

REPUBLIC OF RWANDA



MINISTRY OF INFRASTRUCTURE

**RWANDA NATIONAL CONSTRUCTION
INDUSTRY POLICY**

**Ministry of infrastructure
P.O. Box 24
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FOREWORD

The mandate as Minister of Infrastructure is to create favourable conditions allowing the population equitable and reliable access to infrastructure for transport, urbanisation, habitation and energy while protecting the environment.

Being a landlocked country in the heart of Africa and far from the maritime ports on the Indian Ocean, a distance of nearly 1,400km to the nearest port of Dar-es-Salaam, poses Rwanda with a major limitation in her national development efforts.

The current state of transport infrastructure in Rwanda may be attributed to the war and genocide of 1994, which waged considerable damage to the economic infrastructure of the country. This situation, however, was aggravated by other institutional problems, such as the absence of a clear vision for the sector, institutional weaknesses, as well as the absence of a strategy.

After the emergency phase that immediately followed the war and genocide, the Government undertook a development phase, which included the reconstruction of public works, such as the national and urban road network as well as the Kigali International airport. During this time the Government also strived to promote both the public and private housing sectors.

The construction industry is indispensable to the development of Rwanda's economy and comprises the building, transport and civil engineering sectors. It provides the physical infrastructure, which is fundamental to the development of our country, and its activities affect everyone's lives.

The Government has increasingly realised that the management of the country's infrastructure requires the collaboration of both the public and private sector. The Government has also been increasingly divesting itself from direct service delivery in order to improve the effectiveness and efficiency of public services. However, contractors and consultants in Rwanda's construction industry lack the capital, management expertise and trained manpower that would enable them to effectively realise their potential in the construction industry. Although tremendous achievements in building construction have been made, the past initiatives to develop local firms were not sufficiently backed by Government policies and strategies to sustain continued growth of the construction industry. Under these circumstances, the industry relies heavily upon the services of foreign firms, even for repair and maintenance work that could otherwise be performed by local firms.

The Government of Rwanda is now promoting initiatives to train local contractors and create an empowering environment, both in the housing and road sectors, to ensure the increased participation of local firms in infrastructure development and management.

In order to complement other Government policies for public sector reform, privatisation, decentralisation and capacity building, it is imperative to evolve policies, strategies and an action plan aimed at developing the industry so that the private sector can effectively perform its role. The Government strives to promote open

dialogue amongst all stakeholders in the national construction industry to ensure that all issues affecting the industry are discussed and resolved openly.

Preparation of this Policy was based on a comprehensive analytical and consultative process involving a number of stakeholders in the public and private sectors. I therefore, wish to commend the efforts of representatives in the various Government lead agencies, consultants and contractors who were involved in the consultative meetings and workshops and for guiding the process.

This Policy has the full support of Government and therefore, I urge all those in positions of responsibility, both in the public and private sectors, to embrace and implement the recommendations contained in this Policy for the continued social and economic development of our country. Successful implementation of the policies, strategies and action plan will undoubtedly go a long way in fulfilling Government's obligation towards the development of the national construction industry.

Hon. Eng. Linda BIHIRE

MINISTER OF INFRASTRUCTURE

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EXECUTIVE SUMMARY

It is the duty of Government to ensure that there is a well-developed construction industry to implement infrastructure projects. The Ministry of Infrastructure, in order to complement other Government policies for public sector reform, privatisation, decentralisation and capacity building, has found it imperative to evolve a deliberate policy, strategies and an action plan aimed at developing the national construction industry so that the private sector can effectively perform its role. Government intends to promote open dialogue amongst all stakeholders in the national construction industry to ensure that all issues affecting the industry identified in this National Construction Industry (NCI) Policy are discussed and effectively resolved.

The construction industry plays a significant role in the socio-economic development of the nation. It provides the physical infrastructure that is central to the country's economic development. Its activities create business for suppliers and manufacturers and it provides employment to professionals, semi-skilled and unskilled labour. However, the nation's construction industry is underdeveloped and plagued with a host of problems, which includes a lack of management, technical capacity, access to credit facilities and work opportunities.

The main thrust of this Policy is to develop an effective institutional framework for sustainable infrastructure development and maintenance in the construction and civil engineering sectors for buildings and transportation. In fulfilling its mandate, the Ministry of Infrastructure has a number of key strategic objectives, one of which is to strengthen the national construction industry through deliberate and enabling policies and strategies.

The expected benefits and impacts of this Policy include: improved efficiency in planning and management by the National and Local Governments; easier access to finance and equipment by local businesses; increased access to projects; increased turnover by local contractors and consultants and at lower overheads than international companies, leading to better value for the money and greater retention of profits in the country; reduced project costs and increased savings accruing from increased local participation; and resulting multiplier effects on medium and long-term economic performance.

In order to address the key issues in the development of the national construction industry the Policy objectives will be to:

- Harmonise Roles of the Public and Private Sector: Government shall decrease involvement of the public sector in actual service delivery and effectively disengage from the implementation of physical infrastructure construction. Personnel in Government departments that form the support framework for the NCI shall be trained to perform their new roles of planning, policy formulation, monitoring and setting standards.
- Develop & Strengthen Local Capacity for Effective Participation: Government shall develop and strengthen the capacity of the local contractors, consultants,

suppliers and manufacturers for effective participation in the construction industry. The support shall include creating a Rwanda National Association of Building and Civil Engineering Contractors and a Rwanda Association of Consulting Engineers to continue the promotion of contractors and consulting engineers' interests respectively, nationally and internationally. The Government shall ensure participation of local consultants in the procurement process and in the implementation of all consultancy service contracts in the public sector by requiring that they increasingly take on lead roles. Where international competitive bidding is a condition for the funding of a project, local consultants would be encouraged to undertake partnerships or joint ventures with foreign consultants in order to help develop local experience and capacity.

- Strengthen and Support the Professional Bodies: Government shall implement a stable and secure regulatory framework and support the development and operations of the professional stakeholders in the NCI. The Secretariats of the three regulatory bodies shall be supported, including: the Engineers Registration Board, Architects Registration Board and Surveyors Registration Board. The Secretariats shall each be headed by a Registrar at the level of Director General in public service and recruited for that purpose by Cabinet.
- Promote Use of Appropriate Technology: Government shall encourage use of appropriate technology in construction and maintenance of infrastructure facilities with machines and labour as resource inputs. The number and type of employment opportunities to be generated will influence the choice of technology. Labour-based technology shall be promoted as a means of reducing over-dependency on expensive construction equipment, creating employment for the poor including targeting the marginalised sectors of society and to contribute to poverty alleviation by enhancing household incomes.
- Promoting the Participation of Women in the NCI: Government shall continue to advocate for the removal of any residual restrictive practices that prohibit women from gainful employment in the NCI. Equal opportunities shall be accorded to both women and men to obtain gainful employment or provide services in the construction industry. At the same time, child labour in the NCI shall be prohibited.
- Ensure that the NCI Supports Sustainable Economic and Social Development: Government shall ensure that the NCI supports sustainable national economic and social development. It shall require that environmental and social impact assessments be conducted during the planning and development of infrastructure project and adequate mitigation measures be provided.

PREAMBLE

The National Construction Industry Policy is the fruit of individual and collective efforts to bring a formal and effective degree of organisation to public infrastructure construction initiatives in Rwanda in the following ways.

Recognising the need to establish a clear, well focused and people centred National Construction Industry Policy;

Appreciating the important role the construction industry plays in the socio-economic development of Rwanda; and

Bearing in mind the commitment of the Government to economic and public sector reforms for the country's development;

Now therefore, the Government of Rwanda has formulated this National Construction Industry Policy to support the emergence and establishment of an effective and sustainable national construction industry. The NCI Policy intends to promote the growth and development of the sector where both the public and private sectors participate and are informed, are conscious, and actively involved in not only construction projects, but in the decision-making process that impacts the industry. This Policy is in line with the national vision, the vision for the construction industry, the constitution, and the overall policy context of Rwanda.

The Policy also seeks to address the problems that negatively impact the construction industry's capacity to achieve its maximum potential. The policy addresses various qualitative and quantitative issues in construction, such as: safety and security; extortion; quality; environment factors; registration of professionals and enterprises; refinement of procurement rules; and the development of skill levels within the construction industry.

It is expected that this National Construction Industry Policy will facilitate the development of the construction industry in Rwanda and ensure its wholesome and secure contribution to nation building.

1.0 INTRODUCTION

1.1 Background

Rwanda has registered high achievements in all sectors of the economy since 1994. The construction industry as a distinct sector, which makes a significant contribution to Rwanda's GDP, serves as a central delivery mechanism in the generation and quality of all economic and social development activities in Rwanda. In recognition of this role the Government has committed to pursue policies that encourage and facilitate the growth of the sector.

The economic success of Rwanda has been achieved through deliberate reforms implemented by the Government with the support of international financing institutions and donor agencies. This performance has resulted in the expansion of the country's infrastructure in all sectors, including: transport, communications, housing and buildings, water and sanitation, energy, health, education and agriculture.

1.2 Definition of the Sector

The construction industry in Rwanda plays a significant role in the socio-economic development and it offers direct employment. Transport infrastructure provides easy access to markets and inputs, stimulating agricultural production and leading to improved welfare of the population. Through employment provided by new infrastructure projects, rehabilitation and maintenance, the industry contributes significantly towards the country's GDP. Not only does the construction sector provide employment to the country's work force, but more than 50% of the employment so created are in the unskilled labour market, resulting in capacity building.

Housing, besides being a very basic requirement for the urban population, also holds the key to accelerate the pace of development. Investment in housing, like any other industry, has a multiplier effect on income and employment. It is estimated that overall employment generation in the economy due to investment in housing construction is eight times that of direct employment.

The Government of Rwanda is increasingly investing in the emergence, establishment, growth and development of an effective and sustainable national construction industry. This is in line with the provisions of the Constitution of Rwanda (1995) and the divesture policy, with the aim of achieving full and effective participation of the private sector for the sustainable development of the country's physical infrastructure.

In the global context, the construction industry has a significant impact on the socio-economic and political environment. Its role extends across different resource endowments, social policies and existing levels of development. Its range of outputs often sets the nation's political agenda and provides the basis for social and economic development. However, the construction industry in Rwanda is largely undeveloped and in need of policy, strategies and actions to promote sustainable growth. Development of a strong construction industry will yield the following main benefits for the country:

- a) A skilled work force combined with a strengthened public sector for contract planning, financing, procurement, monitoring and evaluation;
- b) Improved quality and efficiency leading to better value for money in private and public sector construction projects;
- c) Reduced incidences of insolvencies and failures to complete work by contractors, leading to reduced costs to clients;
- d) Improved prospects for a greater share of national construction projects being undertaken by domestic contractors and consultants;
- e) Improved work continuity leading to greater employment security;
- f) Greater retention of construction profits in the country; and
- g) Better quality and safety of infrastructure.

1.3 Policy Context and Justification

The national construction industry requires adequate numbers of professionals, semi-professionals and artisans to effectively execute construction and maintenance work. Measures must be taken by the Government to ensure that there is adequate construction and maintenance work for contractors and consultants while enabling the growth of private contracting and consulting capacity. Finally, the Government must put in place a regulatory framework to monitor and control the practices of investors in the construction sector, contractors as well as consultants.

The construction industry, which comprises the building, transport infrastructure, and civil engineering sectors, plays a very important role in the national economy. It is estimated that half of non-agriculture employment is directly or indirectly provided by the construction industry. It provides the physical infrastructure that is key to the country's economic development while its activities create business opportunities for suppliers and manufacturers and at the same time, provides employment for professionals, semi and unskilled labour.

However, the national construction industry is currently affected by a host of problems including:

- a) Insufficient project continuity due to inadequate affirmative public policies;
- b) Insufficient access to finance and credit;
- c) Inadequate relevant human resources in the public and private sector;
- d) Unfavourable conditions for accessing donor credit; and
- e) Lack of a database for performance indicators in the industry.

2.0 GENERAL ORIENTATION

The National Construction Industry Policy is oriented towards Rwanda's Programmes and Strategies that have been developed, which include the Vision 2020, the Economic Development and Poverty Reduction Strategy (EDPRS), the National Investments Strategy (NIS), and the objectives of the Millennium Development Goals (MDG's). The NCI Policy also takes into account cross-cutting issues such as HIV/AIDS, gender mainstreaming and socio-economic and environmental issues.

2.1 Vision 2020

Rwanda has developed a national strategic vision (Vision 2020) as a basis for national development. Vision 2020 embodies strategic actions to guide Government policies for both the public and private sector. This National Construction Industry Policy is based on the strategic framework of Vision 2020, and is aimed at the promotion of investment and the management of physical infrastructure for sustainable development. One strategic vision of the programme is to develop into a middle income country by the year 2020.

2.2 Economic Development and Poverty Reduction Strategy (EDPRS)

EDPRS principles are oriented towards achieving poverty reduction using economic development as a tool. The construction industry plays a vital and direct role in this process as a major employment creation sector which has a direct and positive impact on raising the standard of living of the population.

2.3 National Investment Strategy (NIS)

Under the National Investment Strategy which was adopted by the Rwandan Government in 2002, emphasis is placed on the promotion of private sector in the development of the construction industry. Under the NIS Government aims to gradually increase capital expenditure in the development of infrastructure, which is directly proportional to the growth of the construction industry.

2.4 Millennium Development Goals (MDG'S)

The Millennium Development Goals aim to achieve eight outcomes by the year 2015 as follows:

- (a) Halve the percentage of people living on less than one dollar a day – Eradicate Extreme Hunger – Achieve universal primary education;
- (b) Ensure full Primary education for both gender;
- (c) Achieve gender equality in Primary Schools and empower women;
- (d) Reduce by two thirds the mortality rate among children under five;
- (e) Improve maternity health - reduce maternity mortality ratio;
- (f) Improve the effectiveness on the fight against HIV/AIDS – Combat HIV/AIDS, malaria and other diseases;
- (g) Integrate the principles of sustainable development national policies and programmes – Ensure environmental sustainability;
- (h) Develop and promote competitive and fair trade practices – Promote a global partnership for development;

The NCI policy is oriented towards achieving the above goals by creating a conducive environment for infrastructure development thereby creating access to basic infrastructure, employment creation and the enhancing commerce.

3.0 RELATED POLICIES AND PAST INITIATIVES

3.1 Public Service Reform

The mission of the Rwanda Public Service Reform Programme is: to develop a Public Service sector which is capable of timely, qualitative, appropriate and cost effective service delivery; supports national development; and facilitates the growth of a wealth creating private sector. This mission thus clarifies the direction and provides performance indicators for the programme and defines the relationship between the Public Service and private sectors. The Programme is obliged to provide an environment in which the private sector creates wealth for the nation without compromising efficiency and effectiveness in service delivery. Therefore, the role of a Public Service sector is limited to providing only those services which cannot be performed in a timely manner and to an acceptable standard by the private sector.

3.2 Decentralisation

The Constitution of the Republic of Rwanda provides for a decentralisation policy for service delivery. Local Governments are encouraged to pursue policies and strategies that are crucial for the fulfilment of national goals. The decentralisation policy favours growth of local contractors in all parts of the country.

3.3 Sector Policies and Programmes

A well-developed construction industry will ensure sustainability in the construction and maintenance of buildings, transport infrastructure and other civil works in the country. The capacity building policy of the Ministry of Infrastructure aims to ensure that its personnel and those involved in the construction industry are equipped with the knowledge and skills to enable them to perform their tasks effectively and cope with the ever changing technology and socio-physical environment.

3.3.1 Transport Sector

The Government's Transport Sector Policy aims at promoting efficient and effective transport services as a means of providing support to increase agricultural production, trade, tourism and social administrative services. The Government is to develop and maintain economic, efficient and effective transport infrastructure to facilitate the provision of safe and efficient transport services. This shall include increased participation of the local construction industry in the development of transport infrastructure and the provision of transport services.

The Government's strategy has been to phase out force account operations for the maintenance of national roads in favour of contracting. However, currently, there are very few local contractors, while those that exist are ill equipped or lack the capacity to be awarded competitively tendered works contracts. Therefore, the Government aims to establish a Fixed Unit Rates Contracting Programme which will have the following attributes:

- The Government will assume greater responsibility for contract administration and project management, rather than contract implementation;

- Eligible contractors will be registered in four different classes according to their capacity to perform the work;
- The Ministry will determine the ruling market unit rates of different construction activities, i.e. building rates, grading, drainage works, repairs etc.

a) National Roads Maintenance Strategy Programme:

The National Roads Maintenance Strategy Programme will significantly contribute to the development of the National Construction Industry (NCI). However, since the NCI retracted in the 1980s and early 1990s, the impact has so far been limited and only felt in the following areas:

- Training contractors through both class-based and on-the-job programmes;
- Availing contracts when necessary;
- Introducing quicker payment mechanisms;
- Promoting labour based contracting;
- Equipping contractors through plant hire arrangements by the public sector;
- Improving the supervision capacity of contracted works by Ministry staff;
- Increasing recognition of, and interest in, the national construction industry by financial institutions and insurance companies.

b) Contractor capacity building for district roads:

Both contractor and direct labour operations have been used for the rehabilitating and maintaining of district, urban and community access roads. All routine maintenance activities are now executed through small-scale and labour-based contractors. Rehabilitation and periodic maintenance activities have typically been carried out using heavy equipment and direct labour operations due to inadequate labour and machine-based contracting capacity in the districts.

3.3.2 The Urban Housing Sector

The main objective of the “Urban Housing Policy” of Government is to contribute towards improving the conditions of living of the urban population through controlled and harmonized development of urban areas and provision of affordable housing to all sectors of the population. The Government aims to engage the private sector and promote its active participation in driving housing and real estate development in the country.

The growth of the building construction industry has a direct positive impact on the creation of employment in the country and promotes the establishment of support services and businesses creating a multiplier effect on socio-economic growth. However, regulations and laws will be put in place and Government will act as a facilitator, promoter and regulator of this industry rather than an active implementation entity.

The housing construction sector is by characteristic, mainly labour-based, where the transfer of skills is faster than in the road construction sector due to the “one-to-one” interaction between skilled, semi-skilled, and unskilled labour. Therefore, as employment creation is increased so is the “on-the-job” training for the labour.

3.3.3 The National Land Policy

The Land Policy aims at the controlled and planned spatial growth of towns and the development of housing in general. It aims to promote real estate development activities and the build capacity in land development professionals. The land policy is also oriented towards encouraging private entities to take part in the marketing of land plots within the municipalities.

One strategic option of the Land Policy is the promotion of the construction of high rise buildings a process that would effectively require the improvement of expertise in the design and construction of such structures.

4.0 INSTITUTIONAL FRAMEWORK

Infrastructure such as roads, railways, water supply systems, dams, power generation, and telecommunications facilities, built and maintained by the construction industry play a crucial role in the socio-economic development of the country. They provide shelter and accommodation, facilitate the movement of goods and passengers and, provide mediums of communication.

The key stakeholders in the national construction industry are the Government, donors, private investors, consultants and contractors. The core support organisations form the tripartite arrangement comprising client, contractor and consultant. In addition there are other organisations that support the industry to develop and improve productivity. They include professional societies, regulatory bodies, business development organisations, commercial banks, trade unions, universities, and other tertiary education and training institutions, and equipment and material suppliers.

4.1 Professional Bodies

Although not yet fully developed, the formation of professional bodies (or learned societies) is anticipated to be supported by its members to take a more global view of the industry, with the aim of advancing knowledge and dissemination of information within the industry. They typically admit approved engineers, architects, surveyors (i.e. quantity surveyors, land surveyors, land economists, valuation surveyors, property managers, etc.). Professional bodies aim to maintain standards, ethics and a high level of professional competence amongst their membership.

a) Institution of Engineers of Rwanda (IER)

The Institution of Engineers of Rwanda is intended as a learned society for engineers. It's mandate is to set membership criteria and mentorship, elect engineers, technicians, technologists and scientists to various professional membership grades: student, graduate, technician, technologist, associate, corporate, fellow, and honorary member/fellow. However, the institution will not register engineers; this task will be the responsibility of the Engineers Registration Board (ERB).

Currently, the total number of practising engineers in Rwanda is estimated to be about 1,500. The Engineers Registration Board (ERB) is anticipated to register at least 375 engineers in the first year of its formation. An Engineers Registration Act (ERA) is

expected to create the structure of the ERB, which will require all practising engineers to be registered with the Board. The implementation of the law will not prevent non-registered engineers from practicing in the country but will not allow them to utilise the title "Engineer" or authorise or approve engineering designs. It will avoid undermining the authority, responsibility and functions of ERB in the engineering profession and avoid reducing the organisation's financial revenue and the services rendered.

b) Architects Association of Rwanda (AAR)

The Architects Association of Rwanda will admit architects according to their professional competencies following set criteria. The AAR will set guidelines for enrolment, mentorship, and set examinations. Members will be classified as fellows, professional associates, technicians and student members. The Architects Registration Board will be responsible for registering qualified members.

c) Real Property Valuation Board (RPVB)

The Real Property Valuation Board shall register professionals who are involved in conducting valuations and appraisals of Real Estates and Property in Rwanda and regulate the Valuation and Real Estate Management profession. It shall develop procedures and regulations followed in real property valuation, examine and decide on application procedures for registration, and follow practices and conduct of valuers in Rwanda.

d) Rwanda Institute of Physical Planners (RIPP)

The Rwanda Institute of Physical Planners, like the SIR, will admit physical planners in this country for purposes of ensuring that they practise and follow a code of ethics.

4.2 Universities and Technical Colleges

Education and training is provided by various organisations. The National University of Rwanda (NUR) and more recently the Kigali Institute of Science and Technology (KIST) are the highest tertiary level institutions in the country that provide education and training for engineers, architects and surveyors, which will lead to professional accreditation with their respective statutory registration boards.

Training of construction personnel at all levels, from engineers and construction managers to artisans, is one of the primary functions of the support framework. While all education and training institutions associated with the construction industry provide education and training in the engineering skills for design and construction techniques, there is need to formally incorporate into the curriculum the delivery of other skills such as communication; socio-economic issues; contract law; entrepreneurship; and business management.

The National University of Rwanda and KIST are well placed to undertake Research and Development (R & D) to improve efficiency and productivity in the industry, given the necessary resources. Research and Development is a long-term goal which requires support from both the Government and the industry itself, by way of sponsorship from engineering and contracting firms or material manufacturers.

4.3 Implementation Modalities

Previously, the majority of public works were executed by Government direct labour (force account) units situated in districts. However, over the years this method has proved inefficient and wasteful, resulting in extensive deterioration of infrastructure. Government has consequently adopted a policy of divesting itself from direct labour units and increasing use of the private sector, with the objective of improving the effectiveness, efficiency and sustainability of service delivery, and promoting sustainable growth of the industry through local participation. Presently, although there are some experienced and adequately equipped local contractors and consultants, the majority are not effectively capitalised and lack the management expertise and trained manpower to perform effectively and profitably.

The NCI generally remains fragmented and unsupported due, in part, to the lack of both a definitive Government policy and a strong institutional framework. This has increasingly encouraged an informal sector approach to business within the industry, with no long-term view on the part of local contractors and consultants. The full potential of employment generation and the accompanying multiplier effect based on local capacity has thus not been exploited. Consequently, the national construction industry tends to rely heavily on the services of foreign contractors and consultants, even for repair and maintenance works that could otherwise be more economically performed by local labour. The implications on the economy resulting from capital flight associated with this arrangement are considerable.

5.0 KEY ISSUES IN THE NATIONAL CONSTRUCTION INDUSTRY

The development of the construction industry is in line with Government policy of local capacity building. In order to ensure sustainability in service delivery, the Government will continue to strengthen and facilitate local contractors and consultants until they are able to perform work currently being executed by multinational firms. However, previous research studies and seminars aimed at promoting NCI growth have identified the core problems described below, which should be addressed.

5.1 Contracting Issues

a) Inherent Restrictions

The majority of large construction and consultancy contracts, particularly in the road sector, are being executed solely by a few international contractors. Only a small percentage of the local contractors are able to compete against, or work in joint ventures with international contractors. At the same time, small businesses are unable to develop their capacity and expand their market share to develop into medium-sized and ultimately, large-scale companies. This situation is referred to as the "missing middle" in the construction sector. Therefore, small contractors due to their limited size and resources, are confined to undertaking only small building and occasional minor civil engineering works. Many of these businesses are not registered companies, and harbour an informal sector mentality, and often are not included in national statistics.

b) Lack of Access to Credit

The lack of access to credit and loan facilities for short-term bridging finance and long-term capital required for successful operations, to cover the costs of business growth, is a serious barrier to developing capacity under the Rwandan National Construction Industry.

c) Lack of Work Continuity

The lack of work continuity resulting from the absence of sufficient works contracts being offered by the public sector has eliminated gains the NCI made from the awarding of occasional contracts. In order to ensure increased participation of local firms in the construction industry, which will facilitate their growth, measures must be taken to generate work for the contractors. The work continuity principle can be achieved by subdividing large contracts that would be awarded to one firm, into medium-sized contracts, which would then be shared among several firms.

d) Lack of Management Capacity

The lack of management capacity and business acumen within the contracting sector is exacerbated by the vicious cycle of:

“No experience → No jobs → No experience”.

e) Restricted Access to Equipment

The restricted access and unavailability of equipment leads to an unviable and weak performing NCI base.

f) Classification of Contractors

MININFRA is currently designing a contractor classification registration system that will be based on the capability of contractors to execute works based on their complexity and cost. The criteria for categorisation will be based on the level of manpower, ownership of equipment, past experience and the magnitude of works executed. While labour-based contractors will be classified according to criteria as follows:

- i) The number of labourers on payroll over the previous year;
- ii) The number of full-time gang leaders;
- iii) Experience and training received by labour-based supervisors; and
- iv) The number and value of contracts executed over the previous year.

Classification and registration of contractors will eventually be the task of the National Construction Council of Rwanda.

5.2 Consulting Issues

a) Informal Sector Practices

There are currently a small number of registered consulting firms and consultants in Rwanda. The inference is that there exists in the consultancy industry an informal sector to cope with the demand for design and supervision of construction projects. This may be attributed to practical difficulties faced by the respective registration boards in enforcing their mandate.

b) Insufficient Capacity Development

The consultants, like contractors, are faced with the vicious cycle of:

“Cannot get work→ Cannot get experience→ Cannot get registered→ Cannot get work”.

5.3 Institutional and Human Resource Development Issues

a) Need for Institutional Capacity

The role of Government and district councils in project planning and management, contract procurement and administration is increasingly becoming more crucial along with the increasing departure from force account projects in favour of private sector participation. Therefore, there is need for a well-developed institutional capacity within individual service providers in the public service domain.

b) Need for Human Resource Development

The human resource skill in the public sector needs to be developed in tandem with the changing public service delivery culture. Project planning and management, and contract administration skills need to be developed in order to ensure value for money.

c) Need for the Development of Public-Private Sector Partnerships

Many educational institutions in the country are equipped with business management training in construction related areas but are unable or unwilling to develop courses unless there is sufficient demand from both the public and private sectors. Therefore, there is a need to develop a public-private sector partnership to drive, direct and rationalise the new approach to service delivery and education.

5.4 Registration and Classification Scheme

A review of the current MININFRA registration and categorisation scheme to classify and register equipment and labour-based contractors, is required to improve work availability for contractors of all competencies at both the National and Local Government levels.

6.0 POLICY STATEMENT

6.1 The Goal

The National Construction Industry Policy aims to enhance delivery, stability, performance, and the growth of local businesses and professions within an organised and continuously improving institutional framework. It is premised on constitutional provisions for the delivery of public services through private sector participation, and increasing public sector demand for both quality services and empowerment to manage the delivery process.

It is the Government’s goal that 90% of all services in the construction industry be provided by the private sector by June 2020. In order to address the key issues in the development of the NCI, the Government policy objectives shall be to:

1. Harmonise the roles and responsibilities of the public and private sector for effective NCI management;
2. Establish a National Construction Council of Rwanda (NCCR);
3. Develop and strengthen local capacity for effective participation in the NCI;
4. Strengthen and support regulatory and professional bodies;
5. Promote use of appropriate technology;
6. Remove restrictive practices on women's participation in the NCI and protect children from exploitation;
7. Ensure that the NCI supports sustainable national economic and social development.

6.2 Harmonisation of Public and Private Sector Roles

The Government shall decrease involvement of the public sector in actual service delivery and effectively disengage from implementation or construction of physical infrastructure. Government strategies for the implementation of the policy shall include:

- a) Training staff in Government departments that form the support framework for the NCI to perform their new role of planning, policy formulation, monitoring and setting standards;
- b) Supporting the Rwanda Transport Board (RTB) to manage the funding, contract procurement and monitoring of the rehabilitation and maintenance of national transport infrastructure;
- c) Support the National Housing Board of Rwanda to oversee construction activities related to housing and real estate development through the promotion and facilitation of private sector participation in the construction industry.

6.3 Establishment of the National Construction Council of Rwanda

The Government will establish an institution to monitor and regulate the construction industry as a whole. The strategy under this policy shall be to establish the National Construction Council of Rwanda (NCCR) by an Act of Parliament.

The NCCR will be charged with regulating and promoting the construction industry in Rwanda. It will also be tasked with monitoring construction related activities and implementing Government policy related to the growth of the construction industry.

The NCCR will be responsible for the registration of all institutions related to the construction industry including private companies involved in Engineering, Architecture, Surveying, and Construction Services according to pre-set categories.

It shall comprise seven board members from both the public and private sectors and its activities shall be managed by a secretariat headed by a chief executive, who will ideally be a professional in the construction industry at the executive director level.

The Council shall be funded by a Consolidated Fund and its main functions shall be to:

- a) Provide leadership, focus and support to industry stakeholders which will enhance delivery, performance, value for money, profitability and the industry's long-term position;
- b) Provide a focal point for the coordination, stimulation and promotion of research and development, and training;
- c) Advise stakeholders on capacity limitations within the construction industry;
- d) Identify and register local contractors, consultants, suppliers and manufacturers that are qualified to provide services in the construction industry;
- e) Manage a construction levy to support programmes and initiatives aimed at developing the national construction industry;
- f) Promote awareness of industry growth and development, and disseminate information on procedures, techniques and methods developed by the Government; and
- g) Develop measures to assist the Government with the elimination of corruption in the industry.

6.4 Strengthen and Support Regulatory and Professional Bodies

The Government shall establish a stable and secure regulatory framework, and support the development and operations of professional stakeholders in the NCI.

The strategies to implement the Policy shall be to:

- a) Support the secretariats of the three regulatory bodies (Engineers Registration Board, Architects Registration Board and Surveyors Registration Board). The secretariats shall each be headed by a registrar at the level of Public Service commissioner, recruited by the Public Service Commission, and paid out of the Consolidated Fund;
- b) Review the statutes establishing the three regulatory bodies in conjunction with stakeholders, to ensure they are supportive of the objectives of this Policy and any amendments necessary shall be placed before the Legislature; and
- c) Review the ethics and codes of conduct for members of professional or learned societies by the corresponding regulatory body, and if found to be consistent with this or other policies or regulations, shall be recognised by the Government. The Government's support to professional or learned societies in the NCI shall develop from strengthened regulatory bodies.

6.5 Promote the use of Appropriate Technology

The Government will encourage the use of appropriate technology in the construction and maintenance of infrastructure. The choice of technology will be influenced by the scale and type of employment opportunities generated.

The Government strategies in implementation of this policy shall be to:

- a) Promote the use of labour-based technology as a means of reducing over-dependency on expensive construction equipment, and creating employment opportunities including targeting marginalised sectors of society, thus contributing to poverty alleviation through increased incomes in households;
- b) Undertake further research in the use of appropriate technology and local materials for infrastructure construction and maintenance.

6.6 Remove Restrictive Practices on the Participation of Women in the NCI

The Government shall continue to advocate for the removal of any residual practices which restrict women from gainful employment in the NCI. In addition, child labour in the NCI shall be prohibited.

The Government's strategies for the implementation of this Policy shall be to:

- a) Encourage equal opportunities accorded to women to obtain gainful employment or provide services to the construction industry;
- b) Ensure that the planning, design and construction of infrastructure consider all relevant gender issues and ensure that adequate facilities or mitigation measures are provided to meet the requirements of either gender; and
- c) Sensitise all stakeholders in the industry on gender mainstreaming and enforce compliance with this Policy.

6.7 Support Sustainable Economic and Social Development

The Government shall ensure that the National Construction Industry supports sustainable national economic and social development.

The Government strategies shall be to:

- a) Sensitise all stakeholders in the industry to the importance of preserving the environment and enforce compliance with all relevant Government statutes;
- b) Conduct environmental and social impact assessments in the planning and development of infrastructure, and ensure adequate mitigation measures are provided;
- c) Ensure all contractors and consultants have comprehensive occupational hazard mitigation schemes prior to being registered by the NCCR, rendering them eligible to participate in public tenders. They shall be sensitised to the relevant Government statutes in force; and
- d) Create and support Occupational Health and Safety (OHS) schemes.

7.0 PLAN OF ACTION

The proposed time frame for implementation of the NCI development strategy is estimated to be three (3) years, from FY 2009/10 through 2012/13. The policy objectives and strategies outlined in the aforementioned sections shall be supported through a number of action plans described as follows.

7.1 Policy Implementation Framework

Under this Policy, the Ministry of Infrastructure shall be the Government body responsible for policy implementation, oversight on the regulatory bodies and for coordination of Ministries. The Permanent Secretary, acting as Accounting Officer, shall be directly responsible for coordination of Government business, but will appoint a Commissioner responsible for quality management to act on his or her behalf in the day-to-day execution of duties under this Policy.

7.2 Coordination of the Policy

The National Construction Council of Rwanda shall be legally established as the supreme advisory body to Government for coordination of dialogue between public and

private sector, and development partners. It shall be established as a semi-autonomous and self-accounting body through an Act of Parliament by financial year 2009/10.

The Council shall undertake the following measures:

- a) Periodically review strategic issues that are crucial to the development of the construction industry, develop priorities and establish reform objectives, targets and appropriate performance indicators in the construction industry;
- b) Periodically collect information on construction expenditures, monitor construction costs, propose cost control measures and advise Government on public sector measures and demand to control spending in the sector;
- c) Annually classify, register, monitor and evaluate performance of local contractors, consultants, suppliers and manufacturers rendering services in the construction industry;
- d) Periodically assess and advise Government on the level of the construction levy charged to contractors and consultants and its effective application in meeting the objectives of this Policy;
- e) Develop measures to improve communication among industry stakeholders to harness the commitment, experience and skills of industry participants and to share the knowledge and experience in a manner which will assist them working better together;
- f) Promote programmes and projects aimed at:
 - (i) Support to Small and Micro Enterprises (SMEs),
 - (ii) Formation of industry skills, access to training and career guidance,
 - (iii) Streamlining regulation and procedures,
 - (iv) Reform of procurement procedures,
 - (v) Design best practices, and
 - (vi) Innovative processes and practices.

7.3 Training and Capacity Building

The Government shall institute the following measures in order to ensure that there is skilled manpower at all levels in the construction industry, and ensure that local consultants and contractors have the necessary technical and management capability,.

7.3.1 Support to Training Centres and Institutions of Higher Learning

Government shall strengthen and equip existing training centres and vocational training institutions, such as TVET, ensuring that they are well-staffed, have well designed courses for managers and artisans, undertake regular reviews, and have standardised curricula. This is to be accomplished in a period of two years after the Policy is adopted.

The existing training centres shall be divested and granted semi-autonomous status and linked to institutions of higher learning. All courses conducted at these centres

shall be run on concessionary terms by specialised private consultancy firms and paid for by public and private clients at commercial rates by the end of the fifth year.

Local contractors and consultants who participate in the training programmes conducted at the training centres shall be accorded special preference in the awarding of tenders.

7.3.2 Training of Contractors

The following shall be the key activities:

- a) Develop a job description for training coordinators and appoint a suitable person for the role;
- b) Undertake a survey of contractors' training needs;
- c) Carry out an assessment of existing training material to highlight modules suitable for Rwanda;
- d) Develop a modular training programme based on an assessment of training needs;
- e) Highlight suitable training institutions to undertake specific modules of training programmes;
- f) Provide technical and managerial support by training coordinators to train organisations in developing and implementing their training courses;
- g) Promote training facilities to contractors.

7.3.3 Capacity Building of National and Local Government staff

The Government shall build capacity of departmental staff to enable them to perform planning roles, policy formulation, and the monitoring and establishment of standards for the construction industry. National and Local Government staff shall be required to administer contracts effectively and efficiently. This will require the provision of appropriate training to Government, district and low level staff, ranging from detailed contract management procedures, to awareness training. In the first year of policy implementation, technical staff from Government shall undergo training in tender procedures and contract management with a view to improving the quality of tender and contract administration.

This shall be realised through the following actions:

- a) Support and strengthen the training committees of client organisations;
- b) Undertake an assessment of the client organisations and training needs to determine their level of understanding of contract administration, contract procedures and contracting practices;
- c) Prioritise training requirements and develop a training plan, including a time frame, during the first year after the implementation of the Policy;
- d) Undertake general awareness training of staff issues through short workshops and seminars to be held regionally according to established requirements;
- e) Undertake a secondary level of institutional capacity building to develop the particular skills required by staff involved in administering contracts and supervising contractors. This phase shall highlight the manpower shortfalls, particularly management capacity, to manage contractors. The training shall

- include explaining the new roles and teaching skills that will be needed to complete tasks associated with the roles. The courses might have to be repeated to increase the training capacity as required by the client agencies;
- f) Deliver initial short-term training courses to individual staff members with the understanding that stand alone, one off or short courses might not be sufficient, as staff might require further training to adapt to their new roles and practise the newly acquired skills. This shall be enhanced through a mentoring programme where staff who are more experienced and already possess the skills in their revised roles are able to offer advice and information to recently trained staff; and
 - g) Develop training materials, on-the-job mentoring programmes and highlight suitable training institutions and locations.

7.3.4 Training Levy

A training levy shall be introduced as part of a construction levy in all contract agreements for contractors and consultants, which shall support training centres and institutions. The private sector will be encouraged to support and contribute to the training levy once it has been established.

The levy shall be administered by the NCCR, which shall allocate resources to training centres and vocational training institutions for recurrent and development expenditures. The details of the levy shall be defined by the NCCR.

Accordingly, the training centres shall be equipped to ensure that they can adequately provide the necessary training to personnel of contractors and consultants. It is expected that research and development will benefit from the training levy.

7.4 Effective Participation by Local Entities

Government shall institute measures to ensure effective participation of local contractors and consultants within the three-year phase from FY2009/10 through FY2010/11. The measures to be taken are highlighted in the following sections.

7.4.1 Access to Equipment, Credit and Work

In order to ensure that local contractors have access to construction equipment, credit, and work, the Government shall:

- a) Retain core plant and equipment and facilitate the establishment of a plant/equipment pool, initially comprising serviceable and repairable plant and equipment currently owned by the Government; uneconomical plant and equipment will be sold off to the public. A private investor shall manage the plant pool and be responsible for leasing and servicing the equipment. The plant pool shall be operational within the second year of policy implementation. The net revenue from leased equipment will go directly to the Consolidated Fund;
- b) Facilitate the access of credit to local consultants and contractors for the acquisition of equipment;
- c) Within the initial three-year phase, securities for tender, performance and advance payments shall be reviewed to include acceptable bonds issued by

- insurance companies or mortgages with a value equal to or greater than the security required. Contracts funded by the Government for all maintenance work shall be awarded to local contractors, while supervision of all maintenance work shall be contracted to management agents from amongst local consultants;
- d) Gradually reduce direct labour units currently employed by Government to only a small percentage of all work funded by Government for the private sector by the year 2020;
 - h) Award multi-year performance contracts, renewable after every year for a maximum period of three years based on performance, on road works to enable selected contractors to build capacity. The contracts shall have favourable terms that will enable the contractors to acquire construction equipment and equip their offices. The beneficiaries shall be awarded such contracts only once and shall subsequently be required to competitively bid for periodic maintenance and rehabilitation work on the road network;
 - i) Review rates for fixed unit rate contracts awarded to contractors and consultants every financial year to ensure that local contractors and consultants render their services at rates that will foster growth and development. The review exercise shall be carried out through a public and private sector consultation process;
 - j) Limit the procurement of contracts and consultancy services to local entities only where the local capacity to execute a given Government funded project can be established;
 - k) Divide large contracts into smaller packages by “breaking-up” the work into appropriate projects or by key activities, with the NCCR advising on how to divide the work based on the total size of the project and the range and numbers of registered contractors within the different classes; and
 - l) Set up a Construction Guarantee Fund that shall be operated by the NCCR for the purposes of providing contractors access to upfront financing. The Government shall work with banks to offer contractors and consultants a line of credit for start-up costs and advances against payment certificates. In effect this measure will have the Government guarantee short-term bank loans, with minimal risk to public funds as a result of applying this strategy since a signed payment certificate is a guarantee of payment.

7.4.2 Registration of Contractors

The register of contractors shall be updated annually by the NCCR. The classification of the registered contractors shall be according to their working methods, such as labour or equipment based, and their ability to undertake or supply predetermined sizes and types of goods and services. The registration and classification of contractors shall be developed into a Statute by the third year after the implementation of the Policy.

7.4.3 Management Consultants

Promote the use of consultants as Management Agents to manage portions of the road network. The consultants shall be responsible for network planning, work programming, budgeting, preparation of tender documents, and supervision of contractors. The consultants shall be engaged on a two-year contract, renewable for one year. The contracts shall have favourable terms that will enable the consultants to equip their offices and acquire surveying and quality control equipment.

7.5 Support to Regulatory and Professional Bodies

Within the first three years after the implementation of this Policy, the Government shall undertake the following actions:

- a) Fill the position of Registrar in each of the regulatory bodies with substantive appointments of Commissioner level officers;
- b) Provide all necessary equipment and logistics to the office of each Registrar to enable the effective discharge of office functions;
- c) Support measures proposed by the regulatory bodies or by other stakeholders to strengthen them and enable the effective implementation of their responsibilities; and
- d) Participate in the activities of the various learned societies, which aim at supporting this Policy or any other policies, programmes and statutes for the improved operations of the National Construction Industry.

7.6 Application of Labour-Based Technology

In order to reduce over-dependency on expensive construction equipment and to contribute to poverty alleviation by boosting household incomes, the value of programmed works executed using labour-based methods shall gradually increase to reach minimum established targets. In order to achieve these targets, the following actions shall be undertaken:

- a) The Labour-Based Works Training Centre in TVET and the Rwanda developed work force shall be strengthened and facilitated to conduct courses on labour-based technology so that the above minimum values of work executed in various sectors by labour are achieved;
- b) Compile and disseminate comprehensive labour-based design standards and implementation guidelines;
- c) Determine specific labour-based technologies and methods of rehabilitation and maintenance in contract documents;
- d) Design and implement programmes to sensitise stakeholders in the use of labour-based technologies;
- e) Encourage, support and develop small scale contractors to implement labour-based road works;
- f) Build the capacity of officials, consultants and contractors in the use of labour-based technology.

7.7 Development of Consultants

Government, assisted by the Development Partners, shall undertake the following actions within a five-year period following implementation of the Policy:

- a) Prepare the terms of reference for a study on "the capacity and constraints to the development of small-scale local consultants" to enable the strengthening and effective performing of its functions;
- b) Procure the consultancy services for, and the undertaking of the study; and
- c) Ensure that local consultants participate in the procurement process and in the implementation of all consultancy service contracts in the public sector, taking

an increasingly lead role. Where international competitive bidding is a condition for the funding of a project, local consultants would be encouraged to participate in the bidding with foreign consultants in order to help develop local experience and capacity.

8.0 SUPPORT FOR IMPLEMENTING THE ACTION PLAN

8.1 Financing Plan

The objective of Government is to establish a functioning construction industry support framework. The initial support will total approximately US\$ 1,500,000 over the first three years. The funding shall be based on a 25% Government contribution and 75% shall be obtained from Development Partners.

8.1.1 Improve the Registration and Classification Scheme

The strategy shall aim to improve the current MININFRA system of registration and classification of contractors, in order to differentiate between labour and equipment-based contractors, and also expand it to cover other areas of construction. This function shall eventually be transferred to the NCCR. The financial support will amount to approximately US\$ 200,000 over a period of three years.

8.1.2 Development of Contractor Training Schemes

A contractor training needs assessment shall be carried out and reviewed annually in order to develop an efficient training scheme in association with the appropriate institutions in the country. The financial support will amount to approximately US\$ 240,000 over a period of 3 years.

8.1.3 Training of Client Organisations

Government support shall ensure that client agency staff receives necessary training in procurement and contract administration. A training needs review shall be conducted and training courses developed in association with training institutions. The financial support will amount to approximately US\$ 245,000 over a period of 3 years.

8.1.4 Review of Government Policies and Implementation of Strategies

MININFRA shall need a total of approximately US\$ 80,000 to review and evaluate potential policies that may assist the development of the national construction industry.

8.1.5 Development of Small Consulting Firms

Support shall be provided to the Rwanda Association of Consulting Engineers to develop the mechanisms to assist small local consulting firms and streamline the engineering registration system. Financial support for this action will amount to approximately US\$ 235,000 over a period of 3 years.

8.2 Implementation Strategy

The implementation of all the outputs of the action plan shall be undertaken by NCCR under direction from MININFRA, and with collaboration from Ministries, development partners and the private sector. Support from training institutions; the registration boards for engineers, architects and surveyors respectively; and their corresponding professional bodies shall be sought by NCCR in the course of implementation.

9.0 CONCLUSION

The need to develop and support the National Construction Industry is a priority on the national development agenda. This NCI Policy shall form a significant contribution to the Government's efforts to address the need for sustainable development based on effective public-private sector partnership in the industry.

The phased implementation of the NCI Policy, strategies and action plans will offer the Government and stakeholders - including development partners - an opportunity to participate in establishing, testing, monitoring and refining a robust institutional framework from inception. However, it is important to remember successful implementation will largely depend on meaningful cooperation and a clear interrelationship among all stakeholders.

This Policy is based on development-focused objectives of the Constitution of Rwanda 2003, in addition to existing policies and strategies supported by development partners. It is anticipated that the outcomes of a well developed national construction industry shall positively uphold the national aspirations for the sustainable development of the country. The action plans outlined in this Policy are intended to provide an operational framework, where periodic reviews will be undertaken as required to ensure the success of the stated strategies.

The planned phasing out of force account as a tool for service delivery will effectively lead to a changed role for the public sector from being an implementer to being responsible for policy formulation; setting-up and monitoring of standards; regulation; public procurement; and project management. Therefore, the client organisations shall identify personnel for training under this Policy, to enable them to assume responsibilities under the changed roles.

There is significant potential to make this NCI Policy a reality. In order to do so, the reforms that will be introduced in the operationalisation of this Policy will require the support of stakeholders, including donors and development partners. The operating budget for first three years of the adoption of this Policy shall total approximately US\$1,500,000.00, based on a 1:3 contribution by the Government and development partners. However, further funding shall be required for establishing the National Construction Council of Rwanda upon a successful review in the fourth year. Technical assistance shall also be required to address training of trainers with respect to imparting and sustaining the transfer of managerial and technical skills to contractors.

The ultimate goal of a developed National Construction Industry by the year 2020 is dependent upon the existence of strong leadership and motivated staff in business

development bodies, regulatory boards, and professional associations; upon the commitment of Government Ministries to employ local contractors and consultants; and also upon positive assistance from all support organisations. It is imperative that MININFRA facilitates dialogue with all key players in the construction industry, and work closely with donors and stakeholders to achieve this goal.