



# ► ILO Youth Country Brief

November 2020

## Rwanda: Youth Labour Markets and the School-to-Work Transition<sup>1</sup>

### ► 1. Introduction: Contextual indicators

Since the beginning of the new millennium, Rwanda has had an impressive growth performance with economic growth far outstripping population growth. Between 2000 and 2020 (projected),<sup>2</sup> Rwanda reported an average real growth rate (local currency) of 7.0 per cent, compared to an annual population growth rate of 2.5 per cent. The country maintained this average growth record in both decades of the new millennium. This is strong growth especially when compared with sub-Saharan Africa (SSA) as a whole or indeed global growth rates (figure 1), despite the current economic slow down visible in the figure.

Since early 2020, countries throughout the world have been grappling with the health and economic effects of the covid-19 pandemic. Thusfar, Rwanda has been relatively successful in limiting the level of infection in the country. As of November 2nd 2020, there had been 5146 confirmed cases and 35 confirmed deaths from the virus.<sup>3</sup> However, even if this remains to be the case moving forward, major economic and employment effects are likely to be felt in Rwanda as a consequence of the global economic downturn which the pandemic is causing.

Despite the pandemic, the IMF currently forecasts positive – albeit weak growth – of around 2.0 per cent in 2020 and 6.3 per cent in 2021.<sup>4</sup>

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

The [Mastercard Foundation](#) has supported the ILO in creating a new, regularly updated dataset, called YouthSTATS, now available on ILOSTAT. The dataset was first produced by the ILO as part of its partnership with the Mastercard Foundation “[Work4Youth](#)” project, which concluded in 2014. Primarily composed of youth labour indicators derived from the school-to-work transition surveys, the dataset now benefits from the ILO’s stock of harmonized labour force survey micro-datasets. It will serve as a central repository of international youth labour statistics

Despite the strong growth record in the country, Rwanda still ranks amongst the world’s low-income or developing countries<sup>5</sup> with a PPP adjusted GDP per capita of US\$2,363

<sup>1</sup> This brief was prepared by Niall O’Higgins with inputs from Quentin Mathys, Fidel Bennett and Marcelo Cuautle Segovia, as well as excellent editorial support from Mariela Dyrberg.

<sup>2</sup> [IMF World Economic Outlook, October 2020 database](#), October 2020 [accessed 2 Nov 2020]

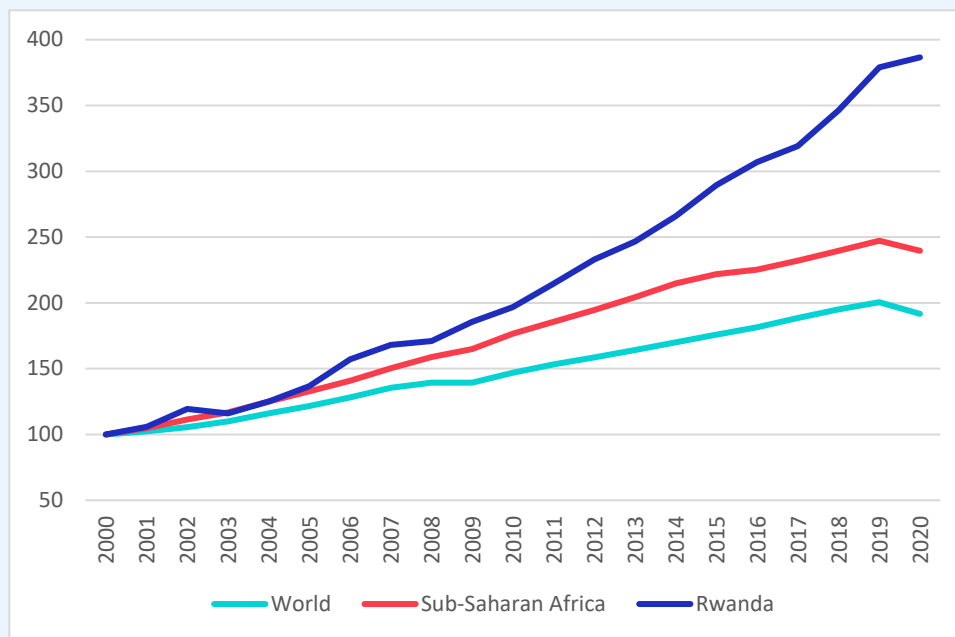
<sup>3</sup> <https://www.worldometers.info/coronavirus/> [accessed 2 Nov, 2020].

<sup>4</sup> [IMF World Economic Outlook October 2020 database](#) [accessed 2 Nov 2020].

<sup>5</sup> See <https://ilostat.ilo.org/resources/concepts-and-definitions/classification-country-groupings/> [accessed 2 Nov 2020].

in 2019.<sup>6</sup> This is a little over half (59%) of the corresponding average for sub-Saharan Africa as a whole of US\$4,019.

► **Figure 1. Real GDP, Rwanda, Sub-Saharan Africa and the World, 2000-2020; 2000=100**



Note: The figure reports indices for real GDP over time, for Rwanda, Sub-Saharan Africa and the world with 2000 = 100 in each case.

Source: Calculated from the [IMF World Economic Outlook October 2020 database](#).

Rwanda has recently changed its approach to collecting labour statistics, adopting the new definition of employment established in 2013 by the International Conference of Labour Statisticians (ICLS). Whilst welcome, the nature of household surveys before and since 2017 mean that it is impossible to compare core labour force statistics before and after this date, so tracking trends is problematic. ILO modelled estimates are available, and are invaluable for tracking regional trends, however, at the country level in the absence of underpinning real data, they can only be relied upon to give an idea of the order of magnitude of the change.

Based on the old definitions – still applied in most sub-Saharan African countries – employment rates in the country are relatively high, consistent with the impressive economic growth record of the country (table 1). However,

the large discrepancy between estimated (old definition) and recorded (new definition) employment rates reflect the substantial involvement of the population – and particularly women in subsistence farming.<sup>7</sup>

The extensive involvement in subsistence activities is also reflected in the relatively high estimates of (extreme and moderate) working poverty in Rwanda of 74.2 per cent, which is well above the corresponding estimate for SSA as a whole of 61.3 per cent. True, in accordance with the strong growth witnessed in the country, between 2000 and 2019 working poverty fell (a little) faster in Rwanda than in SSA as a whole; that is, by almost 19 percentage points compared to under 15 percentage points for SSA. However, the reduction in Rwanda was far below the global average of nearly 30 percentage points over the same period.

<sup>6</sup> The PPP adjusted GDP p.c. estimates used in this brief [IMF World Economic Outlook October 2020 database](#) [accessed 2 Nov 2020].

<sup>7</sup> The main change in the definition of employment was the exclusion of all forms of work not for profit from employment, the main consequence of which was the exclusion of subsistence farmers from employment according to the definition. The fact that the difference between modelled and LFS employment rates is much larger for women than for men – 46.3 as opposed to 29.3 percentage points – reflects the more extensive engagement of females in this type of activity.

► **Table 1. Employment to population ratio by sex in Rwanda, SSA and the World, 2018 (ages 15+)**

	Total	Males	Females
Rwanda (LFS)	44.5	53.3	36.6
Rwanda (ILO estimates)	82.8	82.6	83.0
SSA	63.7	68.7	58.9
Global	57.6	70.5	44.8

Source: calculated from ILO Modelled estimates (November 2019) and from the ILO SWT Micro-database.

As one would expect in this context, agriculture is the still a, albeit not THE, major employer in the country.<sup>8</sup> For women, however, agriculture still employs almost half the workforce. For men, this figure is much lower – less than one third of men are engaged in agriculture (table 2).

► **Table 2. Employment distribution by economic activity by sex in Rwanda, 2018 (ages 15+)**

	Total	Males	Females
Agriculture	39.5	31.9	49.2
Industry	18.8	25.4	10.3
Services	41.7	42.7	40.4

Source: calculated from the ILO SWT Micro-database.

Informal employment is relatively high, even for Africa. On the basis of internationally comparable statistics, 94.3 per cent of Rwandan workers are informally employed compared to the regional average of 85.8 per cent.<sup>9</sup> Extreme working poverty is also extensive. In 2018, 49.1

per cent of Rwandan workers were in extreme poverty – living with their families on less than USD1.90 per person per day – compared to under 33 per cent in Africa as a whole – and to 8 per cent globally.

Unemployment is also high – 13.5 per cent for males and 17.1 per cent for females in 2018, however, as with employment data, definitional issues play a decisive role (table 3); the ILO modelled estimates suggest a very low unemployment rate – reflecting the high incidence of subsistence activities in the country.

► **Table 3. Unemployment rates by sex in Rwanda, SSA and the World, 2018 (ages 15+)**

	Total	Males	Females
Rwanda (LFS)	15.1	13.5	17.1
Rwanda (ILO estimates)	1.0	1.0	1.1
SSA	5.8	5.5	6.2
Global	5.4	5.3	5.6

Source: calculated from ILO Modelled estimates (November 2019) and from the ILO SWT Micro-database.

Taken together, despite impressively rapid growth throughout the new millennium, Rwanda remains relatively poor with the concomitant pervasive low quality employment, extremely high levels of informality and – since the revision of the labour statistics excluding unprofitable work – high rates of unemployment, particularly amongst females.

<sup>8</sup> N.B. these numbers too are obviously strongly affected by the exclusion of subsistence farmers from recorded employment.

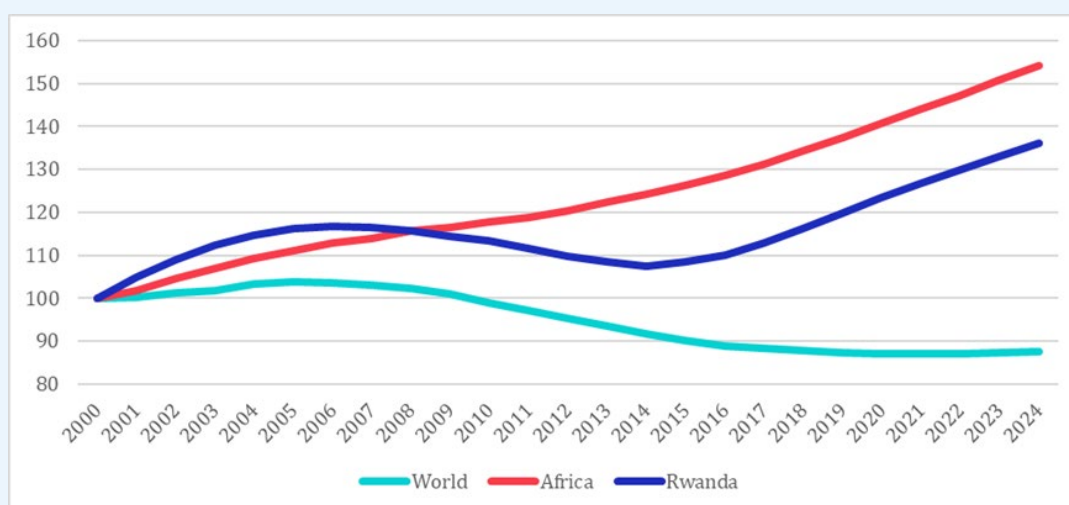
<sup>9</sup> [ILO. 2018. Women and men in the informal economy: A statistical picture](#) (Geneva, ILO). These percentages are based on the old definition of employment – allowing some comparability between Rwanda and other countries. The overall prevalence of informality in Rwanda in 2018 based on the LFS data on which much of the rest of this brief is based and using the changed definition of employment is lower (80.2 per cent).

## ► 2. Youth labour market trends

Since 2015 the 2.6 per cent annual growth rate of Rwanda's youth (aged 15-24) labour force has been just a little higher than the annual growth rate (2.1 per cent) of

the youth labour force on the continent as a whole (figure 2).

► **Figure 2. Youth labour force growth in Rwanda, Africa and the world, 2000 – 2024**



Note: The figure reports indices for the youth labour force, for Rwanda, Africa and the World with 2000 = 100 in each case.

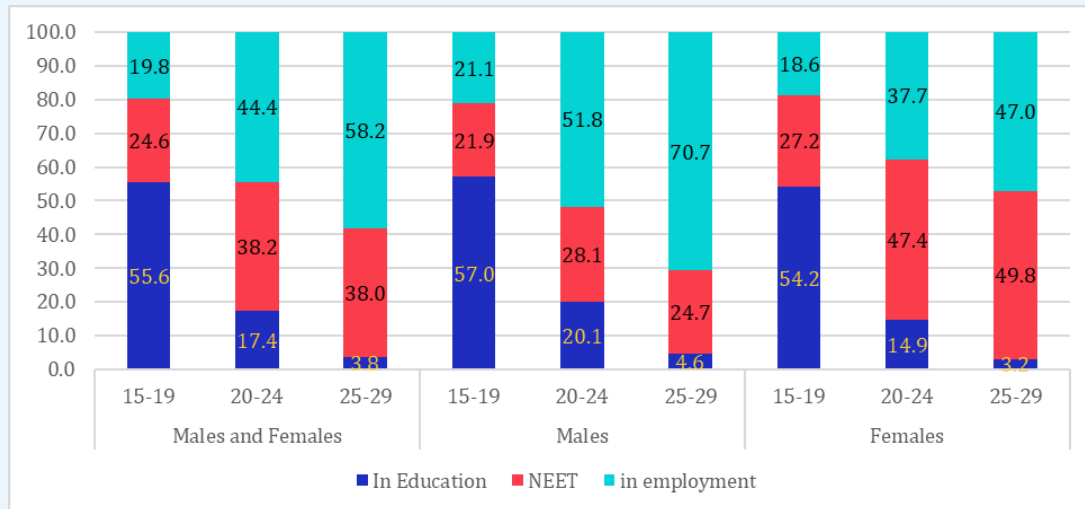
Source: Calculated from ILO Modelled Estimates (November 2019), labour force by age.

Educational participation, is relatively low by global standards, although it is on a par with sub-Saharan African averages. 39 per cent of young people (15-24) are still in education in Rwanda, compared with 38 per cent in the African comparison group.<sup>10</sup> There is a significant gender gap in educational participation which is larger for young

adults than teenagers (figure 3). This is again on a par with other comparable African countries. More generally, only a little over half of teenagers aged 15 to 19 are still in education. Certainly there is room for improvement.

<sup>10</sup> Specific comparisons are made here and in what follows between Rwanda and four other comparator countries for which complete data is available on the school-to-work transition indicators (the five country Africa group). In addition to Rwanda (2018), these countries are, Malawi (2013), Senegal (2015), South Africa (2018) and Uganda (2012) – the year of the data source for the indicators is given in parentheses. The five country averages are unweighted.

► **Figure 3. Youth status in Rwanda by age and sex, 2018**



Source: Calculated from ILO SWT Micro-database.

An important distinction between young men and young women in NEET rates by age is also evident from the figure. Whereas, for young men, NEET rates are lower for youth in their late twenties than in their early twenties, the opposite is true of young women. This reflects a pattern often seen throughout the world, but particularly in low- and middle-income countries; whereas for young men being NEET is a relatively transitory state, for young women, it easily becomes permanent.<sup>11</sup>

Young people (aged under 30) are less likely to work in agriculture – and more likely to work in services – than their older counterparts. Less than 30 per cent of young men (aged 15-29) and just over 40 per cent of young women are engaged in the sector (table 4).

► **Table 4. Youth (aged 15-29) employment distribution by economic activity and sex in Rwanda**

	Total	Males	Females
Agriculture	34.1	28.0	41.7
Industry	18.8	25.1	10.9
Services	47.1	46.9	47.4

Source: calculated from the ILO SWT Micro-database.

Wage employment dominates youth work as nearly three-quarters of young people (72.5 per cent) are employees – although here too, the figures are likely to reflect the new definitions of employment. In common with many other (African and non-African) countries, informality is also significantly more prevalent amongst young people than adults.<sup>12</sup> Informality is also more common amongst young women than young men.

<sup>11</sup> See, for example, ILO-UNICEF. 2018. [Girlforce: Skills education and training for girls now](#) (New York & Geneva, ILO-UNICEF). Note that relatively is the operative word here. NEET can easily become a permanent state for young men too. See, for example, [ILO. 2020. Global employment trends for youth 2020](#) (Geneva, ILO)

<sup>12</sup> Specifically, in 2018 it was 84.6 per cent for young people (15-29) against 76.6 per cent for adults (30+) based on the new employment definition. See also note 7 above.

### ► 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 path in 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 2). 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. The relatively low level of educational participation and lack of decent work opportunities are reflected also in the SWT indicators for Rwanda (figure 4). At least amongst female teenagers and young men of all age groups, 'transition not yet started' is comprised primarily of young people still in full-time education. In Rwanda, the share of young people who are in transition is relatively high – 47.6 per cent against the average of 39.4 per cent for the five African countries for which comparable data are available. This higher share of young people in transition reflects both lower than average educational participation and lower than average completion of the transition. The situation for young women is also significantly worse than

young men, with lower rates of both educational participation and transition completion.

#### ► Box 2. 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

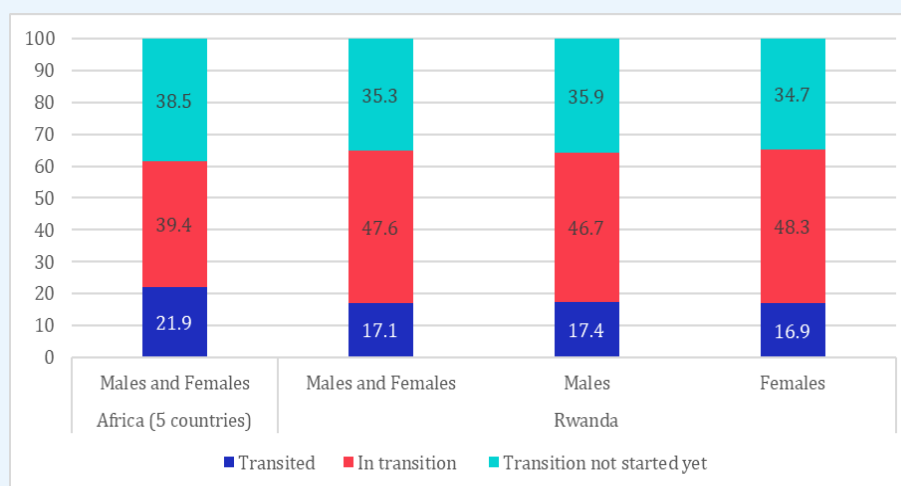
**II. In transition** – A young person (aged 15 to 29) who is:

- 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)
- g.

**III. Transition not yet started** – A young person (aged 15 to 29) who is:

- h. Still in school and outside the labour force
- i. Not in school, outside the labour force and with no intention of looking for a job

► **Figure 4. Distribution of youth men and women (aged 15-29) by stages of transition, Rwanda, African average (5 countries), latest year available**

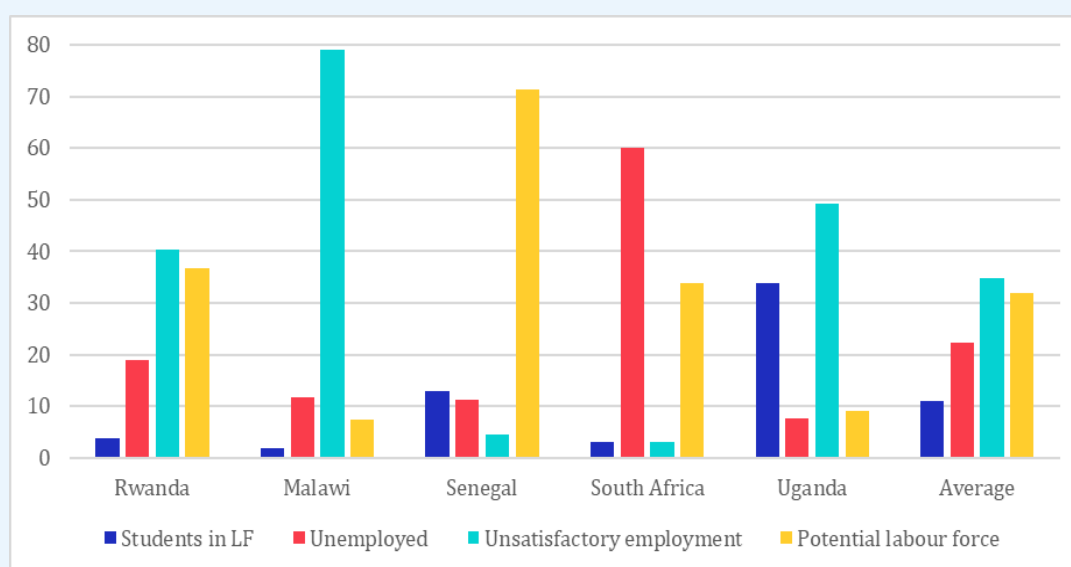


Source: Calculated from the ILO SWT Micro-database

Amongst young people (aged 15-29) still in transit, the pattern varies greatly from country to country (Figure 5). Rwanda finds itself in a situation in which two states dominate. Nearly four out of five (77.2 per cent) of young Rwandans aged 15-29 who are still in transition are either:

- **In unsatisfactory employment** - Not in school and currently employed in a temporary and unsatisfactory job; or,
- **In the potential labour force** - Not in school and not in employment but aiming to be employed later.

► **Figure 5. Distribution of youth (aged 15-29) in transition by school-to-work form, Rwanda, Malawi, Senegal, South Africa, Uganda, latest year available.**



Source: Calculated from the ILO SWT Micro-database.

This contrasts rather strongly with many other African countries. Broadly speaking, Rwanda falls between countries like Malawi and Uganda, in which the issue is one of unsatisfactory employment, and those where the issue is clearly a lack of employment, like Senegal and South Africa. Put another way, in Malawi, Uganda and, to some extent, also in Rwanda, the inadequacy of job opportunities for young people manifests itself primarily in terms of unavailability of decent work rather than the lack of work per se. It is more an issue of the (inadequate) quality of work.

To some extent, these differences reflect varying economic contexts across countries. Rwanda, has a

significantly higher per capita income than Malawi and a much lower one than Senegal and South Africa. The differences observable between Uganda and Rwanda, which have rather similar levels of (PPP adjusted) GDP per capita, suggest an important role also in terms of the institutional context.

The quality of the completed transition also depends much on a country's per capita income level. In all the comparator countries except South Africa, the majority of young persons who have transited are in satisfactory but temporary employment, or in self-employment, whilst in South Africa they are mostly in stable employment.

## ► 4. Youth employment policy

Rwanda has developed a comprehensive policy framework for youth employment which is delineated in the National Youth Policy (NYP, 2015); the National Strategy for Transformation (NST, 2017 – 2024); the Revised National Employment Policy (NEP, 2019); and the National Skills Strategy and Employment Promotion (NSSEP, 2019 – 2024). The NEP and the NSSEP refer and build on some elements of the NYP, which includes as one of its key objectives to “enable youth to utilize their full potential and tap onto existing opportunities for gainful employment, productivity and economic transformation”. The Government of Rwanda has set a goal to create 1.5 million decent and productive jobs by 2024 in its NST, in particular for young people and women.<sup>13</sup> The challenges associated with achieving that goal are likely to be augmented by the Covid-19 pandemic.

### National Youth Policy (NYP, 2015)<sup>14</sup>

According to the NYP, youth unemployment is primarily an urban phenomenon, which results mostly from a limited access to information and opportunities, a low level of employable skills, an inadequate access to resources (land and capital), a negative attitude towards low skilled jobs, and insufficient training opportunities. In addition, the lack of job creation to absorb new youth entrants to the labour market persists as a structural challenge.

The NYP established priorities and guidelines in two key policy areas, including on youth education and skills development; and on youth employment, productivity, and economic empowerment. The former puts forward quality TVET development and career guidance as a means to equip youth with labour market relevant skills, especially young women. The latter refers to the creation of an enabling environment to boost creativity and innovation, particularly in the framework of the green economy. In addition, the NYP recommends putting in place support services by public institutions and the

private sector to implement concrete provisions of the NEP, such as ad-hoc forms of professional training (including apprenticeships), entrepreneurship, and the use of new and imported technologies. The NYP envisions improving the access to ICT facilities to promote innovation for job creation by developing an ICT innovation and policy strategy. The government plans to conduct an inclusive policy review process to the NYP every five years.

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

The NST, which is the national government’s seven-year plan, builds on the country’s Vision 2020 adopted in 2000 and on the Economic Development and Poverty Reduction Strategy (2008 – 2012). It aims at creating 1.5 million decent and productive jobs for economic development (or approximately 214,000 per year) through the development of identified priority sub-sectors with high potential for growth and employment.<sup>15</sup> In line with the NYP, the strategy prioritises the support and empowerment of youth and women through entrepreneurship and access to finance; the promotion 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 the skills mismatch. The NST envisions the transformation of Rwanda’s economy into a “globally competitive knowledge-based economy”. In order to attain this ambition, the strategy seeks to ensure the digital literacy for all youth by 2024 (and 60 per cent for adults) through a national digital literacy programme. In addition, it aims to support the establishment and operationalisation of new and existing “centres of excellence” focused on science, technology and innovation to equip youth with skills in sectors such as education, health, and cybersecurity.

<sup>13</sup> In Rwanda, young people are defined as those age between 16 and 30 years old

<sup>14</sup> [https://www.miniyouth.gov.rw/fileadmin/MINIYOUTH\\_Policies\\_Laws\\_and\\_Regulations/Revised\\_National\\_youth\\_policy.pdf](https://www.miniyouth.gov.rw/fileadmin/MINIYOUTH_Policies_Laws_and_Regulations/Revised_National_youth_policy.pdf)

<sup>15</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.



## National Employment Policy (NEP, 2019)<sup>16</sup>

The NEP is a guiding document for other policies with potential for employment and growth. It follows the adoption of a previous NEP (2007) which focused on skills development and entrepreneurship. Its general objective is “to create sufficient and productive jobs in order to reduce labour underutilization and enhance productivity and competitiveness” in line with the employment mainstreaming in all sectors of the economy stated in the NST 2017 – 2024. The NEP specifically mentions entrepreneurship promotion and access to finance for youth, women and persons with disabilities. However, it includes other labour demand and supply policies that affect youth, such as skills development, employment-friendly macroeconomic policies, a well-functioning labour market information system, labour market intermediation, and the transition from the informal to the formal economy. Skills development for youth is present throughout the NEP. It includes specific provisions for work-based learning such as internships and apprenticeships, as well as an increased collaboration with the private sector through sectoral skills councils for skills development. It provides a policy framework for the implementation of national employment programmes, such as the one implemented over the four previous years (Box 3).

## The National Skills Development and Employment Promotion Strategy (NSSEP, 2019 – 2024)<sup>17</sup>

The NSSEP aims to provide the workforce with market-relevant skills and access to quality employment. It builds on the lessons drawn from the National Employment Programme, and from international experiences adapted to the Rwandan context. 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, including for (national and foreign) investors, who can benefit from tailored-trained workers in accordance to their investments. Pillar 2 aims to provide businesses with access to domestic and international markets to create employment opportunities. Its three programmes include

access to finance, advisory services, and labour market analysis to inform on the employment impact of existing and proposed policies. Pillar 3 consists of providing evidence-based workforce planning and job matching to inform the skills development strategies. It includes workforce analysis activities; career guidance and employment services, including subsidies for private employment services based on performance; support for graduates to transition into the labour market through experience in firms and institutions; and a “Global Talent and Opportunities Program” to benefit from the talent and experience of the Rwandan diaspora and foreign citizens

### ► Box 3. The National Employment Programme (2014-2018)

The programme had four pillars: 1) skills development; 2) entrepreneurship and business development; 3) labour market interventions; and 4) coordination and monitoring and evaluation of national employment interventions. Pillars 1 and 2 showed most of the quantifiable results. Under Pillar 1, 23,500 youth and women received training for increased employability mainly through short-term intensive vocational training, rapid response training (RRT), industrial based training and internships. However, there were few linkages with the private sector, duplicity with existing VET school programmes, and the training programmes were reported as too short (3 – 6 months) to develop relevant skills. In the case of RRT, 93% of the beneficiaries were reported as being employed, although job quality (i.e. formal or informal) was unspecified. Under Pillar 2, the programme funded approximately 60,000 projects, but most of them were “micro-survival projects” with limited perspectives. Under Pillar 3, it was clear that the availability and quality of labour market data (e.g. job seekers’ work experience) and the technical capacity to interpret it was insufficient to fulfil its objectives. Pillar 4 resulted in a useful attempt to monitor and coordinate the programme, though it could have benefited from an outcome-based monitoring system, longer-term funding, and from the delegation of some responsibilities for more agile decision-making.

Source:

<https://rwandatrade.rw/media/2014%20MIFOTRA%20National%20Employment%20Program%20NEP.pdf>

<sup>16</sup> [https://mifotra.gov.rw/fileadmin/user\\_upload/FINAL\\_REVISÉD\\_NATIONAL\\_EMPLOYMENT\\_POLICY.pdf](https://mifotra.gov.rw/fileadmin/user_upload/FINAL_REVISÉD_NATIONAL_EMPLOYMENT_POLICY.pdf)

<sup>17</sup> [https://mifotra.gov.rw/fileadmin/user\\_upload/PDFS/Policies/NSDEPS.pdf](https://mifotra.gov.rw/fileadmin/user_upload/PDFS/Policies/NSDEPS.pdf)

## ► 5. Key issues and challenges

- Rwanda has an impressive economic growth record throughout the new millennium. Despite this, given the collapse in the 1990s, it remains amongst the poorer countries on the continent and is still in the 'low income' country category.
- Evidently, there is insufficient decent work in the country for youth and adults and much of the population is engaged in subsistence activities.
- Working poverty and informal employment are both high also compared to the relatively high average levels found on the continent and both are more pronounced amongst young people than adult workers.
- The key issue is the lack of adequate employment opportunities for young people; more young people in the country are in transition than in any of the other five countries for which full data are available.
- This manifests itself in terms of both substantial unsatisfactory employment and significant numbers of potential labour force participants – NEETs who would like to work. This is rather different to the situation in other African countries which tend to be characterised by either numerically insufficient employment (Senegal and South Africa) or poor quality employment (Malawi and Uganda).
- The Covid-19 pandemic is likely to increase the obstacles to the creation of sufficient good quality job opportunities in the country.
- 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).
- The NYP identifies the need to integrate youth employment promotion with education and training in order to create sufficient decent work opportunities for young people.
- Subsequent policies for youth employment 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 four year National Employment Programme (2014 – 2018).
- As the first structured and nation-wide employment programme, the NEP 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 persons with disabilities) in other national policies, strategies, and programmes (e.g. macroeconomic and sectoral policies, enterprise development, etc.).
- In addition to the funding issues, the country's youth employment strategy is almost entirely focussed on skills and entrepreneurship development. The identification of the need to integrate education and training into youth employment promotion has served to focus attention on the former. Little emphasis has been placed on promoting macro-economic and/or sectoral strategies to create wage employment opportunities for young people. 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. This is also reflected in the Private Sector Development and Youth Employment Strategy 2018 – 2024.
- There is also 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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