



HUGUKA DUKORE AKAZI KANOZE ENTREPRENEURSHIP STUDY

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Executive Summary

This report summarizes the findings of an entrepreneurship study conducted by the United States Agency for International Development (USAID) Huguka Dukore Akazi Kanoze (HDAK) activity from March to May 2021. Implemented by Education Development Center (EDC) and a consortium of international and Rwandan implementing partners, the HDAK activity seeks to increase market-ready skills and access to stable employment and self-employment opportunities for 40,000 Rwandan male and female vulnerable youth ages 16–30 years. The purpose of this study was to better understand the extent to which HDAK has contributed to improved outcomes for youth who seek self-employment as a main livelihoods strategy. To date, HDAK has served over 40,000 young people, of which 11,060 have started businesses upon completion of the program.¹

This study utilized a mixed methods approach, collecting primary data through focus group discussions, in-depth interviews, a written survey, and a follow-up phone-based survey with 69 HDAK youth participants. Intended as a process evaluation and not an impact evaluation, the study sought to inform the activity team and its implementing partners about how HDAK has been able to respond to the needs of and opportunities among young entrepreneurs. Globally, EDC is incorporating this study into a larger series of studies on self-employment, which will inform the organization on its programmatic and monitoring and evaluation approaches going forward.

Among its findings, the study demonstrates the positive impacts that HDAK has made in the livelihoods of young entrepreneurs. Respondents resoundingly offered positive feedback about their experiences in HDAK, including their satisfaction with the state of their businesses following completion of the program. When comparing their experiences pre-HDAK versus post-HDAK, young people’s earnings increased by an average of 225%, particularly among the very poor. While 42% of study participants had monthly incomes that were below the poverty threshold prior to joining HDAK, by the early part of 2020, that margin had narrowed to just 14%. In addition, young people spoke about the value of the skills and “changed mindsets” they attained as a result of the program—with most comments focusing on soft skills, work-readiness skills, and improved business practices, such as goal setting, adaptability, confidence, saving, and customer service.

When asked an open-ended question about the most valuable aspects of HDAK, a large number of respondents described the soft skills and workforce readiness skills that they attained as a result of the course. Second, HDAK’s curriculum in money management and savings, combined with the practical opportunity to join savings and internal lending communities (SILCs), offered youth a powerful stepping stone in their livelihoods pathway, as well as an important coping strategy in the face of the COVID-19 shock. Third, young people valued work-based learning opportunities, as it gave them important technical skills and business know-how to start their own businesses. While many had never participated in work-based learning before, HDAK had encouraged them to take initiative to organize such arrangements on their own accord.

When the study team inquired about the limitations of HDAK, participants expressed a desire for more frequent, intensive, and tailored follow-on services. They cited a need for more follow-on business coaching or advice (offered either by an adult or by peers), market linkages, and/or loan facilitation. EDC is looking further at how HDAK participants could access each of these different services in a cost-effective and scalable manner.

The study also looked at exogenous factors that may enable youth microenterprise success. In so doing, the team sought to inform service providers of opportunities that they could potentially tap into to enhance youth entrepreneurship outcomes. When describing successful young entrepreneurs around them, participants noted that these successful individuals had received family financial support, including no-interest loans, monetary gifts, land, and physical assets. Personal savings was another key stepping stone to success, as was one’s ability to

receive bank loans. Youth also spoke about the importance of mentoring and support from peers and family. Many acknowledged that a combination of these factors contributed to livelihood success. Moreover, diversification of business activities was a running theme for success.

When describing the persistent barriers to their self-employment, young people overwhelmingly pointed to their inability to access finances to start and grow their businesses. Most expressed an interest in taking a bank loan but cited collateral as the main constraint. Land was mentioned as an important form of family financial support as it provided the collateral needed for a young person to access a bank loan. Responses indicated a “missing middle” in loan financing, with one segment requiring an average of RWF 640,000 (roughly USD 640), and a second segment requiring an average of RWF 2.65 million (USD 2,650) to re-start and/or grow their business. HDAK has partnered with two financial institutions to introduce youth-friendly financial services that address this missing middle; however, due to the pandemic, much work remains in expanding these efforts to large numbers of youth.

Second to financing, young entrepreneurs struggled with governmental policies, most notably the COVID-19 measures as well as taxation on businesses. Surprisingly, respondents stated that gender did not present a constraint to youth enterprises or even caused a notable difference in the experiences of males versus females. This lack of concern may suggest that, by the time HDAK participants are able to reach the point of graduation and start their own business, the overwhelming barriers to entry (such as access to finance and government policy) far outweigh any gender-related factors.

It should be no surprise that the COVID-19 pandemic, and the subsequent curfews and restrictions of movement across Rwanda, have severely impacted young entrepreneurs. Most study participants (69%) were forced to decrease their working hours, and more than half (61%) saw a significant decrease in earnings. Only 13% said their business income was able to cover all of their basic needs, representing a significant shift from the pre-pandemic period.

In the face of these enormous challenges, youth exhibited a level of resilience during the pandemic. Among the 10 cohorts interviewed for this study, 6 of them showed average earnings during the pandemic period that were above their pre-HDAK earnings. Moreover, the proportion of participants whose earnings remained above the poverty line remained roughly the same as prior to the pandemic. Youth’s most commonly cited coping strategy was to draw on their savings. Many shifted their business strategy, either by adapting their business to meet new or different clients, by pivoting from one type of business activity to another, or by diversifying into more activities. A large number took out a loan from a SILC group or from a bank, or they received a loan or financial gift from families or friends. Notably, a number of respondents indicated that their skills—goal setting, patience, self-confidence, and the ability to identify new markets—gave them the ability to weather the pandemic. Some specifically mentioned the HDAK training as giving them the adaptability and coping skills to pivot during the pandemic.

Overall, the impact of the COVID-19 pandemic calls for radical, innovative approaches to a youth-inclusive economic recovery.² Members of the HDAK consortium, USAID, and EDC are encouraged to consider piloting a range of financial supports, such as cash assistance/recovery funds,ⁱ cash-for-work, soft loans/guarantee funds,

ⁱ While none of the study participants reported receiving COVID-19 recovery funds, the Government of Rwanda has established the Economic Recovery Fund to support micro- and small-sized enterprises through microfinance institutions and to provide credit guarantees through the Business Development Fund. Other donors and international partners have also stepped up to make recovery funds available. For instance, HDAK partner Catholic Relief Services (CRS) invested USD 35,000 in private funds to offer recovery microloans to HDAK businesses on a competitive basis. The scope of this study did not cover the impact of these funds on youth businesses.

business subsidies, and other strategies that can “reboot” youth businesses to where they were prior to the pandemic.

Based on the study findings, additional recommendations for the HDAK team follow:

- Expand the power of savings and SILC through nontraditional channels, such as lower- and upper-secondary schools, technical and vocational education and training (TVET), universities, small- and medium-sized enterprises (SMEs) and employers, and other community-based youth entry points
- Identify long-term solutions to filling the missing middle in youth financial services, building on the successful pilot efforts with two Rwandan financial service providers
- Expand the role of networks for youth entrepreneurs through adult- and peer-mentoring mechanisms, such as work-based learning, SILC groups, and/or Youth Leadership and Accompaniment groups
- Experiment with cost-effective follow-on supports for youth, such as adult- and peer-based business coaching, market linkages, and loan facilitation
- Deepen internal practices for monitoring and evaluating self-employment outcomes
- Engage young entrepreneurs in business advocacy efforts, especially in policies that impact them such as COVID-19 measures, as well as taxation and legal requirements for youth-owned microenterprise start-ups

Introduction and Program Background

As of 2016, the USAID Huguka Dukore Akazi Kanoze (HDAK) activity is a five-year project funded by the United States Agency for International Development (USAID), led by Education Development Center (EDC), and implemented through a consortium of local implementing partners.³ HDAK seeks to increase market-ready skills and access to stable employment opportunities for 40,000 Rwandan male and female vulnerable youth ages 16–30 years. The majority of HDAK’s youth participants represent marginalized groups, such as overage learners and out-of-school youth, the rural poor, and people from underserved rural areas.

Recognizing the diversity of youth backgrounds and goals, the activity offers multiple pathways for youth to transition from education to employment, including (1) employment preparation and job insertion, (2) microenterprise start-up for young individuals and cooperatives, (3) business development for existing microenterprises, and (4) continuation into additional formal technical and vocational education and training (TVET). These pathways are further supported by facilitated interventions that strengthen the youth workforce development delivery system, namely efforts that build the capacity of private service providers and their linkages with the private sector to support the formation and capacity of district-driven Youth Development Alliances and provide strategic support to the Rwanda Polytechnic and Rwanda TVET Board at the national and district levels.

HDAK services have been delivered through a consortium of 21 Rwandan youth-led and youth-serving organizations.⁴ A local backbone organization, Akazi Kanoze Access, provides training and technical assistance to these and other public service providers. In order to deliver cost-effective services that are aligned with market demand while also meeting the needs of young people, these partners actively engage a number of local stakeholders across sectors, including over 2,500 businesses, two financial institutions (RIM Ltd. and Goshen Finance), 700 youth savings groups, 1,500 youth leaders, and mayoral offices in 25 districts. This activity is implemented in close coordination with the Rwandan Ministry of Education, Ministry of Youth, Rwanda Polytechnic, the Rwanda TVET Board (formerly the Workforce Development Authority), the National Employment Program, and the Private Sector Federation. As a result of this coordination between public and private actors, many of the services developed by HDAK partners have been adapted and taken up by the public education system.⁵

Among the youth pursuing self-employment as their main livelihood, each follows one of three HDAK tracks and receives a mix of services tailored to their particular circumstances. Figure 1 summarizes the menu of options available under each track. The core service within every track is a skills development curriculum focusing on soft skills and work readiness, entrepreneurship, financial literacy, and practical work-based learning. Youth attain skills and opportunities through hands-on experiential learning approaches.

Figure 1. Different Tracks and Modular Service Packages within HDAK

Services/ Components:	Different HDAK Tracks		
	WRN/BYOB	GROW	Tailored Agro-Market Linkages
Work Ready Now (WRN soft skills training/ work readiness training)	CORE	(Most graduated from WRN)	CORE (graduates of WRN)
Business training	CORE	CORE	CORE
Financial literacy training	CORE	CORE	CORE
Work-Based Learning (WBL) integrated in the WRN training (a.k.a. "on-site coaching" for GROW)	CORE	CORE	CORE
Internship	Supplemental	n/a	Supplemental
Youth group/ Youth Leadership and Accompaniment (YLA)	Supplemental	n/a	Supplemental
Business coaching from implementing partner	Supplemental ¹	CORE	Supplemental ¹
SILC group mobilization/ support	Supplemental	n/a	Supplemental
Linkages to banks	Supplemental	Supplemental	Supplemental
Linkages to markets	Supplemental	Supplemental	CORE
Start-up kits	Supplemental*	n/a	Supplemental*

■ All participants in this HDAK track receive this service. ■ Most participants in this track receive this service.
■ Some participants in this track receive this service. ■ No participants in this track receive this service.

¹ Generally provided under HDAK through IPs * Offered directly through HDAK and also through linkages to other local government programs

This core curriculum is customized according to the three tracks:

1. **Work Ready Now/Be Your Own Boss (WRN/BYOB):** This package is tailored to young people who wish to develop their employability skills and gain better access to wage-based and self-employment opportunities. Youth acquire soft skills and work-readiness preparation such as critical thinking, communication, collaboration, customer service, and leadership. Financial fitness is also part of this core package. In addition, BYOB develops basic entrepreneurship skills that equip youth to identify business opportunities and run a small business. Youth learn about work-based learning opportunities and are supported in seeking internships, work observation visits, and other practicum. Participants of WRN/BYOB also have the option of taking technical and vocational training, based on youth’s personal development plans and the real job opportunities identified through a localized labor market assessment.
2. **Grow Your Own Business (GROW):** GROW is an advanced course offered specifically for young entrepreneurs who have already graduated from previous EDC work-readiness programs, and/or who have started a business or worked in a job. This package combines interactive, classroom-based entrepreneurship skills development with business coaching to help youth improve their business capacity and performance, with a focus on growing or expanding an existing business.

3. **Agro-Market Linkages:** This track is targeted for young entrepreneurs who have already graduated from an earlier version of the Akazi Kanoze program (prior to HDAK) and also for select HDAK graduates who seek to deepen their engagement in the agriculture sector.

In addition to the core skills development program described above, participants from the different tracks are able to exercise their skills through a range of modular, supplemental opportunities and services depending on the implementing partner and the needs of the youth cohort it serves. The range of supplemental supports include the following:

- **Work-based learning and internships:** Work-based learning empowers young people to identify and secure opportunities for job-shadowing and informal internships in local companies. HDAK partners also may secure arrangements with employers—from large companies to local micro- and small-sized enterprises—to extend formal internships for HDAK participants. HDAK delivers this through its WRN/BYOB training and the Youth Leadership and Accompaniment approach.
- **Youth Leadership and Accompaniment (YLA):** Youth-led solutions and peer-based support is built into the entire HDAK life cycle. From each training cohort of 25 people, one male and one female are elected by their peers to represent the cohort. The peer leaders receive a few additional days of training and receive resource support (e.g., a mobile phone and data packet) to mobilize their colleagues in weekly meetings. Youth leaders foster peer-to-peer support to achieve individual and group employment goals, which lead to either wage employment or self-employment and often result in the formation of group business enterprises among members of the group. In addition, each training cohort completes a youth-designed civic engagement project as a way of solidifying their bonds, exercising leadership, and enhancing their engagement in the community.
- **Savings and internal lending communities (SILC):** In partnership with Catholic Relief Services, local service providers support youth in the formation of SILC groups, which enable young people to generate savings, take out small solidarity loans, and access a local peer support network.
- **Youth-inclusive loan facilitation:** In partnership with Connexus, HDAK also worked with financial institutions—RIM, Ltd., and Goshen Finance—to create youth-inclusive financial products and link HDAK graduates to those institutions. As a result, one financial service provider created a new savings product targeted for young people, and both created group-based lending products for youth ages 18–30.
- **Start-up kits:** A small proportion of participants have the option of taking a start-up kit (consisting of tools, livestock, agricultural inputs, or other small assets), or they are linked to an existing government program providing kits.
- **Business coaching:** Depending on the track chosen and the implementing partner, business coaching may be offered to groups and individual entrepreneurs as they start or grow their enterprises.
- **Market linkages:** A small number of implementing partners link youth groups or cooperatives with large-scale buyers. Most linkages occur under the Agro-Market Linkages track, but can occur through other tracks too.

Study Design

Study Purpose

With the HDAK activity concluding in early fiscal year 2022, EDC and its partners launched a series of evaluations and reflections to consolidate the lessons learned over the course of the activity. As part of this process, from March to May 2021, EDC conducted this entrepreneurship study for the purpose of better understanding the extent to which HDAK has contributed to improved outcomes for youth who seek self-employment as a main livelihoods strategy. The main research questions of the study were the following:

- Has HDAK contributed to better self-employment outcomes for youth, and if so, in what ways have outcomes improved and among which youth cohorts?
- What key interventions, services, and supports (both HDAK-supported interventions, as well as other factors not related to the activity) have enabled youth entrepreneurs to succeed and thrive, and in what way(s)?
- Which HDAK entrepreneurship interventions were viewed as less effective or ineffective for starting and growing a business, and why?
- How has the COVID-19 pandemic impacted the livelihoods of self-employed youth? Overall, what obstacles or persistent challenges do self-employed youth continue to face?

Methodology

This study utilized a mixed methods approach, collecting primary data through focus group discussions (FGDs) and in-depth interviews with HDAK youth participants, as well as a written survey and a follow-up phone-based survey. In total, the research team held 10 mixed-gender FGDs with 59 HDAK youth participants, plus in-depth interviews with an additional 10 HDAK participants. All 69 study participants undertook a written intake survey alongside the research team and also responded to a follow-up phone-based survey. Findings were triangulated with EDC staff and HDAK implementing partners through validation workshops to better understand the implications of and conclusions emerging from the study results.

Sampling

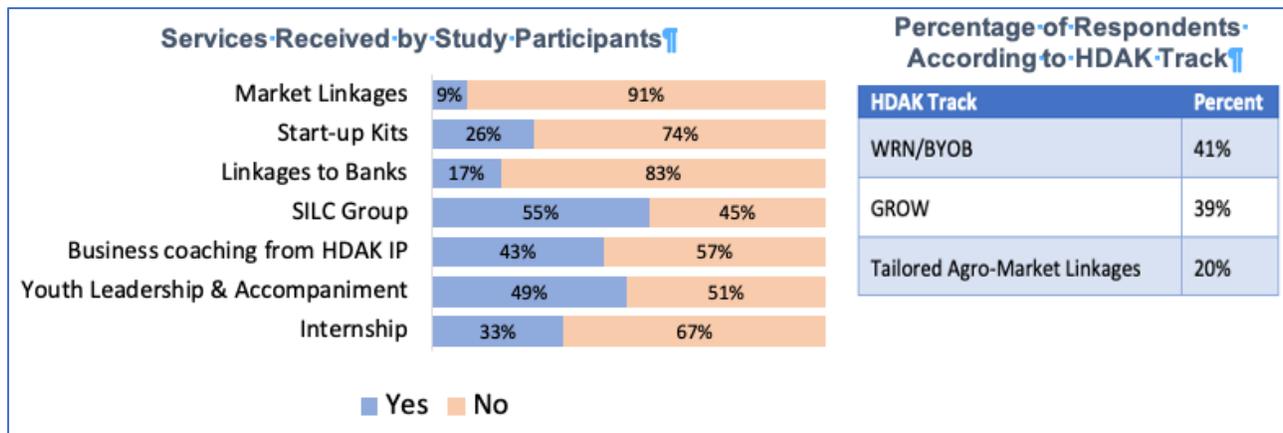
The study relied largely on a random sampling method to identify young entrepreneurs for the FGDs and in-depth interviews.⁶ Selection criteria dictated that the participants were HDAK graduates who enrolled in Year 3 of the HDAK activity (i.e., they enrolled between Sept. 2018 and Sept. 2019) and who had indicated at transition that they were self-employed. As shown in Figure 2, the study sample included a wide distribution of youth across different districts, geographic compositions, and implementing partners with near-equal gender parity. Participant selection maintained an equitable representation of rural, urban, and peri-urban experiences. Participants were age-disaggregated into two age bandings: ages 18–22 (to capture the experiences of younger and less experienced labor market entrants) and ages 23–35 (to reflect the experiences of older youth and young adults). FGDs were conducted with mixed-sex groupings, and care was taken to maintain gender parity of interviewees and FGDs.

Figure 2. Sampling Summary

District	Sector	HDAK Track	Implementing Partner	Rural/Urban/ Peri-Urban	Age Banding	KII participants (Number)		FGD Participants (Number)	
						Male	Female	Male	Female
Gasabo	Jabana	WRN/BYOB	SOS	Peri-Urban	18–21	-	1	3	3
Kicukiro	Gahanga	GROW	APAFORME	Urban	22+	1	-	3	3
Nyarugenge	Mageragere	GROW	AJECL	Rural	22+	1	-	3	3
Burera	Kinoni	WRN/BYOB	IMBARAGA	Rural	18–21	1	-	3	3
Rubavu	Rugerero	WRN/BYOB	ANLM	Urban	22+	-	1	3	3
Nyabihu	Kabatwa & Shyira	Market Linkages	IMBARAGA	Rural	22–31	1	-	3	3
Kamonyi	Karama	Market Linkages	COCOF	Rural	19–26	-	1	3	3
Nyanza	Busoro	GROW	RODI	Rural	18–21	-	1	2	3
Bugesera	Nyamata	GROW	BENIMPUHWE	Peri-Urban	18–21	-	1	4	2
Bugesera	Gashora	WRN	ANLM	Peri-Urban	22+	1	-	3	3
Total = 69						5	5	30	29

Participant selection also disaggregated graduates along the three main programmatic tracks of HDAK described above: (1) Work Ready Now/Be Your Own Boss (WRN/BYOB); (2) Grow Your Own Business (GROW), and (3) Agro-Market Linkages. Youth responded to questions about the different services and components they received. Figure 3 shows the percentage of study participants who participated in each of the three different program tracks. It also breaks down the percentages of study participants who received each of the different HDAK service components.

Figure 3. Proportion of Participants in HDAK Tracks and Different Services Receivedⁱⁱ



Team Composition

The core team was composed of the following:

- Team leader: Based in EDC’s home office, who supervised the overall design and implementation of the study, developed the data collection instruments, and led the analysis and report-writing process
- Senior lead researcher: Based in Rwanda, who co-developed the instruments; developed and led the participant sampling; led the data collection process (including the facilitation of all focus groups,

ⁱⁱ While 20% of respondents came from the Agro-Market Linkages track, only 9% reported receiving market linkages; this discrepancy is explained later (see p. 22, “Market Linkages”), as one cohort of youth (from Kamonyi) did not in fact received the linkages as expected.

interviews, and validation workshops); ensured quality control of the data collection; and contributed to the analysis

- Research assistant: Based in Rwanda, who contributed to the data collection process and led the notetaking and transcription of data

The HDAK team in Rwanda and EDC’s home office staff provided additional support and leadership to the study.

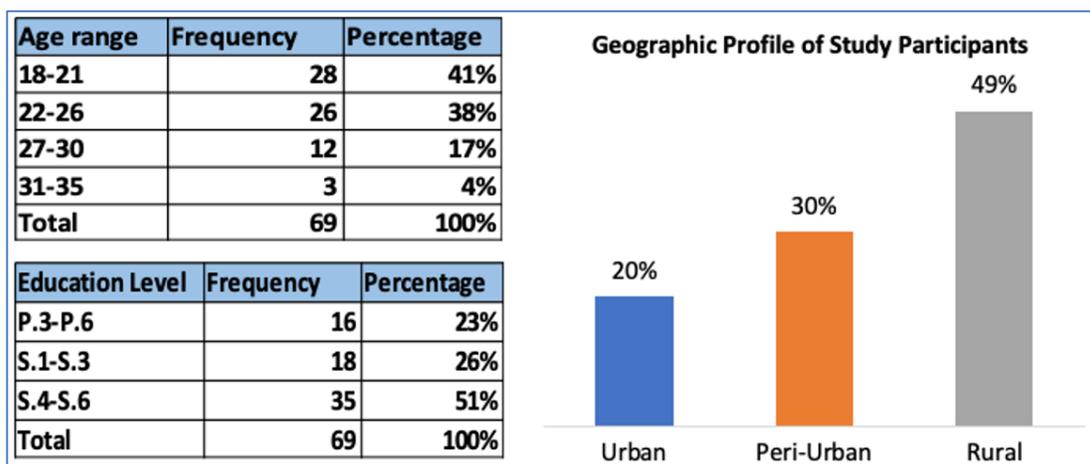
Study Limitations

HDAK is a multi-faceted activity with many moving parts reaching a vast number of different youth cohorts. This study is intended to better inform the activity team and its implementing partners about how HDAK is able to respond to the needs of and opportunities among young entrepreneurs. It is meant as a temperature-taking exercise, not an impact evaluation. As such, this study does not attempt to compare the effects among a control group, so it is not able to determine whether participants would have experienced comparable outcomes without the program. Moreover, while the research team attempted to capture both qualitative and quantitative data, due to the relatively small sample size (69 of a total of 11,060 participants starting businesses and 40,000 HDAK participants overall), the assessment cannot purport to be statistically representative or generalizable to all HDAK participants. To strengthen the study approach, the data collection team conducted validation workshops with the HDAK team, implementing partners, and multi-sectoral district-level stakeholders in all provinces where HDAK works to deepen the analysis of the most salient findings.

Demographic Profile of Study Participants

As shown in Figure 4, most study participants (59%) were young adults ages 22 and up, and just over half had completed some form of secondary education. Two thirds (64%) of study participants were unmarried, and the same number were without children. Almost half were from rural areas. Well over half (58%) reported that their primary source of income came from the agriculture sector (Figure 5 and Figure 6).

Figure 4. Age Range, Education Level, and Geographic Profile of Study Participantsⁱⁱⁱ



ⁱⁱⁱ Participants responses as of March 2021. Participants were enrolled in HDAK between November 2018 and November 2019.

Figure 5. Main Sources of Income among Study Participants

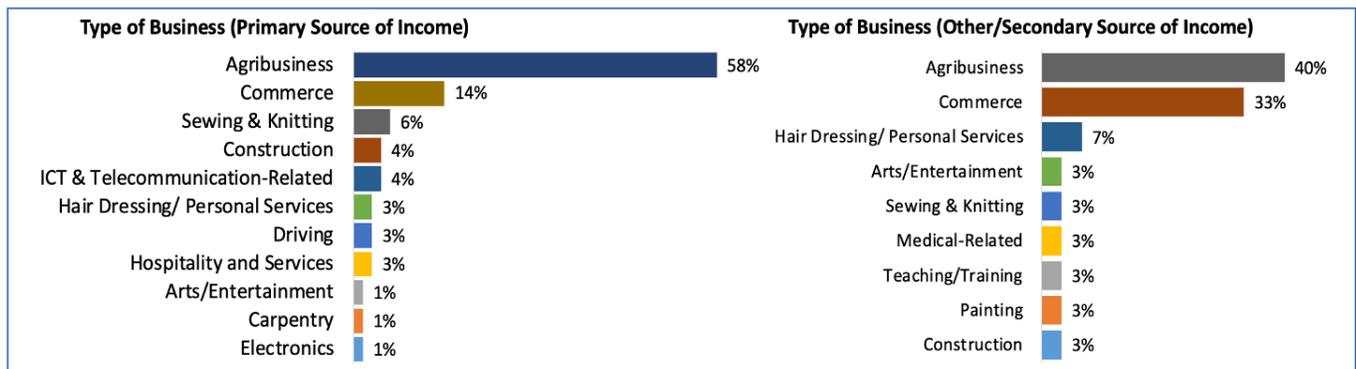
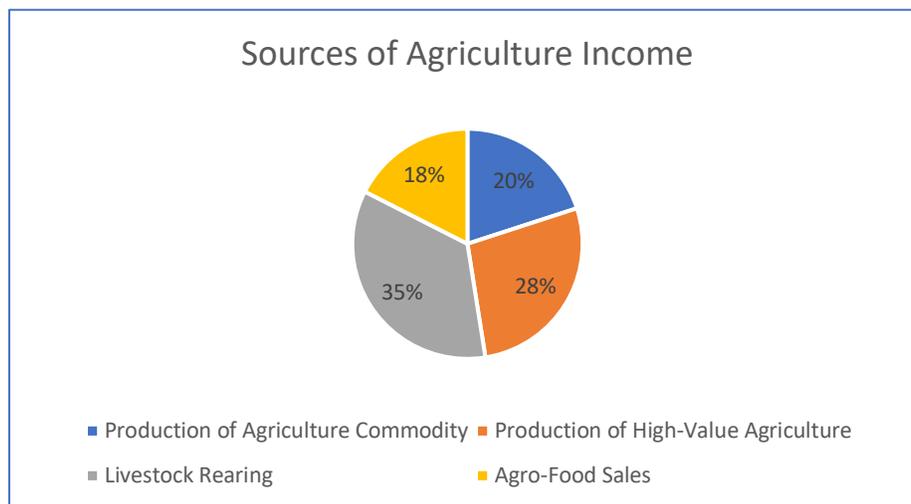


Figure 6. Sources of Agriculture-Based Income



Success Factors for Youth Microenterprises

At the very beginning of focus group discussions, participants were asked an open-ended question, which was to reflect on the successful young business people they knew (which could include themselves) and talk about how those people had “made it” in business. Figure 7 presents a word cloud representing the most common responses to this question: the more the common responses, the bigger the word. Among the factors contributing to business success, the most important factor was **family financial support**. In most cases, the form of family financial support was a no-interest loan, but other supports included monetary gifts or sometimes land (for cultivation or to be used as collateral to secure a loan). Less often, the support was a gift of physical assets. Family financial support was an overwhelmingly strong theme, discussed by every single focus group across all geographic regions, thus indicating the high importance of access to affordable financing for one’s success.

The second most common factor for business success was “**savings**,” discussed by 8 of the 10 focus groups. Respondents told stories of successful young entrepreneurs starting out by working hard in a business or wage-based employment and then saving their money to invest in an upgraded form of business. In this way, savings was a key stepping stone to success. Others spoke about the impact of participating in a SILC group, which

enabled them to save money for the first time and/or allowed them to take out a loan to start or expand their business.

Business training was another common success factor, mentioned 28 times across 8 of the 10 groups. HDAK training was specifically mentioned in over half (16) of these accounts, while the term “business training”—usually referring to HDAK, but not explicitly so—was mentioned an additional 9 times. In addition, technical training (in specific trades), skills, and formal education were also mentioned as factors for youth entrepreneurship success. This confirms that Rwandan youth place high importance on skills and education as a factor for success.

Bank loans were the next most commonly mentioned contributor to business success. In most of these cases, loans were described as offering the capital needed to start a business, but they were also discussed as a necessary condition for business growth. (More on access to finance is described later in this report.)

Youth also spoke about the importance of **mentoring and support** from peers and family. Some of this support came in the form of business advice, some from learning on-the-job with guidance from an adult or peer, and some from simply emotional support or encouragement from others to try new things. The term “work-based learning” was explicitly mentioned as a success factor in more than half of the groups. (Work-based learning is also discussed later in this report.)

Figure 7. Factors for Youth Enterprise Success: Word Cloud of Responses to Open-Ended Question



* In a word cloud, the more commonly a term is mentioned in participant responses, the larger the font size.

In many cases, young people acknowledged a combination of these factors contributing to livelihood success. Moreover, **diversification of business activities** was a running theme: youth described themselves or peers as starting small and upgrading their businesses over time and being agile and responsive to new opportunities. While many mentioned self-employment as a factor for success compared to wage-based employment, they held different views on the benefits of group-based business versus individual business (Box 1).

Box 1. Youth Voices: Factors for Enterprise Success

“My brother is successful due to family support. He was given a big plot of land to do his agribusiness, and he used also his saving from his part-time job to buy seeds and some pesticides, and for now he is doing well in his business.”

– Female GROW grad (RODI), rural area of Nyanza, age 18–21

“I am becoming successful due to business training received from HDAK, especially from getting access to loans from banks. I was able to get a loan, and it helped me improve my business. Also, the savings group helped me to develop a savings culture.”

– Female GROW grad (APAFORME), urban area of Kigali, age 22+

“A young person I know started working for a prominent businessman, selling shoes in Nyamata market. After one year of working in that business, he started his own shoe shop from the savings of the previous job. So it’s work experience and peer advice that helped him to succeed.”

– Male GROW graduate (BENIMPUHWE), peri-urban area of Bugesera (Nyamata), age 18–21

“Those who are successful ... tried many things, and when they saw something that is successful, they focused on that.”

– Female WRN/BYOB participant (SOS), age 18–21, peri-urban area of Gasabo, Kigali

“The factor of my success is the skills I learnt in the HDAK program. I did not get any support at the beginning: I used only RWF 3,000 to start my business, which was a handcrafts business. I learnt more, especially public speaking, due to the (HDAK) leadership module. I had a chance to attend the Youth Connekt Africa Summit, and I won the competition and was awarded RWF 500,000.”

- Female GROW participant (IMGARAGA), age 22–25, rural area of Nyabihu

“I will use my own experience (to describe) success. HDAK training is the main factor (for success) due to that I learned how to use the surrounding opportunities and make an innovation. For non-HDAK successful people, it is due to financial family help.”

– Male GROW participant (AJECEL), age 22–35, rural area of Nyarugenge

“My experience is that loans from banks is the main reason for my success. I want to emphasize that I took a loan after HDAK training, as I was so confident that I would be able to pay it back.”

- Female GROW participant (AJECEL), age 22–25, rural area of Nyarugenge

HDAK's Contribution to Youth Enterprises

Study participants indicated a number of tangible and intangible benefits as a result of their experiences with HDAK. Box 2 highlights some of the many accounts of the positive experiences of young people following their participation in the program. Nearly two-thirds (60%) of youth reported being “very satisfied” with the performance of their business activities following HDAK. Many spoke about a “**changed mindset**” and **learning new skills** in customer service, money management, and goal setting. They talked about how these changes led them to **new business practices**: upgrading their business, innovating in new ways, and seeking new or better customers. Many youth spoke about **generating more earnings** as a result of these new practices. Young men and women said that participating in HDAK gave them greater levels of confidence to start a business or to try new business activities. One person spoke about how their increased earnings allowed them to pay for their child to attend a better school. A written survey among a smaller sample of in-depth interviewees confirmed the range of benefits (

Figure 8).

Box 2. Youth Voices: The Entrepreneurship Experience

“Before (HDAK) training I was earning RWF 1,500 (USD 1.50) per day, but after graduation I changed my working style on customer care. For now, my customers have increased and I am earning RWF 6,000 (USD 6) per day.”

– Female GROW graduate (RODI), age 18–21, from rural area of Nyanza

“Business training learnt in HDAK is a key factor (for success) for me, as I used to stay at home doing domestic work, but after graduation I started a new business of selling clothes. I am earning RWF 3,000 per day...”

– Female WRN/BYOB graduate (ANLM), age 22+, from urban area of Rubavu

“I used to sell potatoes before HDAK training. After learning more in business training, I performed well in a business competition ... where they gave me RWF 50,000 (USD 50) to encourage me. Also, I applied for a loan of RWF 700,000 (USD 700) in Umutanguha Bank to expand my business.”

- Female participant of market linkages (IMBARAGA), age 22–35, rural area of Nyabihu

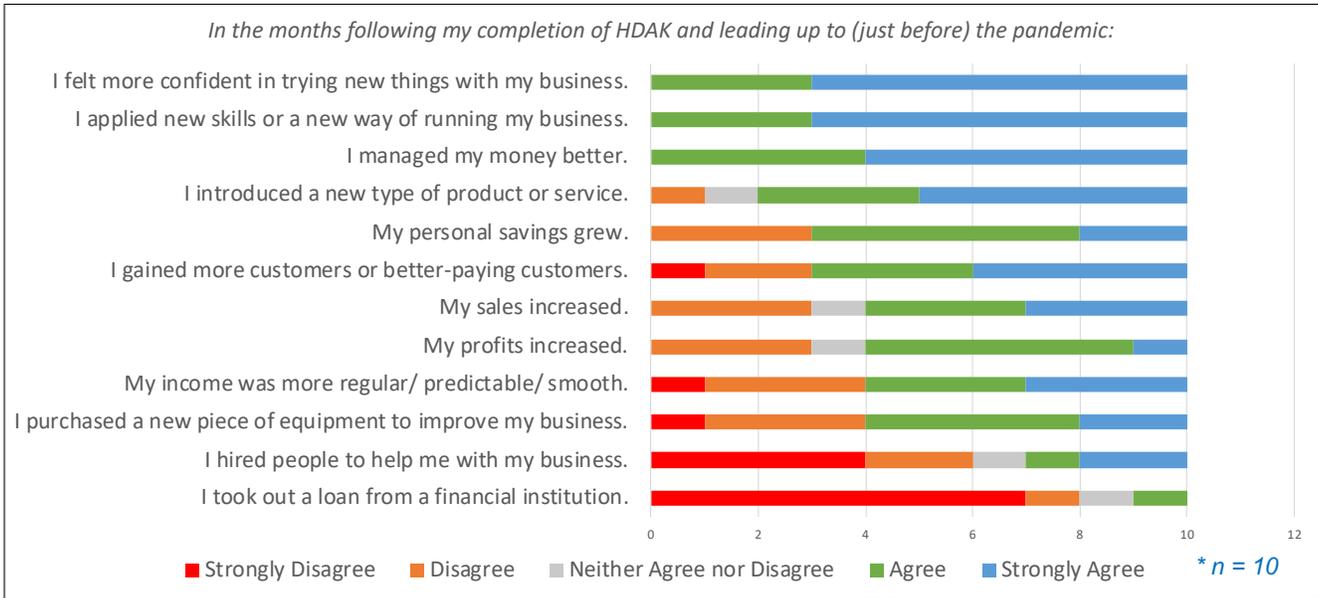
“The most valuable of HDAK was skills learnt in grow training, as I am now confident of what I am doing.”

–Male GROW graduate (AJECEL), age 22+, from rural area of Kigali district, Nyarugenge sector

“I used to be jobless due to that my occupation was going to church and go back at my home. I was not confident to speak in public, but (HDAK) business training helped me a lot, for now I am public speaker. I got the opportunity to work in hair dressing, so the (HDAK) business training was helpful in my business.”

– Female WRN/BYOB graduate (IMBARAGA), age 18–21, from rural area of Burera

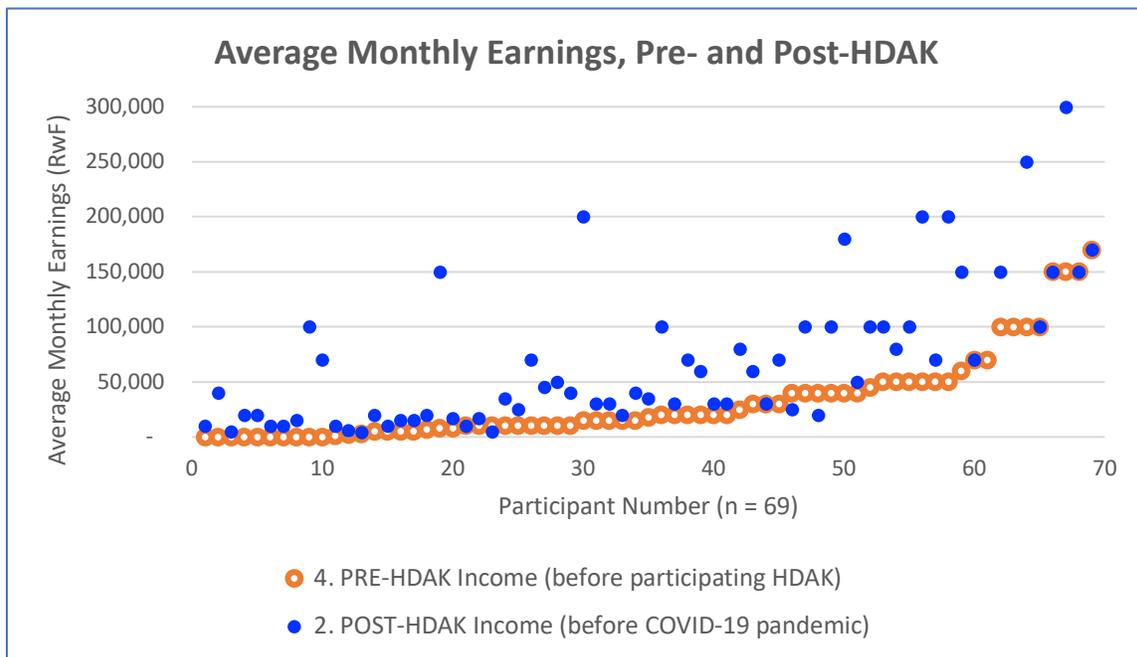
Figure 8. Other HDAK Benefits, Pre- and Post-Program*



Earnings

Many respondents reported sizeable increases in their monthly earnings. The surveys asked study participants about their average monthly earnings before joining HDAK (enrollments ran from Sept 2018 through Sept 2019) to a period following completion of HDAK, just prior to the onset of the pandemic in early 2020. The survey results indicated a 225% average increase in participant earnings pre- versus post-HDAK. Figure 9 illustrates the changes in earnings of each participant, before HDAK, and after participating in HDAK.

Figure 9. Participant Monthly Earnings (in RwF), Pre- and Post-HDAK



While the sample size was too small to conduct a correlational analysis, the research team looked for any observable patterns in those experiencing increased incomes but did not identify any in terms of HDAK cohort or track, date of enrollment, geographic profile, gender, age, or other demographic characteristics. According to our desk review, a recent World Bank report indicates that *location* tends to impact Rwandan earnings: “a household enjoyed higher wages if they lived in a district with higher average wages, if they lived in an urban area, and where there was greater access to markets.”⁷

Poverty Status

The research team also explored whether changes in income made a difference in participants’ poverty status, which is defined in Rwanda as RWF 13,281 per month.^{iv} Prior to participating in the program, 42% of study participants had monthly incomes that were below the poverty threshold. After participating in HDAK, by the early part of 2020, that margin had narrowed to just 14% (Figure 10).

Figure 10. Percentage of Respondents Whose Average Monthly Income Was Above/Below National Poverty Line, Pre- and Post-HDAK

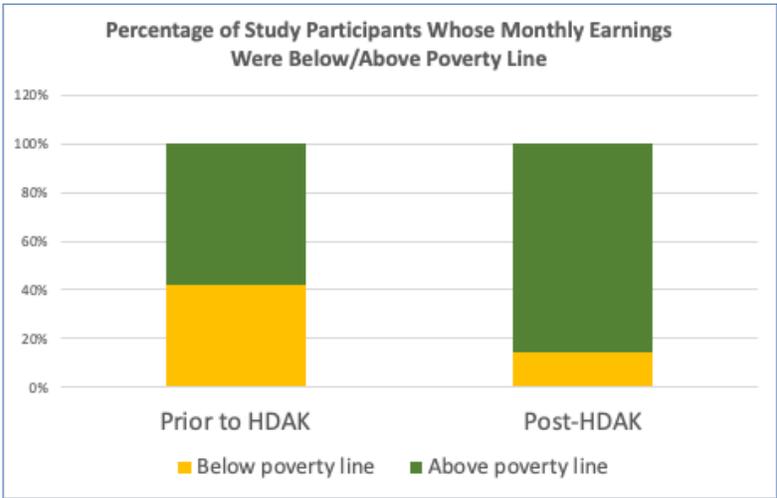
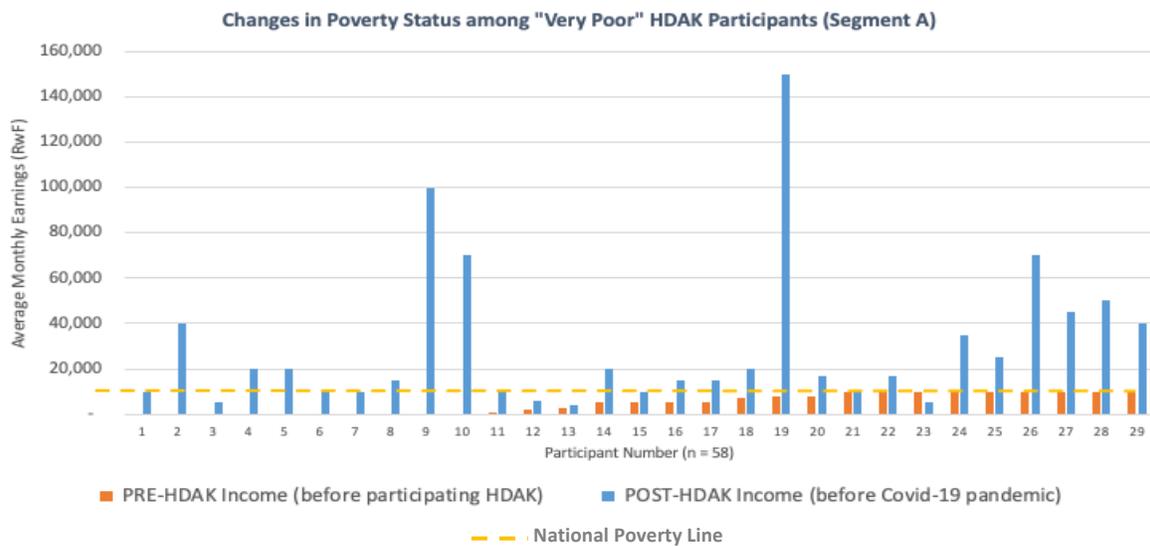


Figure 11 shows the changes in income among the “very poor youth” segment—those who had started the program below the national poverty line.

^{iv} According to the most recent data from Rwanda’s National Institute of Statistics (2016–2017), the poverty line was defined as RWF 159,375 per year per individual adult, and the extreme poverty line was RWF 105,064 per year, based on a cost of needs approach. (Source: NISR, (2018, December). *The fifth integrated household living conditions survey: EICV5 2016/2017. Rwanda poverty profile report.* <http://www.statistics.gov.rw/publication/eicv-5-rwanda-poverty-profile-report-201617>)

Figure 11. Changes in Poverty Status among the “Very Poor” Segment of HDAK Participants



Ability to Meet Basic Needs

In spite of these increases in incomes, much work remains. One third (33%) of study participants reported that they were able to meet all their basic needs following the completion of HDAK (prior to the pandemic). Another third (32%) were able to meet “most” of their basic needs, while the remaining third could meet “a little” of their basic needs (Figure 12).

Figure 12. Participant Responses about Their Ability to Meet Basic Needs Following the Completion of HDAK

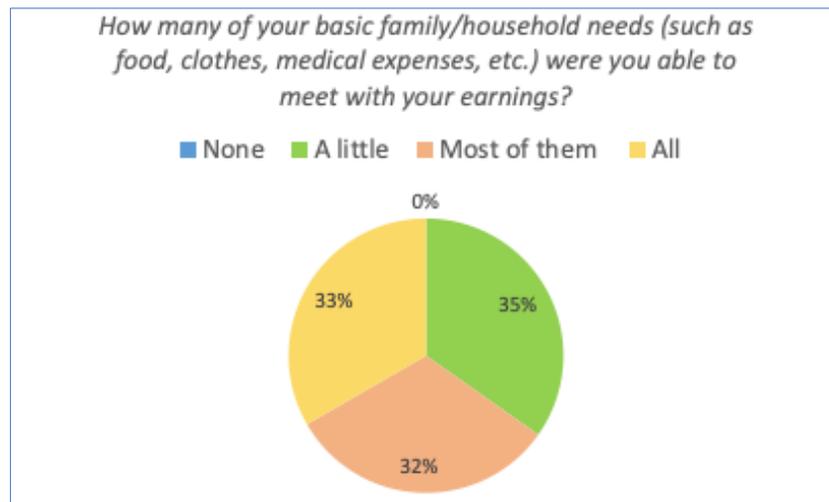
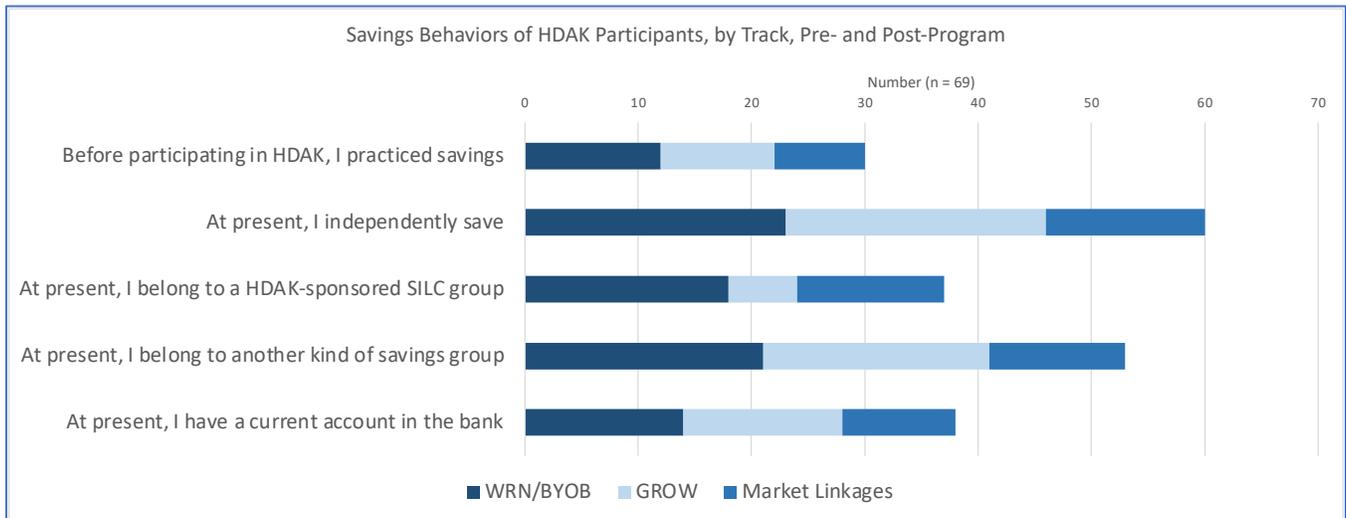
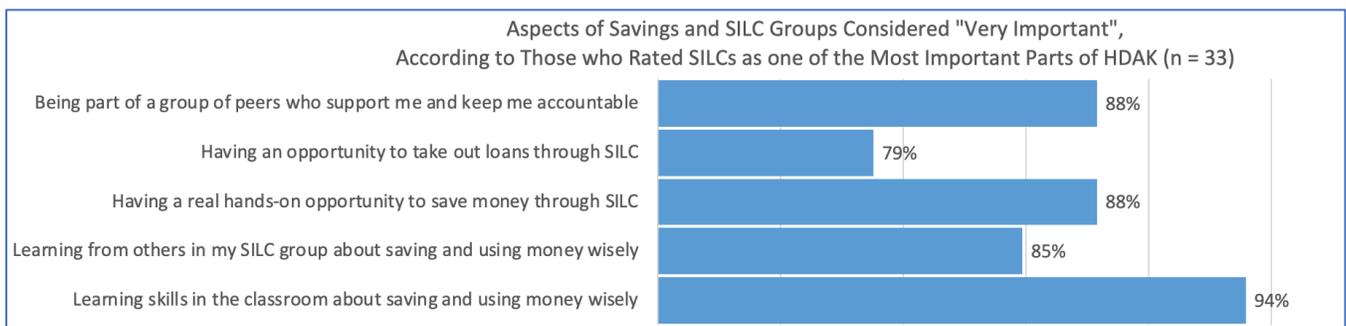


Figure 14. Savings Behaviors of HDAK Participants, by Track, Pre- and Post-Program



In fact, among the respondents who said the savings or SILC component of HDAK was valuable to them, all but two indicated that the classroom-based instruction around savings and money management was “very important,” as illustrated in Figure 15.

Figure 15. Aspects of Savings and SILC Groups Considered “Very Important”



Work-based learning was an important pathway for youth to gain the skills needed to be successful in their business. Our study found that a large number of young people had never participated in work-based learning prior to HDAK, but after participating in HDAK, they were encouraged to seek their own work-based learning opportunities and benefit from them. Many respondents told stories about taking initiative to organize their own internship or work-based learning opportunity through friends or family. The sponsors of the work-based learning opportunities consisted of both adults and peers alike. Among the positive benefits they got from work-based learning, young people valued the technical skills they gained, such as in technology, carpentry, tailoring, livestock rearing, and agribusiness. Many observed and learned new business practices such as operations, sales, and customer service. One participant involved in agriculture mentioned that she learned how to access new markets and obtain information on market prices. Figure 16 illustrates the words that youth mentioned when speaking about work-based learning, and Box 3 lists quotes from participants on the most valuable parts of HDAK.

Figure 16. Word Cloud* of Keywords Associated with Work-Based Learning



* In a word cloud, the more commonly a term is mentioned in participant responses, the larger the font size.

Box 3. Youth Voices: Most Valuable Parts of HDAK

“I selected business training as the most valuable part of HDAK, as the training increased my skills; and before training I feared to take out a loan but due to increased confidence I am taking out a loan from my SILC group.”

– Female Market Linkages graduate (COCOF), age 19–26, rural area of Kamonyi

“I started by thinking, ‘Attending training, that it is a waste of time,’ but after few days I changed my mind. After graduation I started a new business and I know how to work with others.”

– Female WRN/BYOB graduate (SOS), age 18–21, peri-urban area of Kigali Nyamata

“Savings is the most valuable part of the program as I bought two cows from savings and I am able to pay school fees to a good school for my kid.”

– Female GROW graduate (BENIMPUHWE), age 18–21, from peri-Urban area of Bugesera (Nyamata)

“Financial literacy is very valuable to my business as I learnt how to account for profits and losses in my business. I am able to differentiate my business capital from the other money that I use to buy other needs not related to my business.”

– Female GROW graduate (RODI), Rural area of Nyanza, age 18–21

“I visited my friends who have pigs and I observed them. I realized that it was easier to find foods for pigs (than for other livestock), and there are many opportunities all around me (to sell pigs). I started my pig business after that work-based learning.”

– Male WRN/BYOB graduate (IMBARAGA), age 18–21, from rural area of Burera

“After I completed S6, I did not have the financial means to continue in university. It is at that time that I decided to join HDAK. The training changed my mind a lot, especially the Leadership module. I was elected as a youth leader (for my HDAK cohort), and now I am youth volunteer coordinator in our sector, and also a youth leader for the Red Cross in our sector. (The) training has been the most valuable part of HDAK for me.”

– Male WRN/BYOB graduate (IMBARAGA), age 18-21, from rural area of Burera

HDAK Shortcomings: Follow-On Support

Youth were asked also to describe the least effective parts of HDAK. While most participants were disinclined to criticize the program, the study team heard mixed reviews related to “follow-on support,” a term that this report uses to broadly categorize business coaching, market linkages, peer-based accompaniment, and loan facilitation services that occur following completion of the training. Overall, study participants expressed a desire for more frequent, intensive, and tailored follow-on services.

Business Coaching

Many expressed a desire for more sustained, follow-on support by HDAK partners. In all but one focus group from our study, participants expressed disappointment that HDAK had not followed up to check on their employment status following their final graduation from the year-long program. Several mentioned the short duration of follow-up within the program itself, particularly for those pursuing a technical training track.^{vi} Youth noted that those who had received additional optional technical training (with an extended classroom-based period) were able to receive coaching only for a short period of time following their training; they said that they did not have access to support at a critical time, just as their businesses were getting started.

Others spoke about the quality of the follow-up visits, noting that they were too generalized and not specific to their business needs. Conversely, one female WRN/BYOB graduate in Gasabo spoke of the benefits of business coaching received by another non-governmental organization (NGO) outside of the HDAK network, suggesting that expanded networks between youth-serving organizations with different expertise could benefit HDAK participants. HDAK has just recently begun to strengthen such local networks through the formation of public-private Youth Development Alliances, a locally coordinated response, led by the district mayors’ offices, which coordinates key local actors around youth development outcomes and improved service delivery.⁸

Market Linkages

Similarly, with the market linkages component being a relatively smaller feature of HDAK, the two cohorts (one-fifth of the sample) who had received such services offered mixed reviews. An agricultural producer group from the Agro-Market Linkages cohort in Nyabihu spoke highly of the HDAK implementing partner who provided business coaching and facilitated linkages to the Rwanda Agriculture Board, which, in turn, also coached the producer group, including how to obtain quality seeds. The implementing partner in this case was an agricultural development organization with substantial market knowledge and value chain networks. Conversely, the other Agro-Market Linkages cohort, a group of producers in Kamonyi,⁹ spoke about a failed market linkage. They told their story of growing soybeans at the urging of an implementing partner who said that they had secured a buyer; however, ultimately the implementing partner failed to deliver on that promise, leaving the youth forced to sell the harvest at a below-market price. Another group of WRN/BYOB graduates in Rubavu,¹⁰ while not part of the Agro-Market Linkages track, shared a desire for more market linkages support (Box 4). These findings underscore the importance of HDAK’s approach to continuous monitoring, feedback, and learning.

^{vi} HDAK is designed to be a cost-effective one-year course, from enrollment to graduation. This one-year period starts with the two-month classroom-based work-readiness and entrepreneurship curriculum. A smaller subset of participants may opt to take an additional optional six-month technical training course. Following the completion of the classroom-based training (at either month three or month seven), participants finish off the year-long program by participating in SILC groups, Youth Leadership and Accompaniment groups, and work-based learning. During this post-training period they may also receive business coaching.

Peer Support

Some participants noted the value of having a source of peer support in their entrepreneurship journey. Respondents in Gasabo (WRN/BYOB participants from the younger age bracket, ages 18–21) overwhelmingly agreed that the youth leadership and accompaniment component helped provide them moral support in their livelihood journey. They saw it as helping youth gain confidence (especially for the females), generate valuable networks, and share business ideas. A few others, meanwhile, mentioned that the follow-on support they received through the Youth Leadership and Accompaniment groups was too repetitive of the HDAK training curriculum. Many noted that SILCs were more relevant to their pressing business needs (Box 4). They spoke about the value of the SILC groups offering a source of support, and a large number considered this support function to be a “very important” aspect of SILCs (see Figure 15 earlier in report). These findings suggest that SILCs offer a potentially powerful source of entrepreneurship support and that the Youth Leadership and Accompaniment approach is a potentially effective platform to support young entrepreneurs as long as it directly addresses entrepreneurial skills, business skills, and enterprise development.

Loan Facilitation

Respondents in two groups (in Bugesera-Gashora and Rubavu¹¹) were disappointed that they were not able to be linked to a bank as promised: in one case the bank, RIM, required collateral from the young applicants, even though HDAK had previously supported the bank to introduce a solidarity loan product. More on access to finance is discussed in the next section of this report.

Operational Challenges

Another two groups (in Bugesera-Gashora and Gasabo¹²) did not receive or were unable to complete their expected technical training and subsequent internships. Another two respondents expressed frustration that they were unable to find a place to do work-based learning.

Box 4. Youth Voices: Shortcomings with HDAK Services

“We were encouraged to form SILC groups, but there were not many visits to help us or accompany us after graduation, following the first year.”

– Young male WRN/BYOB graduate (SOS), age 18–21, in peri-urban area of Kigali, Gasabo District

“Linkages to markets was also least valuable (because we did not receive these services) ... especially in agriculture: most of the time (customers) want to buy our products at a low price.”

– Female WRN/BYOB grad (ANLM), age 22–35, from urban area of Rubavu

“Linkages to banks was least effective for my business, as I tried to ask for a loan from the bank but they asked a collateral and I was discouraged.”

– Young Male GROW grad (BENIMPUHWE), age 18–21, peri-Urban area of Bugesera, Nyamata

Persistent Challenges for Young Entrepreneurs

Access to Finance

Similar to the findings of other youth assessments across Rwanda,¹³ an overwhelming number of study participants—and those across every single cohort—cited access to finance as the top barrier to enterprise success. As discussed above, many cited the pandemic as hitting their businesses hard and depleting their capital reserves.

Most study participants expressed an interest in taking a bank loan but cited collateral as the main constraint.¹⁴ Land was mentioned as an important form of family financial support as it provided the collateral needed for a young person to access a bank loan. Responses suggest that the collateral constraints are less of a problem in certain regions and/or among older youth. In Rubavu, for instance, which experiences robust cross-border trade with the DRC, young adults (ages 22 and up) who had been operating their businesses longer and had accumulated relatively more assets found that they were able to offer collateral to obtain a loan. In Nyabihu, that same age cohort spoke of a bank (Duterimbere MFI) and a SACCO that offer solidarity-based loans without collateral requirements.

Young people sought capital for a number of uses: to build back their inputs and inventories following the pandemic, for expanding their inventory to increase their sales; or to purchase assets and equipment for business start-up or upgrading. When youth were asked about their capital needs, their responses fell into two segments: (1) youth who required an average size loan of about RWF 640,000, and (2) youth who required a larger loan size of about RWF 2.65 million¹⁵ (Figure 17).

Figure 17. Capital Requirements of Study Participants, by Cohort

Participant Number:	Burera Rural 18-21 WRN (6)	Kigali Kicukiro Urban 22+ GROW (6)	Kamonyi Rural 19-26 Connexus (6)	Nyanza Rural 18-21 GROW (5)	Bugesera Gashore Peri-Urban 22+ WRN (6)	Nyarugenge Rural 22+ GROW (6)	Kigali Gasabo Peri-Urban 18-21 WRN (6)	Nyabihu Rural 22+ Connexus (6)	Rubavu Urban 22+ WRN (6)	Bugesera Nyamata Peri-Urban 18-21 GROW (6)	
FGD Number 1	-	400,000	-	1,000,000	-	500,000	1,000,000	2,000,000	800,000	50,000,000	
FGD Number 2	-	500,000	-	500,000	-	1,000,000	1,500,000	3,000,000	3,000,000	8,000,000	
FGD Number 3	-	500,000	-	500,000	500,000	700,000	500,000	-	-	1,000,000	
FGD Number 4	-	300,000	-	-	600,000	700,000	800,000	3,000,000	2,000,000	-	
FGD Number 5	-	500,000	500,000	-	500,000	1,000,000	700,000	3,000,000	1,000,000	-	
FGD Number 6	-	300,000	-	-	-	600,000	1,000,000	2,000,000	7,000,000	-	
KII (Number 7)	300,000	500,000	-	400,000	1,000,000	700,000	-	400,000	500,000	1,000,000	
Average (RwF)	n/a	428,571	500,000	600,000	650,000	742,857	916,667	2,233,333	2,383,333	3,333,333	
	Average Capital Requirements (RwF):							639,683	2,650,000		
USD								\$ 640	\$ 2,650		

In terms of current means of financing, savings (working capital) was the most *common* way youth financed the growth of their business. Some youth spoke about the value of smaller loans from SILCs, as they provided an important stepping stone for business start-up. (See Box 5.) That being said, while SILCs were seen as a valuable resource for business start-up, many participants said that SILCs did not offer adequately sized loans for businesses growth. These responses indicated a missing middle in youth-inclusive financing that, as discussed earlier, has been fulfilled by family-based financial assistance.

Box 5. Youth Voices: Access to Finance

“Money is the top barrier to my business, as I want to expand it, but I do not have that money. I do not have the collateral that can help me to access loan through the banks; in the SILC group there is a high interest rate.”

– Female graduate of WRN/BYOB (ANLM), age 22–35, peri-urban area of Bugesera, Gashore

“Money is the only barrier for my business due to that I do not have enough money to invest in expansion of my business. I cannot approach banks for a loan as I do not have collateral. Also, in SILC there is not enough money that you can use to invest in a big business.”

– Female graduate of market linkages (COCOF), age 18–21, rural area of Kamonyi

“SILC is also most valuable for my business as I took a loan easily of RWF 30,000 to help me in my business.”

– Female graduate of Market Linkages (COCOF), age 18–21, rural area of Kamonyi

“I took a loan of RWF 400,000 from Duterimbere bank through a group savings account, and personally I took another loan from Umurenge Sacco of RWF 400,000 to start my new pepper production business.”

– Male graduate of Market Linkages, age 22+, rural area of Rubavu

“I am afraid of taking a loan in bank for my agribusiness, as I am not sure of the rainy season, and due to the lockdown I am not sure if the business will run well so that I can pay back the loan. Young people access cash through SILC.”

– Female graduate of GROW (RODI), age 18–21, from rural area of Nyanza

Policy and Regulatory Constraints

A large number of study participants across all focus groups cited “government/policy” as a major challenge. The most common policy-related challenge was the following COVID-19 measures:

- Imposed curfews that effectively closed business activities as early as 6:00 pm
- Internal travel bans that significantly restricted movement between market actors
- Border closures that effectively halted youth’s cross-border trade activities
- Institution of working shifts for vendors operating in the public markets, which cut their hours of operation by at least one-half

Other policy-related difficulties included the high taxes imposed on youth enterprise start-ups. Young people indicated that they were taxed at the same rate as long-standing businesses, making it difficult to sustain their businesses when they are starting out with little capital. Some also mentioned that businesses involved in commerce had to endure high security fees (which were the same for start-ups as for mature businesses; see Box 6).

Three of the 10 focus groups also mentioned another unexpected regulatory constraint—one that is related to the recognition of the HDAK certificate of completion by the Business Development Fund (BDF). Currently, the HDAK certificate for graduates is recognized by the Workforce Development Authority. This certificate enables graduates to move on within the formal education system. Many employers also recognize the certification as a

signal for work readiness. It is also recognized by the BDF for some of their loan products; however, it is currently not recognized by the BDF for a program in which they grant technical tools. Therefore, to qualify for technical tools granted by the BDF, a young person must present a technical certificate from the WDA. Study participants were frustrated that their efforts and evident enterprise readiness was not a sufficient qualifier for receiving this important source of support.

Overall, young entrepreneurs expressed a desire for more advocacy around their livelihoods concerns and for their voices to be heard. Youth indicated that they have few opportunities to voice their concerns and influence the policy decisions that impact their enterprises. They also noted that their problems and challenges are quite different from those of their older business counterparts, and they wanted adults and policymakers to acknowledge those differences.

Other barriers to business included family, which in most cases meant one’s financial burden of taking care of their family (Box 6). Security (theft) was also one of the more common barriers. In fewer cases, a lack of technical skills was mentioned as a barrier.

Gender Considerations

Surprisingly, most young people stated that gender did not present a constraint to youth enterprises, or even caused a notable difference in their enterprise experience. One male respondent, for instance, stated, “The challenge that a female can face is similar to that of males, and that is a lack of capital.” This may suggest that, by the time HDAK participants are able to reach the point of graduation and start their own business, the overwhelming barriers to entry, like access to finance, far outweigh any gender-related factors.

That being said, upon the probing of the study team, a few responses pointed to a few common impediments for females (Box 6):

- Security concerns among women, such as fear of robbery and/or sexual assault while working or going to and from work
- Domestic responsibilities or expectations placed on women by their families to care for the household
- Occupational segregation, that is, what is considered to be “acceptable” female work

Both females and males equally expressed a burden of taking care of their families’ basic needs during the pandemic. One respondent posited that females tended to have relatively lower levels of self-confidence compared to males. During the focus group discussions, both males and females alike spoke about gaining greater levels of confidence as a result of HDAK.

Box 6. Youth Voices: Persistent Challenges

“Lockdown has been a big barrier, as there was no movement and my business was negatively impacted.”

– Female GROW graduate (BENIMPUHWE), age 18–21, peri-urban area of Buegsera (Nyamata)

“Tax is a barrier which discourages beginners. Also, security and public cleanliness fees for those who are in commerce are similar for all businesses (big and small, new and existing); hence for us, the new entrants in the business, it is a big obstacle.”

– Male WRN/BYOB graduate (AJECL), age 22–35, rural area of Nyarugenge, Mageragere

“It is harder to do business when you are female especially a married one. I am supposed to take care of children and that takes a lot of time and decreases the hours I would spend in my business. Also when robbers came to steal and find you are a female, they do whatever they want as they know that you are physically weak. This happened to my garden.”

– Female WRN/BYOB graduate (WRN, ANLM), urban area of Rubavu, age 22+

“I used to carry products on my head in the neighborhood, but peer pressure from my community started saying that a female like me should not do that, that is for males. They were telling me to stay at home and cook.”

– Female WRN/BYOB graduate (SOS), age 18–21, peri-urban area of Kigali (Gasabo)

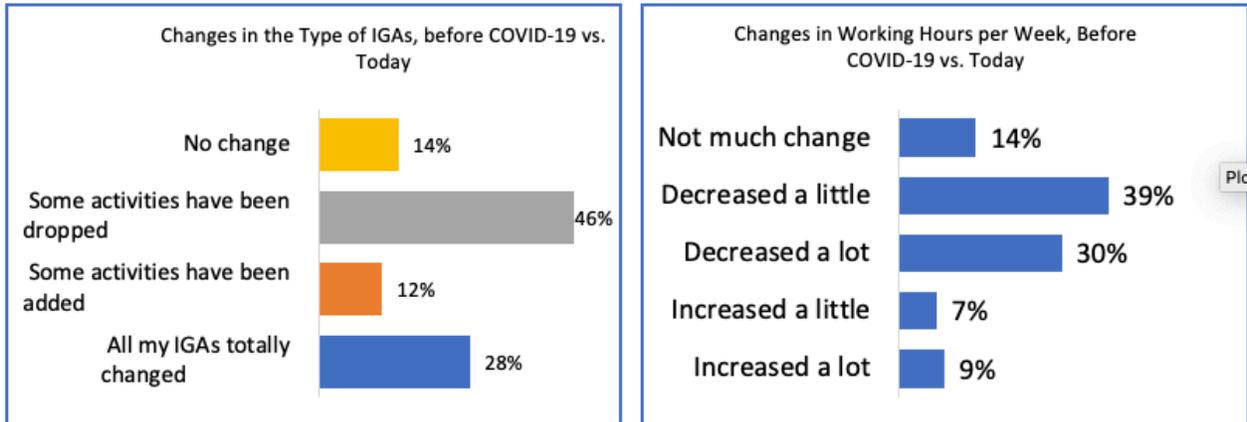
“I am the oldest child in my family, and I am responsible for my siblings and my mother. Most of my profit is consumed by my family, and my business is not progressing.”

– Male GROW graduate (RODI), rural area of Nyanza, age 18–21

Impact of the COVID-19 Pandemic

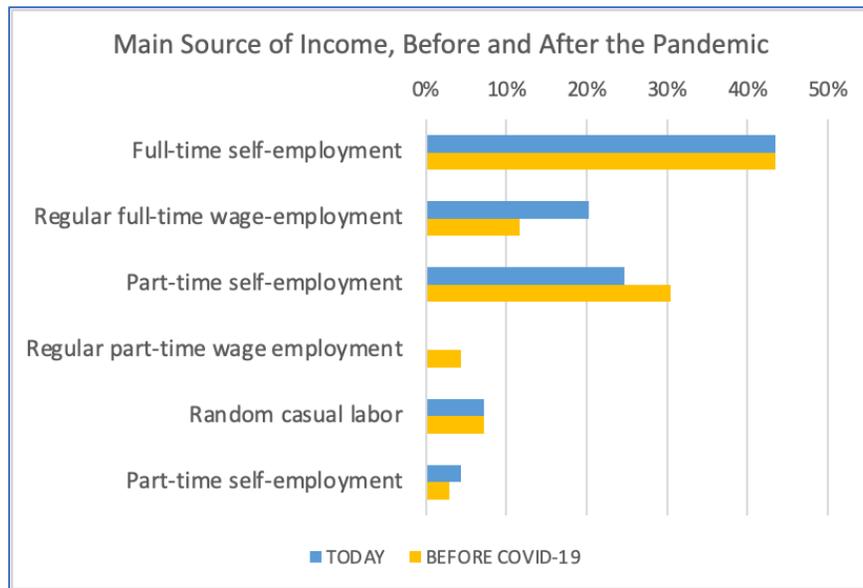
It should be no surprise that the COVID-19 pandemic, and the associated curfews and restrictions of movement across Rwanda, have negatively impacted young entrepreneurs. The global evidence has shown that people living in low- and middle-income countries have suffered the most economically, while young people have disproportionately experienced the greatest job losses compared to adults.¹⁶ The global evidence also indicates that smaller and informal businesses have been more negatively affected than larger firms.¹⁷ The same holds true for the HDAK sample. Because of the pandemic-related restrictions, most study participants (69%) were forced to decrease their working hours. The large majority adapted by changing their business activities (Figure 18).

Figure 18. Income of the COVID-19 Pandemic on Type of Activities and Number of Working Hours



During the pandemic, young people’s full-time wage employment declined, while part-time self-employment rose as compared to before the pandemic (Figure 19).

Figure 19. Employment Status of Study Participants, Before and After the Pandemic



Consequently, more than half (61%) of the study participants saw a decrease in earnings (Figure 20). Only 13% said their business income was able to cover all of their basic needs, which represents a significant shift from the pre-pandemic period (Figure 21).

Figure 20. Impact of the COVID-19 Pandemic on Youth Incomes

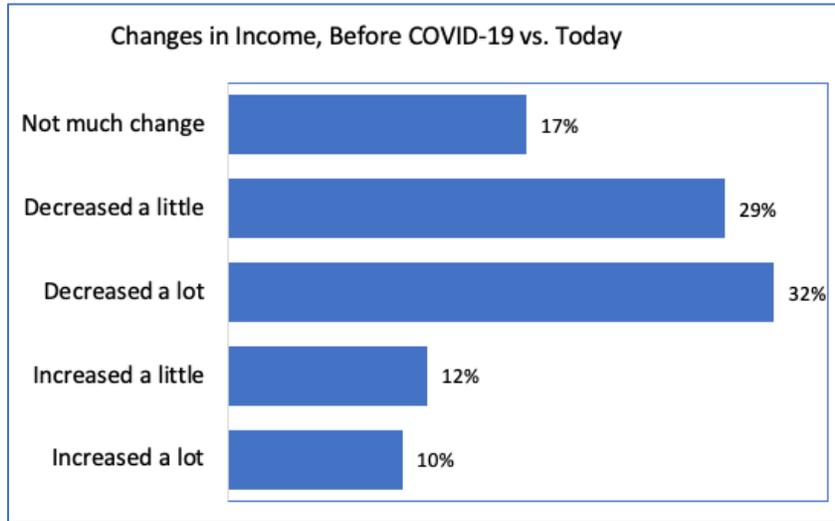
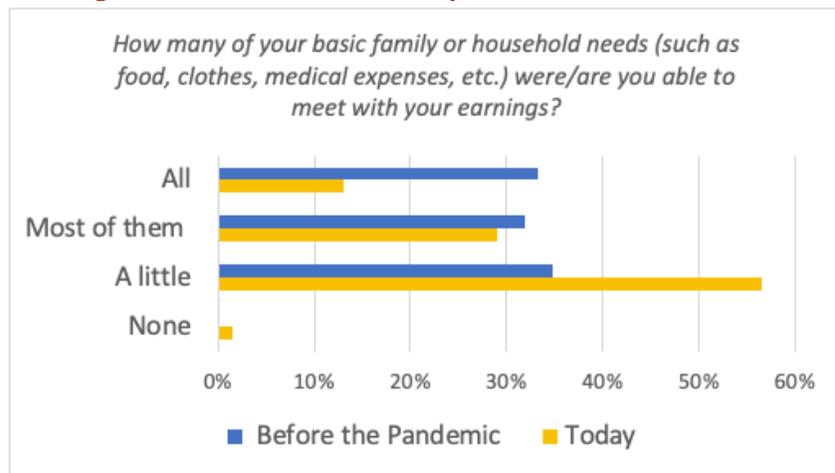
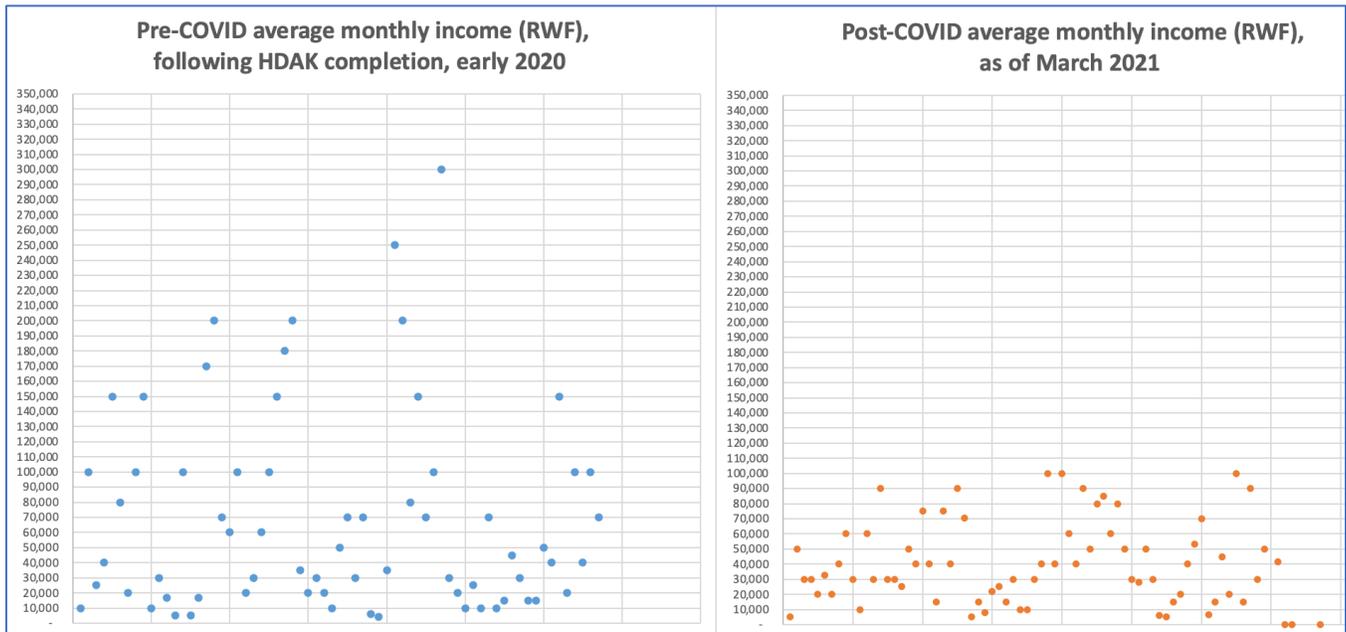


Figure 21. Respondents' Ability to Meet Their Basic Needs with Their Earnings Before COVID-19 vs. Today



The data from this study reveal drastically reduced income levels among HDAK graduates as a result of the pandemic: overall, from March 2020 until March 2021, the average monthly income fell 121%. The scatterplot in Figure 22 illustrates earnings following completion of the HDAK program and just prior to the COVID-19 pandemic, as compared to post-pandemic earnings as of March 2021.

Figure 22. Scatterplot of Participant Monthly Earnings Before the COVID-19 Pandemic, Compared to Monthly Earnings as of March 2021



Participant earnings varied somewhat by geography. The impact appeared to be hardest felt by youth participants of the market linkages track in Karama sector of Kamonyi district, where the average current income was RWF 17,143 per month (ranging from 8,000 to 30,000). The study’s validation workshops indicated that this group lived in a location that was unfavorable for agriculture, and that producers in this region tended to use traditional agricultural practices. Moreover, this group experienced a failed market linkage during their time in HDAK, as discussed earlier in this report (page 22). Comparatively, the youth cohort living in Nyabihu District, who successfully participated in the Agro-Market Linkages track, appeared to be faring the best during the pandemic, making an income that ranged from RWF 50,000 to 90,000 per month. This particular cohort represented the older age bracket (22+ years) and had been in business for some time. What made this cohort unique was that they were producers of high-value Irish potatoes and were supported by the HDAK implementing partner IMBARAGA, a farmers’ organization that linked this group with the Rwanda Agricultural Board. More on the impact of market linkages is discussed in this report (page 22).

Figure 23 shows the changes in participant average incomes as experienced by the different geographic cohorts. We compare earnings prior to participating in HDAK, following the completion of HDAK (prior to the pandemic), and today (during the pandemic in late 2020/early 2021). 24 shows the percent change, by cohort, when we compare their average earnings, pre-HDAK versus today in the pandemic era. Six of the 10 cohorts, on average, experienced increased earnings even in the face of the pandemic.

Figure 23. Changes in Participant Incomes, by District

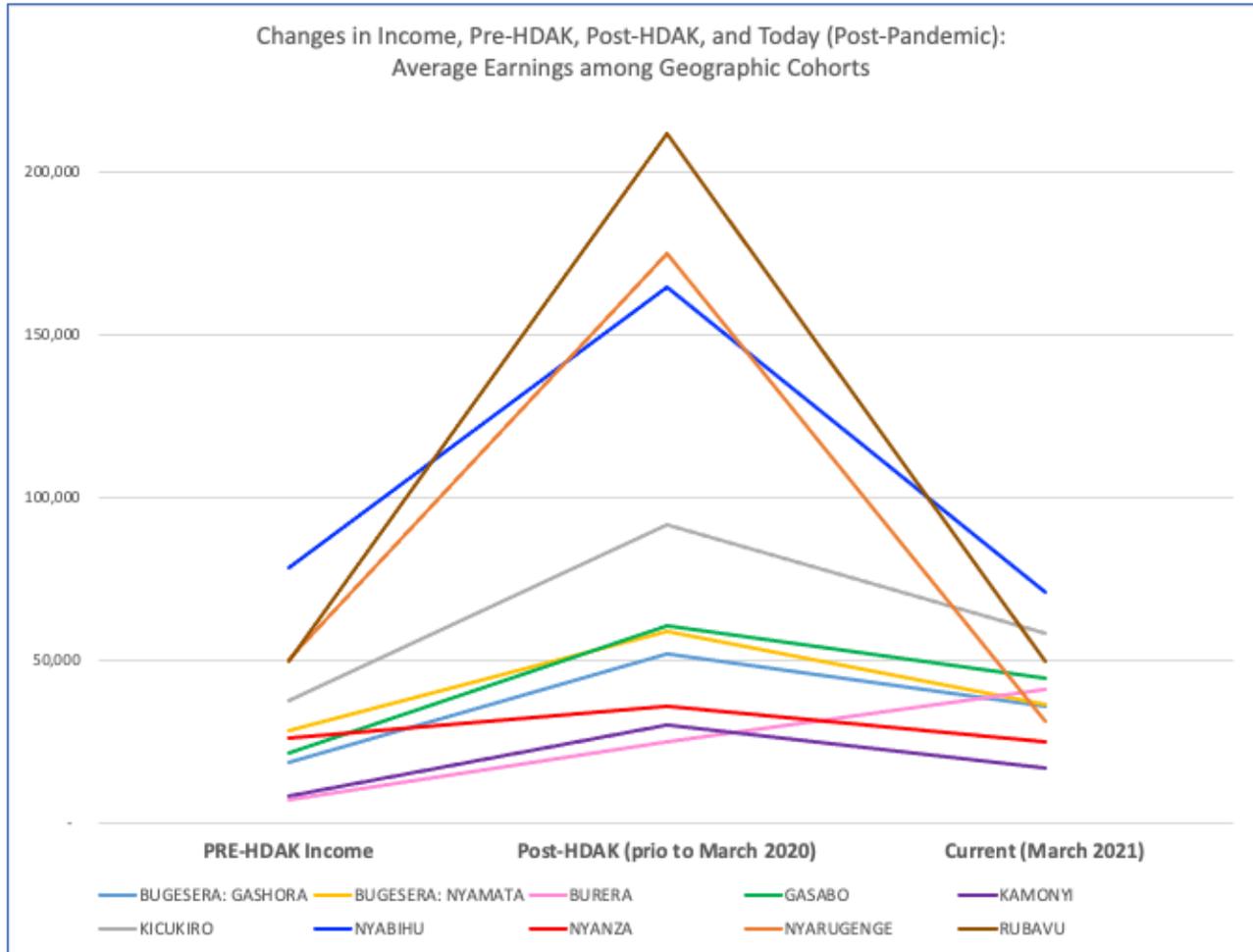
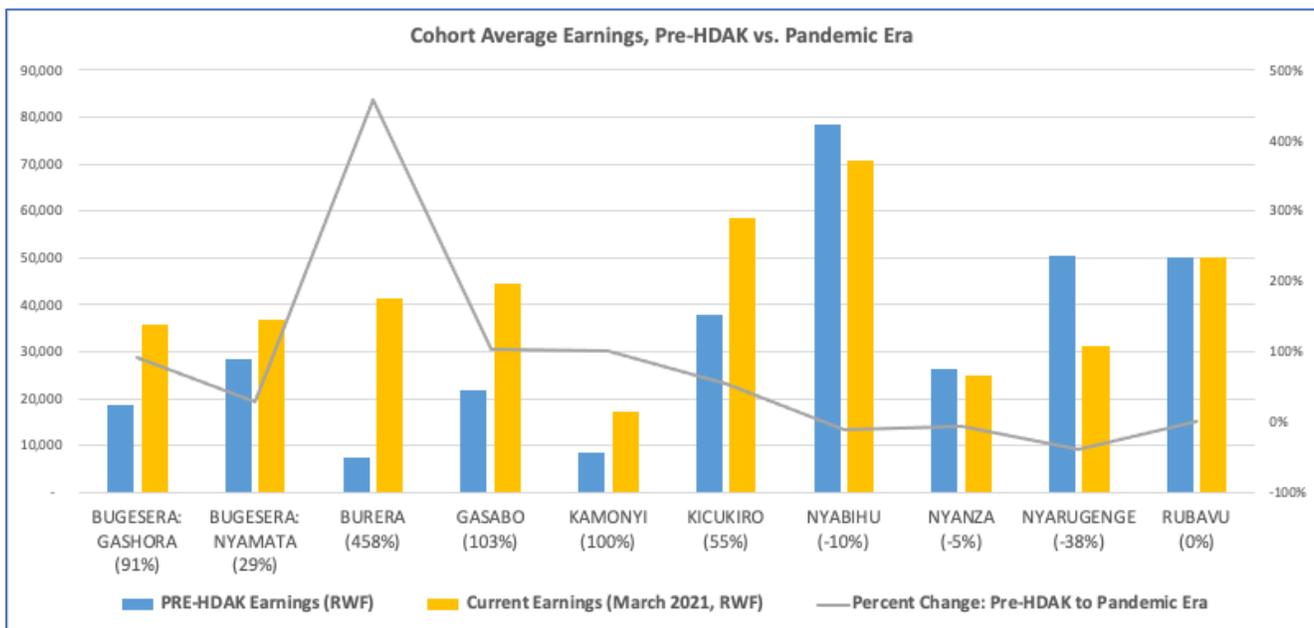
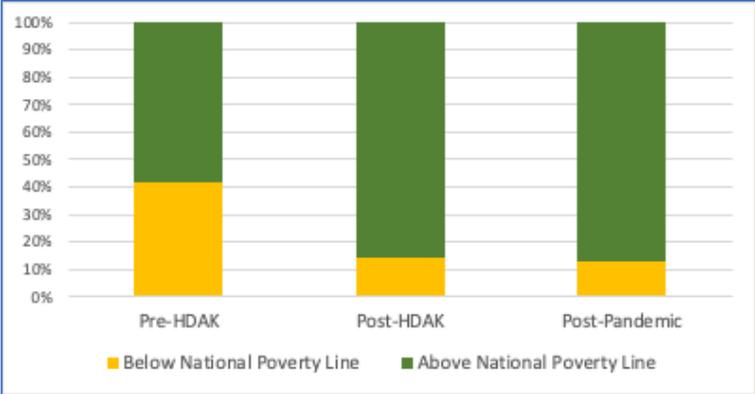


Figure 24. Cohort Average Earnings (RWF), Pre-HDAK vs. Pandemic Era



Indeed, although youth’s incomes significantly declined on average to nearly pre-HDAK levels, the proportion of participants whose earnings remained above the poverty line remained roughly the same as prior to the pandemic. As Figure 25 shows, prior to the pandemic, 86% of participants had earnings above the poverty line, and by early March 2021, that number was nearly the same, at 87%.

Figure 25. Percentage of Study Participants Whose Earnings Were Above/Below National Poverty Line of RWF 13,281



Not surprisingly, when speaking about the pandemic era, youth reported greater levels of dissatisfaction with their businesses or livelihoods activities in 2021 than prior to the pandemic. (Figure 26) The reduced working hours and restrictions of movement were their primary sources of frustration. Surprisingly, however, the majority of participants (54.2%) expressed neutral or high levels of satisfaction with their enterprise today.

Figure 26. Levels of Youth Satisfaction of Their Entrepreneurial Activities, Today Compared to Before the Pandemic

	Before Pandemic:	Today:
	59.6%	18.6%
	36.8%	35.6%
	3.5%	45.8%

Resilience Factors

Meanwhile, youth cited a number of coping strategies they used during the pandemic, with the most commonly cited resilience factor being their ability to draw on their **savings**. Savings offered a life preserver to those whose earnings were decimated due to market closures, travel restrictions, and lockdowns. Some expressed concern that they depleted all their savings and, even once the COVID-19 measures were to be lifted, they would have to re-start their businesses from scratch all over again. A large number took out a loan from a SILC group or a bank, or they received a loan or financial gift from families or friends.

Another common resilience factor was young people’s **adaptability**, namely their ability to shift their business strategy. Those who reported relatively higher levels of satisfaction tended to have adjusted their business models to reach customers or had shifted their business activities altogether into different opportunities that could withstand the pandemic, such as mobile money services or agriculture. Some had diversified into additional types of activities (especially in agriculture) and added wage employment (particularly in the construction sector) as an additional source of income.

Notably, young people from a number of focus groups indicated that their **skills**—goal setting, patience, self-confidence, and the ability to identify new markets—gave them the ability to endure. Some specifically mentioned the **HDAK training** as giving them the adaptability and coping skills to pivot during the pandemic (Box 7).

Box 7. Youth Voices: The Impact of the COVID-19 Pandemic

“[In spite of the COVID-19 lockdowns] I was able to start another business. My bar closed, and so I started agribusiness, and I am getting money from it, but it is not bringing the same revenues as from the bar.”

– Male GROW graduate (RODI), age 18–21, from rural area of Nyanza

“I am satisfied in my business of selling clothes. I am able to buy my basic needs from the profits, but the working days have been reduced due to government policy of working in shifts for those who work in the big market.”

– Female GROW graduate (RODI), age 18–21, from rural area of Nyanza

“I consumed my capital during lockdown, and it is hard to restart again my business.”

– Male graduate from GROW (BENIMPUHWE), age 18–21, from peri-urban area of Bugesera, Nyamata

“A friend gave me a loan of RWF 1 million with which I bought a motorcycle in addition to my savings. That’s the reason I was able to adapt in this period, and HDAK business training helped me in thinking of the business and setting the goal for the business.”

– Male GROW graduate (BENIMPUHWE), age 18–21, from peri-urban area of Bugesera, Nyamata

“My business is not working well because it closed for 3 months during lockdown, and I consumed my capital, which was a bank loan. With the remaining small capital, I bought a small land from that loan in order to avoid consuming all the money from the loan. I need RWF 2 million to start over.”

– Female Market Linkages graduate (Imbaraga), age 22+, from rural area of Nyabihu, age 22+

“(HDAK) business training helped me to adapt in this (pandemic) situation: I started packaging my products for free to attract more customers.”

– Female GROW graduate (BENIMPUHWE), age 18–21, peri-urban area of Bugesera Nyamata

“[During the pandemic] the strategy that helped [me] is the skills I learnt in HDAK training: I adapted myself in starting another business [agribusiness] as it was among the accepted businesses during lockdown.”

Female WRN/GROW graduate (ANLM), age 22+, from peri-urban area of Bugesera, Gashora

Conclusions

This study indicates that HDAK is contributing positive benefits among young entrepreneurs and particularly among the very poor. Reported benefits included youth gaining soft skills, demonstrating improved business practices, upgrading their business activities, and increasing their earnings. Effects appeared to be particularly strong among the poorer youth, many of whom moved out of poverty following completion of HDAK. These findings suggest the HDAK team consider testing differentiated strategies for the “very poor” versus those who are “marginally poor,” and learning from this segmentation approach.

The findings also suggest that youth gained important resilience capacities that helped them cope with the impacts of the COVID-19 pandemic. Savings was a highly valued feature of HDAK, and in fact the number of youth practicing savings before HDAK versus after HDAK jumped from 30% to 60%. Once the pandemic hit, savings offered a lifeline when their sources of income were curtailed. Moreover, youth’s earnings over time indicate a level of resilience experienced by participants: 6 of the 10 cohorts, on average, experienced increase earnings even in the face of the pandemic. The proportion of participants whose earnings were above the poverty line remained virtually the same as prior to the pandemic.

That being said, the impact of the COVID-19 pandemic calls for radical, innovative approaches to a youth-inclusive economic recovery. Young people’s savings and working capital have been depleted, resulting in negative impacts on their businesses’ working capital, inventories, and assets. Many youth noted that with their reserves now depleted, they will have to start up their businesses over again from nothing. Indeed, research suggests that this kind of capital depletion within a business often results in a vicious poverty cycle.¹⁸ As the Rwandan economy begins to open again, programs such as HDAK could play an important role in helping youth businesses “restart” during this critical recovery period. Much of the literature on responses to the COVID-19 pandemic suggest that development programs apply creative solutions to the economic recovery, such as financial support (grants, savings mobilization, and soft loans) to youth-owned enterprises and youth-employing lead firms; cash-for-work interventions to get young people back in the workforce; tax incentives that encourage investment in youth enterprises; and investment in the professional child-care industry to encourage women to return to the workforce.¹⁹ During the results validation sessions, HDAK implementing partners also emphasized the need to increase the support for youth SILC groups during these times of crisis.

The study also points to several service delivery considerations for HDAK, as implementing partners continue to adapt and expand their services to meet the needs of young entrepreneurs. These recommendations are the following:

- **Expand opportunities for savings and SILCs through nontraditional channels.** Our findings suggest that the savings curriculum and the mobilization of SILC groups are powerful factors for enterprise success, and especially for youth’s resilience and their ability to withstand shocks such as the COVID-19 pandemic. Rwandan partners should consider offering SILC mobilization as a “core” component of any and all youth skills development and asset-building service. HDAK partners could consider scaling financial literacy and savings groups through nontraditional channels, such as other private providers offering skills development, lower- and upper-secondary schools, TVETs and universities, SMEs and employers, farming cooperatives, and other community-based youth entry points. Validation meetings with HDAK implementing partners confirmed that SILCs work best among these kinds of pre-existing groups of peers who already know and trust each other. When ready to upgrade, these pre-existing groups—particularly cooperatives—are in a better position to apply for a solidarity loan. Implementing partners also suggested that the testimonies of current SILC group members are a powerful marketing tool that attract others to form new groups.

- **Identify appropriate ways for HDAK to address the missing middle in youth financial services.** In spite of the growth of youth-led savings groups, by and large, young people say they are unable to access loans for growing their microenterprise from the Business Development Fund established by the Government of Rwanda, and other financial services that help youth start up their businesses in Rwanda. Addressing this missing middle requires innovative solutions. Value-chain specific financing can be powerful vehicles for youth-friendly finance, but its scaling potential is generally limited to a small subset of youth who are active in the sector and usually within a specific link along the value chain. Other innovations for youth-inclusive financing could include the adoption of solidarity lending, such as that adopted by RIM, Ltd., and Goshen Finance under HDAK. Another scalable opportunity could be facilitating youth’s enrollment and healthy financial habits in mobile money services that enable them to establish an online credit score and qualify for loans of larger sizes over time.

While collateral is the main perceived barrier, there are likely other constraints that prevent financial service providers from developing youth-inclusive financial products, such as the need for guaranteed funds or other dedicated capital sources for youth-specific loans. While HDAK can explore ways to minimize such constraints, a larger systemwide initiative would likely be required to open up youth-inclusive financing. For example, creating youth financial services require the involvement of stakeholders on the youth side (to develop their skills and assets that make them more bankable and help them apply for a loan), as well as on the financial service provider side (to incentivize new product development and make them cost-effective). Additionally, stakeholders that facilitate information flow and linkages between young entrepreneurs and the financial institutions that serve them are also necessary. In the meantime, implementing partners suggested that HDAK strengthen its focus on facilitating financial linkages between young graduates and any existing financial service providers in the local area.

- **Expand and strengthen the networks that support youth enterprises.** When speaking about successful enterprises, youth described the valuable skills they gain from observing others, as well as from practical work-based learning opportunities, family support, and peer networks (e.g., SILCs and Youth Leadership and Accompaniment groups) that supported them through their livelihoods journey. Indeed, recent research highlights that role models, networks, and positive peer pressure help overcome the “behavioral barriers” to entrepreneurship, particularly in the early stages of business.²⁰ Moving forward, HDAK is considering ways to help implementing partners and youth alike in growing and managing their networks with lead firms, employers, and each other. To date, the program has trained scores of employers and other youth-serving organizations to implement the work-based learning model and is currently working with the government of Rwanda to institutionalize employer-based training. HDAK implementing partners suggested expanding the time frame of the program cycle (e.g., from one year to 18 months) to accommodate for accompaniment and work-based learning. Implementing partners also noted that youth tend to more successfully obtain work-based learning opportunities when they connect with employers who are familiar with HDAK. These networks could be further strengthened through district-level Youth Development Alliances, which are public-private collective action groups that are led by the mayor’s office and operate at the district level to improve youth development outcomes. HDAK is currently supporting the formation and capacity of these alliances, and as these bodies mature, they could play a greater role in strengthening the role of government, the private sector, and service providers in expanding work-based learning opportunities.
- **Explore cost-effective approaches to follow-on support.** According to global research, business coaching is one of the few household-level microenterprise interventions that has strong evidence linking

it to positive employment outcomes.²¹ However, more research needs to be done on the cost-effectiveness and *scaling potential* of business coaching for youth enterprises specifically. One-on-one coaching is an expensive proposition and difficult to scale across large numbers of youth who often possess fewer skills and assets than older populations. Indeed, during validation workshops for this study, HDAK partners indicated that the current costing model for services does not allow for sufficient staffing and expenses associated with intensive one-on-one business coaching. To date a large part of HDAK's success has been its cost-effectiveness—that is, its ability to measurably improve the skills of large numbers of young people and also meet the demands of employers for relatively low cost. It is one of the reasons that the Government of Rwanda, NGOs, and employers have adopted several of the HDAK service offerings themselves outside of HDAK financial support. But more data is needed on what would be considered cost-effective for youth self-employment outcomes. Given study participant feedback, HDAK would benefit from an examination of follow-on support of all types, including business coaching, market linkages, loan facilitation, and Youth Leadership And Accompaniment groups, as well as the support that youth receive during the SILC mobilization process. At the very least, for those participating in technical training, consideration should be given to extending the participant period beyond 12 months to allow technical training graduates sufficient time for follow-on support.

HDAK implementing partners pointed to a range of potential solutions for youth follow-on services, including:

- **Direct service delivery:** HDAK could allow for more time beyond the one-year program to offer youth follow-on services. Implementing partners indicated that in this scenario, they, too, would require coaching and mentoring to build their capacity to provide tailored coaching and market linkages support.
- **Peer-support models:** SILCs are already a powerful source of support and could potentially be an avenue for peer-based entrepreneurship support and business coaching. Cooperatives, too, could play a role in offering youth a source of follow-on support. Implementing partners suggested that the HDAK core curriculum add a module on cooperative formation, management, taxation, and insurance.
- **Family-based support models:** Given that families play an important role in the success of young entrepreneurs, HDAK could extend its messaging and interventions to immediate and extended family members as vehicles for young people to receive follow-on support.
- **Referral networks:** Rather than looking to HDAK to directly provide follow-on services, implementing partners could develop stronger networks with public and private market development partners who possess the technical and/or market expertise to offer business coaching, market linkages, and other forms of follow-on support. A more formalized or codified referral system or mapping process, such as those developed by Youth Development Alliances, could link youth entrepreneurs with these existing resources.
- **Aggregator or hub:** There may be a role for an organization (or small group of organizations) to offer hotline support or serve as a demand-driven connector between youth and other resources and organizations that are well positioned to provide coaching.

- **All of the above:** There is likely no single solution that offers youth business follow-on support in a way that is cost effective and available at scale. Instead, the more likely scenario is that young Rwandans access coaching and market linkages and access to finance through a network of inter-working parts.
- **Deepen practices for monitoring and evaluating self-employment outcomes.** This study is one step toward understanding the experiences of self-employed youth in their livelihood journey and identifying the range of services that can support them in that journey. Taking this time to listen to young people’s accounts of their pandemic experience has also offered valuable insights to the HDAK team about its role in the post-pandemic economic recovery process. Moreover, the collective examples of youth’s frustration with follow-on support suggest the need for more vigilant monitoring; quality assurance; and continual reflection, knowledge-sharing, and adaptation among service providers. For HDAK and its partners, much can be gained from gathering more regularized data related to self-employment and the experiences of young entrepreneurs as they start up and grow their business, and particularly their experiences in accessing finance. EDC is currently looking at how it can adapt its monitoring and evaluation around self-employment outcomes across all its youth employment programs around the world.
- **Engage young entrepreneurs in business advocacy efforts.** Young entrepreneurs have a stake in and should have agency in the COVID-19 response and post-pandemic economic recovery. They can elevate their voice by participating in COVID-19 crisis task forces, leading youth-led participatory assessments, crowdsourcing youth-driven solutions, or using traditional or social media to raise public awareness.²² In addition to advocating on pandemic-related matters, HDAK implementing partners suggested that young entrepreneurs have opportunities for advocacy on issues such as tax exemption for start-ups, incentives for youth-friendly financial services, policies associated with SILCs, and the development of programs that encourage the formation of youth cooperatives. Partners spoke about incorporating training on taxes and tax policy into the HDAK curriculum so that young entrepreneurs are more informed of these issues prior to starting a business.

To elevate the voice of young entrepreneurs in policy decisions, there are many potential platforms for youth engagement at the national, sub-national, and local levels. To date, HDAK offers one such platform: the Youth Development Alliances (described above), which include youths who have already played a role in sharing COVID-19-related information with their peers. Meanwhile, HDAK has supported the national forum known as YouthConnekt, a national platform by which youth businesses can highlight their accomplishments and their priorities.²³ HDAK is encouraged to continue tapping into such youth advocacy networks to elevate the concerns of youth-owned microenterprises.

Endnotes

¹ HDAK reporting data as of March 2021.

² USAID. (2021, March). Pandemic-Era Responses in Higher Education and Youth Workforce Development. *Guidance Brief*. Retrieved from: <https://www.edu-links.org/resources/pandemic-era-responses-higher-education-and-youth-workforce-development>.

³ HDAK represents the third activity in a series of programs to increase youth skills development, employment, and entrepreneurship. These programs have been implemented through Rwandan service providers, led by EDC, and funded by USAID and the Mastercard Foundation. In total, the portfolio of programs, valued at USD 40.4 million, has resulted in 91,058 youth directly participating in improved work-readiness training and supports, with measurable skills gains and an average of 65%–70% new or better employment among workforce development program graduates. An additional 275,000 students per year in the upper secondary education and TVET schools continue to acquire soft skills and gain work-readiness skills and experience through the public school system.

⁴ At the time of this study, 14 implementing partners were receiving HDAK support to deliver services.

⁵ Under the HDAK activity, for example, EDC provided technical assistance in developing the new curriculum and training materials—including basic education, soft skills, and agriculture technical skills—for lower levels of TVET (L2). EDC also helped Rwanda Polytechnic integrate soft skills and work-based learning practices in select levels of TVET, with plans to integrate it across all levels of the TVET system. Prior to the HDAK activity, EDC supported the Ministry of Education to integrate soft skills curriculum, including learner-centered approaches and work-based learning, into the national upper secondary school curriculum (S4, S5, and S6) and TVET Level 3. At least 450 secondary schools are now using this curriculum as part of their entrepreneurship coursework, reaching an average of 275,000 students per year.

⁶ A total of 59 study participants were randomly selected, and 10 were purposively selected. The research team was unable to randomly select and disaggregate 10 of the study participants from the Market Linkages track due to the limited number of participants from that track who were available to take part in the study. Purposive sampling therefore took place for all respondents in Nyabihu district and for the three males in Kamonyi district.

⁷ “World Bank. (2020.) *Bolstering Poverty Reduction in Rwanda: A Poverty Assessment*. World Bank. <https://openknowledge.worldbank.org/handle/10986/34753>

⁸ For a description of these Youth Development Alliances, see the following: Education Development Center. (2021). *Scaling youth workforce development outcomes by transforming local systems: A Rwanda case study*. <https://www.edc.org/sites/default/files/uploads/Youth-Rwanda-Report.pdf>

⁹ Enrolled in November 2018; completed in November 2019

¹⁰ Enrolled in February 2019; completed in February 2020, just prior to the COVID-19 pandemic

¹¹ The Bugesera-Gashora group enrolled in February 2019 (ANLM); the Rubavu group enrolled in January-February 2019.

¹² The Bugesera-Gashora group enrolled in February 2019; the Gasabo group enrolled in late 2018.

¹³ For example, see USAID. (2019, September). *USAID/Rwanda Youth Assessment*. https://www.edu-links.org/sites/default/files/media/file/USAID%20Rwanda%20Youth%20Assessment_Public_10-15-19.pdf.

¹⁴ A few young people expressed some risk aversion toward taking out a loan, including a reticence toward SILC loans that commanded higher interest rates (~10% per month) as compared to that of banks (2% per month).

¹⁵ Nyabihu and Rubavu are noted for having exceptionally favorable agriculture conditions. Other than cohort and geographic location, there appeared to be no other distinguishing characteristics between the youth enterprises requiring larger loan sizes and those requiring smaller ones.

¹⁶ (a) The ILO notes that people living in low- and middle-income countries have suffered the greatest levels of inactivity (i.e., withdrawals from the labor market), losses in working hours, and losses in labor income. International Labour Organization. (2021, January 25). *ILO monitor: COVID-19 and the world of work* (7th ed.).

https://www.ilo.org/global/topics/coronavirus/impacts-and-responses/WCMS_767028/lang--en/index.htm; (b) International Labour Organization. (2020, May 27). *ILO monitor: COVID-19 and the world of work* (4th ed.). https://www.ilo.org/global/topics/coronavirus/impacts-and-responses/WCMS_745963/lang--en/index.htm; (c) Young people tend to hold low-paid and temporary jobs in affected sectors such as hospitality and tourism, retail, and the gig economy. OECD. (2020, June 11). *Youth and COVID-19 response, recovery and resilience*. <https://www.oecd.org/coronavirus/policy-responses/youth-and-covid-19-response-recovery-and-resilience-c40e61c6/>; (d) Among youth surveyed in 112 countries, younger workers aged 18–24 have suffered the greatest job losses, as well as those working in clerical support, services, sales, and crafts and related trades. International Labour Organization. (2020, August 11). *Youth and COVID-19: Impacts on jobs, education, rights and mental well-being*. https://www.ilo.org/budapest/whats-new/WCMS_753026/lang--en/index.htm

¹⁷ “Micro and small firms, relative to large firms, are more likely to face severe financial constraints and thus fall into arrears.” From: Apedo-Amah, M., Avdiu, B., Cirera, X., Cruz, M., Dvies, E., Grover, A., Iacovone, L., Lilinc, U., Medvedev, D., Maduko, F., Poupakis, S., Torres, J. & Tran, T. (2020, October). *Unmasking the impact of COVID-19 on businesses: Firm level evidence from across the world*. World Bank. <https://openknowledge.worldbank.org/handle/10986/34626>. See also: Elliott, R. (2020, July 15). *Report: Economic Impact of COVID-19 across Sub-Saharan Africa*. GeoPoll. <https://www.geopoll.com/blog/economic-financial-impact-covid-19-sub-saharan-africa/>

¹⁸ “Evidence from previous disasters shows that when disadvantaged groups experience shocks, they are also more likely to adopt coping strategies—such as reducing food consumption and selling productive assets—that lead to lower accumulation of human and physical capital (in the long run).” From: Hill, R., & Narayan, A. (2021, January). What COVID-19 can mean for long-term inequality in development countries. *World Bank Blogs*. <https://blogs.worldbank.org/voices/what-covid-19-can-mean-long-term-inequality-developing-countries>

¹⁹ USAID. (2021, March). Pandemic-era responses in higher education and youth workforce development. *Guidance Brief*. <https://www.edu-links.org/resources/pandemic-era-responses-higher-education-and-youth-workforce-development>.

²⁰ Bowers, M., & Hempel, K. (2021, February). *Beyond finance and business skills: Leveraging behavioral insights for entrepreneurship interventions in low- and middle-income countries*. Propera. <https://prospera-consulting.com/wp-content/uploads/2021/03/Bowers-Hempel-Beyond-Finance-and-Business-Skills.pdf>

²¹ The other intervention with strong linkages to employment outcomes is soft skills development, such as that provided by HDAK. See: (a) USAID. (2019). *What works in entrepreneurship education and training programs for youth? Evidence report*. <https://www.youthpower.org/resources/what-works-entrepreneurship-education-and-training-programs-youth-evidence-report>; (b) USAID. (2019, November). *Getting employment to work: A playbook for the field*. <https://www.usaid.gov/sites/default/files/documents/1865/Employment-Framework-Playbook-Final.pdf>.

²² See, for example: USAID. (2021, March). Pandemic-era responses in higher education and youth workforce development (p. 11). *Guidance Brief*. <https://www.edu-links.org/resources/pandemic-era-responses-higher-education-and-youth-workforce-development>.

²³ Refer to Youth Connekt Rwanda: <https://youthconnekt.rw/site/about-youthconnekt>