



## An empirical review of youth employment policies in Rwanda

By Kato Kimbugwe, Hope Umuziga, Zula Mucyo, Magnifique Mukundwa, and Jean Marc Mukundabantu

### Key messages

- Rwanda risks being unable to harness its demographic dividend, as youth unemployment (18%) threatens economic growth and stability, and hits women, rural youth, and persons with disabilities (PWDs) the hardest.
- Stronger fiscal and non-fiscal incentives are needed to increase innovative work opportunities, skilling, and workplace learning (WPL) in the private sector.
- Underfunded and inadequate monitoring and evaluation (M&E) systems are undermining the efficiency and policy impact of youth employment efforts.
- A sectoral approach to minimum wage setting and youth-targeted fiscal incentives are needed to formalise employment and boost entrepreneurship.

### The youth employment challenge in Rwanda

Rwanda faces a significant demographic-related challenge because it has a fast-growing youth population and its young people face structural barriers to employment. Youth (16–30 years old) account for 27.1% of the country's population, and Rwanda's youth population is projected to increase 65% (+2.3 million) by 2052, which means that 60,000 youth will be added to the labour market annually. In the last quarter of 2024 :

- Rwanda's youth unemployment rate stood at 18%—higher than its overall unemployment rate, which was 14.7%—and its employment-to-population ratio for youth was 49.9% (NISR, 2025).
- Its labour underutilisation rate for youth was 56.6%, which indicates that half of the youth population was unemployed, underemployed or not actively seeking work (NISR, 2025).

The youth employment challenge threatens the

country's economic growth, social cohesiveness, and political stability. If it is not addressed, Rwanda risks missing out on its demographic dividend and being unable to sustain its welfare system for its ageing population. Youth unemployment could also metastasise into social unrest and strain social services including youth rehabilitation programmes, whose budget nearly doubled from 1.74 billion RWF in 2018/2019 to 2.95 billion RWF in 2023/2024 (MINECOFIN, 2019; 2024).

In addition, persistent unemployment could lead to mendicancy and dependence on government support, and undermine efforts to foster self-sufficiency and sustainable livelihoods.

The government and other stakeholders have implemented several policies and programmes to promote youth employment in Rwanda, but challenges remain. Further improvement is needed to ensure that

### Study objective and methodology

A team of local researchers conducted a comprehensive review of existing youth employment policies (YEPs) in Rwanda and evaluated their impacts and effectiveness in addressing gaps and opportunities. This study's objective was to provide evidence-based recommendations to accelerate the creation of meaningful work opportunities and respond to the various employment needs of youth—particularly by informing the National Strategy for Transformation (NST2) and subsequent sectoral strategies.

## Evaluation of existing policy strategies to promote youth employment

From their review of existing YEPs in Rwanda, the authors identified the following main strategies currently in place to promote youth employment in the country:

- Skilling youth to meet labour market needs through technical and vocational education training (TVET) by expanding enrolment, developing employment pathways, and partnering with the private sector to reform curricula.
- Stimulating employment demand by promoting a WPL culture, subsidising training costs, and simplifying relevant regulatory frameworks.
- Fostering a youth employment and entrepreneurship ecosystem through policies and business services (markets, financing, advisory services), and by connecting employers with talent.
- Boosting labour market participation by vulnerable youth through policies that promote increased employment of PWDs and gender parity in skilling and work opportunities.
- Addressing the prevalence of informal employment by identifying informal SMEs and mobilising and incentivising them to move towards formalisation.

The authors' evaluation (see the Methodology section) made it possible to determine the main strengths and weaknesses of each type of strategy, which are summarised in Table 1 below, and identify the key issues that undermine efforts to promote youth employment in Rwanda. The key issues are:

- The private sector lacks sufficient incentives to embrace WPL initiatives like internships and apprenticeships due to high onboarding and training costs and the risk of low returns.
- The government has not set clear budget commitments for youth employment, which puts the sustainability of YEPs at risk due to reliance on declining donor funding.
- M&E systems are underfunded and weak, and fail to generate the data and evidence needed to inform youth employment outcomes.
- Youth engagement mechanisms exist, but youth participation/inclusion/involvement must be increased to ensure equitable access to various YEPs.
- The absence of minimum wage regulations undermines formal employment and workplace protections.

Furthermore, the authors conclude from their evaluation of YEP strategies that the most sustainable policy intervention is to incentivise the private sector to create meaningful youth employment opportunities and support entrepreneurship with fiscal and non-fiscal incentives that encourage the adoption of innovative mindsets and practices. This approach reflects the dynamics of youth employment in Rwanda, where most opportunities exist

Table 1: Strengths and weaknesses of existing strategies to promote youth employment

Strategies	Strengths	Weaknesses
Skilling youth to meet labour market needs through TVET	<ul style="list-style-type: none"> <li>• TVET graduates have higher employment rates than GE graduates (64.6% vs. 46.4%, respectively), and lower unemployment rates (16.7% vs. 18.7%, respectively).</li> <li>• The number of sectors TVET schools cover increased from 200 in 2017 to 396 in 2024 (out of 416 sectors).</li> <li>• TVET enrolment increased by 35% over the past 6 years.</li> </ul>	<ul style="list-style-type: none"> <li>• Despite investments, only 8% of youth have completed some form of TVET, mostly informal training.</li> <li>• TVET remains challenged by gender disparities, skill relevance issues, and high training costs.</li> <li>• No systemic approach exists to connect graduates to the labour market or apprenticeships.</li> </ul>

Stimulating employment demand by promoting a WPL culture	<ul style="list-style-type: none"> <li>Relevant policies and strategies are in place to foster youth employment and entrepreneurship.</li> <li>The 2022 Income Tax Law offers two-year tax breaks for micro and small enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>Policies exist but are not tailored to address the dynamic challenges that are unique to youth employment in Rwanda.</li> <li>The lack of start-up legislation limits the development of a vibrant youth-led entrepreneurship landscape.</li> <li>The lack of a minimum wage hinders employment formalisation and labour mobility.</li> </ul>
Boosting labour market participation by vulnerable youth	<ul style="list-style-type: none"> <li>Emerging evidence shows some private sector employers specifically seek to employ PWDs.</li> </ul>	<ul style="list-style-type: none"> <li>Regulations are unable to prompt widespread mindset change about employing PWDs.</li> <li>Few examples exist of how best to integrate people with certain disabilities in the workplace.</li> </ul>
Addressing the prevalence of informal employment	<ul style="list-style-type: none"> <li>There is evidence some government- and private-backed business development services and alternative financing exist to support informal entrepreneurs (e.g., Umurenge SACCOs).</li> </ul>	<ul style="list-style-type: none"> <li>Existing policies do not recognise the importance of the informal sector.</li> <li>There is little data/reporting on the crucial role that the informal sector plays in youth employment and entrepreneurship.</li> </ul>

## Recommendations and road map

Based on their findings and conclusion, the authors recommend that the government take the following actions to effectively achieve the employment targets set out in NST2:

- Establish clear budget commitments for youth employment.  
Lead institution: Ministry of Finance and Economic Planning (MINECOFIN)
  - Allocate a set percentage of the budget to youth employment, as is done for health and education.
  - Involve the private sector to align foreign and domestic direct investment with NST2 employment targets.
- Enhance and adequately fund M&E systems to improve policy impact.  
Lead institutions: The Ministry of Public Service and Labour (MIFOTRA) and the Ministry of Local Government (MINALOC)
  - Strengthen and resource M&E systems at both the national and local government levels.
  - Improve the quality of impact indicators for youth employment.
  - Harmonise/coordinate initiatives to minimise duplication and maximise impact.

- Enhance youth participation mechanisms to ensure inclusive and impactful youth involvement in policymaking.

Lead institutions: MIFOTRA, MINALOC, and the Ministry of Youth and Arts.

- Make use of digital platforms to boost youth engagement in policy design, dissemination and evaluation/reform.
  - Decentralise the implementation of youth employment initiatives to reach rural communities.
- Review or reform policy frameworks to ensure the private sector engagement and incentivisation model is sustainable.

Lead institutions: MINECOFIN, MIFOTRA, and the Ministry of Education

- Strengthen collaboration between the government and the private sector to align policies with industry needs.
  - Introduce subsidies and tax incentives for enterprises that prioritise training and hiring young workers.
  - Simplify regulatory processes to reduce barriers for businesses looking to invest in youth skilling and employment programmes.

- Establish a revised minimum wage regulation to support formal employment and workplace protections.

Lead institutions: MIFOTRA and the Ministry of Trade and Industry

- Pilot a sectoral minimum wage policy to reflect the unique cost structures of each economic sector.



## Methodology

A mixed-methods approach was utilised to review policy documentation and compare the stated intentions and practical implementation of YEPs.

An analysis of secondary data provided insights into youth demographics, education and labour market trends, and macroeconomic performance. The literature on YEPs was reviewed to map existing policies, review available programme evaluations, and assess the political economy of youth employment in Rwanda. Source documents included (i) LFS and census reports, (ii) national strategic frameworks, (iii) regional and international frameworks, (iv) tracer studies, and (v) M&E reports.

The authors also collected primary data by various means, including consultations, focus group discussions (FGDs), and in-depth discussion interviews (IDIs). Consultations were held with 80 stakeholders including policymakers, development partners, civil society organisations, non-governmental organisations, employer and worker unions, and youth representatives. In addition, 12 FGDs and 33 individual IDIs were conducted with young men and women, youth with disabilities, and young refugees to ensure direct youth involvement. The study covered six districts—Gasabo, Kamonyi, Rwamagana, Kirehe, Nyabihu, and Musanze, which were selected for their high youth employment in agriculture, services, and industry—and the Mahama refugee camp. Overall, the authors consulted with 132 youth participants of different ages, education levels, and employment categories who offered a wide range of perspectives.

## References

National Institute of Statistics of Rwanda (2022). Fifth Rwanda Population and Housing Census (RPHC5).

National Institute of Statistics of Rwanda (2024). Labour Force Survey Annual Report 2023.

### The 'What Works for Youth Employment in Africa' initiative

This paper was produced in the context of the What Works for Youth Employment in Africa: A review of existing policies and empirical analysis in partnership with the Mastercard Foundation. It was a three-year initiative that ran between 2021 and 2024 to create a knowledge base of youth employment and related social development policies to inform policy and practices. The views expressed do not necessarily represent those of the Foundation, its staff, or its Board of Directors.

For more information about this initiative, please visit:

[www.pep-net.org/programs/youth-employment](http://www.pep-net.org/programs/youth-employment)

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