). Available at: https://wits.worldbank.org/CountryProfile/en/Country/RWA/Year/2014/TradeFlow/Export/Partner/all/Product/50-63_TextCloth
21. Agency for Cooperation and Research in Development: *Integrating the EAC Cotton, Textile and Apparel sector in Global Value Chains: Stakeholders perspectives* (May 2016). Rwanda Ministry of Trade and Industry: Strategy to transform the textile, apparel and leather sectors (April 2016)
22. Rwanda Environmental Management Authority (REMA): Sector specific guidelines for mainstreaming climate change in the manufacturing industry sector in Rwanda (2015).
23. Ministry of Trade, Industry and EAC affairs: *Made in Rwanda Policy* (April 2017).
24. Flanagan (2014).

Government strategy

The 'Made in Rwanda' policy (MIR) was developed in 2017 by the Ministry of Trade and Industry to enhance the competitiveness of the private sector thus increase domestic production of goods that are currently being imported (i.e. import substitution). This is expected to help tackle the persistent trade deficit of the country. The policy attempts to address fundamental barriers by supporting producers to improve the quality of their products and address drivers that raise production costs. Furthermore, it aims to facilitate access to domestic and foreign markets for small and medium businesses (SMEs). The value chain of the textile, garment and leather sectors have received targeted support under MIR, for which a specific action plan was approved by Cabinet in April 2016. The implementation of the policy is underway.

BOX 1: MADE IN RWANDA

The policy presents the garments sector as having the potential to become 'domestic'; this is, to replace imports with Rwandan production. This requires an answer to the question: what makes or can make the country competitive?

Labour is essentially the only genuine "Made in Rwanda" component of garments and fitted clothes. This production cost is not low in the country (i.e. other developing countries haver lower labour costs). Without the ability to negotiate imported fabric and material prices, producers can only reduce costs by earning less. This means that "Made in Rwanda" should compete via brand and quality as opposed to prices. Today, however, only a few design businesses are following this strategy in the country.

2.3 THE ROLE OF WOMEN AND YOUTH

Historically the tailoring sector has been male-dominated. This began to change some years ago and now the proportion of young and middle-age women working as business owners, employed and self-employed tailors seems to be higher than that of men. No official data is available, but this was pointed out by interviewees and is consistent with the scarcity of old female tailors observed.

Table 2 shows the proportion of women and men by type of job that was observed in the businesses and tailoring conglomerates interviewed. Although this does not represent any sectorial trend, it may provide a very rough estimation of the gender composition.

Youth[25] was found across the three job types: design business owner, independent tailor and employed tailor. Since in the sector tailors far exceed designers in numbers, more young people work as tailors.

> ***There were always women working (in tailoring), but now there are more of them. This is because women don't just want to be at home, they want to be more independent***
>
> **– Middle age female tailor**

25. As defined in the Rwanda Labour Force Survey (August 2017).

Zooming in on the tailoring profession, young people were found to work as employed tailors for large manufacturers and tailoring businesses. About half of the young people in this sector learn skills on the job or through apprenticeship (see section 3.3.4). This makes tailoring- and particularly *being employed* by experienced professionals- suitable for low-skilled youth with limited employability on the labour market. In addition, young people are less likely to have the capital and customer base needed to start working independently. Because the number of employment opportunities in businesses is limited in the sector, a larger number of young people work independently.

Women are as likely to work in any sectorial profession as men today. A much higher proportion of young women were found among all types of tailors, which suggests that in the future the sector will be dominated by women.

Table 2
Gender distribution in the businesses visited during the research

	Female	Male
Design business owners	25%	75%
Independent tailors	60%	30%
Employed tailors:		
Formal/ Semi-formal ssmall business	57%	43%
Informal small business	50%	50%
Big formal manufacturing business	60%	40%

Source: Own estimations. Note: The sample of small business owners is small, so no conclusion can be drawn about a higher proportion of men working as designers.

3 EXAMINING SECTOR WORKING CONDITIONS

3.1 A TECHNICAL NOTE ON INFORMALITY

The term ***informal economy*** refers to economic activities among workers and businesses that are – in law or in practice – not covered or insufficiently covered by formal arrangements. This implies that informality among workers is not limited to the informal sector; it can also exist among formal enterprises. Countries use different criteria to measure informal employment according to national context and circumstances.

Informal employment definition-Rwanda[26]

A job held by an employee is considered informal if the job does not entail social security contribution by the employer and is not entitled of paid sick leave and paid annual leave. If own-account workers (without hired workers) and employers (with hired workers) operate an informal enterprise, they are classified as informal workers. All contributing family workers in formal or informal sector businesses are classified as having informal employment. Employment in the informal sector is defined as "all persons 16 years of age and over who were engaged in unregistered private business enterprises that did not keep written record of accounts." Unregistration meant not registered with the Rwanda Revenue Authority or not paying PAYE/TPR.

Informality has a negative effect on workers' rights, including fundamental principles and rights at work, social protection, decent working conditions and the rule of law. Decent work deficits include, for example, poor-quality, unproductive and unremunerative jobs that are not recognized or protected by law, the absence of certain employment benefits rights at work,

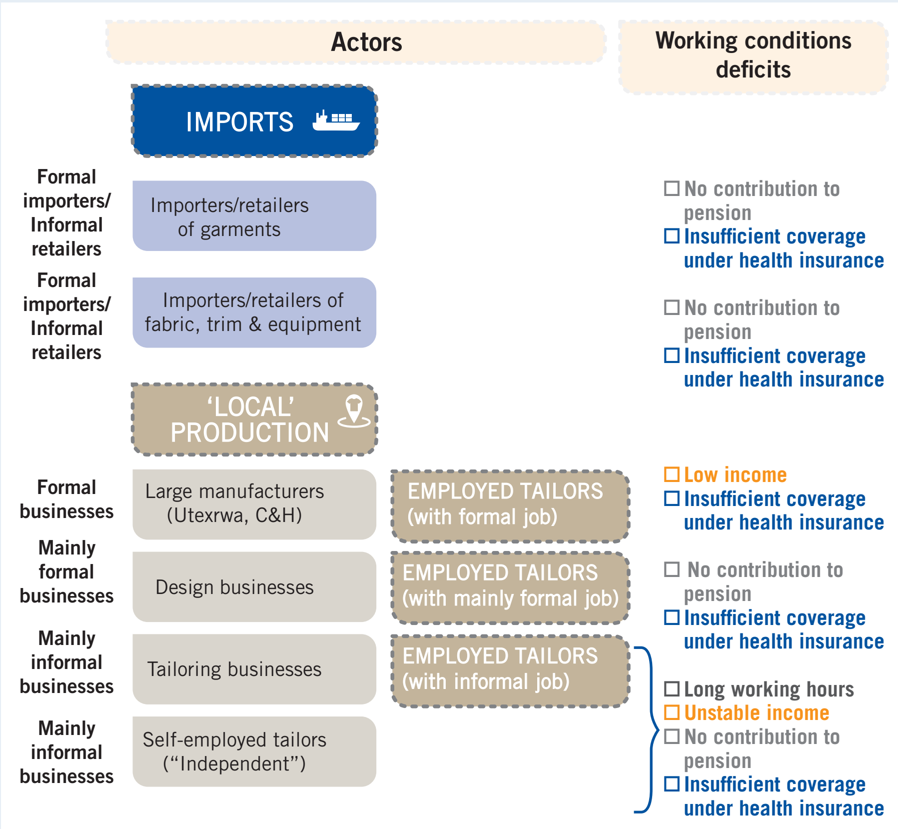
26. The National Institute of Statistics of Rwanda (NISR): Labour Force Survey Report (August 2017).

inadequate social protection and the lack of representation and voice. These deficits also prevail in the formal economy, yet they tend to be more pronounced in the informal economy.

3.2
SECTOR OVERVIEW

All the main actors in the value chain, formal and informal, were initially assessed regarding i) a set of working conditions dimensions,[27] in addition to skills, and ii) presence of women and youth. The purpose was to determine which group of actors is more vulnerable based on the following criteria: gravity of decent work deficits and presence of women and youth in the group. Figure 3 summarizes the main findings.

Figure 3
Main actors in the G&T value chain, formality and working conditions



Source: Own. Note that design businesses are classified as mainly formal business although they do not fully comply with the definition of "formal businesses".

Working conditions

The two most common decent work deficits are insufficient coverage of health insurances and the lack of pension savings. These affect almost all the actors in the garments and tailoring sector and most likely, workers in many others. Regarding occupational safety and health (OSH), a young women working in a large garment manufacturer reported stitching their fingers from time to time and also said that some older workers suffered from back pain. No other OSH-related problems were visible in the factory or reported by other interviewees during the research.

27. Wages or income and productivity, working time, social security and occupation health and safe (OSH).

Within the 'Importers' segment, both employed workers and entrepreneurs seem to enjoy relatively good working conditions besides the two deficits already mentioned. Within the 'Local producers' segment, the picture is a bit different. A gap exists between employed tailors in large manufacturers and design businesses (*Group A*), and those tailors working independently or in informal business (*Group B*). In Group A, low incomes surfaced as a principle decent work deficit among employees of large manufacturers. Workers in a large manufacturer interviewed make an average of only RWF 40,000 (USD 48) per month and salaries do not tend to increase over time.[28] Group B earns on average four times as much, although this group also faces wide variations in income.

Group B suffers from a larger number of decent work deficits; long working hours (11- 12 hours/ day) and unstable income plus the two recurrent deficits. Decent work deficits are not found to be more pronounced for women or the youth. Only levels of income, which were not identified as a deficit in this group, are likely to differ among certain women and men: women are likely to earn lower when raising children.

Presence of women and youth

The sector has abundance of women and youth, who are found to work across all professions. In relative terms, a high proportion of workers in large manufacturers and informal tailoring businesses are young (especially young women). However, since independent tailoring far exceed any other profession in absolute numbers, more young and women work as independent tailors. The participation of youth and women among importers is unknown, although less young people were observed.

Besides facing a wider range of challenges, Group B includes a larger total number of young women and men than Group A. As a result, the analysis onwards focuses on Group B.

3.3 DECENT WORK DEFICITS AMONG TAILORS

Before analysing how decent work deficits affect the lives of both independent tailors and those employed in informal tailoring businesses (from now on 'tailors')[29], it is important to understand how their jobs differ. This is summarized in Figure 4.

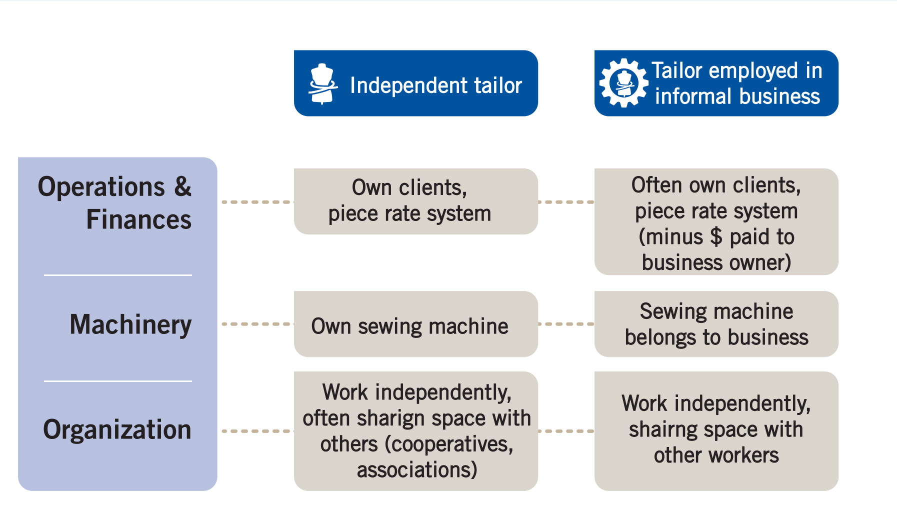
3.3.1 Income and productivity

The earnings of tailors vary both across individuals and also over time. Tailors reported to earn on average RWF 30,000 - 40,000 (USD 36 - USD 48) per week, although incomes go as high as RWF 200,000 (USD 240) and as low as RWF 5,000 (USD 6) for a beginner. The months of October to December are the busiest and most profitable for tailors because of closeness with the Christmas shopping and festive season although it all depends how "good" or "bad" a week is (i.e. many or few customers). April is a low month in Rwanda because of the genocide remembrance activities; commercial activity is significantly scaled down.

The earnings of independent tailors are not very different from those of employed tailors because their wages are calculated based on a piece rate system.[30] Also, no significant income differences were found between young and older tailors.

28. Similar salaries were reported by workers with one and 11 years of experience in the company. With RWF 40,000 (USD 48), they earn on average less than approx. 54% of all employees in the manufacturing sector in urban areas in the country (RLFS 2017).
29. From now on, unless specified, 'tailors' refer to those working independently or in informal business (Group B).
30. They are likely to be somewhat lower because the business owner retains a fixes amount or percentage of the earnings.

Figure 4
Differences between independent tailors and tailors employed in informal businesses: their work



Source: Own. Based on the 53 surveys administered during the field work.

Similarly, income levels tend to be equal among women and men. This is also because of the piece rate system, which implies equal income for an equal number of garment made. In addition, any tailor is likely to work for both women and men indistinctly, so any difference in the price of garments for men and women does not create an earning gap. There is anecdotal evidence, however, that women make less money when they have children as they reduce working time to arrive at home earlier. Alternatively, they may have to pay for *helpers* to look after the children, which reduces their disposable income.

Income as a concern: Tailors earning RWF 100,000 (USD 120) or more a month are better off than 70% of urban employees and 95% of people in the country.[31] Despite this, income seems to be a major (if not the main) concern among interviewees. When asked how their job could be improved, all the tailors pointed out at businesses-related challenges that, if solved, would lead to higher income. For example, they often wish to have more modern machines to be able to do additional work. In the surveys, earning additional income was also the preferred choice over greater job stability or more free time (Figure 4).

BOX 2: BEING A MOTHER

Angelic is employed in an informal tailoring business since 2009. She recently had a kid, what forced her to stop working for 5 months. During that time, her boss gave her "sugar", which stands for financial support. *"She didn't have to do it, so I am very thankful. I couldn't have done it without that help"*- the tailor said.

Now she is back at work, although she leaves at 6pm every day to take care of the child. As a result, she has less time to finish the garments.

31. RLFS 2017.

> Tailors work, on average, **38%** more time than men and **76%** more than women working in the manufacturing sector in urban areas

3.3.2
Working time

Long working hours were found to be one of the major decent work deficits. Most tailors, women and men, reported to work between 11 and 12 hours per day six days per week.[32] In addition, some tailors bring work home. Independent tailors are self-employed thus *choose* when to start and finish work. Employed tailors are likely to have less flexibility, although one interviewer said they also can choose how much to work.

'Being at work' isn't the same as *doing* work. Despite spending long hours in the workplace, tailors complain that there is a lot of *dead* time. The survey suggests that on average, 15% of all the time is spent idle because of the lack of work. This problem, however, does not affect everybody similarly.

- Those in busier locations or with better reputation have more clients, hence less dead time.
- Some fill in dead time producing ready-made garments[33] to offer for sale. This requires some knowledge of standard sizes as well as disposable capital as fabrics and other materials need to be purchased without being paid straight away by a customer.

Tailors do not seem to perceive long working hours as a problem- or at least not their *main* problem. None of the interviewees mentioned working time as being an issue for them. Similarly, when surveyed people were asked if they would prefer one hour less of work per day or other job improvements (greater income or stability), the choice was not free time.

BOX 3: PRODUCTIVE OR NOT PRODUCTIVE?

It is not clear how productive tailors are. The following factors influence their productivity:

Positive factors

- ✔ Income is directly tied to the number of pieces made, which encourages working faster

Negative factors

- ✖ Tailors don´t always *work at work* (15% of time estimated to be 'just waiting for customers')
- ✖ Old sewing machines hinder the ability of tailors to work faster (and also produce materials for higher-end markets)
- ? Specialization is almost inexistent. Tailors start and finish each piece, even when they work with other tailors in a small business or association. *Insufficient demand* was given as a reason to not use a chain production system.

32. In urban areas, the average number of hours worked per week in manufacturing is 48 and 37.5 for men and women respectively. Source: RLFS 2017. Legal working hours in Rwanda are only stated for Public service workers.
33. Following standard sizes; not by making client specific measurements to tailor client specific clothes.

Figure 5
Differences between independent tailors and tailors employed in informal businesses: characteristics and preferences

	Independent tailor	Tailor employed in informal business	
Years of experience in the sector	9,5 years	5 years	Independent tailors tend to be more experienced
Learning on the job or throught apprenticership (vs. Training in formal institution)	47%	45%	Almost ½ tailors haven't received formal training
Preferences	Potential higher income preferred to more stability or free time	Potential higher income preferred to more stability or free time	Income is perceived as a major concern
Working hours	11 hours/day	11,2 hours/day	Long working hours; also common to bring some work home
Income (good & bad week)	Rwf 50,000 – 20,000/week	Rwf 42,200 – 20,000/week	Great variation of income even within category. E.g. Some independent tailors earn 20x than others

Source: Own. Based on the 53 surveys administered during the field work.

3.3.3
Social security

Social security coverage among informal tailors is generally low both in terms of pensions and adequate health insurance.[34] The Rwanda Social Security Board (RSSB) offers pension and occupational hazards as well as maternity and *mutuelle* health insurance schemes. However, RSSB provides social security for wage earners with its major emphasis being on the formal sector.[35]

For **health risks**, almost all the tailors are affiliated to the community-based health insurance programme called 'Mutuelle de Santé' (henceforth *mutuelle*). This government-subsidised health insurance scheme is financed both by the state and individuals' contributions. Annual cost is between RWF 2,000-7,000 (USD 2.35 - USD 8.20) per year.[36] A flat co-payment fee of RWF 100 (USD 0.12) for individuals and RWF 200 (USD 0.24) for families is paid per visit to a health centre and 10% of the total hospital bill is paid by the patient as co-payments.[37]

> ***Health insurance is a big issue. The coverage under the mutuelle system is insufficient. I want to do research on this.***
>
> **– Young male designer**

Interviewees consistently mentioned that the *mutuelle* only covers minimal medication and that healthcare is limited through community hospitals. As a result, most people end up making out-of-pocket payments to purchase medicaments and access hospitals for more advanced health care. People who require more specialised services may apply to be transferred to a referral hospital under the scheme. This requires some time and paperwork. Furthermore, most interviewees seemed unfamiliar with this option.

34. However, for one to have access to social security related benefits such as pensions, one needs to have been a contributing member of a period of at least six months.
35. Godfrey Kamukunde: *Labour Legislation Deficiencies in Rwanda* (2017)
36. Payment depends on defined social Ubudehe category (1-4), with those in lower socio-economic categories paying the least. Tashobya, Athan. *Mutuelle Month: Govt targets 100% subscription.* 03 April 2017. The New Times.
37. The Development of Community-Based Health Insurance in Rwanda: Experiences and Lessons. March 2016

All workers and employers who are covered by Labour Law are required to contribute to the pension scheme, which is managed by RSSB.[38] This includes informal workers. **Pension savings** are almost non-existent among tailors, both women and men. In the case of independent tailors, they need to make their own pension contributions; however, all except one of the interviewees do not contribute or had never contributed. Interviews reported that savings were low and necessary for short-term shocks such as health and school-related expenses or supporting relatives financially. Contributing to their pensions via RSSB would be problematic as the savings would not be accessible for a long time. It is not clear whether higher income would increase pension contributions as this target group does not "think about retirement too much", as stated by an interviewee. Also, when asked how they would manage their old-age expenses, they mentioned a few informal coping mechanisms (i.e. own savings, family support).

BOX 4: SAVINGS... BUT FOR THE FUTURE? / COOPERATIVES AND ASSOCIATIONS

Many **independent tailors** belong to informal associations and, to a lesser extent, cooperatives[39] and formal associations. From an operational perspective, being a member or not does not make a difference. They all work independently, possess their own machines and in most cases, especially in associations, do not seek new market opportunities or investments together. The reasons given to join are 'feeling of being in a community', 'opportunity to save money' and 'lower taxes'.

Most associations and cooperatives have rotating savings and credit schemes. Through these, tailors pool weekly savings from all members, which are then invested jointly, *donated* to one of the members on a rotational basis or used for when a member is sick or has a child. These savings, nevertheless, are often spent in the business as well as for unforeseen family expenses.

For periods of **sickness and maternity**, most tailors depend on their savings. This is true for independent and also for employed tailors in informal businesses. Some informal coping mechanisms, however, seem fairly accessible. Tailors in associations and cooperatives use savings schemes and sometimes receive a contribution when a new child is born. There is also anecdotal evidence that owners of **informal tailoring businesses** provide some financial support to their employees in cases of sickness and maternity leave.

38. Law N° 05/2015 of 30/03/2015 cited from *Official Gazette nº 20 of 18/05/2015.*

39. According to the Rwanda Cooperative Agency, a cooperative "is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise, according to internationally recognized co-operative values and principles".

3.3.4
Skills

Tailors generally possess the basic skills to make relatively simple fitted clothes. However, their capacity to do more sophisticated work, come up with unique designs or produce ready-made garments is a different story. Most of them engage in stitching and tasks that are relatively easy to perform. They take measurements and based on this, make clothes for individual customers who brings along their own fabrics. They generally lack the skills to perform advanced sewing tasks needed for more sophisticated work to serve high-end markets. This is because they have not received training on it and also lack access to good sewing machines (such as automatic spool knitters and stitch crochet machines). The production of ready-made garments is less common as this requires knowledge about standard sizes, along with some capital to pre-finance the fabrics and other materials.

Around 46% of the tailors learn to sew on-the-job or through paid and self-initiated apprenticeship programme rather than through a formal educational institution.

Skills among tailors employed at Utexrwa and C&H are even more basic as these companies produce large volumes based on chain work whereby each person specializes in a particular task, such as hemming.

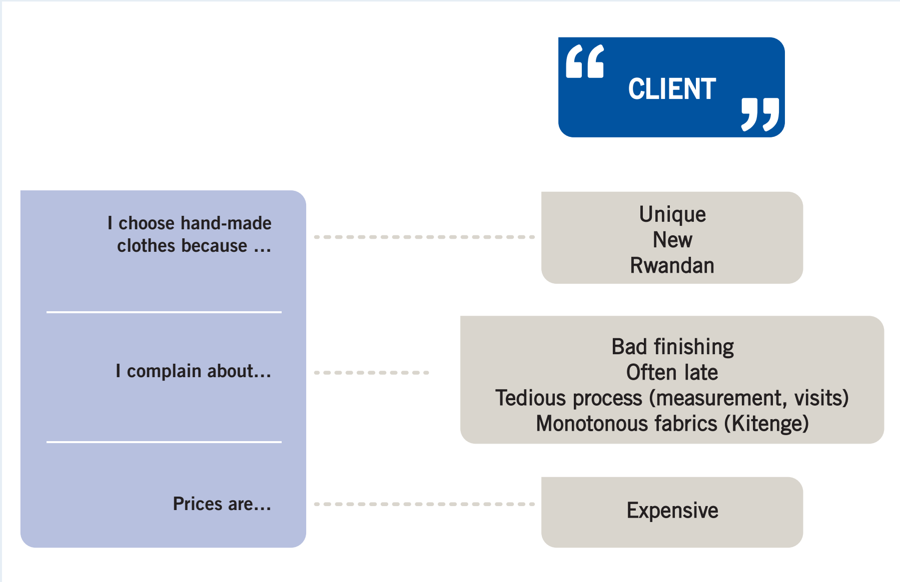
As a result of the limited skills set among Rwandese tailors, some business owners recruit tailors from other African countries, such as Senegal, Mali and Democratic Republic of the Congo, who are more skilled to do embroidery, as reported by a design business owner. The skills gap, combined with limited financial means, also implies that many tailoring businesses and cooperatives do not participate in public procurement opportunities.

> ***We don't like tailors who have worked in large factories. You need to teach them from scratch how to make full garments***
> **– Tailoring business owner**

The customer's perspective: One way of *measuring* skills is looking at the levels of customer satisfaction (see Figure 5). Current customers go to tailors mainly because they want "made in Rwanda new clothes that are unique". The *uniqueness* generally derives from the customer's ideas or the models they get inspiration from as opposed to tailors taking the lead in designing. Quality wise, bad finishing and late delivery seem to be the most recurrent problems. The latter is surprising given that tailors have a lot of dead time, which seem to conceal poor management issues (e.g. take last minute requests even when cannot be finished). Clothes are generally perceived as expensive in comparison to imported garments, and this may be aggravated by the belief that quality is lower.

> ***The best MIR garments are as competitive as Turkish, India, China***
> **– Customer**

Figure 6
Customer preferences



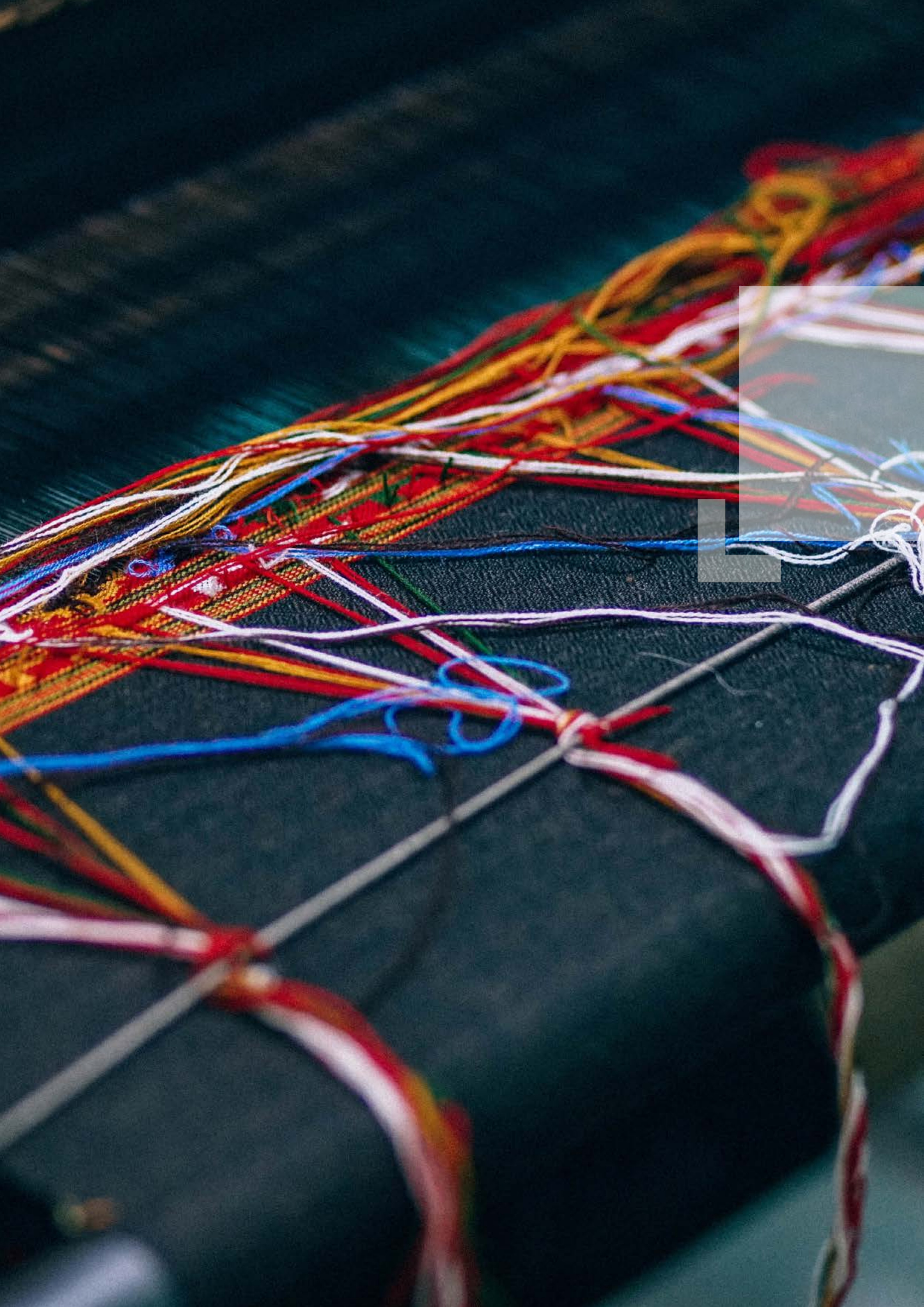
Source: Own. Based on the surveys administered during the field work.

BOX 5: ARE DECENT WORK DEFICITS LINKED?

The desire for higher income may hide a coping mechanism for decent work deficits that are perceived as important for tailors. First, earnings are often used for expenses that result from an inadequate coverage for health-related costs under the mutuelle system. Second, higher income compensates for periods where activity is low (instability of income).

It is not clear how income interacts with the deficits related to working hours and pension coverage. Regarding time, there is some evidence that long working hours are not perceived as a problem for workers. However, on piece rate income is directly correlated with working hours, creating incentives to work unhealthy amounts of time. When it comes to pensions, it is not clear whether higher earnings would be used for this purpose (or short-term shocks instead).

It is worth mentioning that social dialogue within this group has limited entry points. This is due to the fact that most tailors are self-employed and informal businesses are micro and small sized. Tailors, however, are now represented in the new Association of Professional Tailors, which is part of the Private Sector Federation. This is a starting point as it provides a platform through which tailors can engage in advocacy towards governments on regulatory issues related to their sector. Utexra also has a company specific union, though it was indicated that worker voice or power to raise issues is relatively limited.

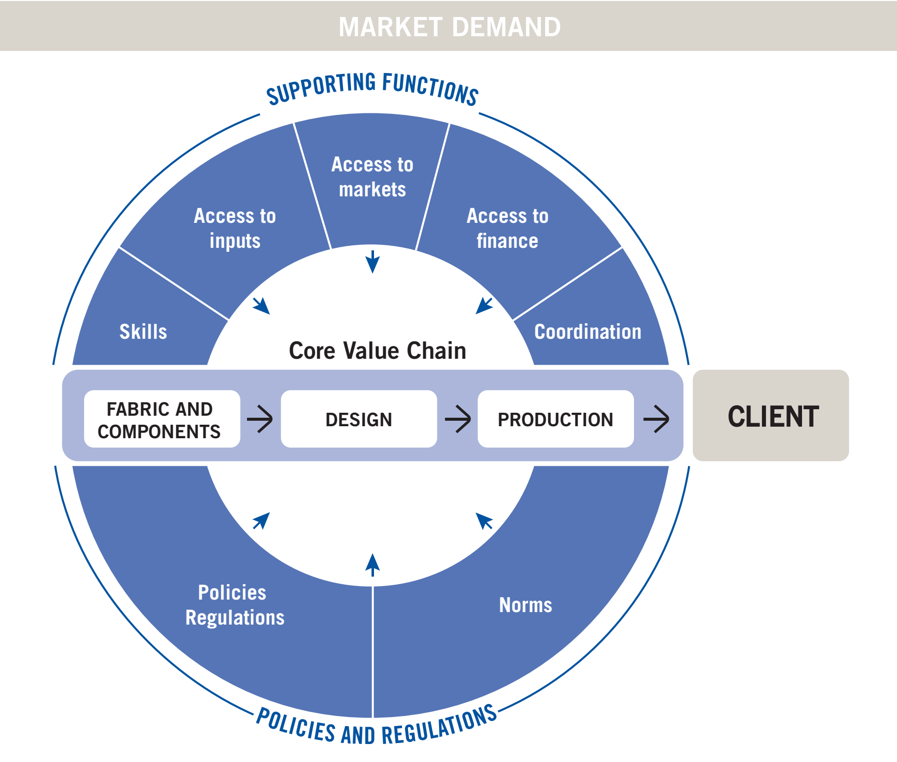


4 CONSTRAINTS ANALYSIS

Let's now take a look at the market system in which tailors operate. The **market system** contains the value chain as well as many 'supporting functions' and 'rules' that shape how the market works for both businesses and workers in the sector. This is because different actors in the value chain do not operate in a vacuum; their commercial success and their working conditions are influenced -directly and indirectly- by what happens in their surroundings. For example, financial services which are a supporting function, do not directly operate within the sector itself, but heavily influence how businesses and subsequent working conditions do.

Figure 7 shows an illustrative market system which includes a simplified value chain in which tailors operate surrounded by the supporting functions above (access to inputs, skills, etc.) and rules and regulations below (procurement policy, norms, etc.) which strongly influence and constrain both market performance and decent work for women, young women and young men. Some of these constraints are likely to hamper not only the activity of tailor, but also the work of other actors in the garment sector.

Figure 7
The market system shaping working conditions for tailors



Source: Own.

4.1
CORE VALUE CHAIN

The value chain begins with the purchase of **fabrics and trims** from abroad. Business people either travel to the supplying country to buy them, receive shipments arriving in Mombasa or buy from intermediaries operating in Kigali. Businesses often buy individually, so the volumes purchased are smaller than if joint orders were made. Fabrics and other materials are then put on sale. The inputs for the tailoring work are usually brought by **clients** themselves, who stop by the tailor´s workplace to be measured and go back when the garment is finished.

The **design** is a core function in *higher-end* design businesses, but has limited relevance in the work of tailors. They often follow their client's ideas or are told to imitate designs found elsewhere. Thus, the payment to the tailor, which is around 30% of the total cost of a piece, *only* covers hours of *mechanical tasks* (cutting, sewing). In design businesses, these tasks only represent 20% of the production costs.[40]

The **production** is carried out by tailors, who produce full garments. Around 46% of active tailors in the labour market have not received training in a formal education institution (e.g. TVET), but learnt from peers or masters. This makes it difficult to differentiate their work from that of other tailors. Also, any possibility of making more sophisticated work is hampered by the use of old sewing machines. Tailors spend long hours at work, but not in the most productive way. Limited technical and managerial skills, old equipment and unpredictable peaks in demand are likely to contribute to lower productivity - thus the need to *work* long hours to ensure enough income.

40. The percentage is lower because the design is included in the price and also because design businesses have greater costs (e.g. rent, staff, marketing, etc.)

Final consumers are domestic. They are mainly middle-income Rwandans who either want made-to-measure garments or small repairs. Some cooperatives and informal businesses were also found to work for schools producing orders of between 200 and 500 school uniforms. This is a challenge for them in terms of the required capital, however, as payments are not made in advance and as such cooperatives and businesses rarely have the capital to pre-finance material purchases. In addition, school uniforms (at least those bought by schools directly) offer the lowest profit margins, according to them.

Market demand for domestic production is limited for several reasons. The market is small because of the size of the country (the population is 11.6 million) and also an increasing numbers of Rwandans operating in the sector- entry barriers are low in terms of skills and capital. In addition, there is increasing competition from imported garments that are perceived as cheaper and of better quality. In terms of market growth of this segment, the outlook is not very promising. The sector is in an infant stage, far from having access to (bigger) foreign markets.

BOX 6: RANKING OF PROFIT MARGIN PER UNIT (FROM HIGHEST TO LOWEST)

1. Garments to export
2. Garments for a local client
3. School uniforms

4.2 SUPPORTING FUNCTIONS

Five important supporting functions identified are skills, access to inputs, access to finance, access to markets and coordination.

Skills

There is broad access to basic tailoring skills through formal and informal means. Tailoring training courses are mainly provided by vocational training centres, tertiary secondary schools, polytechnics institutes, cooperatives and associations such as the Association of Professional Tailors. However, there is still a fairly large proportion of active tailors (46%)[41] that have learnt on the job or through informal apprentices. A possible explanation is that existing formal training help acquiring *basic* skills like the ones easily available in the market today. This suggests that the value added by these trainings is limited. This is consistent with the finding that tailors who learned on the job tend to do similar type of work and earn the same as those who received formal training.

41. Formal and informal.

Advanced tailoring and design training is virtually absent in Rwanda. This is highly problematic for a sector that is not likely to compete via (low) prices and that only offers labour as the ´genuinely´ Rwandan component. On the one hand, this constraint helps explaining the lack of value of the design function in tailoring. On the other hand, it makes more difficult for tailors to upgrade to work in design (either as a tailor or business owner).

The government plans to address this gap by putting in place the Rwanda Institute of Design and Clothing and the Rwandan Apparel Institute. The latter will train advanced level tailors, technicians as well as textile industry managers at the Integrated Polytechnic Regional Center (IPRC) in Kicukiro. It will be operated by the government through the Workforce Development Authority (WDA) in collaboration with C&H Garments. The degree to what these initiatives can influence the skill sets of the sector will depend on the quality of the programmes, how accessible they are (i.e. cost, time commitment) and also how valuable they are perceived to be, which to a large extent is dictated by market demand.

Another set of skills that seem to be a constraint, yet is less evident, is management. On average, 15% of work time is spent idle because of lack of clients; however, customers complain about delays in the delivery. This puzzle reflects difficulties to manage deadlines during peaks in demand. Tailors reported that they *never* deny working for a potential customer even if workload is already high. Better management skills and shared workload between tailors could help with this.

> ***I learnt to design watching videos online***
> **– Female designer**

Access to inputs

Fabrics (mainly kitenge), trims and manual sewing machines are the main inputs and are **easily available** in many markets, shops and even roadsides. They are imported from abroad because local production does not exist (sewing machines) or is extremely scarce and expensive (fabrics). Thus the current supply of imported inputs is needed for production. This, nevertheless, adds a transportation cost that would be lower if inputs were local, and also makes clothes less genuinely 'Rwandan'. Fabrics and trims make up for approx. 30% of the production costs in design businesses. This cost is proportionally higher for tailors as their charge less for their services and overall have less expenses.

The upfront investment needed for the equipment is large. Old sewing machines are widespread because they cost five times less than the more advanced electric versions[42] (RWF 90,000 versus RWF 500,000) (USD 108 versus USD 600). Thus the constraint is not the availability but the affordability of machines, which links to 'access to finance' supporting function.

Access to finance

Lack of access to finance was often mentioned as one of the two main bottlenecks for the sector (together with lack of clients). Most tailors would require to upgrade their sewing machines to electric ones to improve the quality of their products and being able to work faster. Also, the associations and cooperatives that manage to receive orders of 200-400 uniforms from schools struggle to pay for all the inputs upfront.

> ***We requested a RWF 1.3 million (USD 1,560) loan to the bank to finance a large order. The bank required us to have savings in the account, but we needed those to buy the fabrics. It is a long process.***
> **– Tailoring cooperative member**

Financial services are available to small and medium businesses in Rwanda through commercial banks, the development bank, microfinance institutions and Umurenge SACCOs, amongst others. Several commercial banks provide business loans (working capital, equipment and term loans) and trade finance to small entrepreneurs. Access Bank and Equity Bank provide loans to women-owned SMEs and cooperatives through their 'Women-Owned SME Finance Facility'. The Development Bank

42. Sewing electric machines allow to work faster, on thicker fabrics and make higher quality garments.

of Rwanda (BRD) provides guarantee funds as well as credit lines and *ICPC leasing/asset financing* for small and medium businesses, individuals, associations and cooperatives. A guarantee fund, managed by the Business Development Fund (BDF) in the BRD, specifically targets women with no collateral or credit record to access finance, although no data is available for the sector.[43]

Despite these options, lending requirements are quite lengthy and complicated for tailors and tailoring businesses, who are often not familiarized with options and procedures. In addition, tailors are not specifically targeted by these commercial banks as they lack sufficient savings and collateral and as their business plans are found to be weak. As a result, the uptake of the leasing/asset financing product is low.

Many tailors revert to informal savings and credit. This pattern is confirmed by the AFR-Finscope study[44], which reveals that in 2016 about 4.2 million adults (72%) used informal mechanisms to manage their finances.

Several interviewees participate in saving and credit groups through their tailoring associations. This enable them to borrow money for the business (to buy fabric and other inputs) or to pay for unexpected expenses such as medicaments that were not covered by the *mutuelle* health insurance scheme.

Access to markets

The opportunity of serving high-end buyers has not been exploited. Only some design businesses, such as those organised in Collective Rwanda[45], are doing that. This is because Rwandans generally perceive that tailors offer limited value, which links back to the little value of the design function and also the existing set of basic skills. If the MIR brand becomes better known and valued, the whole sector, including tailors, are likely to see an increase in demand or at least an opportunity to raise profit margins by increasing prices. In addition, the few large manufacturers in the country subcontract little work from local small producers.[46] This may be because nowadays they have enough in-house capacity for their current production needs. However, if they continue growing, subcontracting may be an alternative provided that there small businesses are capable of delivering.

Coordination

Actors in the sector do not operate as a group; rather, they work independently and uncoordinated. This is reflected, for example, in the lack of an association of *mixed* actors. One could argue that this is natural because of segmentation; they serve different customers with different needs (see Table 1). However, there are also more intangible causes. First, interaction between tailors and designers *is not necessary* because these are perceived as very different, almost unrelated professions. Second, the lack of coordination reflects a general poor understanding of business opportunities. For example, large manufacturers could source work from domestic business and also sell more fabrics to them, tailors could upgrade their profession by working more closely with designers, and design businesses, if closer to associations of tailors, would have access to a greater pool of potential employees.

43. UNCTAD: *Who is benefiting from trade liberalization in Rwanda? A gender perspective* (2014).
44. Finscope-AFR Rwanda (2016), Financial Inclusion in Rwanda.
45. Founded in 2015 by five fashion designers, Collective Rw is a group of brands that cooperates with industry experts to support the development and promotion of the local fashion sector.
46. One interviewer reported ‘having heard of a large manufacturer being subcontracting locally’, but no evidence was found.

4.3
POLICIES AND REGULATIONS

Three major governmental interventions affecting the target actors are assessed below. This assessment only focuses on their economic effects for local producers and may not consider other potential benefits. No measures specifically addressing working conditions in this sector were found.[47]

An increase in taxes on second-hand clothing (SHC): Until very recently, SHC entering Rwanda were perceived as a threat to local producers as imported new garments. SHC, also called "mutunda", were sold in many markets in Rwanda, the major one being Nyabugogo (Kigali), where most retailers shop from and re-sell in other markets. The East African Community (EAC) jointly decided to gradually phase out the importation of SHC and footwear by 2019 by raising taxes to reduce imports and also for health concerns. Imports of SHC in Rwanda in 2014, before the announcement of the plan, had a value of over RWF 14 billion (USD 16.8 million).

- **Estimated Impact:** *Limited.* The ban is likely to have limited impact protecting local production for several reasons. First and more importantly, Rwandan have *full* access to cheap foreign (new) garments. Second, SHC are mainly bought by low income people who cannot afford to buy locally produced garments. Finally, any impact will not be immediate as there are still SHC in circulation that were imported in the last few years.

Higher taxes on SHC have reduced imports by 97%. However, the tax raise does not apply to imported new garments.

Tax benefits: Businesses operating in the G&T sector are exempt from paying VAT and import duty on all imports of raw materials and capital machinery through a sector-specific exemption scheme.

- **Estimated Impact:** *Medium.* Formal businesses such as large manufacturers and small design businesses benefit from the exemption (import duty of 25% and VAT of 18%). Informal businesses and independent tailors use *imported* goods, so this helps slightly drive cost down for end client which makes tailors a bit more competitive.

Access to public tenders: Since April 2016 there are ministerial instructions for all procuring entities to give preference to local manufacturers for highly demanded products such as school uniforms, police and army uniforms, school shoes, boots and others.[48] These include a preferential rate of 15% for MIR products and 10% for domestic businesses. This preference, however, does not mean that specifications for public tenders can be altered to become more accessible for local producers. The public procurement law is currently under revision.

- **Estimated Impact**: *Limited.* Large manufacturers such as Utexrwa benefit from winning public tenders as they have the financial and human capital needed to produce large volumes. Utexrwa, for example, currently produces 45,000 meters of fabric a day at 50% capacity utilization and management reported working on orders of 8,000 policy uniforms for the government. It is almost impossible for small businesses, cooperatives or associations to win these tenders. In addition, small entrepreneurs often find the tender procedures tedious and lengthy.[49]

"***No small business can compete for these public tenders***"
- Utexrwa management

47. This is not an exhaustive list. Other initiatives include: Facilitating the setting up of garment manufacturing companies and an Apparel manufacturing zone in Kigali, investments in Sericulture industry, etc. Agency for Cooperation and Research in Development: *Integrating the EAC Cotton, Textile and Apparel sector in Global Value Chains: Stakeholders perspectives* (May 2016).
48. Esther Katende –Magezi: *The Impact of Second Hand Clothes and Shoes in East Africa* (2017).
49. Requirements include, among others: copy of company registration issued in accordance with the new law on commercial companies, copy of tax clearance certificate, References of tenders executed with certificates of goods performance issued by the procuring entities. Opinion in the text from the minutes of workshop held by RPPA with 44 procurement entities and the private sector on February 16th 2018.

4.4
CONSTRAINTS SUMMARY

The analysis above shows that in the core value chain the major constraint is low **demand** for local clothing. Stagnant demand together with limited growth prospects limits the opportunities of business to grow, with also limits the room to improve working conditions. To a certain extent, the remaining constraints (summarized in Table 3) *derive* and also *feed* into this one.

In terms of supporting functions, the current set of *basic* **skills** seems to be a bottleneck affecting both the quality and quantity of production. Research is needed to understand how attractive it is for professionals to learn advanced skills (once these are available). This will depend on their capacity to use these for new business opportunities as well as the skills demanded by the market. **Access to finance** for tailors is currently scarce, which makes very difficult for tailors to purchase the equipment and materials needed to work more efficiently or on large orders. Finally, little **coordination** reflects the infant stage of the industry, where actors work isolated to serve their niches, limiting the spillovers of industry linkages. Among **rules and regulations**, significant efforts have been made to support the sector. Some of these struggle to be effective, however, as they often do not tackle (or only partially) the root causes of the constraints. Table 3 summarizes for each symptom (*what the problem looks like*), the associated constraints (*what the problem is*) and the root causes (*what explains the problem*).

Table 3
Summary of constraints, root causes and symptoms

Very difficult to influence
Some potential to be influenced

1. CORE VALUE CHAIN	CONSTRAINTS	ROOT CAUSE	SYMPTOM	DW DEFICITS AFFECTED
	Market demand:			
1.1	(a) Small market size for domestic production	• Small population size in the country • Increasing numbers of Rwandans operating in the sector • Increased competition from foreign cheaper ready-made garments due to poor value offer (higher prices, lower quality)	Businesses survive rather than growing	Levels of income
1.2	(b) Limited growth potential for domestic production	• Domestic focus • Increased competition from ready-made garments	Businesses survive rather than growing	Levels of income

▸ continue

	2. SUPPORT FUNCTIONS			
	CONSTRAINTS	**ROOT CAUSE**	**SYMPTOM**	**DW DEFICITS AFFECTED**
2.1	**Skills:** (a) Lack of management skills (b) Lack of skills in advanced tailoring and design	(a) Lack of awareness of management challenges (b) There is broad access to tailoring training, but only covers basic skills already available in the market (b) Advanced tailoring and design trainings are virtually absent in Rwanda today	(a) Idle time and delays in delivery (b) Value of design function is not exploited (b) Limited labour mobility	(a) - Levels of income - Working hours (b) - Levels of income - Stability of income - Working hours
2.2	**Access to finance:** Lack of means to purchase new machinery and materials	• Insufficient collateral and savings at informal financial institutions • Low capacity to develop viable business plans • Complex loan application procedures at development bank	• Lack of large orders accessible to tailors and small businesses • Tailors mainly engage in informal savings and credit groups	• Levels of income • Stability of income
2.3	**Access to markets:** (a) High-end buyers are buying too little locally (b) Limited or non-existent subcontracting of small tailoring businesses by large manufacturers	(a) Limited value offer (a) 'Made in Rwanda' brand at infant stage (b) In-house capacity for current levels of production	• Opportunity lost	• Levels of income
2.4	**Coordination:** Lack of coordination among market actors	• Less coordination needs because segmentation and vertical integration • Tailoring and design as separate functions • Limited understanding of business opportunities	• Actors work in isolation; lack of vertical and horizontal linkages • Business opportunity lost	N/A
	3. RULES & REGULATIONS			
	CONSTRAINTS	**ROOT CAUSE**	**SYMPTOM**	**DW DEFICITS AFFECTED**
3.1	**Rules & Regulations:** Limited reach and/or impact of some governmental regulations targeting the sector (a) Phase-out on SHC (b) Tax exemption (c) Preferential treatment in public tenders	(a) Foreign competition does not decrease due to easily available imported (new) garments (b) n/a (c) Order specifications not realistic for small businesses, cooperatives and associations (volume and/or technical demand)	• Domestic production is still significantly more expensive than foreign production • No public contracts awarded to domestic small businesses	• Levels of income • Stability of income

Source: Own.

Most of the **decent work deficits** are influenced by how well their businesses perform. For example, tailors would benefit from more stable income if they received large orders. Similarly, better machinery would help work faster thus perhaps reduce number of hours. Table 4 complements Table 3 by adding some more light into what other underlying causes explain decent work deficits. Despite not being a major deficit, levels of income are also analysed.

Table 4
Constraints for better working conditions

DECENT WORK DEFICIT	CONSTRAINT
Low income*	Market demand
Lower earnings for women with children	Piece rate system causes lower earnings as working hours reduce
Unstable earnings	Market demand Skills on advanced tailoring and design Access to finance
Long working hours	Management skills Lack of coordination Societal norms (income over time)
Insufficient health coverage	Limited coverage of mutuelle health care system Savings needed for out-of-pocket payments
Lack of pension savings	Savings are low and are needed for short-term needs Alternative copying mechanisms

Source: Own.

Low(er) income is mainly determined by market constraints whose root causes were already discussed above. In the case of **mothers**, they are likely to earn less while raising their children because of the piece rate system. Wages and earnings are based on the number of garments made, which is a function of the numbers of hours individuals spend working- mothers often need to reduce hours. **Unstable income** is influenced by market demand and goes hand in hand with the nature of the profession. However, access to advanced skills and finance would soften the deficit by improving access to large orders (which involve continuous work) and help develop a more stable pool of customers. **Long working hours** hide a problem of management skills and lack of co-ordination among tailors, who could manage workload more efficiently. Societal norms may also play a role, as individuals prioritize other concerns and seem to accept the working hours as given. **Insufficient health coverage** derived from the *mutuelle* health insurance scheme most individuals have and it is aggravated when people have reduced savings and competing needs (e.g. paying school fees). Finally, the **lack of pension savings** is at least partly explained by the difficulties to keep money aside for the future when there are *short* terms expenses. Whether higher savings would lead to pension contributions is not clear. Informal coping mechanisms may be perceived as enough.


SINGER
7

5 OPPORTUNITY

5.1 SYSTEMIC INTERVENTION OVERVIEW

A market systems approach seeks to identify, address and remove system-level constraints inhibiting the growth of more inclusive markets. By nature, projects using the market systems approach pilot many different interventions, hoping that some gain traction and drive a larger systemic change benefitting the many while expecting that some never get that traction to have significant impact, though do no harm. The reason for this is that so many factors, many of which are often outside of programme control determine the fate of a pilot intervention. Such factors include, for example, partner capacity and motivation and market forces which affect prices and demand. Once pilots are tested and have been demonstrated as effective for working conditions of women and young people, the project would then try to see how these approaches can be upscaled to have further impact.

The project will be primarily private sector driven, playing off of existing market incentives and building sustainable business models, but will necessarily include public sector engagement as well.

Finally, sustainability and scalability will be a central focus, ensuring that business and intervention models can be scaled up and replicated by market actors to further increase the long-term impacts.

5.2
KEY MARKET ACTORS

Table 5
Some major stakeholders in the G&T sector

Organization	Relevant information
The Ministry of Trade and Industry – MINICOM …is in charge of SME development and the promotion of foreign investments.	• MINICOM plays a role in operationalising the MIR Policy, which currently focuses mainly on awareness raising activities for the garment sector. Under MIR, MINICOM makes available technical assistance for some businesses. • It also has a mandate to address regulatory issues pertaining to the business environment and promote foreign investment of large garment manufacturers. • MINICOM and the Rwanda Cooperative Agency (RCA) support the APT in organising tailors into cooperatives. This is done in the context the upcoming Kigali Garment Centre of Excellence (KGCE), which will provide a physical structure (similar to a factory with modern amenities for tailors) where tailors will produce, display and sell their garments. Some tailoring cooperatives have already bought shares to jointly own the KGCE. Further investment arrangements for the KGCE are underway.
Rwanda Development Board - RDB … The Office of the Registrar General under RDB handles registration of businesses. … RDB provides services for investors to improve manufacturing value addition.	• The Office of the Registrar General is a one-stop shop for tailoring businesses and independent tailors in the garment sector that register their activity. Business registration simultaneously includes registration for social security for workers. • RDB promotes inwards foreign direct investments (FDI) and aims to attract large manufacturers into the garments and textiles sector.
Rwanda Public Procurement Authority – RPRA … Focuses on setting up procurement standards, guidelines and procedures.	• RPRA builds capacity and monitors public procurement proceedings, whereas the procuring Ministries, departments and agencies define the procurement requirements. • National public works are awarded through RPPA. • The law guides the implementation of the "Buy Made in Rwanda Program". Textiles are included in the list of goods for local preference.
Workforce Development Authority - WDA … is a Government Institution created in the year 2008 to promote, facilitate and guide the development and upgrading of skills and competencies of the national workforce to enhance competitiveness and employability.	• WDA implements several skills development programs under the National Employment Program (NEP). These include the Rwanda Priority Skills for Growth (PSG) Program which covers short-term vocational training (also called the Rapid Response Training (RRT) program) and apprenticeships and internships programs for TVET students and graduates. Tailoring is one of the priority sectors targeted under the RRT program.
City of Kigali … In 2015, the Municipality adopted an Instruction to abolish street vending in Kigali (Have a business!).	• The street vending instruction has affected several sectors, including young women and men engaged in informal garment trade. The City of Kigali assigned space for market where vendors could continue their activity. They need to organise in cooperatives, after which they are allocated a market stall, they obtain a loan. They are exempted from paying taxes. After one year, the market stall is allocated to another vendor.
Access to Finance Rwanda - AFR … is a Rwandan non-profit company established by the governments of Rwanda and the UK with support from DfID and the World Bank. It aims to remove systemic barriers that hinder access to financial services for low income people.	• AFR, RSSB and the Ministry of Finance are launching a long-term savings scheme which targets people in the informal sector and other low-income groups. The platform to manage the scheme interfaces with banks, MFIs, SACCOs and mobile network operators to facilitate savings contributions. The scheme will be piloted in one district in the second quarter of 2018. Exact modalities have not yet been announced. Yet it seems that the government will contribute 50% to the payments for people in category 1 and 2 for the first 3 years. • AFR is starting a project with ILO Social Finance on sector development, consumer education and support to the insurance association.

▸ continue

Organization	Relevant information
Business Development Fund/Development Bank of Rwanda … BDF is a subsidiary of the Development Bank of Rwanda (BRD), and a pillar in the National Employment Program (NEP). It assists SMEs who lack sufficient collateral to obtain credit from traditional financial institutions at affordable rates.	• BDF provides loan guarantees and financial education services to SMEs. • It has put in place a leasing/asset financing facility, yet the uptake is low, which may be due to low familiarity with this financial service. • Advisory services are provided in partnership with BRD. - A study among SMEs in Kigali city and the Southern Province revealed that the majority of SMEs obtained loan guarantees, and are trained in business investment. However, most SMEs did not receive mentorship and business advisory services from BDF.
Large garment manufacturers - C&H …is a Chinese-owned garment manufacturer which operates in the Special Economic Zone and employees 1,600 workers.	• C&H plans to train young people with no previous experience in the sector on work chain before offer them jobs. Individuals need to join a cooperative to be eligible. • It received subsidy from WDA for training (70%). • The type of jobs created and/or strategy followed may be similar to other large manufacturers that can potentially establish in the country.
Association of Professional Tailors - APT … under the Chamber of Arts and Crafts, it aims to represent the interests of its members, who are independent tailors. It is a member of PSF.	• APT, which currently has over 3,000 members, has assisted tailors in training and tailoring employment opportunities. For instance, the association identified expert tailors from Mozambique and, with support of RDB, conducted tailoring and embroidery skills training for selected members. • It is currently mobilising tailors and tailor cooperatives to buy shares in the KGCE. • It plans to set up a retail and wholesale outlet of garments and fabrics for its members.
Rwanda Fashion Design Association … is open to registered designers, has recently been established to bring together designers which used to be part of informal groups. It is a member of PSF.	The Rwanda Fashion design association provides an organisational setting for budding and practicing designers in Rwanda, assisting them to • access certifiable training (example is a Belgian design training initiative recently conducted for fashion designers) • lobby government of Rwanda for recognisable status of fashion designers • promote the fashion industry and provide entrepreneurship training programs for fashion designers • jointly promote and market 'Made in Rwanda' fashion designs in the domestic and international markets.
Collective Rwanda - *Collective Rw* … founded in 2015 by five fashion designers, "Collective Rw" cooperates with industry experts to support the development and promotion of the local fashion sector.	• Collective Rwanda is a collaborative effort based in Kigali, to support and promote a dynamic creative sector. The designer list now includes: Amizero, Haute Baso, House of Tayo, Inco, Inzuki designs, Naked Ape, Sonia Mugabo, Uzi Collections. Collective Rwanda would like to open a 'Made in Rwanda' store in Kigali to jointly showcase their designs. Some of its members are exporting small quantities of garments to the US market.
World Vision … since 2000, this NGO has been working with communities in Rwanda to find long-term solutions to poverty and injustice.	• World Vision targets the sector for skills development and also promotes access to finance for small entrepreneurs (including tailors) through its VisionFund.
Integrated Craft Production Centre ("Udukiriro") … is a multi-disciplinary TVET facility.	• ICPC was created by the Ministry of Trade and Industry to deliver vocational training for aspiring and practising youth artisans including tailors. Tailors at ICPC who are organised in a cooperative get their rental costs waived for a limited period of time. They also get access to tailoring training through the WDA / C&H partnership.

Source: Own.

5.3
POTENTIAL PROJECT INTERVENTIONS

1. CORE VALUE CHAIN

Small market size and limited growth potential (together, 'market demand') were identified as the main constraints for local producers in the core value chain. Some of its root causes cannot be influenced (e.g. population size) or others are linked to broader *exogenous* markets trends (e.g. increased foreign competition) which cannot be influenced, at least in the short term.

The fact that *the* fundamental constraint is unlikely to be influenced means that project interventions may not produce a fundamental change in the sector. Despite this *ceiling,* some improvement in business performance and working conditions can be achieved. Several potential interventions are proposed below. These focus mainly on addressing the constraints affecting levels and stability of income and working hours and, to a certain extent, insufficient health coverage through increased savings. The deficits of insufficient health coverage and pension savings can rarely be addressed on a sectorial level and require national/policy action that may go beyond the scope of these interventions. Whenever possible, synergies and collaboration should be explored with the National Employment Program by the Ministry of Public Service and Labour (MIFOTRA), which targets the G&T sector.

2. SUPPORT FUNCTIONS

2.1 Managerial skills

- **Encourage organizations providing basic tailoring training to integrate management in the curriculum and also offer management courses.** The **business case** needs to be made to tailors already in the market to learn these: *better time and work management, and workload sharing can reduce the working hours and/or increase earnings.*

  Potential stakeholders engaged: Integrated Craft Production Centres, Workforce Development Authority, vocational training centres.

2.2 Advanced tailoring and design skills

- **Carry out a market survey to help define and increase the added value of upcoming initiatives.** The government plans to open new training centres to offer advanced tailoring and design skills. Understanding the market needs and producers' preferences through a survey can i) ensure that the curriculum is relevant, ii) find flexible formats that make it accessible to professionals beyond designers, especially women with children and tailors with limited time availability, iii) ensure that the training is also relevant and accessible for young and female tailors at the bottom end of the market.

  Potential stakeholders engaged: Ministry of Trade and Industry, Workforce Development Authority.

2.3 Access to finance

- **Facilitate uptake of existing financing mechanisms**. Consultations with financiers, tailors and their associations or cooperatives may identify areas for improved access to financial services, such as the existing leasing/asset financing mechanism, credit lines and guarantee fund under the DBR and the BDF. Possible interventions may include increasing familiarity with these services and supporting their adaptation to better meet the needs and characteristics of low-income tailors. Associations and cooperatives may play an intermediary role between the tailors and the formal financing institutions.

Potential stakeholders engaged: Development Bank of Rwanda, Access to Finance Rwanda, tailoring associations and cooperatives.

- **Strengthen the functioning of associations and cooperatives.** Today, these are *groups* of individual professionals who come together to cover basic expenses (e.g. rent) and create informal saving and credit schemes. There is, however, potential for them to operate more professionally, investing in equipment upgrading and reaching market opportunities together. In turn, this will help businesses grow and also improve financial risk management and coping mechanisms already in place in the associations and cooperatives.

  Potential stakeholders engaged: Rwanda Cooperative Agency, Association of Professional Tailors.

2.4 Access to markets

- **Encourage and help the government define the 'Made in Rwanda' (MIR) brand.** The MIR Policy already mentions the need for criteria to determine when a company can receive the MIR logo. Having a logo that *certifies* both quality and being 'local' is a first step towards upgrading the perception Rwandans have of the products. It is important, however, that the requirements and procedures are not excessive, so that obtaining the logo is accessible not only to design businesses, but also to tailoring businesses and associations.

  Potential stakeholders engaged: Ministry of Trade and Industry.

- **Assist the main actors supporting the MIR initiative in defining strategies for businesses to move into higher value-addition roles.** Table 6 sets out a variety of strategies for economic upgrading. Even if tailors are motivated

Table 6
Types of economic upgrading

Type of economic upgrading	Description
Functional	Increasing the range of functions or changing the mix of activities to higher-value tasks; for example, moving beyond sewing and cutting tasks to product design and branding
Channel	Diversifying to new buyers, specifically through business to business (B2B) models. This will require an i) an assessment of the type of businesses (such as hotels) that are more likely to buy from local garments producers and ii) launching a (marketing) campaign to establish contacts/seize these opportunities
Product	Shifting to more sophisticated products with higher unit prices
Process	Reorganizing the production system or introducing new technologies to gain efficiency

Source: Own. Adapted from World Bank, 2012 to upgrade (and many may not be), other constraints identified need to be addressed (i.e. skills, access to finance).

Potential stakeholders engaged: Ministry of Trade and Industry, Rwanda Development Board.

- **Approach local large manufacturers to understand the potential of sourcing from small domestic producers.** C&H's plan to train tailors in an effort provide a release valve during surge orders is a first step in the sector. However, there is room to explore further synergies particularly if the company continues increasing export production. Utexrwa management reported an interest in winning public tenders for products the company does not produce now and also in exporting, which may create some space for subcontracting local small businesses. The capacity for businesses, associations and cooperatives to deliver depends on their capacity to overcome the other constraints identified in this research (e.g. skills, access to finance).

  Potential stakeholders engaged: C&H, Utexrwa.

2.5 Coordination

- **Promote inter-sectorial learning among tailoring businesses (formal and informal), associations and cooperatives.** Tailors who are already *grouped* could jointly hire a designer for on-site training or general advisory services. This is a small price to pay for having access to design skills as a source of inspiration to innovate, which is necessary for tailors to upgrade to higher-end markets and increase margins and income.

  Potential stakeholders engaged: Associations of tailors, Association of Professional Tailors.

- **Partner to organize industry events on the 'Made in Rwanda' theme that bring together all types of actors in the sector.**

  Potential stakeholders engaged: Ministry of Trade and Industry.

- **Test the appetite for creating an industry association.** Consult with associations of tailors and designers, large manufacturers and other relevant public and private actors about their interest in creating an industry association to represent the interests of each group (e.g. tailors, designers, large manufacturers), exploit synergies and new joint businesses opportunities such as penetrating higher-end markets.

  Potential stakeholders engaged: Private Sector Federation.

2.6 Lower earnings for women with children

- **The business case exists for female tailors to jointly hire helpers to look after children**. This is because the split cost is likely to be significantly lower than the loss of income associated with reducing reduce working hours. This initiative could be promoted among women in cooperatives and associations or directly among the businesses offering these services. This intervention could help reduce the earnings difference between men and women, but would work against reducing working time, which was raised as a deficit.

  Potential stakeholders engaged: Associations and cooperatives of tailors, businesses offering childcare.

ANNEX

A ORGANISATION INTERVIEW LIST

1. Ministry of Public Service and Labour (MINOFTRA)
2. Ministry of Trade and Industry
3. National Institute of Statistics Rwanda (NISR)
4. City of Kigali -Department of Urban Economic Development
5. Rwanda Public Procurement Authority (RPPA)
6. Workforce Development Authority (WDA)
7. Rwanda Workers' Trade Union Confederation (CESTRAR)
8. Private Sector Federation
9. Private Sector Federation: Chamber of Youth
10. Association of Professional Tailors
11. Integrated Craft Production Centres
12. Rwanda Development Board
13. Large-scale manufacturer (management and current employees)
14. Large-scale manufacturer (former employee)
15. Small-scale design business (A)
16. Small-scale design business (B)
17. Small-scale design business (C)
18. Small-scale design business (D)
19. Small-scale design business (E)
20. Small scale tailoring business (A)
21. Small scale tailoring business (B)
22. Small scale tailoring business (C)
23. Small scale tailoring business (D)
24. Tailoring formal association (A)
25. Tailoring informal association (A)
26. Tailoring informal association (B)
27. Tailoring informal association (C)
28. Tailoring cooperative (A)
29. Tailoring cooperative (B)
30. Tailor (origin: Senegal) (A)
31. Tailor (A)
32. Garment business (A)
33. Garment business (C)
34. Garment business (D)

ANNEX

B SAMPLE QUESTIONNAIRE

The three core groups interviewed include:

1. Ecosystem actors
2. Business operating within the core chains
3. Workers disaggregated by women, young women and young men

Interviews will be semi-structured, and therefore indicative / example probes only have been included below (this is not a comprehensive list of survey-style questions). These probes are different for each of the three core groups, and are designed to stimulate discussion designed to respond to the research questions:

Ecosystem actors

1. Is there any push to bring more businesses into formality?
2. Can you talk a little about labour inspection relative to the construction and tailoring/garment sectors? What are the principle challenges?
3. Do you have any data that you would be willing to share on sector trends, wages, numbers of workers, formality that we might be able to obtain for research purposes?
4. Can you tell us about any particular businesses that have good examples of working conditions in either sector?

Business Probes

Business operations in the chain (various segments)

1. Can you tell us a little about the business in terms of the history, size, contract types/lengths?
2. What do you feel have been the largest challenges and threats for your business over the past year (probe: rules and regulation, terms of contracting with other businesses, worker skills, financing,)?
3. Do you feel like your business would benefit from any type of training opportunity?
4. Can you tell us a bit about the training opportunities that your workers have? Are they sufficient? Do they have access to skills training outside of the company?
5. Can you tell us a bit about staff turnover? What happens to workers after leaving?

Working conditions

6. Can you tell us a little about any workplace safety risks that you might have?
7. Can you tell us what would happen to a worker if they are injured on the job or become sick? Is their salary and/or medical expenses covered?
8. What is the process of finding new staff or making a decision about how you hire them or what type of contract they are given?
9. Is there any government or business social security offered to workers?
10. Are you as business owner covered under social security? If so, for what?
11. How do wages vary by role/skill type/target group in your business?
12. Do you provide any other non-wage benefits (food, housing, transport) to workers?
13. Are workers paid on a regular/expected timetable?

Target Groups

14. Can you tell us where women, young women and young men work in your organisation?
15. Do you think that women or young people are at a disadvantage in your organisation compared to men or adults? If so, why and how?

Workers Probes

Business (worker)

1. Can you tell us a bit about your job? (probe: what they do, working hours, full-time contracted, how long working there)
2. How did you find this position and why did you decide to work at this business?
3. Can you tell us about your working arrangement or contract?
4. Do you work outside of this business?
5. Can you tell us about any training that you have received?

Working conditions

6. Do you feel that you and your co-workers have an opportunity to be promoted? Do you feel like your gender or age helps or hurts your promotion prospects?
7. What do you feel is important to motivate you at work? (Probe: more free time, personal well-being, money advancing in career, being part of a community or group, feeling valued, etc.)?
8. Do you have a way raise any working concerns like safety, working hours, contracts or wages, with the business?
9. Are you a member of any representative organization, association or union for your work? If you wish to be, could you?
10. Can you explain a bit about how you cover health costs for you and your family? (probe: insurance)
11. Would we be able to ask how much you are paid? Is your salary enough to cover your living expenses? And your family's?

Productivity

12. Have your manager ever complained about your performance?
13. What could your business do to help you improve your performance?

Formality

14. Do you know workers in formal businesses? How do their working conditions differ from yours?
15. Are you covered under a government or private social security scheme (e.g. for health insurance, life/accident/disability insurance)? Are you member of a self-help group to cover such risks?

Target Groups

16. Do family responsibilities (unpaid work, mobility restraints) play a role in how each part of the target group is integrated into the sector?

ISBN 9789220312599