

Supporting Skills Development for Economic Transformation in Rwanda (SD4T)

The challenge

Rwanda has experienced remarkable economic growth, with an average annual growth rate of eight percent over the past two decades. However, unemployment and underemployment remain high. A large proportion of local companies consist of informal micro-enterprises, which lack competitiveness and cannot harness the long-term potential for growth. Currently, most of these businesses generate only a limited number of jobs. Domestic value creation, specifically in the light manufacturing sector is low and meets international standards only to a limited extent. At the same time, the professional skills of many job seekers do not match the requirements of the labour market.

Rwanda has been hosting refugees for several decades. The protracted refugee situation and the country's overall economic situation put pressure Rwanda as a host country. Despite the fact that refugees have the legal right to access work and education, they encounter numerous challenges in achieving economic inclusion and access to markets. Quality business development services for existing micro, small, and medium-sized enterprises (MSMEs) in refugee camps are largely insufficient. Additionally, refugees and host communities have limited access to career guidance and job-matching services.

Through strategies such as the *National Strategy for Transformation* and the *Made in Rwanda Policy*, the Government of Rwanda (GoR) is advancing skills development, off-farm job creation, and domestic value generation. To support the implementation of these initiatives, the German Federal Ministry for Economic Cooperation and Development (BMZ) commissioned the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH to implement the programme "Skills Development for Economic Transformation" (SD4T), co-funded by the European Union (EU).

The approach

Together with its Rwandan partners, the SD4T aims to create jobs by strengthening the competitiveness of MSMEs and cooperatives in the light manufacturing sector (e.g. furniture production, metal processing). It builds on an integrated approach to employment promotion, consisting of:

- 1) the promotion of technical and vocational education and training (TVET) to enhance the quality of labour supply,
- 2) private sector development to raise labour demand, and
- 3) economic policy advice to improve the matching of labour supply and demand.

A specific focus is placed on inclusivity and environmental sustainability as well as on the economic empowerment of women.

In addition, SD4T supports the GoR in stepping up its efforts for local inclusion of refugees by improving pre-conditions for graduation out of humanitarian aid. This is in line with the strategic approach of the Rwandan Ministry in Charge of Emergency Management (MINEMA) and the United Nations High Commissioner for Refugees (UNHCR).

Project name	Skills Development for Economic Transformation (SD4T)
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
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*L. to r.: Carpenters inspecting a door frame;
Female entrepreneurs producing crafts*

Benefits and success factors

Through demand-driven and collaborative interventions with partners, SD4T harnesses growth in light manufacturing to foster sustainable economic transformation. By advancing higher-quality, gender inclusive employment the project works towards job creation in line with core and basic labour standards of the International Labour Organisation (ILO) with a specific focus on creating medium and long-term employment.

Further emphasis is put on enabling access to services for women to strengthen their economic participation. Additionally, refugee protection in Kirehe District is reinforced, while efforts are made to strengthen the resilience, empowerment, and self-reliance of both refugees and their host communities

Areas of intervention

Improving the quality of TVET for the light manufacturing sector through better alignment with industry needs and practical training in companies is key to the SD4T programme. In cooperation with leading companies in the wood sector, SD4T supported the higher learning institution Rwanda Polytechnic (RP) in developing the first Bachelor in Wood Technology with the first cohort of students graduating in 2025. Similarly, nine curricula were upgraded according to latest industry standards with the Rwanda TVET Board (RTB) and introduced in schools across Rwanda.

Raise the productivity of companies: Together with the National Industrial Research Development Agency (NIRDA), SD4T offers an Incubation/ Acceleration Facility, which contributes to improving production within the wood value chain and provides tailored technical and business management support to 126 enterprises. So far, the feedback of the participating companies is very positive: 72 managers already confirmed improved performance in various aspects such as leadership skills, HR and communication.

Strengthen the capacities of key sectoral institutions, through supporting the development of relevant strategies, studies and standards, which can promote the growth of the light manufacturing sector: In close coordination with Rwanda's Ministry of Trade and Industry (MINICOM), SD4T provides technical advisory

services for the development of the GoR's *Private Sector Development and Youth Employment Strategy*.

Additionally, in collaboration with MINICOM as well as the Rwanda Inspectorate, Competition and Consumer Protection Authority (RICA), a technical regulation for Integrated Craft and Production Centres (ICPCs) was developed and validated. It establishes a regulatory framework that all centres must adhere to. Furthermore, advisory services to agencies and companies on work related health and safety standards are provided, e.g. to develop a standard for occupational health and safety in ICPCs. The new standard now requires all ICPCs in Rwanda to set up a health and safety committee which ensures its implementation.

Women's economic participation is promoted in collaboration with the Private Sector Federation (PSF), e.g. by facilitating business development services for women entrepreneurs, among others in form of trainings, which meet high interest among women: High demand for a *transformational leadership training* format resulted in additional independently organized and self-financed events by the participants. Cascading effects also include the self-organized formation of six communities of practice and peer mentoring as well as the development of new business relationships among participants.

To enhance the enrollment of girls in trades related to science, technology, engineering and mathematics (STEM), SD4T together with Rwanda Polytechnic (RP) is piloting a scholarship programme for 25 girls in B-Tech programmes.

Improvement of self-reliance of refugees and the host population in Rwanda's Kirehe District: This includes measures aimed at enhancing protection services for refugees, such as access to legal aid and mental health and psycho-social support (MHPSS). Moreover, awareness campaigns like mobile clinics, podcasts and positive masculinity sessions contribute to the prevention of gender-based violence (GBV) in and around the targeted refugee camp. Interventions also aim at promoting the socio-economic integration of refugees and their host communities. For example, access to inclusive business development services for MSMEs in selected value chains in Mahama Camp and Kirehe are enhanced and active labour market measures offered in the Mahama Camp and surrounding host communities are strengthened from a gender perspective.

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