

# ▶ ILO Youth Country Briefs

June 2023

## Rwanda<sup>1</sup>

### Key points

- ▶ Rwanda has achieved strong economic growth in the new millennium averaging an annual real gross domestic product (GDP) growth of 7.6 per cent between 2000 and 2019. Rwanda remains a low income country, however, with a purchasing power parity (PPP) adjusted GDP per capita of US\$2,405 in 2022. Although extreme working poverty has fallen rapidly in line with strong growth, at 40.7 per cent, it remains above the sub-Saharan Africa (SSA) average of 35.5 per cent in 2022.
- ▶ Rwanda is also characterised by a relatively low employment to population ratio and high share of youth not in employment, education or training (NEET), especially amongst young women. The female employment to population ratio is more than 14 percentage points (p.p.) below that of their male counterparts and two out of every five young Rwandan women aged between 15 and 29 are NEET. NEET rates are also much higher amongst young people with disabilities of both sexes.
- ▶ In many countries, NEET rates fall with higher levels of educational attainment; this is broadly true in Rwanda too. However, the most significant difference is between young people with and without advanced (tertiary) education. Tertiary educated young adults (aged 25-29) have NEET rates which are significantly below - around two thirds the size of - the rates of those without advanced qualifications.
- ▶ The COVID-19 pandemic has hit youth labour markets hard. Young people have been affected by widespread job losses. The employment to population ratios of young women and men fell significantly between 2019 and 2021 and the share of young people aged 15-29 who had completed the transition to stable or satisfactory employment fell by nearly 50 per cent between 2019 and 2021. Working poverty also increased in the wake of the pandemic sharpening concerns about job quality in addition to significant increases in youth NEET rates
- ▶ Since the adoption of the first National Employment Policy in 2007, youth employment has been a priority for the government of Rwanda, which was confirmed with the adoption in 2015 of the National Youth Policy (NYP). Youth employment promotion is also included in broader employment and development policies and programmes, in particular the four-year National Employment Programme (2014 - 2018), the revised National Employment Policy of 2019 and the National Strategy for Transformation (2017-2024).

<sup>1</sup> This brief was prepared by a team lead by Niall O'Higgins and including Vipasana Karkee, Karina Levina, Marcelo Cuautle Segovia and Anna Barford. The brief is based primarily on an analysis of the available micro-data and a desk review of policy documents. Helpful comments and suggestions were provided by Mallory Baxter and Tona Isibo (MCF), and Jonas Bausch, Steve Kapsos and Bernd Mueller (ILO).

**Key points** *continued*

- ▶ The implementation of an annual labour force survey is an extremely positive development and allows the identification of key youth labour market trends and usefully supports youth employment policy development.
- ▶ It is also encouraging to see that Rwanda's youth employment strategy has begun to emphasise sectoral development and job creation, through the Private Sector Development and Youth Employment Strategy 2018 – 2024.
- ▶ The challenge to provide decent work for young people in the country remains acute and has been further aggravated by the COVID-19 pandemic.
- ▶ Systematic monitoring and evaluation of policies and programmes would be welcome in order to better support the improvement of specific interventions.

## ▶ 1. Introduction: Contextual indicators

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This brief summarises youth<sup>2</sup> labour markets and the school-to-work transition in Rwanda and its evolution in recent years. This introduction provides an overview of the aggregate economic and labour market context in the country. This is followed in section 2 by a discussion of the main characteristics of, and trends in, the country's youth labour market. Section 3 looks more explicitly at the school-to-work transition in Rwanda seen through the lens of the ILO's School-to-Work transition indicators and section 4 considers the impact of the Covid-19 pandemic on youth labour market outcomes in the country. Section 5 briefly discusses key youth employment related policy initiatives in the country and section 6 summarises the main issues and challenges identified in the preceding analysis.

Since the beginning of the new millennium, Rwanda has had an impressive macroeconomic performance with economic growth far outstripping population growth. Between 2000 and 2019,<sup>3</sup> Rwanda reported an average real growth rate (local currency) of 7.6 per cent, compared to an annual population growth rate of 2.5 per cent. Even before the onset of the COVID-19 pandemic there was a slight deceleration in real growth in the 2010s, with the country averaging 8.2 per cent between 2000 and 2010 and 6.4 per cent between 2010 and 2019. The onset of the COVID-19 pandemic brought with it a significant slowdown and the Rwandan economy shrank by 3.4 per cent in 2020, however it subsequently recovered, recording growth of 5.1 per cent and 7.0 per cent in 2021 and 2022 respectively. Overall, this is strong growth compared with SSA as a whole or indeed global growth rates (figure 1), despite the COVID-19 related slowdown.

### ▶ **Box 1: YouthSTATS, a partnership between the ILO and the Mastercard Foundation**

The ILO, in partnership with the [Mastercard Foundation](#), has created a regularly updated dataset called [YouthSTATS](#), available on [ILOSTAT](#). The dataset was first produced by the ILO as part of its partnership with the Mastercard Foundation on the "[Work4Youth](#)" project which concluded in 2016. Initially composed of labour indicators for young people aged 15-29 derived from [school-to-work transition surveys](#) conducted through the partnership, the dataset now benefits from the ILO's stock of [harmonized labour force survey micro-datasets](#). It serves as a central repository of international youth labour statistics.

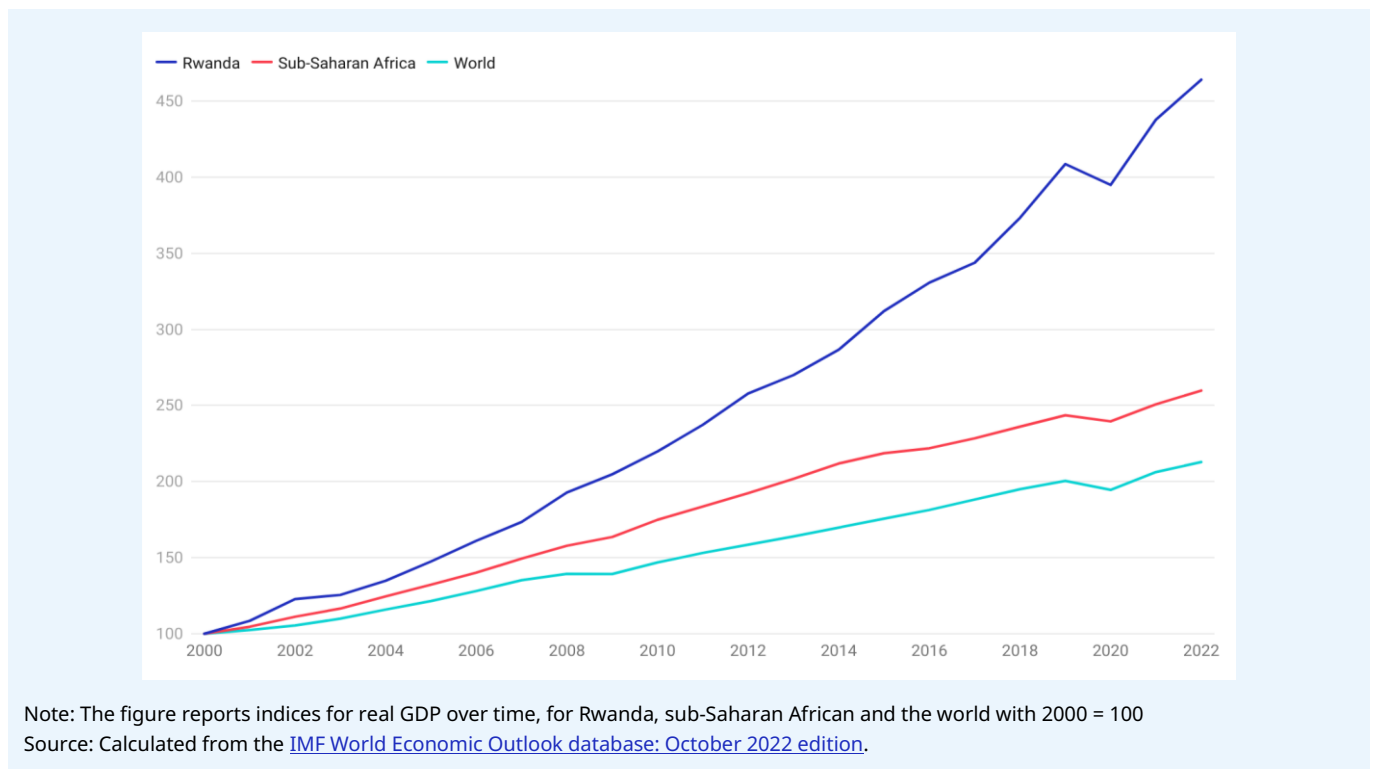
This brief is one of seven country briefs undertaken under the new partnership. The countries covered are Ethiopia, Ghana, Kenya, Nigeria, Rwanda, Senegal and Uganda.

<sup>2</sup> Throughout the brief, youth are defined as young people aged 15-29.

<sup>3</sup> [IMF World Economic Outlook database, October 2022 edition](#).

Despite the strong growth record, Rwanda still ranks amongst the world’s low-income or developing countries<sup>4</sup> with a PPP adjusted GDP per capita of US\$2,405 in 2022.<sup>5</sup> This is a little over three fifths (61.3 per cent) of the sub-Saharan African average for SSA as a whole of US\$3,926.

► **Figure 1. Real GDP, Rwanda, Sub-Saharan Africa and the World, 2000-2022; 2000=100**



The employment to population ratios in Rwanda are quite low compared to the ILO’s modelled African and global estimates (table 1). Here, the definition of employment matters. In 2017, Rwanda adopted the revised definition of employment established by the 19th International Conference of Labour Statisticians (ICLS) in 2013; which lowers the measured employment to population ratio. However, for the time being, the ILO modelled estimates continue to utilise the previous definition of employment established by the 13th ICLS in 1982. In order to clarify the influence of these different definitions, table 1 reports the corresponding employment-to-population ratios for Rwanda, calculated using the 19th and 13th ICLS. The discrepancy between higher estimated (old definition 13th ICLS) and lower recorded (new definition 19th ICLS) employment to population ratio reflects the substantial involvement of the population, particularly women, in subsistence farming.<sup>6</sup> Whilst welcome, the change does complicate the comparison of labour force indicators of Rwanda with those of some other countries in the region, as well as with the ILO’s regional modelled estimates which still use the previous definition of employment based on the pre-2013 definition of employment.

<sup>4</sup> [WB Country income groupings](#).

<sup>5</sup> The PPP adjusted GDP p.c. estimates used in this brief are from the [IMF World Economic Outlook database](#).

<sup>6</sup> The main change in the definition of employment was the exclusion of all forms of work not for profit from employment. One consequence was the exclusion of subsistence farmers producing primarily for their own consumption from employment according to the new definition. For a more detailed explanation of the changes and their implications for labour market statistics including employment, see, ILO (2022).

► **Table 1. Employment to population ratio by sex in Rwanda, SSA, Africa, and the World, 2021 (age 15+)**

	Male	Female	Total
Rwanda (LFS)	48.7	34.3	41.0
Rwanda (LFS, 13 <sup>th</sup> ICLS)	55.2	43.4	49.0
Africa (ILO Modelled Estimates)	66.6	48.8	57.6
Sub-Saharan Africa (ILO Modelled Estimates)	68.1	57.4	62.7
World (ILO Modelled Estimates)	67.5	44.0	55.7

Source: ILO Modelled estimates and Author's calculations based on ILO Harmonized Microdata, <https://ilostat.ilo.org/>; Created with Datawrapper

People's extensive involvement in subsistence activities is reflected in the relatively high estimates of extreme working poverty in Rwanda of 40.3 per cent in 2022, which is significantly above the corresponding estimate for SSA as a whole of 35.5 per cent.<sup>7</sup> On the other hand, in accordance with the strong growth witnessed in the country, between 2000 and 2022 working poverty fell considerably faster in Rwanda than in SSA as a whole; that is, by 37.2 p.p. in Rwanda compared to 21.3 p.p. for SSA as a whole.

As one would expect in this context, agriculture is still the major employer in the country.<sup>8</sup> Prior to the onset of COVID-19, however, there had been a consistent downward trend in employment in the sector. Between 2017 and 2019 employment in agriculture fell from 41.8 per cent to 37.5 per cent. The pandemic inverted this trend quite dramatically. By 2021, agriculture accounted for nearly half (47.7 per cent) of all employment; 56.6 per cent of female, and 40.6 per cent of male, workers (table 2).

► **Table 2. Employment distribution by economic activity by sex in Rwanda, 2021 (age 15+)**

	Male	Female	Total
Agriculture	40.6	56.6	47.7
Industry	23.4	9.4	17.2
Services	36.0	34.0	35.1

Source: Author's calculations based on ILO Harmonized Microdata, <https://ilostat.ilo.org/>.

Informal employment is widespread. According to Labour force Survey (LFS) data, in 2021, almost 85 per cent of Rwandan workers were informally employed, over 83 per cent of male and 86 per cent of female workers. Informality increased by nearly five p.p. following the onset of the COVID-19 pandemic from around 80 per cent in 2019.

Taken together, despite impressively rapid growth in the two decades preceding the onset of the COVID-19 pandemic, Rwanda remains relatively poor with the labour market dominated by informal low wage work, especially amongst women.

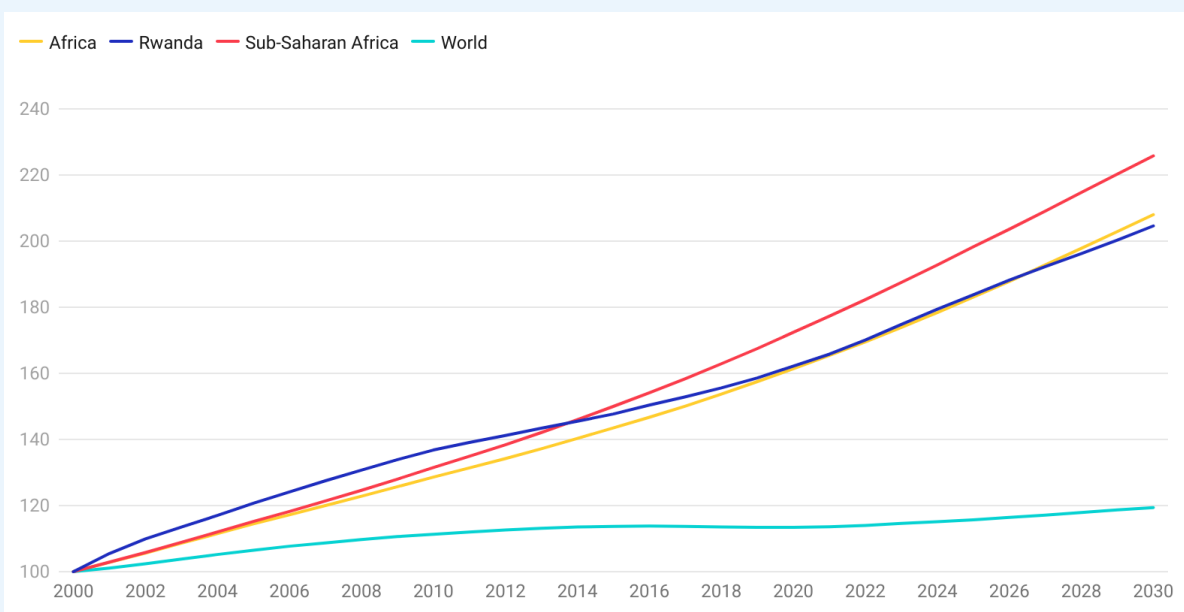
<sup>7</sup> [ILO modelled estimates](#), November 2022. The working poverty rate is an estimate of the proportion of the employed population living in poverty despite being employed, implying that their employment-related incomes are not sufficient to lift them and their families out of poverty and ensure decent living conditions. Extreme working poverty is defined as the percentage of the employed population living in households persons living in households with a per capita income of under US\$1.90 PPP (2011 prices) per day (ILO, 2019a). See also, <https://ilostat.ilo.org/topics/working-poverty/>.

<sup>8</sup> N.B. these numbers too are affected by the exclusion of subsistence farmers from recorded employment. See ILO (2022).

## ► 2. Youth labour market trends

Africa is a relatively young continent, with a youth population which continues to grow; with all the potential and challenges that this brings with it (ILO, 2020). Between 2015 and 2022 the Rwandan youth population (aged 15-29) grew by 2.0 per cent per annum, a little below the annual growth rate (2.4 per cent) of the youth population on the continent as a whole (figure 2).

► **Figure 2. Youth population in Rwanda, Sub-Saharan Africa, Africa and the World, 2000-2030; 2000=100**



The figure reports indices for the youth population (age 15-29), for Rwanda, sub-Saharan Africa, Africa and the World with 2000 = 100 in each case. Source: Population indices are calculated on [UN estimates and projections of population by age and sex](#), July 2022.

Educational attainment in Rwanda is quite low when compared globally but is close to SSA averages. In 2020, UNESCO estimates that 62.9 per cent of children completed primary education in Rwanda compared to 63.2 per cent in SSA and 86.7 per cent globally.<sup>9</sup> Remarkably, the primary completion rate has almost doubled since 2012 when it stood at 33.1 per cent, marking major progress in this area in the country.<sup>10</sup> Primary completion rates for girls (67.7 per cent) are significantly higher than the rate for boys (57.5 per cent). Completion rates for lower secondary education, at 30.1 and 20.7 per cent for girls and boys respectively, do not compare quite so well with the SSA average (44.5 and 26.7 per cent respectively). Here too, however, completion rates roughly doubled between 2012 and 2020. Also worthy of note, the gender gap in completion rates tends to lessen significantly as one examines completion rates at higher levels of educational attainment. In 2020, the completion rate for upper secondary education was 21.5 per cent for girls and 19.7 per cent for boys.

Turning to educational participation amongst young people aged 15-29, one finds that the gender imbalance in favour of young women found in educational completion rates is reversed, at least prior to the onset of the COVID-19 pandemic (figure 3). In 2019, 26.5 per cent of young women (aged 15-29) were in education or training, compared to 30.0 per cent

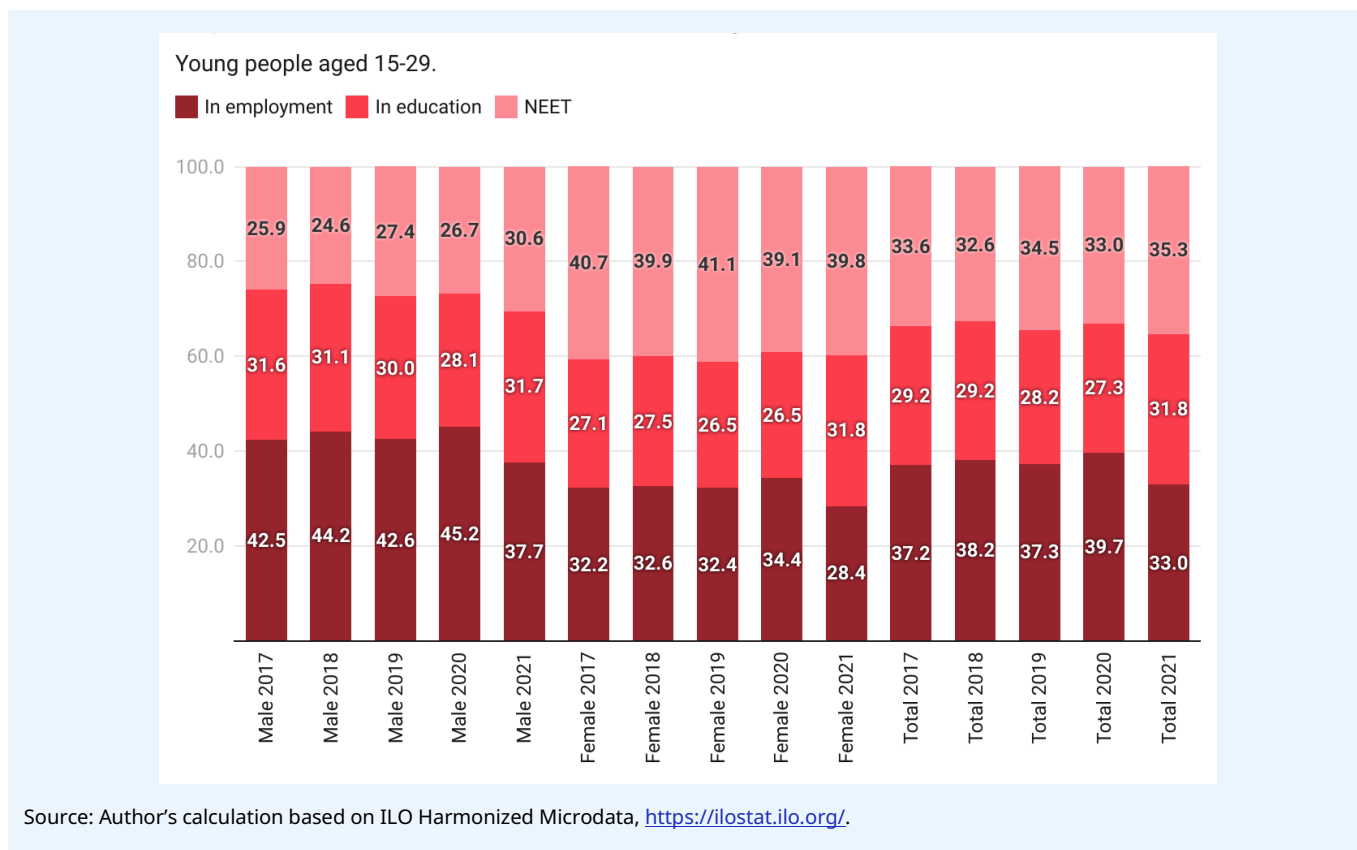
<sup>9</sup> <http://sdg4-data.uis.unesco.org/> [accessed October 28, 2022].

<sup>10</sup> For example, in SSA as a whole, UNESCO estimates an average primary completion rate of 57.5 per cent in 2012. In just 8 years, the gap in primary completion rates between Rwanda and the SSA average has been reduced from over 24 percentage points to under one.

of young men. The pandemic was associated with an increase in participation, especially amongst young women, so that by 2021, 31.7 per cent of young men and 31.8 per cent of young women were found to be in education.

In contrast, gender differences in employment to population ratios were more pronounced than educational participation rates before the pandemic and widened further during it. By 2021, 37.7 per cent of young men were employed compared to only 28.4 per cent of young women.

► **Figure 3. Youth status in Rwanda by sex, 2017-2021**



Young people (aged 15-29) are less likely to work in agriculture – and more likely to work in services - than their older counterparts. As with older workers, young people returned to agriculture in large numbers during the pandemic. By 2021, 38.1 per cent of young men and over half (51.6 per cent) of young women were engaged in the sector (table 3). The reversal of the trend of leaving agriculture was more marked amongst young people than older workers. Between 2017 and 2019 the percentage of young workers engaged in agriculture fell from 35.2 to 31.9 per cent. However, in 2020 the share returned to 35.2 per cent and by 2021, 44.1 per cent of young workers were to be found in agriculture. In consequence, Services which had accounted for a larger share of young workers than agriculture since at least 2017, dropped back to second place in 2021.

► **Table 3. Youth (age 15-29) employment distribution by economic activity and sex in Rwanda, 2021**

	Male	Female	Total
Agriculture	38.1	51.6	44.1
Industry	25.0	10.8	18.7
Services	36.9	37.6	37.2

Source: Author's calculation based on ILO Harmonized Microdata, <https://ilostat.ilo.org/>.

The gender disparities in young people engaged in employment and education are reflected in the NEET rate for young women being 9.2 p.p. higher than for young men in 2021. With the onset of the pandemic, NEET rates initially fell for both young men and young women, especially for the latter. However, by 2021 the COVID-19 impact drove NEET rates to rise to 35.3 per cent, 0.8 p.p. above their 2019 level.

► **Box 2. NEET**

With the establishment in 2015 of the 2030 Sustainable Development Goals, the NEET rate – the share of young people not in employment, education or training – became the [target indicator \(SDG8.6.1\)](#) to measure progress in youth labour markets. Although NEETs also include (most of) the young unemployed,<sup>11</sup> the NEET rate is a broader concept encompassing all young people who are, for whatever reason, not studying or working for pay or profit. NEETs are consequently a much larger, as well as a more heterogeneous, group than the young unemployed.

Inter alia, the shift from the unemployment rate to the NEET rate as the focus of policies to promote decent work amongst young people leads naturally to a broadening of the scope of interventions. Reducing the NEET rate can be achieved both by increasing entry into employment, but also by increasing participation in education and training. Moreover, there are many factors underlying (different types) of NEET status. These include the obstacles to obtaining decent work faced by specific groups – such as young women and/or young people with disabilities.

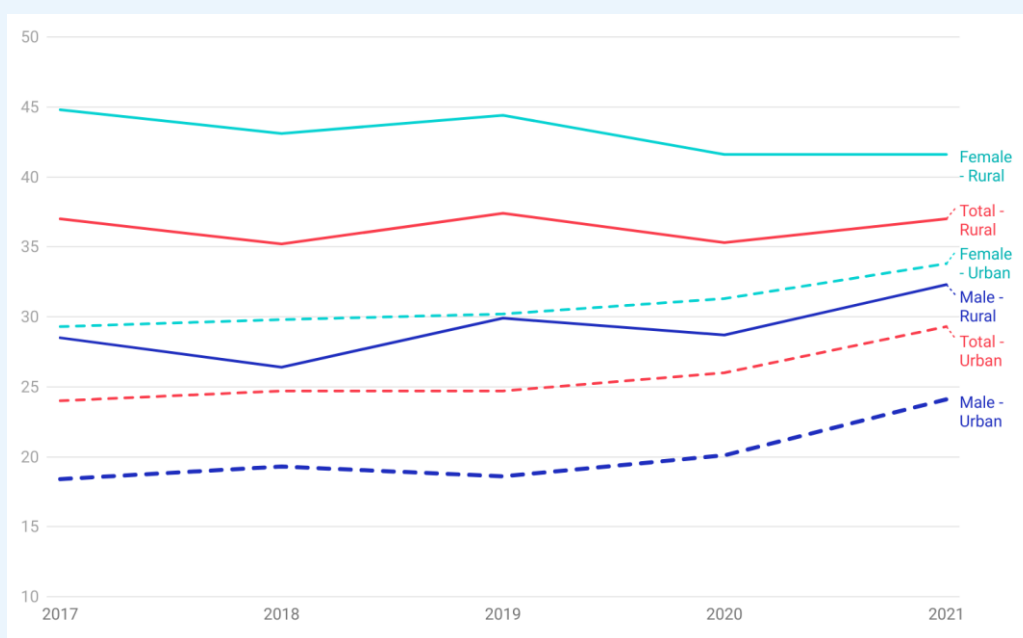
Source (and for further information): O'Higgins et al. (2023).

Looking at NEET rates in Rwanda, considering urban and rural areas separately, one can start to understand better the dynamics of the effects of the pandemic. Pretty much throughout the world, and especially in low and middle income countries (O'Higgins et al., 2023), NEET rates are significantly higher for young women and young men in rural compared to urban areas (figure 4). With the onset of the COVID-19 pandemic in 2020, NEET rates increased in urban centres but fell in rural areas. A possible explanation for this is that lock-down and economic slowdown in cities encouraged return migration for work to the countryside and/or put increased pressure on rural young people to find some kind of work of whatever quality. This hypothesis is supported by the significant rise in working poverty visible after the onset of the pandemic, as well as the return to agriculture of young people already in 2020; both trends are noted above. In 2021, NEET rates increased in urban and rural areas, with the exception of female rural NEET rates which remained constant at 41.6 per cent.

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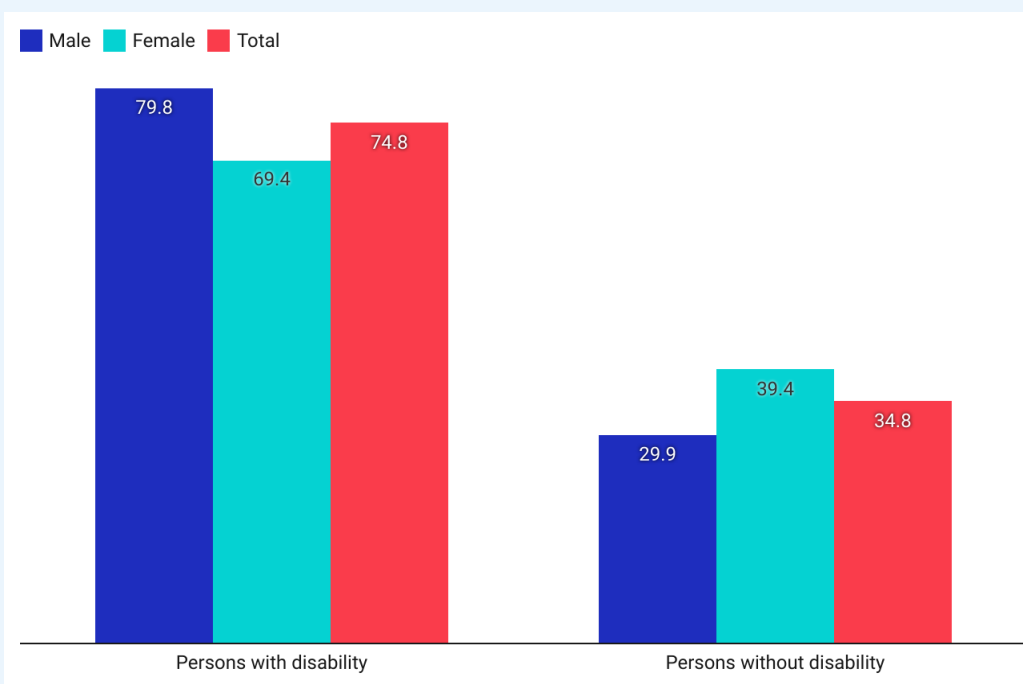
<sup>11</sup> Excluding a relatively small but increasingly significant group of young people who are both unemployed and in education.

► **Figure 4. Share of young people (aged 15-29) not in education, employment or training by sex and geographic location, 2017-2021 (%)**



Source: Author's calculation based on ILO Harmonized Microdata, <https://ilostat.ilo.org/>.

► **Figure 5. Share of young people (aged 15-29) not in education, employment or training by sex and disability, 2021 (%)**



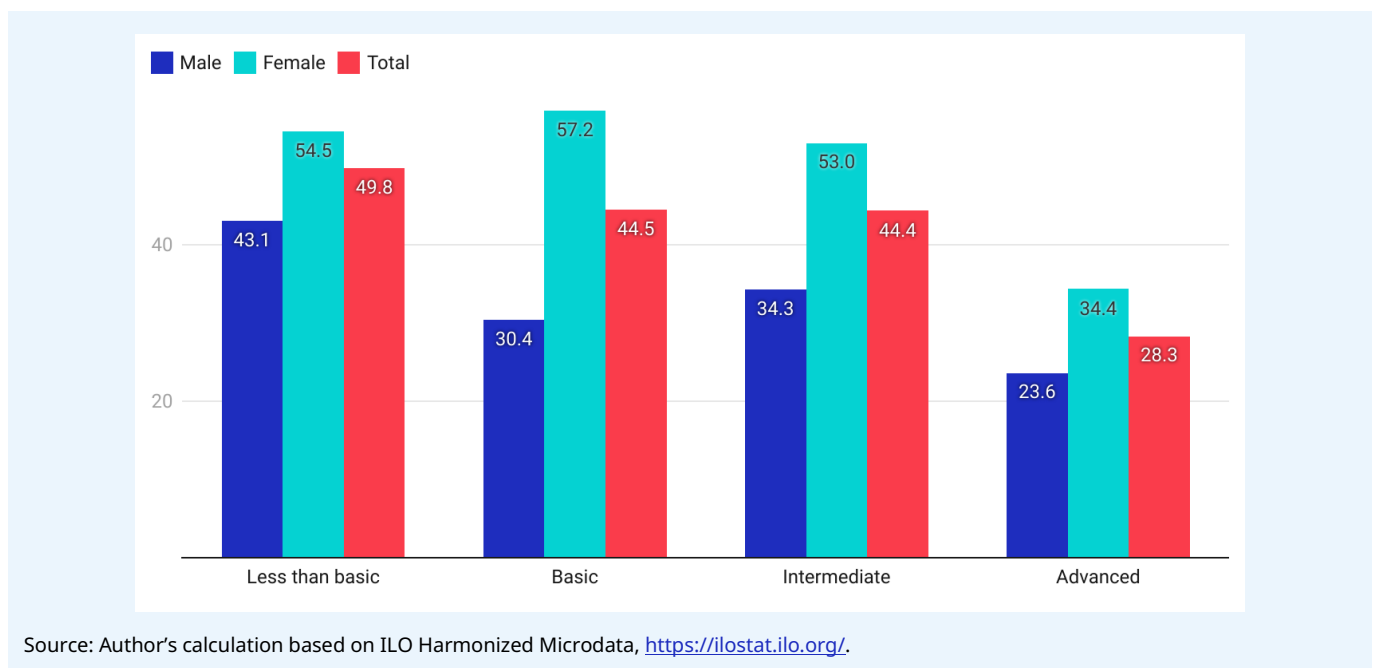
Source: Author's calculation based on ILO Harmonized Microdata, <https://ilostat.ilo.org/>.



NEET status is not spread evenly across individual characteristics in Rwanda. In 2021, 1.2 per cent of the youth population (aged 15 – 29 years old) reported themselves as living with disabilities. Interestingly this percentage has fallen quite significantly since 2017 when the disabled comprised 1.8 per cent of the youth population. Young men are slightly more likely to live with disability than young women (1.3 per cent compared to 1.1 per cent of the gender specific youth populations). Of particular concern here, young Rwandans with disabilities are more than twice as likely to be NEET as those without disabilities (figure 5). The disparity is larger for young men than young women, although this is in part the product of the pandemic: between 2019 and 2021 the NEET rates of young disabled men increased by 7.1 p.p., significantly more than the corresponding increase for young women with disabilities of 2.8 percentage points.

Educational attainment also strongly affects the likelihood of being NEET. Globally, NEET rates typically fall with higher levels of educational attainment, although this inverse relationship between educational attainment and the likelihood of being NEET is generally less pronounced in low income countries than in middle and high income ones (O’Higgins, et al., 2023.). In Rwanda, there is a more nuanced picture given the substantial difference between those who with advanced or tertiary qualifications vs. everyone else, especially amongst young women (figure 6). For females the difference is of the order of 20 p.p. (between those with tertiary qualifications and those without). Even so, following the onset of COVID-19, one in every three tertiary educated young adult women in the country is NEET. With the exception of the very small group with little or no education (less than basic) the differences in NEET by educational attainment are much smaller for men.

► **Figure 6. Share of young people (aged 25-29) not in education, employment or training by sex and educational attainment, 2021 (%)**



### ► 3. School to work transition indicators

The ILO’s school-to-work transition (SWT) indicators have been designed to give a more detailed classification of young people’s transition pathways into the labour market. The two key indicators are the school-to-work transition stage and the school-to-work transition form. The first indicator classifies youth into three groups according to their stage in the school-to-work transition: (I) transited, (II) in transition, and (III) transition not yet started (box 3). To have transited depends on finding satisfactory or stable waged employment. The second concerns the specific form of the transition

outcome of those who have completed the transition – stable wage employment on the one hand, satisfactory self-employment, or a satisfactory temporary job on the other.<sup>12</sup>

► **Box 3: Stages and forms of transition from school to work**

- I. Transited** – A young person (aged 15 to 29) who is not in school and currently employed in:
  - a. A stable job, or
  - b. Satisfactory self-employment or a satisfactory temporary job
- II. In transition** – A young person (aged 15 to 29) who is:
  - c. In school and currently employed or unemployed (in the labour force)
  - d. Not in school and unemployed
  - e. Not in school and currently employed in a temporary and unsatisfactory job (*unsatisfactory work*)
  - f. Not in school and not in employment but aiming to be employed later (*potential labour force*)
- III. Transition not yet started** – A young person (aged 15 to 29) who is:
  - g. Still in school and outside the labour force
  - h. Not in school, outside the labour force and with no intention of looking for a job

Information on the stage of transition and NEET status are clearly interrelated. Some young NEETs are in transition, captured by group d: “not in school and unemployed”, and group f: “not in school and not in employment but aiming to be employed later”. They also comprise some of those whose transition has not yet started; specifically, group h.: “not in school, outside the labour force and with no intention of looking for a job”.

A large proportion – around half – of young Rwandans are in transition. This is a relatively high share compared to African averages, and Africa itself has a higher prevalence of young people ‘in transition’ than other regions (ILO, 2019b).<sup>13</sup> The majority of young people in transition (53.6 per cent in 2021) are NEET. While the numbers of young people in transition has fluctuated a little in recent years, there is no strong downward trend and the share of young women in transition was, until 2019, consistently higher than the corresponding share of young men.<sup>14</sup> Another way of looking at this is to say that four out of five young NEETs are either unemployed or, the lion’s share, in the potential labour force meaning they would like to work but are not actively seeking it at present. Only one in five NEETs has no intention to work for now.

There was a sharp increase in the share of young people in transition with the onset of COVID-19 in 2020. In Rwanda, this was more marked for young men than young women, as the share of young men in transition outstripped the share of young women for the first time in recent years. For young men, this was the consequence of a significant reduction in the share who had completed the transition as well as a sharp drop in those who had not started, whilst for young women, only the second of these factors was present. In 2021, more young people remained in education (figure 3 above) so the share of young people in transition fell, but so too – to an even greater extent - did the share of young people who had completed the transition. Between 2020 and 2021, the share of young people who had completed the transition fell by nearly five p.p. for young women and young men. The implication is that, with the onset of COVID-19 in 2020 young men faced significant difficulties in obtaining or maintaining satisfactory jobs and, seeking to generate some sort of income, both young men and young women increased their exit from education. In 2021, in the face of the evident difficulties in finding and/or maintaining acceptable employment for both young women and young men, there was a significant return to education amongst both groups.

More generally, the substantial difference between the share of young people who had completed their transition (between 11 and 16 per cent according to year) and the share who were in employment (33 to 37 per cent according to

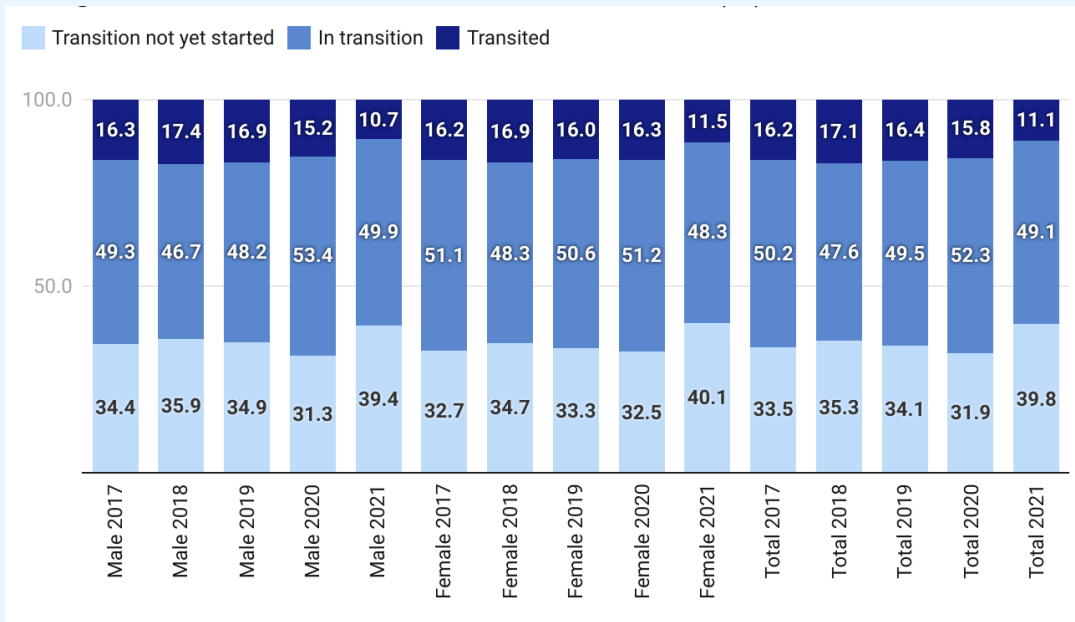
<sup>12</sup> Satisfactory’ here is based on the expressed willingness of the concerned young person to remain in the job whether temporary or self-employed. Neither ‘stable’ nor ‘satisfactory’ jobs necessarily correspond to Decent Work per se (ILO, 2019b).

<sup>13</sup> The ILO brief referred to also discusses the youth transition indicators in more detail. Another useful discussion is to be found in the blog, <https://ilostat.ilo.org/transition-from-school-to-work-remains-a-difficult-process-for-youth/>.

<sup>14</sup> As is the corresponding share of young women in transition who are NEET – 63.5 per cent of young women in transition compared to 43.5 per cent of young men in transition.

year) reinforces the notion of a lack of good quality jobs already prior to the pandemic. Further, the substantial drop in the share of young people who had completed the transition which occurred in 2020 but especially in 2021, further emphasises the significant loss of adequate job opportunities for young people associated with the onset of the COVID-19 pandemic.

► **Figure 7. Distribution of young men and women (aged 15-29) by stage of transition**

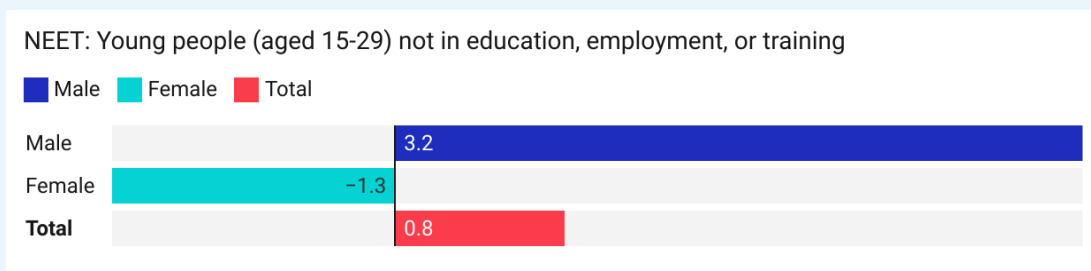


Source: Author's calculation based on ILO Harmonized Microdata, <https://ilostat.ilo.org/>.

## ► 4. Digging deeper into the impact of the pandemic

We saw already, that with the onset of the COVID-19 pandemic in 2020, NEET rates initially fell and then increased in 2021, so that over the 2019-2021 period as a whole, NEET rates increased by 0.8 p.p. This overall pattern obscures gendered patterns of a slight fall in the NEET rates amongst young women, and a substantial increase of those of young men (figure 8a).

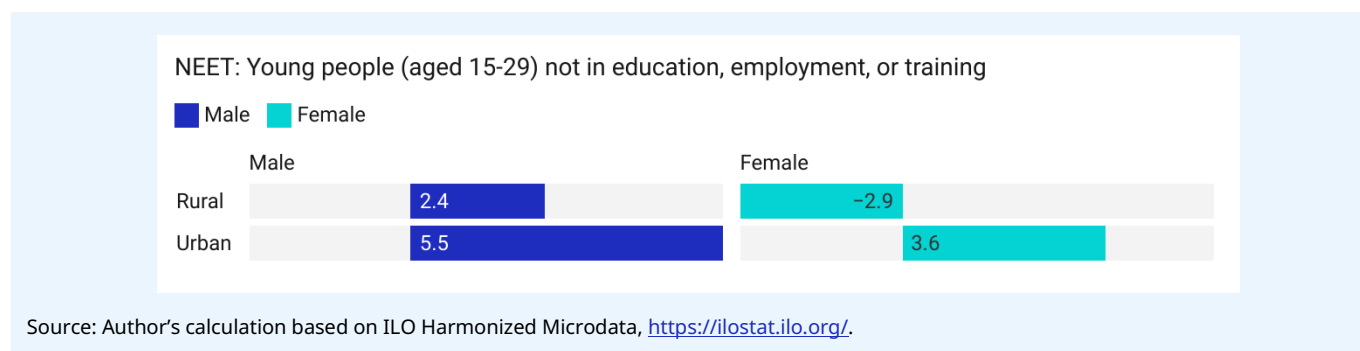
► **Figure 8a. Change in NEET rates by sex from 2019 to 2021 (percentage points)**



Source: Author's calculation based on ILO Harmonized Microdata, <https://ilostat.ilo.org/>.

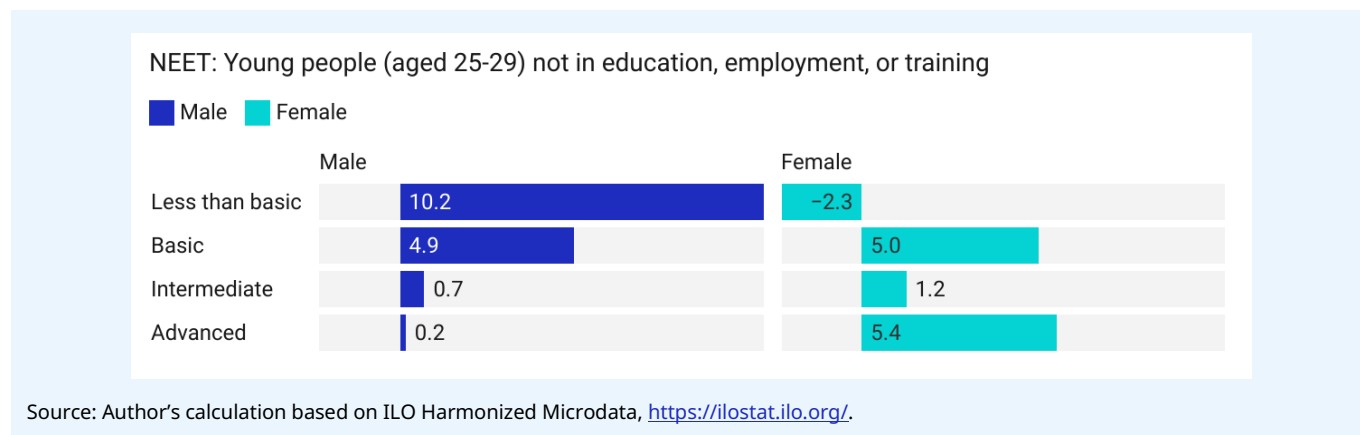
The slight fall in female NEET rates is entirely attributable to a substantial reduction in NEET rates amongst young rural women. Amongst young rural men, as well as young men and women in urban areas, NEET rates increased rather substantially by between 2.4 and 5.5 p.p. The reduction in NEET rates in rural areas is not therefore a particularly encouraging sign and is presumably due to young people seeking to compensate for the overall reduction in adequate job opportunities for young people, with young rural women being forced to find whatever income generation activities they could (figure 8b).

► **Figure 8b. Change in NEET rates by sex and geographic location from 2019 to 2021 (percentage points)**



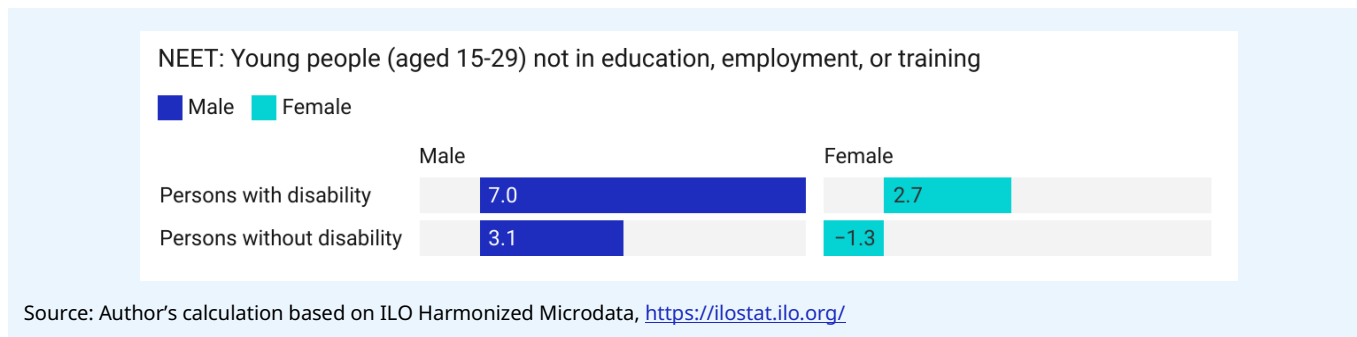
The fall in NEET rates was generally inversely related to educational attainment, especially for young men. Amongst young women, however, there was also a substantial increase in NEET rates amongst the most educated (figure 8c). The fact that there was also a small reduction in the NEET rates of the least educated young women serves to reinforce the point made above concerning young rural - and evidently low educated - women being forced in to low quality income generation activities.

► **Figure 8c. Change in NEET rates by sex and educational attainment from 2019 to 2021 (percentage points)**



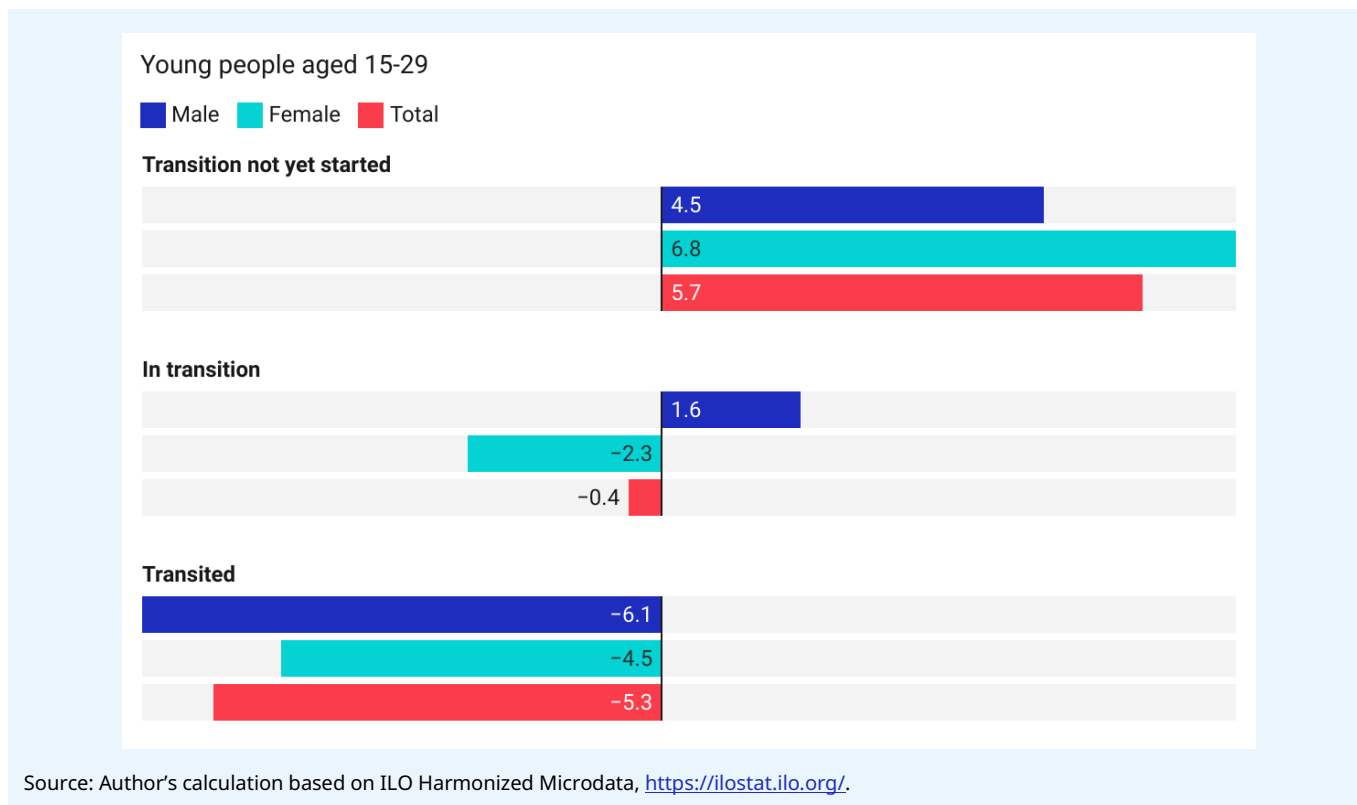
Between 2019 and 2021, the NEET rates of young people with disabilities increased notably, especially amongst young men. Young women with disabilities also saw their NEET rates increase significantly (figure 8d).

► **Figure 8d. Change in NEET rates by sex and disability status from 2019 to 2021 (percentage points)**



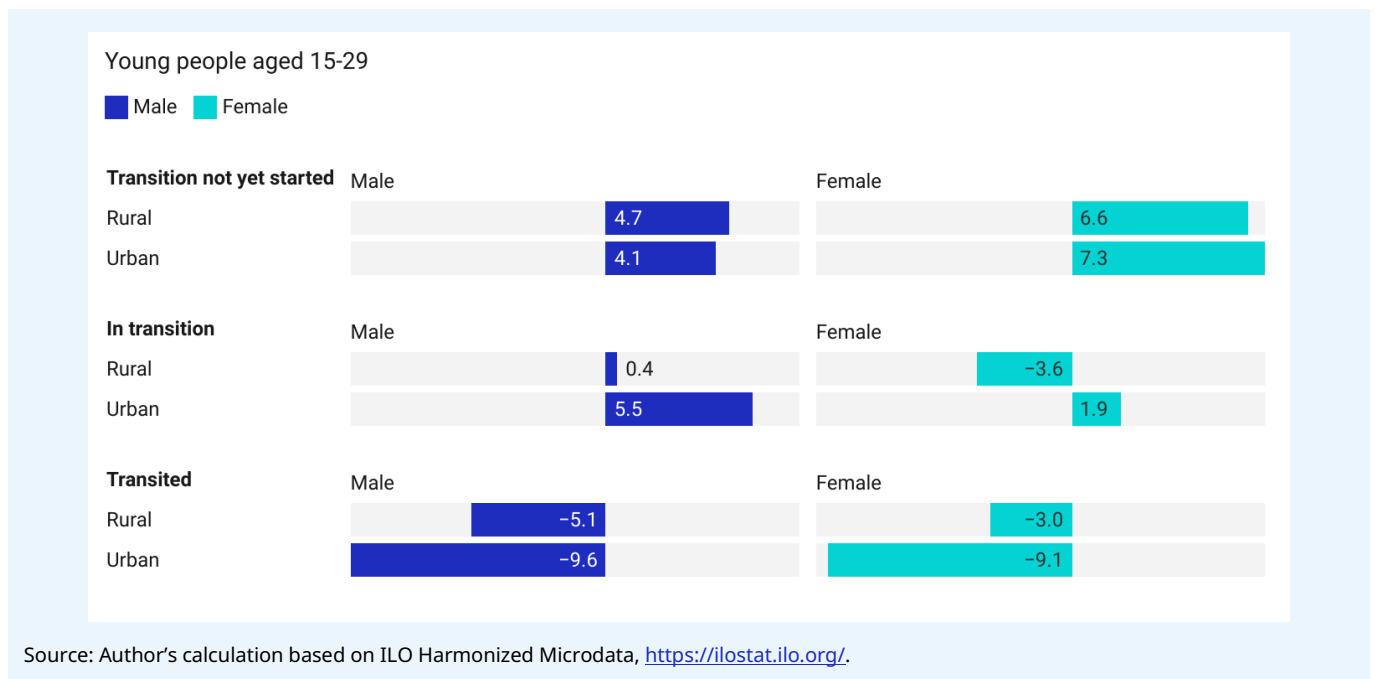
Overall, the COVID-19 pandemic has had a major impact on the quantity and quality of jobs available to young people. This becomes more obvious if we look also at the changes in the distribution of transition stages between 2019 and 2021 (figure 9a). The share of young people who had not yet started increased markedly, in part because more young people remained in education or training. This cannot, however, explain the full extent of the 5.7 p.p. increase in the share of young people whose transition had not started. Educational participation increased by 3.6 p.p.; the remaining 2.1 p.p. are accounted for by young people giving up the aspiration to find employment. At the other end of the transition process, as already noted, the share of young people who had completed the transition fell dramatically, by 5.3 percentage points which corresponds to a reduction of nearly 50 per cent in the share of young people who had completed their transition. Again this is due to two factors: a reduction in the quantity of jobs available, as measured by the fall of 4.3 p.p. in the youth employment to population ratio; but also a reduction in their quality, as reflected in the 1 p.p. drop in the share of young people finding stable or satisfactory employment.

► **Figure 9a. Change in the stage of transition distribution by sex from 2019 to 2021 (percentage points)**



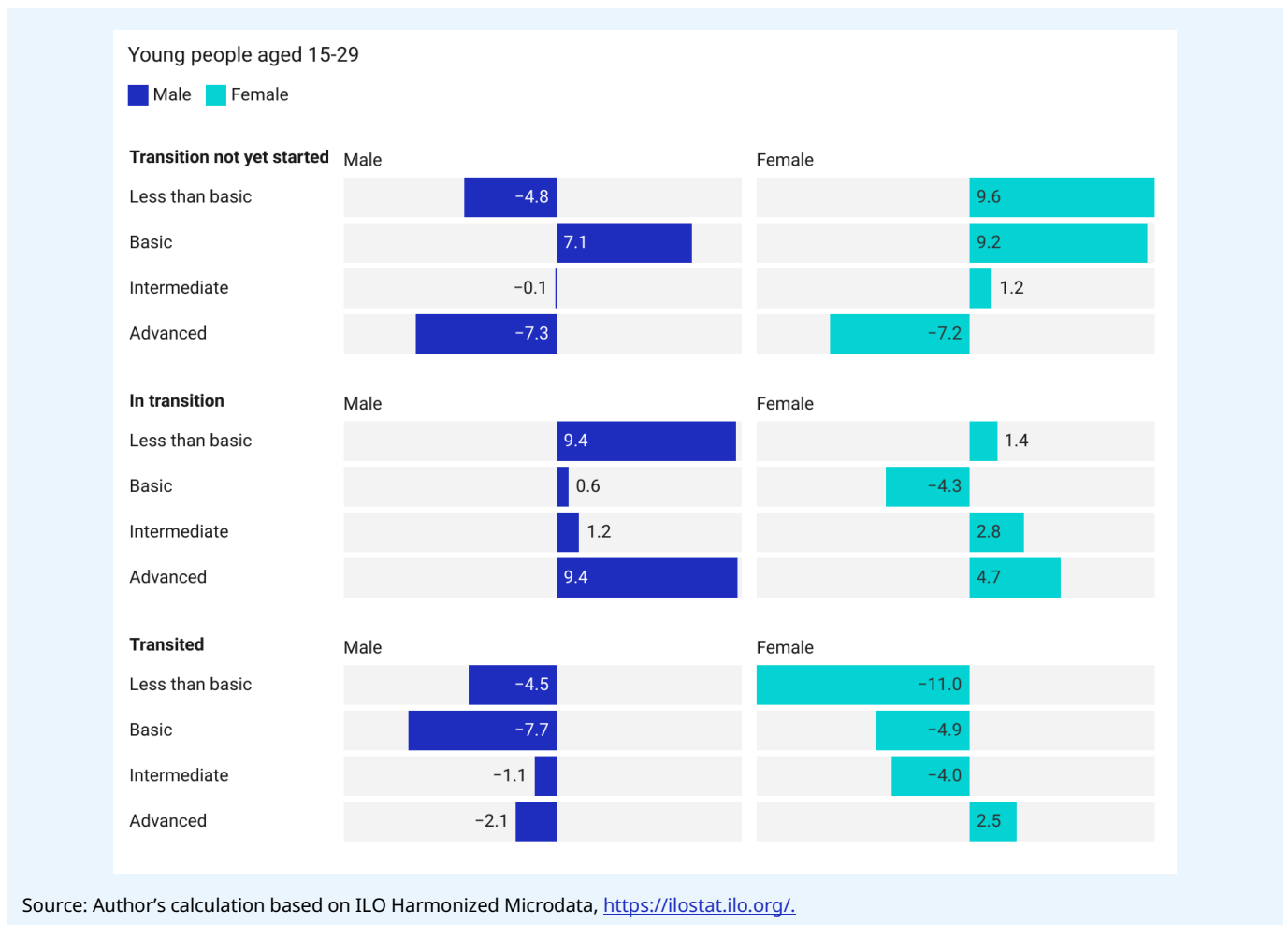
The changes were, broadly speaking, evenly distributed across urban and rural areas, although the reductions in the transition completion rates were significantly more pronounced in the former, corresponding to the greater job losses in towns and cities evidenced above (figure 9b).

► **Figure 9b. Change in the stage of transition distribution by sex and geographic location from 2019 to 2021 (percentage points)**



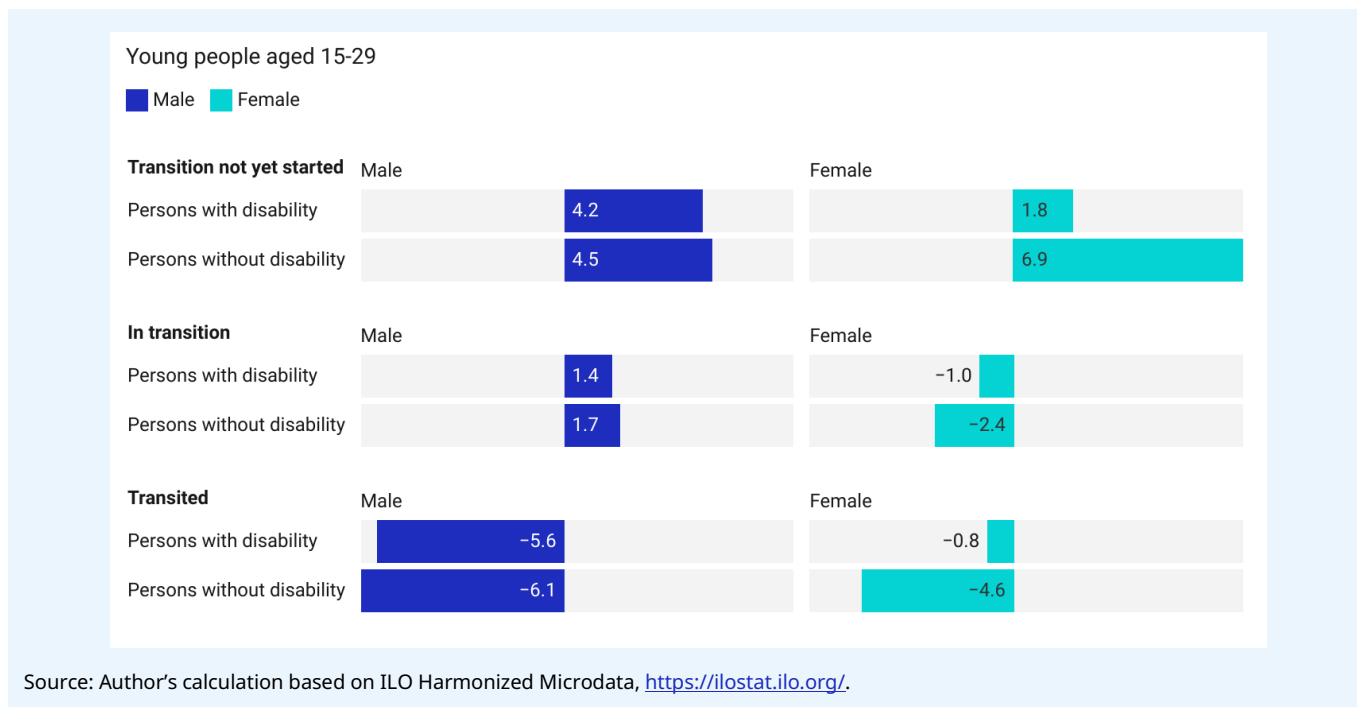
Whilst the pattern of change by educational attainment is more complex. Substantial exit from education is visible amongst the most educated young men and women, whilst those with lower levels of education, especially young women, delayed starting the transition process. Similarly, the reduction in transition - in other words the reduction in those finding and/or keeping stable or satisfactory completion - was most pronounced amongst the least educated, again especially for young women (figure 9c). All-in-all, the picture is one in which, as all too often happens, the labour market effects of the crisis were felt most severely by young people with the lowest levels of education.

► **Figure 9c. Change in the stage of transition distribution by sex and educational attainment from 2019 to 2021 (percentage points)**



On the other hand, those with disabilities do not seem to have had greatly different experiences to those without them, at least apparently. The fact that the NEET rates of young people with disabilities increased rather more than those without, suggest however, that the composition within this overall transition stage was a little different for the two groups (figure 9d).

► **Figure 9d. Change in the stage of transition distribution by sex and disability status from 2019 to 2021 (percentage points)**



## ► 5. Youth employment policy in Rwanda: an overview

Rwanda has a comprehensive policy framework for youth employment. It is structured around the National Youth Policy (NYP, 2015); the National Strategy for Transformation (NST, 2017-2024); the Private Sector Development and Youth Employment Strategy (PSDYES, 2018-2024); the Revised National Employment Policy (NEP, 2019); and the National Skills Strategy and Employment Promotion (NSDEPS, 2019 – 2024). Youth employment is mainstreamed into other sectoral, institutional and inclusiveness policies, including the ICT Sector Strategic Plan (ICT SSP 2018); the National Labour Mobility Policy (NLMP, 2019); the Agricultural Gender and Youth Mainstreaming Strategy (AGYMS, 2019), the Revised National Gender Policy (RNGP, 2021), and the National Policy of Persons with Disabilities (NPPD, 2021).

The NEP and the NSSEP refer to and build on some elements of the NYP. One of its key objectives is to “enable youth to utilize their full potential and tap onto existing opportunities for gainful employment, productivity and economic transformation”. The Government of Rwanda set a target to create 1.5 million decent and productive jobs by 2024 in its NST, particularly for young people<sup>15</sup> and women. However, the impact of the COVID-19 pandemic is likely to increase the challenges to achieve it.

<sup>15</sup> In Rwanda, young people are defined as those age between 16 and 30 years old. Government of Rwanda. 2015. *National Youth Policy 2015-2018*. [https://www.myculture.gov.rw/fileadmin/user\\_upload/Myculture/Publications/Policies/National\\_Youth\\_Policy.pdf](https://www.myculture.gov.rw/fileadmin/user_upload/Myculture/Publications/Policies/National_Youth_Policy.pdf).



## Youth employment policy framework

### National Youth Policy (NYP), 2015-2018

The NYP responds to several challenges, and the lack of job opportunities to absorb new entrants to the labour market stands out as a persistent structural challenge (Government of Rwanda, 2015). The NYP establishes priorities in two key areas: (1) youth education and skills development, with a focus on TVET development and career guidance to equip youth with labour market relevant skills, especially young women; and (2) youth employment, productivity, and economic empowerment, aiming to create an enabling environment to boost creativity and innovation, particularly in the Green Economy. The NYP recommends public and private employment support services to implement the NEP, including professional training (including apprenticeships), entrepreneurship, access to finance and the use of new and imported technologies. The NYP envisions the development of an ICT innovation and policy strategy to improve access to ICT facilities, digital literacy, and promote innovation for job creation (Government of Rwanda, 2015).

### National Strategy for Transformation (NST), 2017-2024,

The national government's seven-year plan, the NST, aims to create 1.5 million decent and productive jobs for economic development (214,000 jobs/year) by developing sub-sectors with high potential for growth and employment (Government of Rwanda, 2017).<sup>16</sup> In line with the NYP, the strategy prioritises young people and women through entrepreneurship and access to finance; the advancement of strategic partnerships with the private sector to promote TVET; and the updating of the labour market information system with the support of the private sector to help solve skills mismatches. The NST envisions Rwanda's economy as a "globally competitive knowledge-based economy." Two strategies here are the national digital literacy programme to ensure the digital literacy of all youth by 2024 (and 60 per cent for adults) (Government of Rwanda, 2017); and the establishment and operationalisation of new and existing African Centres of Excellence (ACE II, n.d.) to build skills in education, health, agriculture, cybersecurity and data science, among others.

### Private Sector Development and Youth Employment Strategy (PSDYES), 2018-2024

The PSDYES is a policy framework to guide the implementation of the NST 2017-2024 Pillar 1 "Economic Transformation." The PSDYES recognizes the potential of Rwandan youth in accelerating economic growth and acknowledges that harnessing the demographic dividend through concurrent investments in education and employment can improve the country's development outcomes (box 4). The PSDYES is based on four pillars: 1) Promoting Competitive Value Chains Made in Rwanda; 2) Increasing Firm-Level Productivity and Enhancing Diversification; 3) An Ecosystem Approach to Increasing Exports, and 4) Streamlining the Regulatory Environment and Sharing Information. Decent job creation is mainstreamed across all the pillars in line with the NST-1 national targets (Government of Rwanda, 2018a).

While PSDYES does not set specific targets on creating productive jobs for youth, Pillar 1 prioritises youth access to capital support start-ups and small and medium-sized enterprises (SMEs) in priority value chains. Pillar 2 focuses on young people's skills development in the priority sectors as well as incubating youth business innovation. Meanwhile, Pillar 4 explores opportunities to lower the cost of hiring young people (e.g. through tax exemptions) and delivering workplace readiness programmes. Little attention is paid to the needs of the most vulnerable young people, such as young women, NEET youth and youth with disabilities.

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<sup>16</sup> The sectors indicated in the plan are: agro-processing, construction, light manufacturing, meat and dairy, leather, textiles and garments, horticulture, tourism, knowledge-based services, value addition and processing of mining products, creative arts, aviation, logistics, and transportation.

► **Box 4. PSDYES 2018-2024 Youth Employment Priorities**

- Full operationalization of the Labour Market Information System to link the various stakeholders involved in skills development and job creation including the education sector, job market and job seekers;
- Promotion of workplace readiness programmes including internships, mentorship and on-the-job training programmes;
- Investment in production, value addition and agro-processing to create quality jobs through sectoral linkages as articulated in the crop intensification programme;
- Enhancement of agricultural production and profitability by promoting irrigation, increased use of fertilizers, mechanization of agricultural practices, and securing of access to high-value markets for smallholder farmers;
- Provision of opportunities for greater involvement of youth in entrepreneurship and job creation, including optimization of the empowering role of information technology;
- Address the infrastructure limitations that hamper economic productivity and growth of the private sector including investments in consistent and sustainable energy generation and distribution, building roads and railways to link production zones to markets, and investments in technology to improve productivity;
- Promote the creation of small- and medium-sized enterprises by facilitating the establishment of cooperative societies; more access to capital; training and capacity building, and exploration of lucrative markets;
- Diversification of the economy by reducing dependence on the agricultural sector and enhancing value-addition and manufacturing to take advantage of international bilateral trade opportunities, and the recently launched “Made in Rwanda” initiative.

**National Employment Policy (NEP), 2019**

The 2019 NEP<sup>17</sup> is a guiding document “to create sufficient and productive jobs in order to reduce labour underutilization and enhance productivity and competitiveness” (Government of Rwanda, 2019a). Its focus on labour demand policies diverges from the previous NEP’s (2007) focus on skills and entrepreneurship. Youth, women, and people living with disabilities-specific interventions focus on entrepreneurship promotion and access to finance. In general, young people are framed as a rather homogenous group. Skills development for youth figures across the NEP, including specific provisions for work-based learning through internships and apprenticeships, and increased private sector collaboration through sectoral skills councils (Government of Rwanda, 2019a). It provides a policy framework for the implementation of national employment programmes.

**The National Skills Development and Employment Promotion Strategy (NSDEPS), 2019 – 2024**

The NSSEP aims to provide the workforce with labour market relevant skills, and access to quality employment. It has three pillars: 1) skills development, 2) employment promotion, and 3) job matching. Each pillar has programmes with specific interventions. Pillar 1 focuses on the delivery of TVET and higher education relevant to the labour market. Pillar 2 promotes business growth to create employment opportunities, through access to markets, finance, business development services, and labour market analysis for SMEs. Pillar 3 provides evidence-based workforce planning and job matching to inform the skills development strategies, including a “Global Talent and Opportunities Program” to share the talent and experience of the Rwandan diaspora and foreign citizens (Government of Rwanda, 2019b).

<sup>17</sup> The NEP (2019) follows the NEPs adopted in 2007 that focused on skills development and entrepreneurship.

## Other national policies contributing to youth employment

### Agricultural policies

Agriculture remains the largest source of employment for young people in Rwanda. The National Agriculture Policy (NAP) 2018 recognizes the importance of agricultural skills development and incentives for agribusiness entrepreneurship in generating decent rural jobs and income for women and youth. Under the third policy objective, the NAP encourages skills development for women and youth as a strategy to increase economic opportunities and contribute to poverty reduction. The Policy also promotes youth entrepreneurship in the agri-food sector, including food processing and businesses auxiliary to agriculture. It contains provisions for preferential treatment and tailored instruments to address young persons' constraints to accessing start-up capital (Government of Rwanda, 2018b). The Agriculture Gender and Youth Mainstreaming Strategy (AGYMS) 2019 aims to ensure that women and youth have improved access to knowledge and services, enjoy equal participation in value chains, and work in collaboration with men to improve agricultural productivity and economic empowerment. The Strategy is structured around five policy actions: 1. Financial Services; 2. Markets and Value Chain Representation; 3. Extension, Support, Inputs and Technologies; 4. Institutional Mainstreaming; 5. Empowerment and Decision-making (Government of Rwanda, 2019c).

### ICT Sector Strategic Plan (ICT SSP) 2018-2024

With the objective of fast-tracking Rwanda's transformation to a knowledge-based society, the ICT SSP have set a target to create 100,000 ICT-related direct and indirect jobs by 2023. This involves boosting youth employment and careers in ICT, digital skills development, digitalisation of public services, and stimulating entrepreneurship. The ICT SSP explicitly recognizes young people as a target group, but overlooks the potential to expand ICT employment opportunities for young persons with disabilities and young women (Ministry of Information Technology and Communications, 2018).

### National Labour Mobility Policy (NLMP) 2019

Rwanda has recognised migration to be key for its socioeconomic development. As part of the vision of the Ministry of Public Service and Labour, young graduates should profit from foreign employment opportunities to enhance skills transfers and remittances, contributing to the generation of "stable jobs that are productive and adequately remunerative" (Government of Rwanda, 2019d). The NLMP sets the general goal to "reduce unemployment rates among the Rwandan youth graduates through promoting safe and legal labour mobility as well as minimizing the negative effects of irregular migrants in order to embrace the benefits of migration for development purposes" (Government of Rwanda, 2019d).

The NLMP includes developing financial support schemes for youth to develop skills, conducting short-term vocational training in high-demand skills within foreign labour markets, formalizing skills acquisition through apprenticeships and learnerships. The NLMP encourages the participation of social partners.

### Revised National Gender Policy (RNGP) 2021

The RNGP focuses on overcoming the gender divide in the labour market and promoting women's employment through entrepreneurship and business development. It aims to strengthen and extend capacity development programs for women and girls, while also identifying, documenting and addressing gender and age stereotypes in the private sector. Furthermore, the RNGP seeks to ensure a shared responsibility of domestic and unpaid care work between women and men. Young women and girls as a specific target group are not recognized. (Government of Rwanda, 2021a).

### National Policy of Persons with Disability (NPPD) 2021

The NPPD's Strategic Objective 5 aims to increase the participation of persons with disabilities (PwDs) in employment and other sectors. It focuses on promoting employability of PwDs across all sectors and giving incentives to the private sector to employ them. It aims at increasing PwDs access to employment services and skills training, including in entrepreneurship, and improving their access to finance for self-employment. The NPPD does not contain any specific provisions for youth with disabilities and has limited gender focus (Government of Rwanda, 2021b).

## ► 6. Main issues and challenges

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- Rwanda had an impressive economic growth record from 2000 until 2019. Yet due to the collapse in the 1990s, it remains amongst the poorer countries in Africa and is categorised as a low income country. The COVID-19 pandemic led to negative economic growth in 2020, by 2021 positive growth had resumed and in 2022 a return to pre-pandemic growth rates is expected.
- Evidently, there is insufficient decent work in the country for young people and adults. Much of the population is engaged in subsistence activities and both working poverty and informal employment are high, which is indicative of widespread low wage, low quality jobs.
- This is even more the case regarding employment opportunities for young people. A very large share – around half – of young people in the country are in transition between school and satisfactory work. This is due to much employment being unsatisfactory, and large numbers of potential labour force participants who would like to work. In other words, both the quality and the quantity of employment opportunities for young people are insufficient.
- Young women have particularly high NEET rates – nearly ten p.p. above those of their young male counterparts.
- NEET rates are very high amongst young people with disabilities, more than double those of young people without disabilities.
- As in other countries, NEET rates fall with educational attainment. In Rwanda the largest difference in NEET rates is between young people with and without advanced (tertiary) education. NEET rates for tertiary educated young adults (aged 25-29) are only around two thirds as large as the rates of those without advanced qualifications.
- The COVID-19 pandemic has significantly increased the challenges facing young people. The pandemic was accompanied by a substantial – almost 50 per cent – fall in the share of young people who had completed the transition to employment. There was also a significant increase in the share of young people who had not begun the transition. In part this reflects increases in those who had dropped out altogether from education and the search for work.
- Since the adoption of the first National Employment Policy in 2007, youth employment has been a government priority, further developed in the 2015 National Youth Policy (NYP). The NYP identified the need to integrate youth employment promotion with education and training to create sufficient decent work opportunities for young people.
- Subsequent policies for employment and development have been consistent with the NYP strategy. This is reflected, for example, in the integration and mainstreaming of youth employment in key national policies and programmes including the revised National Employment Policy of 2019 and the National Strategy for Transformation (2017-2024).
- As the first structured and nation-wide employment programme, the NEP of 2007 was successful to a degree, but it faced major challenges related primarily to insufficient funding, as well as its reliance on assumptions concerning external factors (e.g. lower than expected prices of Rwandan commodities for export in international markets) that prevented adequate implementation.
- The revised National Employment Policy of 2019 provides a more structured institutional and policy coordination framework that functions as a crosscutting document to mainstream employment (with a focus on youth, women and PwDs in other national policies, strategies, and programmes (e.g. macroeconomic and sectoral policies, enterprise development).
- In addition to the funding issues, it is encouraging to see that the country's youth employment strategy has begun to emphasise also sectoral development and job creation in the Private Sector Development and Youth Employment Strategy 2018 – 2024. However, this is largely limited to development of the agricultural sector and skills and entrepreneurship development remain the main focus. Nevertheless, there is a positive trend of promoting youth employment in high skills sectors, such as ICT or tourism.
- Most of the provisions for youth employment are concerned with increasing the quantity and quality of education and training to match the (perceived) needs of the labour market.

- The policies tend to regard youth as a rather homogeneous group and have limited integration of gender- and disability considerations. This potentially leads to interventions that do not address specific labour market constraints of the most vulnerable youth including young women, youth with disabilities or NEET youth.
- There is little evidence of monitoring and above-all systematic evaluation of policies and programmes which could support the improvement of specific interventions.

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