Evidence Brief

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Political Economy Analysis of Youth Employment in Rwanda

Evidence, insights and a pathway to unlock dignified and fulfilling work opportunities for Rwanda's young people

Key Messages

- **The binding constraint is implementation and job quality, not policy ambition.** Rwanda has built one of the region's most developed systems for governing youth employment, yet more than 92% of employed youth remain in informal work. Financing barriers, thin practical training, and unequal access continue to blunt otherwise strong reforms.
- **Effort should concentrate where employment is already growing.** Demand-side investment should target transport, ICT, public services, manufacturing, agro-processing, and modernised agriculture, with a deliberate shift towards full-time, contract-based work rather than casual arrangements.
- **Skills systems need to be driven by employer requirements.** Training should move from theory towards competency-based, workplace-oriented learning, supported by apprenticeships, dual training, and tracer studies, with TVET tied to formal labour-market demand.
- **Informal work should be made more productive and secure, not simply formalised.** Because informality is the main labour market for young people, the priority is simplified registration, flexible social protection that builds on EjoHeza, Recognition of Prior Learning, and enforceable protections rather than punitive compliance.
- **Inclusion and measurement should be designed from the start.** Programmes should reach young women, rural and refugee youth, young mothers, and youth with disabilities by design, and track formality, earnings, underemployment, and vulnerability disaggregated by gender and education.



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Introduction

Rwanda's youth employment problem has shifted from one of scarcity to one of quality. With more than 60% of the population under 25, the supply of young workers is now outpacing the formal economy's ability to absorb them. Participation has edged up, with youth-labour fource participation rate reaching about 55% in 2024, from a pre-COVID-19 average of around 54%, and the share of young people not in employment, education, or training (NEET) has fallen by roughly 3 percentage points from a pre-COVID average of about 35% to around 32%, at an estimated 0.88 percentage points a year, largely because more young women have entered the labour market. The difficulty is that these gains have not produced better work: more than 92% of employed youth remain informal, a figure essentially unchanged over eight years, and about one-third are underemployed.

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More than 92% of employed youth in Rwanda work informally, a share that has barely changed over the past 8 years. About one-third are underemployed, and youth unemployment remains higher than it was before the pandemic.

Where young people do find work, the quality of that work is the deeper concern. Youth unemployment remains 2.76 percentage points above its pre-pandemic level, a sign that labour supply continues to outrun formal job creation. Gender runs through every dimension of disadvantage. Young women have a predicted employment probability of 55% compared with 72% for young men, a NEET rate of 38.65% compared with 24.54%, and earnings roughly 32.3% lower, even after accounting for education and location. Marriage sharpens the divide, raising women's employment vulnerability substantially while leaving men's largely untouched, which points to unequal domestic responsibilities as a structural driver rather than a matter of choice.

None of this reflects an absence of policy. Vision 2050, the second National Strategy for Transformation (NST2), the National Employment Strategy, the National Skills Development Strategy, and the Made in Rwanda initiative all signal sustained commitment. The gap lies between commitment and delivery, where institutional constraints, financing limits, and uneven access weaken results. This political economy analysis (PEA) asks a practical question: how can Rwanda's existing policies and institutions be made to work more effectively so that more young people can reach dignified, productive employment?

Research Design and Methods

This study employed a mixed-methods political economy analysis (PEA) design drawing on participatory methods that put youth at the centre of the study. PEA examines how political power, institutional incentives, formal and informal rules, resources flows, and actors interests shape policy choices, implementation and development outcomes. For this study, the PEA framework enabled us to examine why youth unemployment persists as a development challenge, the institutions and stakeholders shaping (or failing to shape) the status quo, and to identify feasible policy actions needed to effectively address this challenge.

The research architecture combined robust secondary and primary data frameworks. Initial policy and literature reviews were systematically paired with an empirical analysis of nationally representative data from the Rwanda Labour Force Survey (2017–2024), tracking longitudinal trends in labour participation, employment rates, informality, and earnings across diverse demographic cohorts.

Primary qualitative evidence was gathered through 50 key informant interviews (KIIs) with national and district-level stakeholders, alongside five focus group discussions (FGDs) with young people. These extensive consultations spanned line ministries, district governments, the private sector, TVET and tertiary institutions, financial entities, civil society, development partners, and youth-led organizations. By analysing these constituencies independently, the study rigorously tested whether

Findings

The evidence surfaces a set of connected themes, set out below with their policy and practice implications.

1. Skills, education, and the gap with labour market needs

The mismatch between training and work in Rwanda stems from several problems. Much of the education system remains heavily theoretical and detached from real workplaces, internships are often nominal, and even reformed competency-based and dual-training models are held back by gaps in equipment, infrastructure, employer partnerships, and implementation capacity. Returns to learning are real but uneven: a university qualification raises earnings to 5.27 times those of youth with no formal education, and vocational training lifts wages by about 31%.

Better credentials do not reliably translate into better jobs. Upper-secondary leavers face the lowest employment probability of any group, at 56%, below even youth with no schooling. At the same time, TVET graduates show higher vulnerable-employment rates than non-graduates, at 39.6% against 28.2%. The pattern indicates that the supply of skills is poorly connected to where formal demand sits.

> **University graduates earn 5.27 times more than youth with no formal education, yet upper-secondary leavers record the lowest employment probability of any group, at 56%, below even youth with no schooling. The transition from secondary education is where the system breaks down.**

Policy and practice implications: Each part of the problem needs its own response: curricula matched to current and emerging demand; structured apprenticeships and dual training linked to registered firms; career guidance introduced earlier; and tracer studies and employer engagement that convert qualifications into formal jobs.

2. The informal economy: where most young people actually work

Informality is not a fringe of the youth labour market in Rwanda; it is its centre. More than 92% of employed youth work informally, with little change between 2017 and 2024, earning a living through motorcycle transport, mobile-money services, casual labour, tailoring, construction, small-scale farming, and digital micro-tasks. Many describe this work as exhausting and unstable, and similar precarity appears inside formal institutions through subcontracting, low pay, and short contracts.

The sector is far from uniform. Alongside subsistence activity sit micro and small enterprises with genuine room to grow in retail, transport, food processing, and digital services. The realistic objective, therefore, is not to abolish informality but to raise its quality, given the high cost of entering formal work and weak access to finance and contract enforcement.

Policy and practice implications: Formalisation should be made easy, worthwhile, and attractive rather than punitive. Lowering registration and compliance costs through the Rwanda Development Board, widening flexible social protection through RSSB and EjoHeza, scaling Recognition of Prior Learning, and strengthening labour inspection in youth-heavy sectors would expand protection and, over time, the tax base.

3. Growth that is not generating enough jobs

Rwanda's growth has not created formal jobs at the pace its young population requires, as the labour supply is expanding faster than the economy can absorb. The sectors adding youth employment most quickly, transport, ICT, and public services, did expand their share between 2017 and 2024, but much of the work created is informal or casual rather than full-time and contracted.

Agriculture remains the single largest employer of young people, absorbing roughly a third of

employed youth (33.8% in 2024, and as much as 44% during the COVID-19 period), and is being repositioned as a modern, commercially viable sector through irrigation, mechanisation, greenhouse production, agro-processing, and stronger value chains, though it still needs structural support to attract young people. Manufacturing, construction, logistics, renewable energy, and the emerging green, blue, and orange economies all hold employment potential that has yet to develop into a functioning jobs pipeline.

Policy and practice implications: The shift should be from naming high-potential sectors to building sector-specific youth employment compacts, expanding formal jobs on the demand side, tying investment incentives in Special Economic Zones to verified hiring, and drawing on employer-linked models such as Hanga Akazi, which aims to create 19,000 jobs with a clear focus on women and youth.

4. Industrialisation and trade: potential that remains underused

Industrialisation and inclusive trade are central to Rwanda's transformation agenda, yet their capacity to create jobs is still largely untapped. Industrial activity remains concentrated in Kigali, financing and incubation for youth enterprises are limited, and bureaucratic hurdles and uneven access constrain young people's participation in regional and cross-border trade, despite membership of the AfCFTA and the East African Community.

Stakeholders stressed that industrial growth needs to be future-facing, drawing in digital and green technologies, and that the clearest employment gains lie in adding value at home through agro-processing, textiles, and light manufacturing rather than exporting raw materials.

Policy and practice implications: Rwanda should build decentralised secondary-city industrial zones, more tightly link industrial policy to TVET and workforce planning, simplify regulation for SMEs and youth enterprises, broaden youth access to industrial finance, and strengthen merit-based and anti-corruption systems so that the gains from industrialisation are broadly shared.

5. The digital economy: real promise but unequal access

Digital transformation has become an increasingly prominent strand of Rwanda's employment strategy, backed by coding academies, ICT innovation centres, Business Process Outsourcing, and support for digital entrepreneurship. The promise is real, but access is not even: young people repeatedly cited weak rural connectivity, a shortage of devices, limited awareness of opportunities, and too little hands-on training.

Left unaddressed, unequal access to digital tools and skills is likely to reproduce existing labour-market divides rather than narrow them, leaving rural youth, women, youth with disabilities, and low-income groups furthest from the better-paid digital work.

Policy and practice implications: The priority is to make digital growth inclusive: extend affordable rural connectivity, subsidise devices for disadvantaged youth, reinforce community ICT centres, replace theoretical instruction with practical training in coding, AI, and digital enterprise, and improve labour market information so that young people can act on emerging opportunities.

6. Who is left behind: gender, disability, and place

The costs of informality and exclusion fall unevenly. Gender is the strongest fault line: young women face a NEET rate of 38.65% compared with 24.54% for young men, a 2024 unemployment rate of 21.49% compared with 14.08%, and earnings roughly 32.3% lower even after controlling for other factors, with marriage widening the gap further. Beyond gender, patronage, favouritism, and unequal social networks shape who secures jobs, internships, and financial support.

Women, youth with disabilities, rural and refugee youth, young mothers, and those out of school encounter compounding barriers, from discrimination and disability stigma to language and rural isolation. These groups combine high

aspiration with the least access to opportunity and represent Rwanda's largest reserve of unused potential.

Policy and practice implications:
Narrowing gaps by gender, disability, and geography is both fair and the surest route to inclusive growth. Gender-responsive design across the employment cycle, disability-responsive infrastructure, transparent, merit-based recruitment, and genuine youth participation would help Rwanda realise the full value of its young population.



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Priority Policy Recommendations

The following eight evidence-based recommendations leverage Rwanda's existing institutions rather than introducing new adminstrative structures. Each Each recommendation identifies actors best position to champion and lead delivery.

1 | Strengthen cross-sector coordination and embed youth-employment targets.

Youth employment intersects multiple sectors - including education, agriculture, industry, ICT, finance, and local governance, and cannot be effectively managed by a single ministry or standalone programme. Instead, youth employment targets should be systematically integrated into national development frameworks, district plans, and public investment programmes. This approach must be reinforced by instituionalized coordination mechanisms across ministries, districts, training institutions, employers, and development partners, and backed by shared accountability for measurable outcomes.

Lead implementation agencies: Ministry of Public Service (MIFOTRA), in coordination with the Ministry of Finance and Economic Planning and District Governments.

2 | Build a demand-led skills-to-work system.

To accelerate youth transitions into the workforce, the education and training sectors should be aligned directly with private sector demand. Achieving this strategic intent requires a multi-prolonged approach that begins with expanding workplace-based learning pathways, such as apprenticeships, internships, and dual training models. Simultaneously, TVET and higher education infrastructure must be modernized through targeted investment in state-of-the-art practical facilities and comprehensive instructor professional development. Furthermore, future-oriented competencies – including coding, artificial intelligence (AI) and automation – need to be deeply embedded into foundational curricular alongside early-stage career guidance. Finally, institutional funding frameworks must be overhauled to introduce performance-linked funding mechanisms, effectively tying budget allocations directly to verified graduate employment outcomes tracked through regular tracer studies and continuous feedback looks.

Lead implementation agencies: Rwanda TVET Board and Higher Education Council, in close coordination with Private Sector Federation, the Workforce Development Authority and academic institutions.

3 | Make informal work more productive, protected, and gradually formal.

To make informal work more productive, protected, and gradually formal, a core policy shift is required that raises the quality, stability, and dignity of informal work while easing the path to formality, rather than simply pushing compliance. Achieving this strategic objective demands an actionable framework centred on introducing simpler registration protocols and graduated incentives that reward enterprise transition. Furthermore, it requires the deployment of social protection mechanisms delivered through flexible, mobile-based contributions, alongside a wider implementation of the Recognition of Prior Learning to formally certify existing skills. Finally, this approach must be anchored by firmer enforcement of baseline labour standards across high-exposure sectors such as retail, construction, and domestic work. flexible mobile contributions, wider Recognition of Prior Learning, and firmer enforcement of labour standards in sectors such as retail, construction, and domestic work.

Lead implementation agencies: Rwanda Development Board (registration); Rwanda Social Security Board and EjoHeza (social protection); Ministry of Public Service and Labour (MIFOTRA): Labour Inspectorate (enforcement).



4 | Accelerate job creation in productive sectors.

To turn economic growth into robust employment opportunites, Rwanda should transform high-potential sectors into sector-specific youth employment compacts that make agriculture, agro-processing, manufacturing, logistics, and renewable energy commercially viable for young people Achieving this requires coordinated investment, secure market access, skills transfer, and robust infrastructure, all anchored by clear accountability for the jobs created. Within this framework, agriculture in particular should be presented and supported as a modern, attractive sector, through dedicated investments in youth agribusinesses and youth-led cooperatives.

Lead implementation agencies: Ministry of Agriculture and Animal Resources (MINAGRI); Ministry of Trade and Industry (MINICOM); local economic development structures.

5 | Make industrialisation and trade work for employment.

Industrial policy should favour decentralised, secondary-city manufacturing and agro-processing, connect industrial growth to workforce planning and TVET, widen youth access to industrial finance and incubation, and make investment incentives conditional on verified youth hiring. Regional trade frameworks should be put to work through export-readiness support, simpler documentation, and protection for local producers.
Lead: Ministry of Trade and Industry (MINICOM); Rwanda Development Board; Special Economic Zone operators.

6 | Make digital growth inclusive and protect platform workers.

Rwanda should extend affordable internet and rural connectivity, reinforce community ICT centres, scale practical digital skills and digital entrepreneurship, embed digital tools across productive sectors, and extend social protection and basic safeguards to platform and online workers, so that digital work becomes a route to secure livelihoods rather than a new form of precarity.

Lead implementation agencies: Ministry of ICT and Innovation (MINICT) and the Rwanda Information Society Authority, with platform operators.

7 | Close gaps in access by gender, disability, and location.

Programmes should move from generic youth targeting to deliberate inclusion of young women, rural and refugee youth, young mothers, youth with disabilities, and out-of-school youth, supported by gender-responsive design across the employment cycle, disability-responsive infrastructure, targeted finance, transparent recruitment, and place-based delivery adapted to district economies.

Lead implementation agencies: Ministry of Gender and Family Promotion (MIGEPROF) and Ministry of Public Service and Labour (MIFOTRA), with district governments.

8 | Track dignified work, not just headcounts.

Monitoring should look beyond the number of jobs to their quality, tracking formality, earnings, underemployment, and vulnerability disaggregated by gender and education. This calls for stronger labour-market information, employer-side surveys, graduate tracer studies, and administrative data linking graduates to employment outcomes, paired with integrated programming and performance-linked provider contracts.

Lead implementation agencies: National Institute of Statistics of Rwanda (NISR), MIFOTRA, and MINECOFIN.

What will make implementation work?

Tie support to performance	Link financing and investment initiatives to verified employment results, drawing on employer-linked models such as Hanga Akazi, and withdraw support where agreed milestones are missed.
Anchor targets in plans and law	Write youth employment targets into district development plans, sector strategies, and public investment programmes under vision 2050 and National Strategy for Transformation (NST2), since statutory commitments tend to survive political change.
Deliver locally	Adapt programmes to district economies, local labour markets, and value chains so that opportunities reach beyond Kigali and the main urban centres.
Give young people a real voice	Move from token consultation to co-designed programmes in which young people genuinely shape employment policy and its governance.
Let evidence guide decisions	Use Labour Force Survey data, tracer studies, and labour-market information to steer TVET intake, curriculum revision, and investment priorities.

Policy windows and entry points

- The Vision 2050 and National Strategy for Transformation (NST2) planning cycles are natural opportunities to embed statutory youth employment targets in national and district plans.
- Ministry of Trade and Industry's (MINICOM) 2024-2029 SME-led job-creating plan offers a vehicle for improving the quality of small-scale and informal work.
- Hanga Akazi, targeting 19,000 jobs with a strong focus on women and youth, provides a scalable model of employer-linked job creation.
- Rwanda Social Security Board (RSSB) and the EjoHeza platform provide Rwanda with a basis for extending flexible, mobile-based social protection to youth in informal and platform

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