

YOUTH EMPLOYMENT INITIATIVES IN KENYA

Report of a Review Commissioned by the World Bank
and Kenya Vision 2030

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ACRONYMS AND ABBREVIATIONS

| | |
|--------|---|
| ACE | Adult and Continuing Education |
| ACWICT | African Centre for Women, Information and Communications Technology |
| AfDB | African Development Bank |
| BDS | Business Development Services |
| C-YES | Constituency Youth Enterprise Scheme (of YEDF) |
| CBET | Competency-based Education and Training |
| CBO | Community-based organisation |
| COTU | Central Organization of Trade Unions |
| DIT | Directorate of Industrial Training |
| E-YES | Easy Youth Enterprise Scheme (of YEDF) |
| EE | Entrepreneurship Education |
| EET | Entrepreneurship Education and Training |
| FDSE | Free Day Secondary Education |
| FI | Financial Intermediary |
| FKE | Federation of Kenya Employers |
| FPE | Free Primary Education |
| GDP | Gross domestic product |
| HHE | Household Enterprise |
| ICT | Information and Communication Technology |
| ICT4D | ICT for Development |
| ILFS | Integrated Labour Force Survey |
| ILO | International Labour Office |
| IT | Institute of Technology |
| KAPEA | Kenya Association of Private Employment Agencies |
| KASNEB | Kenya Accountants and Secretaries National Examinations Board |
| KCPE | Kenya Certificate of Primary Education |
| KCSE | Kenya Certificate of Secondary Education |
| KEPSA | Kenya Private Sector Alliance |
| KES | Kenya Shilling |
| KIE | Kenya Institute of Education |
| KIHBS | Kenya Integrated Household and Budget Survey |
| KKV | <i>Kazi Kwa Vijana</i> |
| KLPS | Kenya Life Panel Survey |
| KNEC | Kenya National Examinations Council |
| KYEP | Kenya Youth Empowerment Project |
| LBPWP | Labour-based public works program |
| MDG | Millenium Development Goals |
| MFI | Micro Finance Institution |
| MoDP | Ministry of Devolution and Planning |
| MoE | Ministry of Education |

| | |
|---------|--|
| MoHEST | Ministry of Higher Education, Science and Technology |
| MoL | Ministry of Labour |
| MoYAS | Ministry of Youth Affairs and Sports |
| MSE | Micro and Small enterprises |
| MSETTP | Micro and Small Enterprise Training and Technology Project |
| MTTI | Machakos Technical Training Institute |
| NAV CET | National Vocational Certificate of Education and Training |
| NCPD | National Council for Population and Development |
| NEB | National Employment Bureau |
| NER | Net Enrolment Rate |
| NFE | Non-formal Education |
| NFEC | Non-formal Education Centre |
| NGO | Non-governmental organisation |
| NITA | National Industrial Training Authority |
| NITB | National Industrial Training Board |
| NMS | National Manpower Survey |
| KNALS | Kenya National Adult Literacy Survey |
| NPPSD | National Population Policy for Sustainable Development |
| NYS | National Youth Service |
| ODA | Official Development Assistance |
| OECD | Organisation of Economic Cooperation and Development |
| OOS | Out-of-school Youth |
| PCR | Primary Completion Rate |
| PEO | Public Employment Office |
| SACCOS | Savings and Credit Cooperative Organisations |
| SITE | Strengthening Informal Training and Enterprise |
| SYPT | Subsidized Youth Polytechnic Tuition |
| TA | Traditional Apprenticeship |
| TEP | Technical Education Programme |
| TIVET | Technical, Industrial, Vocational Education and Training |
| TTS | Trade Testing System |
| TVVP | Technical and Vocational Vouchers Program |
| UNDP | United National Development Program |
| USD | United States Dollars |
| YEC | Youth Empowerment Centre |
| YEDF | Youth Enterprise Development Fund |
| YEP | Youth Empowerment Program (ACWICT) |
| YESA | Youth Employment Scheme Abroad |
| YP | Youth Polytechnic |

SUMMARY OF FINDINGS

Introduction

Kenya faces a significant unemployment problem with youth being hit hardest. The high unemployment is related to the overall investment climate in the country and the economy's low capacity to create new jobs. But youth find it particularly difficult to enter the labour market. Reasons for this are complex. They range from deficits in education and skills to lack of work experience, difficulties to obtain information about career options and job chances, irrational recruitment practices of employers, and the lack of necessary assets and attitudes to become self-employed.

The government has undertaken many initiatives to address the youth unemployment challenges. However, too little is still known about what works best in youth employment promotion in Kenya. In order to guide future investment decisions of government and development partners, more evidence is needed about the effectiveness of different initiatives and approaches in promoting youth employment and fostering a smooth transition from education and training to work. This study tries to address this gap with a mapping of youth employment initiatives in Kenya based on a desk study undertaken in 2013.

The Youth Employment Challenge

Young people dominate the Kenyan labour market. Youth aged 15 to 34 constitute two thirds of the workforce. Some 800,000 young Kenyans enter the labour market every year. Unemployment in Kenya is mainly a youth problem. A UNDP (United National

Development Program) analysis of 2013 shows that youth unemployment—depending on age—goes as high up as 35% compared to an overall national unemployment rate of 10%. 80% of unemployed Kenyans are young people. If current population trends prevail the overall number of unemployed youth will double between the years 2010 and 2035.

Youth unemployment is primarily a problem of labour demand. The Kenyan economy is not creating sufficient jobs to cater for the increasing number of young labour market entrants. In 2011, a total of 520,000 new jobs were created in Kenya, of which 74,000 (14.3%) were formal sector jobs.¹ Some 300,000 young people are left behind every year. The youth unemployment challenge is therefore primarily a challenge of economic growth and job creation in Kenya. It requires bold and coordinated efforts to stimulate economic transformation and business sector development. Strengthening employment in the informal sector is key to address youth unemployment, as employment for youth is mainly provided in the informal sector.

The analyses of youth employment patterns shows that not all youth are equally affected by unemployment and that their chances for employment differ depending on their age, education, social status, gender and origin. Six groups with distinct characteristics have been identified, as shown in the table below. They are widely overlapping, but it is important to understand specific barriers to employment and specific options the different groups have in order to properly design and target major interventions.

¹ See NCPD, 2012, Brief 23.

| | |
|--|---|
| Unemployed youth aged 18-25 (some 1,15 million) ² | <ul style="list-style-type: none"> • Most affected age group • Mostly primary or secondary school certificate |
| Unemployed tertiary education completers (around 18,000) | <ul style="list-style-type: none"> • Unemployment mainly temporary • Small group in absolute terms |
| Youth with low or no education (some 255,000 with no education according to KIHBS) | <ul style="list-style-type: none"> • Usually from poorer households • Less opportunities • Most affected by unemployment • Unemployment highest at young age (15-20) |
| Youth from poor households (around 750,000 unemployed from two lowest income quintiles) | <ul style="list-style-type: none"> • Largely overlapping with above • Reduced chances to complete education and training • No means to venture into self-employment |
| Unemployed rural youth (some 1,15 million) | <ul style="list-style-type: none"> • High absolute number of unemployed • Suffer from lack of jobs in rural areas • Tend to migrate to urban areas |
| Unemployed female youth (some 1,22 million) | <ul style="list-style-type: none"> • Generally discriminated in the labour market • Underrepresented in formal employment • Tend to become inactive, particularly in rural areas |

Youth Employment Policies and Initiatives

Youth employment promotion is a cross-sectoral challenge, with a myriad of public offices and agencies as well as private stakeholders involved.

After the inauguration of the new government following the 2013 elections, the ministerial portfolios have been reorganised. The Ministry of Youth Affairs and Sports (MoYAS), previously in the lead of youth empowerment initiatives and coordinating youth initiatives, was dissolved and its responsibilities assigned to the new Ministry of Devolution and Planning (MoDP) and the Ministry of Education (MoE). Apart from public interventions, hundreds of projects and initiatives by NGOs, faith-based organizations, companies and community organizations address youth employment, partly initiated by development partners or funded by foreign organisations and firms.

Various sector policies developed under the umbrella of the Vision 2030 have contributed from different angles to the emergence of initiatives and approaches that specifically affect employment chances of youth. The study has evaluated the most important policies and initiatives clustered into three groups: (1) those that affect labour demand,

(2) those affecting labour supply and (3) those that are geared to improve the match between supply and demand in the labour market. The following table presents an overview about the policies and initiatives addressed:

Issues, conclusions and recommendations

Information gaps pose challenges to effective youth employment policies. Critical knowledge gaps exist specially regarding effectiveness and impact of the various initiatives. A particular problem is the lack of impact assessments for the large-scale government-run youth employment programs, as substantial public funding have been allocated for these programs. Some progress has been made in improving the knowledge base, in particular in the context of donor-funded programs. More initiatives particularly from the side of government to rigorously analyse the effectiveness of programs are inevitable to better design and tailor youth employment initiatives in the future. Furthermore, more systematic assessments about unit costs of different interventions and possibly their cost-effectiveness are urgently needed to help making the right investment decisions.

² Figures are derived from Kenya Integrated Household Budget Survey (KIHBS) 2005/06 presented in UNDP, 2013. Kenya's Youth Employment Challenge.

| Initiative / Brief Description | Knowledge about Relevance/Effectiveness |
|---|---|
| Policies / interventions affecting labour demand | |
| Public works programs | |
| <ul style="list-style-type: none"> • Kazi Kwa Vijana • Labour-based public works program • Implemented between 2009 and 2011 under the OPM | <ul style="list-style-type: none"> • Assessment conducted by ILO in 2010 plus occasional case studies. • Initiative had implementation deficits. As no training was provided, no long-term but only temporary income-effects. Community assets were created that partly lead to self-employment of youth groups. |
| <ul style="list-style-type: none"> • Youth Employment for Sustainable Development • Public works program funded by JICA to introduce cobblestone and Do-nou technology of road pavement | <ul style="list-style-type: none"> • End of project evaluation conducted. It showed that technology has good potential in Kenya, but intervention was too short and lacked follow-up support. |
| Self-employment promotion | |
| <ul style="list-style-type: none"> • Entrepreneurship Education • Provided in schools, TVET institutions and universities to create an entrepreneurial culture | <ul style="list-style-type: none"> • No systematic evidence, but general perception is that significant implementation challenges exist, caused by shortage of qualified staff, lack of business experience of entrepreneurship teachers, and curricular problems. |
| <ul style="list-style-type: none"> • Youth Enterprise Development Fund (YEDF) • Largest youth-targeted credit scheme in Kenya, implemented by YEDF under MoYAS | <ul style="list-style-type: none"> • Evaluation through case studies done in 2010. No systematic impact assessment conducted. 87,000 credits extended to youth groups and youth-serving groups up to 2010. Capacities appear not to be fully used. |
| <ul style="list-style-type: none"> • Entrepreneurship development under MoYAS • Youth empowerment centres, creation of youth SACCOS and youth groups, entrepreneurship training and small grant schemes | <ul style="list-style-type: none"> • No systematic evaluation and knowledge. Studies criticise underfunding and too large groups targeted by training. Training not tailor-made. |
| <ul style="list-style-type: none"> • Youth enterprise development projects • Vast landscape of projects implemented by private and public actors, often (co-)funded by foreign donors and companies | <ul style="list-style-type: none"> • Evaluations of individual projects available, but often not published. World Bank study on effectiveness of interventions conducted in 2013 point to importance of entrepreneurial attitudes for business success, business climate factors, and need to expand access to finance to young entrepreneurs. Tailor-made and specifically targeted interventions work better. Intensive follow-up and mentorship arrangements are critical for success. Entrepreneurship/business training is key to business success, but most effective alongside credit and market support. |
| Policies / interventions affecting labour supply | |
| <ul style="list-style-type: none"> • Population Policy for National Development • National Council for Population Development | <ul style="list-style-type: none"> • Previous population policies were instrumental to reduce population growth, but current growth rate of 2.9% would still increase population to 77 million in 2030. • High differences between provinces. |
| <ul style="list-style-type: none"> • General, non-formal and higher education • Ministry of Education, Policy Framework for Education of 2012 | <ul style="list-style-type: none"> • Education outcomes regularly monitored. Weak data for non-formal and adult education. • Access has increased in all education streams, but access and retention is still a huge problem for children from poor households. • High drop-out rates lead to high number of out-of-school youth and 30% illiteracy rates among youth. • Quality remains far behind expectations, 8-4-4 system generally perceived not to be successful. Education not relevant for employment and life. |

| Skills development and work experience | |
|---|---|
| <ul style="list-style-type: none"> • Public TIVET • TIVET institutions and colleges, youth polytechnics, formal apprenticeship training in cooperation with NITA. TIVET Strategy and Bill, Policy for Youth Polytechnics. | <ul style="list-style-type: none"> • No tracer studies conducted, hence no knowledge about effectiveness and labour market relevance of training. • System is focussed on long-term training, which tends to make it difficult for poor youth to attend. • Increasing attention to standardize programs, which may be detrimental to the development of flexible labour-market oriented training courses targeting employment in the informal sector. • TIVET sector lacks labour-market responsiveness, partly because institutional involvement of employers in management is weak. |
| <ul style="list-style-type: none"> • National Youth Service • Uniformed service operating since 1964. Combined nation building services with formal TIVET | <ul style="list-style-type: none"> • No formal tracer studies available. • Access restricted due to limited capacities, but accessible to poor students. Quality and relevance assumed to be high, with good chances for employment and self-employment. High immediate unit cost, but assumed that the value of nation building services reduces net cost of training considerably. |
| <ul style="list-style-type: none"> • Private training market • Vast landscape of private commercial, NGO and faith-based organizations, offering long und short training in various technical and commercial studies | <ul style="list-style-type: none"> • No tracer studies available. Evaluations and assessments available from individual projects. Quality and relevance assumed to vary considerably between programs and institutions. Determinants of effectiveness and quality include: competence and commitment of management and leadership; existence of complementary services such as entrepreneurship promotion and life-skills training, etc; sufficient resources; programs that are tailor-made to their specific target groups. |
| <ul style="list-style-type: none"> • Technical and Vocational Vouchers Program • Training voucher and research project in Busia district | <ul style="list-style-type: none"> • Rigorous impact assessment ongoing. Preliminary results show that vouchers do substantially increase the likelihood of poor youth to attend training, and that they stimulate the development of a training market. Hence, vouchers appear to be an effective tool to increase access and supply structures. |
| <ul style="list-style-type: none"> • Traditional apprenticeship training (Jua Kali training) • Largest traditional training system | <ul style="list-style-type: none"> • No systematic assessment available after research of Kenneth King. Available knowledge suggest that training potential is underused. Increasingly high expectations from mastertrainers in terms of training fees and educational achievements. Training fees tend to be prohibitive for poor households. Generally perceived to be highly relevant and good preparation for employment in the informal sector and self-employment. |
| <ul style="list-style-type: none"> • Private Sector Internship and Training Program • Implemented by KESPA, funded by World Bank | <ul style="list-style-type: none"> • Beneficiary analysis available, rigorous impact evaluation in preparation. Preliminary results indicate high effectiveness with respect to increasing employability. Apparently, life-skills training is very effective. High cost approach. High compensation paid to informal sector employers have been criticized, as they may distort the traditional apprenticeship training market. |
| Policies / interventions affecting the match between supply and demand in the labour market | |
| <ul style="list-style-type: none"> • Vocational guidance and counselling • In schools and skills development institutions | <ul style="list-style-type: none"> • Review in National Framework for Education. Considerable gaps of relevant services, due to lack of resources and qualified teachers. • Some high quality services provided by private skills development institutions |
| <ul style="list-style-type: none"> • Trade testing • Recognition of skills and prior learning implemented by NITA/ MoL | <ul style="list-style-type: none"> • High demand for trade testing, demonstrated by around 35,000 tests administered annually. Trade test certificates are part of system of legislated wages. • Insufficient integration with formal TIVET system under the MoE. • No systematic impact assessment available. |

Recommendations:

- Undertake rigorous impact assessments and implementation evaluations of all major public youth employment programs (KYEF; KKV; etc);
- Introduce tracer studies of TIVET graduates as a core and ongoing monitoring tool; and
- Facilitate information and experience sharing mechanisms among the wide field of actors in youth employment promotion.

Better coordinate policies that influence employment for youth.

The policy framework and institutional set-up for youth unemployment is fragmented between sectors. This is not surprising and even required, as youth employment is a multi-sectoral issue. However, also within policy domains, the increased attention on youth employment in recent years has nurtured fragmentation and lack of cohesion of public players and policies. A case in point is the TIVET sector. A better coordination is urgently required to increase effectiveness and efficiency of policies and interventions. Tackling the youth employment challenge will require a national forum for research and dialogue that cuts across the individual sectors of education, TIVET, employment, MSE and business sector development. Important is that the discussion on future youth employment initiatives includes a wider range of public and private stakeholders, including the youth themselves, and that the dialogue is evidence-based and supported by ongoing monitoring, evaluation and research.

Recommendation:

- Create a national youth employment forum (explore possible linkages to NYC) charged with research, and facilitation of experience sharing and policy dialogue.

Employment creation programs can provide employment, income and experience for youth at a critical age. While direct public job creation is generally not considered to effectively promote a sustainable transition to employment, it nevertheless provides temporary options for youth in desperate circumstances and at times when their

chances for employment are particularly bleak, i.e. in their early 20ies. They help to build up work experience while creating community assets, and can assist, as case studies from the KKV showed, to create sustainable community-based youth enterprises and employment opportunities when properly designed. Public works programs may therefore represent important interventions to ease youth unemployment, in particular in the rural areas and targeting the poor youth. New government funding for youth-targeted public works programs should be considered based on an evaluation of previous experience in Kenya and abroad.

Recommendations:

- Re-introduce KKV with a revised design based on a thorough dialogue with previous stakeholders;
- Clearly focus on poverty areas (rural areas, provinces with a high poverty incidence, pockets of urban poverty);
- Require projects to be linked to either self-employment promotion projects or skills training initiatives (the latter with the possibility of recognition through trade testing); and
- Require life skills and HIV/AIDS education as a project element, and basic literacy training where appropriate.

Supporting entrepreneurship is essential and needs better targeting.

There is clear evidence that micro-businesses not only create jobs, but are also a viable option for youth, particularly as they grow older. More than one third of all household enterprises are run by young people, with the highest share in the age group of 30 to 34. This clearly underpins government's policies to support entrepreneurship development as a core strategy for youth employment promotion. Targeted funding for youth enterprise development needs to be maintained. All available evidence points to the fact that lack of access to finance is a binding constraint for self-employment creation, not only but especially among the youth and more pronounced among the youth from poor households. Government plans to scale up and streamline credit schemes

for youth entrepreneurship therefore point to the right direction. However, funding alone is not sufficient in most cases. Credit interventions need to be wrapped with other support, in particular solid entrepreneurship and business training, facilitation of market linkages and intensive follow-up and mentorship. Furthermore, there are no good one-fits-all programs. Intervention packages are generally more effective, if they are tailored to specific groups with similar educational background and interest. Localised programs run by organizations with special knowledge of local youth and labour market conditions may be more effective implementers, or at least important partners of a large scale public youth enterprise development fund. Government may therefore consider directing public funding in support to youth entrepreneurship and business development to the broad and well-experienced sector of youth enterprise development projects run by NGOs and other non-public organisations. Research also points to the urgent need to address insufficient entrepreneurship attitudes in Kenya. However, most important is the business environment for the informal sector.

Recommendations:

- Provide financial services to young entrepreneurs through YEDF after revising procedures and instruments based on thorough review and wider stakeholder guidance;
- Create a funding facility for targeted and local youth entrepreneurship projects run by NGOs and other non-public players;
- Start with appropriate entrepreneurship education and other initiatives to nurture entrepreneurial attitudes in primary school; and
- Mainstream youth in national policies and interventions that address prevailing MSE sector constraints.

Keeping youth longer in education and training increases their chances. All findings in Kenya and worldwide indicate the importance of education for employment and income. Better education also increases options for jobs and educational and

training progression in later stages of life. There is evidence that Kenyans have better chances to find jobs the higher their educational attainment. To enter the formal employment sector, a minimum of completed secondary education is required. Wages are directly related to the level of education. Access to more education for all must therefore be considered among the most important interventions to cope with youth unemployment. While Kenya has made some great strides in improving the overall education level of its youth access to education particularly at secondary and tertiary level is still very much determined by the social status of their families. From the point of view of youth employment, easing the financial burden of poor families to access quality education is therefore the most important policy challenge. Apart from access constraints the low level of quality in the public education system aggravates the youth employment challenge. The Kenya National Adult Literacy Survey of 2007 found that about 30% of the youth aged 15 to 19 are illiterate, with striking regional differences. Illiteracy decreases the chances even in the informal sector to find employment or to secure a traditional apprenticeship.

Recommendations:

- Remove barriers to education of the poor, by reducing costs for households and/or expanding bursaries;
- Encourage out-of-school youth to re-enter general education;
- Make non-formal education attractive and accessible, and ensure formal recognition of learning achievements;
- Increase quality and relevance of education; and
- Use employment creation schemes for re-introducing education to out-of-school youth.

Vocational skills development pays off in the labour market but there are high barriers to access. Labour force surveys and the KIHBS provide indications for the benefits of vocational training. It improves employment chances and leads to higher wages. However, high training costs are a barrier

to access in Kenya. Kenya has a remarkably large and diversified landscape of skills development opportunities but there are indications that many training institutions are under-enrolled. This is caused by high training costs through fees, indirect training costs for households and opportunity costs. The findings of the TVVP and the increased enrolment in youth polytechnics after MoYAS started the subsidized tuition scheme provide evidence that further subsidies for skills development would increase the effective demand, in particular from low-income groups. As the TVVP has demonstrated the effectiveness of vouchers in terms of both increasing access and diversifying the training supply in line with demand, the development of a national voucher scheme to subsidize training costs should be considered. Increased participation in apprenticeships is another important option for increasing skills and the employability of youth. Apprenticeship training is generally considered highly relevant and very effective in facilitating a smooth transition from training to employment because it ensures an early exposure to workplace realities and to contextual learning. Both the formal and the *Jua Kali* apprenticeship systems appear under-utilized in Kenya. Public subsidies and other interventions to increase access in the *Jua Kali* training sector may provide a cost-effective instrument to increase access to relevant skills development particularly for poor youth. An increasing number of programs world-wide provide support to make better use of traditional apprenticeship training. It is important though that apprenticeships can also lead to recognised certification (i.e. through trade testing) that offers pathways back into and within the education system. A national qualification framework, planned under the National Framework for Education, can be instrumental in defining and facilitating such pathways.

Recommendations:

- Increase access to TIVET through the introduction of a national voucher scheme. This may cater for both training market segments: Public and private TIVET institutions catering for school leavers as well as

- traditional apprenticeship in the *Jua Kali* sector;
- Alternatively, research-based design of a specific program to increase and improve traditional apprenticeship training in the *Jua Kali* sector;
- Review the formal apprenticeship system with a view of increasing enrolment through broadening the base of participating companies; and
- Further develop and implement the National Framework for Education making sure informal learning achievements are recognised.

Kenya has made good progress in conceptualizing a modernization and further development of its TIVET system, notably with the TIVET Strategy of 2008 and the TIVET Bill of 2012. However, possible negative implications of the envisaged development initiatives on access for the poor and on relevance for informal sector employment should be carefully considered and monitored. Of particular concern are the long durations of training, the move towards increasing academic contents in YP training, and the trend towards national standardization that be detrimental to needed flexibility.

Recommendations:

- Review the TIVET policy framework with a view to encourage and facilitate short-term, modularized and tailor-made provision of skills development courses in line with labour market needs and target group requirements.

Youth with skills and completed higher education compete generally well in the labour market compared to their peers without post-school awards. However, many encounter difficulties finding the first job. Strengthening employment services is often suggested as an important intervention to improve the education-to-work transition. But evidence that lack of labour market intermediation is a critical constraint is weak in Kenya. What seems important is to address market failures of information on career options in order to support youth and their families to understand education choices and labour market chances. A critical

challenge for young job seekers is furthermore the lack of relevance of what they learnt in colleges and universities, and the lack of initial work experience. An important education policy objective therefore remains to make skills development and higher education more relevant to the needs of the labour market. Promising interventions in other countries include incentives for educational institutions to venture into partnerships with companies or industry groups.

Recommendations:

- Focus the further development of TIVET and higher education on improving labour market relevance; and
- Develop incentives for training and higher education institutions to venture into partnerships with industry.

Internship programs are effective to provide first job experience to enhance employability, as the preliminary evaluations results of the KYEP Internship and Training Program demonstrate.

Regarding the support to informal sector internship, the financial arrangements of the project may be problematic. Potentially distorting effects of the subsidy scheme on the informal training market should therefore be carefully monitored. A point for discussion may be to focus internship support as provided by the KYEP on formal sector employment, possibly with a specific targeting on young females, which encounter relatively more difficulties than male youth to enter formal sector employment.

Recommendations:

- Institutionalize internship subsidization for unemployed graduates of TIVET and higher education programs with a special focus on female youth based on further evaluation of the KYEP

1. INTRODUCTION

Kenya faces a significant unemployment problem with youth being hit hardest. Youth unemployment rates are several times larger than the rates of adults. Youth unemployment rates are particularly high in cities and among females, while the largest number of unemployed youth can be found in rural areas. Not all youth are equally affected by unemployment.

High unemployment in Kenya is related to the overall investment climate in the country and the economy's low capacity to create new jobs. But youth find it particularly difficult to enter the labour market. Reasons for this are complex. They range from deficits in education and skills to lack of work experience, difficulties to obtain information about career options and job chances, irrational recruitment practices of employers, and the lack of necessary assets and attitudes to become self-employed.

The social and economic returns of investing in Kenyan youth are presumably vast. The economic marginalization of youth is considered a major driver of social instability and increase of crime, mainly in urban but increasingly also in rural areas. Fully integrating young people into the development process would enable Kenya to realize the demographic dividend arising from its youthful population, which would foster increased competitiveness of the economy and poverty reduction.

The government has undertaken many initiatives to address the youth unemployment challenges. It created a Ministry of Youth Affairs and Sports (MoYAS) in 2005 and launched a number of youth-related policies, acts and employment promotion initiatives distinctively focussing on youth. Skills development through general and technical education has considerably gained importance during the last 10 years with the introduction of

free education, a revival of youth polytechnics (YP) and the development of a new policy and legal framework for technical, industrial and vocational education and training (TIVET). As part of Kenya's economic stimulus package, the youth targeted public works program *Kazi Kwa Vijana* (KKV) was launched in 2009. Massive funds have been released to support youth entrepreneurship and overseas employment through the Youth Enterprise Development Fund (YEDF). Government initiatives have been complemented by a myriad of larger and smaller projects and initiatives sponsored by development partners and private local and international organizations.

However, too little is still known about what works best in youth employment promotion in Kenya.

In order to guide future investment decisions of government and development partners, more evidence is needed about the effectiveness of different initiatives and approaches in promoting youth employment and fostering a smooth transition from education and training to work. Against this background, the main objective of this review was to undertake a mapping of youth employment initiatives in Kenya to:

- Identify and describe youth employment initiatives carried out by government and non-governmental agencies in Kenya, including those with support from development partners;
- Gather and report evidence of each initiative's impact on youth employment and earnings;
- Analyze the results and offer an overview of the findings and the perceived impact of these initiatives on youth employment;
- Identify gaps in coverage and service of the youth employment initiatives; and
- Suggest appropriate policies and interventions needed to enhance effectiveness of the youth employment initiatives.

The review is mainly based on a desk study, evaluating the large body of policy and legal documents, studies on employment and youth issues, descriptions of programs and initiatives and their evaluations if available. Complementing the literature review, representatives of major programs were visited and interviewed, and other programs invited to provide information on their initiatives through a standard questionnaire.³

Section 2 of this report provides some facts about youth employment and unemployment patterns in Kenya in order to better understand the specific employment challenges of different groups among the youth population in Kenya. This is important to improve the targeting of employment creation initiatives. In Section 3, which represents the main part of this report, information about various public and private youth employment initiatives and their effectiveness is compiled, clustered by initiatives that affect labour demand, labour supply and the matching between demand

and supply. Section 4 discusses major findings of the study and suggests some directions for further youth employment policies.

It should be emphasised up front that one of the major challenges of this review was the unavailability of thorough evaluations and impact assessments of most of the initiatives recorded. Knowledge about effectiveness remains sketchy and largely anecdotal. Assessments and recommendations therefore remain tentative and in times based on documented experience from other countries and international discussions of best practice.

The review employs a rather pragmatic approach to the definition of youth by operating with the age delineations used in each of the policies, programs and studies. These vary in Kenya even in official public documents.⁴ In the widest definition the group of youth captures all age groups between 15 and 34 years.

³ A synopsis of programs, for which information was collected through interviews, is attached in the Annex 3.

⁴ Annex 1 provides an overview about the definitions of youth used in Kenya.

2. YOUTH IN THE LABOUR MARKET

2.1 Some Facts on Youth Employment and Unemployment

Structure of employment in Kenya. Employment growth in Kenya over the last four decades has disconnected the formal from the informal sector. The Kenyan labour market is basically dual in nature. Long term trends and dynamics of employment in Kenya show a declining number of jobs being created in the formal sector as compared to the informal sector. Figure 2.1 gives the long-term trends in formal and informal sector employment in Kenya over the period 1972-2010.

The figure shows that formal and informal employment in Kenya has continuously been growing since the 1970s. But the strength of pace at which informal and formal jobs have been created differs significantly, to the point that the composition of employment has been progressively tilting towards informal employment. At any time over the last 40 years informal jobs outnumbered formal jobs, but it is just in the 1990s that the rise of informal jobs started to dominate the job creation process.

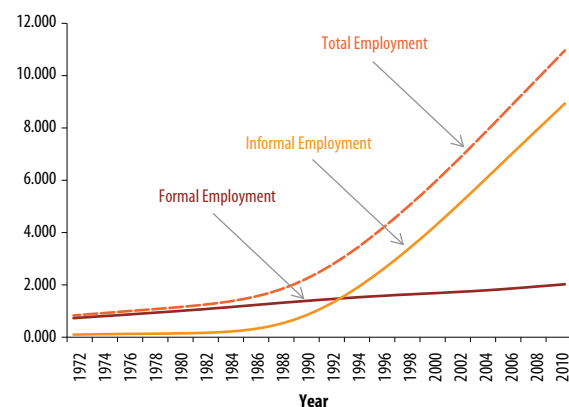
Despite of the steady increase of formal sector jobs the share of formal jobs as a percentage of the working-age population has been constantly declining, due to the population dynamics and a declining employment elasticity of growth. As a consequence, informal sector jobs have increased to fill the gaps in urban labour markets. All estimates suggest that the informal sector will remain the major labour market segment in the future. "Only if unrealistic assumptions about growth and employment creation are made, the employment picture will be one in which half of the jobs are formal and half are informal".⁵

Youth unemployment. Unemployment in Kenya is mainly a youth problem. The UNDP study of 2013 on Kenya's Youth Employment Challenge⁶ has presented an in-depth evaluation of youth-specific employment characteristics based on the Kenya Integrated Household Budget Survey (KIHBS) 2005/6. The evaluation looks at youth spanning the age group of 15 to 34. The following description is based on this study.

Youth unemployment is higher than the overall national unemployment rate. While the latter is around 10% it goes as high as 35% for youth, depending on the age group. According to the UNDP study, 80% of the currently 2.3 million unemployed are young people between 15 and 34 years.⁷

Youth unemployment by age. It is important, however, to distinguish between different age groups among the youth. Data clearly show that youth unemployment is highest among young people around the age of 20 years. Young people at the age of 15 to 16 years start with a high unemployment rate, but unemployment is significantly growing at

FIGURE 2.1: Trends in Formal and Informal Sector Employment in Kenya (1972-2010)



Source of Data: Republic of Kenya, Economic Survey (various)

⁵ UNDP, 2013. Kenya's Youth Employment Challenge. Discussion Paper. UNDP New York, page 14.

⁶ UNDP, 2013, see above.

the age of 18. It continues to be high until around 22 years of age. Thereafter unemployment is decreasing slowly. After the age of 30 the unemployment rate gets aligned with the national unemployment rate. Most affected of unemployment are youth aged 18 to 25. In this age group more than 1.1 million were recorded unemployed in 2005/6 when the KIHBS was conducted.

At lower age, youth unemployment is largely determined by participation in education. Unemployment increases as young people leave school. At the same time informal sector employment increases, indicating that when youth leave school they either enter the informal sector or stay unemployed. Formal sector employment only sets in as a significant activity starting at the age of 25.

If current trends are related to current population dynamics, the overall number of unemployed youth will double between 2010 and 2035. However, significant changes can be observed in relation to the age structure. While the number of unemployed will increase in all age groups, the most rapid increase will be among the older age groups. In terms of percentage share in the total unemployed the share of youth show a declining trend, i.e. in relative terms youth unemployment pressure might decline. On the other hand, the adult share among all unemployed will rise from 20% to 30% between 2010 to 2050.

Sector of employment. Youth tend to find employment in the informal rather than in the formal sector. Up to the age of 20 formal sector employment remains negligible. Only at the age of 25 does the share of youth employed in the formal sector climbs to 7%, and only after 35 do they approach the rate of 15%. The very low participation rate of youth in the formal employment sector indicates that youth unemployment cannot be solved by growth alone. Since the change in GDP growth is primarily affecting formal sector jobs, youth, particularly the younger ones, are less likely to benefit. Thus, youth

employment promotion requires specific policies to increase the capacity of the informal sector to absorb young people, particularly for the younger ones up to the age of 25.

Rural/urban differences. Youth unemployment is high in both urban and rural areas. However, the unemployment rate is significantly higher in urban than in rural areas. Up to the age of 22, the unemployment rate for urban youth stays above 50% peaking at the age of 18 with above 60%. In rural areas on the other hand unemployment stays below 30% at all times, with highest figures around 27% between the ages 18 and 22. However, the situation is different when absolute figures are taken into account. The larger number of unemployed youth lives in rural areas with particularly high figures for the age group 20 to 25. The difference in the unemployment rates between urban and rural youth decline beyond the age of 25, as does the number of youth unemployed in rural and urban areas. This can also be explained by migration pattern, as young unemployed leave the rural areas in search for opportunities in the cities as they grow older. "To some extent the lack of opportunities in rural areas surface as urban youth unemployment"⁸

An analysis by type of activity shows, that unemployment is higher in urban areas because fewer youth take up work in the informal sector, and formal employment opportunities are not sufficiently available to compensate for this, specially at younger ages. Rural youth are characterised by an early insertion in the informal labour market, which includes traditional farming. Furthermore, rural youth is more likely to become home-makers or get involved in other activities, i.e. they drop out of the labour force.

Gender differences. Unemployment is higher among young women than among young men. A lower share of females compared to males are found in employment, both in the formal and the informal sector. In formal sector employment, the gender

⁷ It must be emphasized that in Kenya, as elsewhere in the developing world, official statistics tend to understate the unemployment problem. Particularly the poor simply cannot afford to stay idle. In order to survive they engage in all kinds of precarious, piecemeal and sporadic income activities and thus may fall outside of the official counting of the unemployed.

⁸ UNDP, 2013, page 22.

gap starts at the age of 20 and increases continually as youth grow older. In the informal sector, the gender gap also starts widening at the age of 20, but the gap remains less striking than in formal employment. Overall, young women are more likely to be unemployed, and less likely to be employed, particularly in formal wage employment. However, their unemployment rate, still some 10% higher than for males, also gets down after the age of 25 because an increasing share of female youth drop out of the labour force and become “home-makers”.

In relative terms, unemployment affects urban females most and rural males the least. In real numbers, however, rural females are by far the largest group of unemployed youth, followed by urban females. Urban males are the smallest group. All groups peak in their early 20ies, and the gap between the groups is widest at this peak. At the age of 22, the number of unemployed rural women is four times the number of unemployed urban men.

Influence of education. The majority of the unemployed youth have completed primary and secondary education. Unemployment among those with tertiary education is a problem only during a limited number of years, around 25 to 28 years, and only if measured by the unemployment rate. In absolute terms, the number of unemployed youth with a tertiary education certificate rarely exceeds 3,000 per age group. Once the most difficult age is passed, unemployment goes down faster among the better educated. The unemployment rate among youth with no education is high at the age of 15 (at around 45%), and steadily decreases thereafter. However, it remains at all times the group with the highest unemployment rate. But numbers involved are significantly lower. At the age of 25, for example youth with no education only account for 11.5% of all unemployed youth.

The UNDP analysis also confirms that formal sector employment is only accessible to youth with secondary and tertiary education. The number of youth with primary or no education in formal employment remains negligible. As overall levels

of educational attainment have increased since the KIHBS of 2005/6, on which the analysis is based, this pattern will even have become more pronounced. Given the fact that wages are much higher in the formal sector than in the informal sector, it means that youth without secondary education will always stay behind in terms of income opportunities.

Influence of household income. Unemployment and household income show an inverse proportional relationship. Unemployment rates are lower with higher household income and vice-versa. The gap persists throughout the youth age, but they are larger in younger years, narrow at the age of around 20 and start widening again thereafter. This is related to the fact that employment, both formal and informal, increases with higher income. The difference between income groups is more pronounced in formal employment, but also evident in the informal sector. Youth from poor households have access constraint to both formal and informal employment.

Differences among provinces. Youth unemployment shows remarkable differences by province. Unemployment rates are highest in North Eastern, Coast and Nairobi. The actual number of unemployed youth, on the other hand, is highest in Rift Valley, followed by Nairobi, Coast and Eastern. There are indications that a significant number of youth migrate from Western province to Nairobi at the age of 15 to 20. Nyanza shows out migration from the age of 25 years onwards. Nairobi shows in-migration for all youth group up to their late 20ies, thereafter it goes slightly down again.

Youth and self-employment. The UNDP 2013 study also analysed youth participation in household enterprises (HHEs). The analysis showed that HHEs do significantly contribute to employment. In 2004/5, 1.7 million households owned at least one household enterprise, i.e. 25% of all families had a HHE. The majority of all HHEs can be found in rural areas. Most enterprises are involved in services, are constrained by precarious workplaces and lack access to credit. If owners and employees are

counted together, HHEs provide around 5 million jobs. Many poor households are among those who own HHEs, but not all enterprises are owned by poor households.

Youth are significantly involved in running HHEs. Although the majority of enterprises is owned by adults, some 37% are owned by youth, more in urban than in rural areas. Among the youth, those in the age group 30 to 34 have the largest share; in urban areas also the group aged 25 to 34 is significantly involved. The peak of HHE ownership is just before 30 years in urban and after 35 years in rural areas.

The great majority of HHEs is involved in services, followed by agriculture. Youth are underrepresented in agricultural activities, possibly because they lack access to land and assets. Enterprises owned by young people tend to be more often located in mobile, roadside or other unsettled locations, whereas adult owned businesses are more likely to be located in commercial locations.

The income potential from household enterprises increases with age. This is also related to the fact that enterprises owned by older people tend to be more likely located in commercial areas and local markets where profits are highest. However, in urban areas even a young enterprise owner will usually gain a better profit than what he would earn as an employee in the informal sector. Self-employment in the informal sector pays off, even at younger age.

Most HHEs have received their start-up capital through own savings. Next in importance come family gifts, family loans and proceeds. Sale of assets is also important. On the other hand, credit from SACCOS, money lenders and banks is relatively unimportant. These patterns remain by and large the same across age groups, but family assistance becomes less important with growing age, and older enterprise owners are more likely to have access to credit. It should be considered that the KIHBS, on which these findings are based, was conducted before the launch of the Youth Enterprise Development Fund (YEDF). The massive infusion of

credit for youth groups under this fund may have altered the patterns of access to credit for youth. However, this has not yet been analyzed.

HHEs owned by poor people are generally not generating as much profit as those owned by people from richer households. This is particularly true for youth owned HHEs. Furthermore, the likelihood to own a HHE for a young person from a poor household is particularly low.

2.2 The Youth Employment Challenge: A Summary

Young people dominate the labour market. Kenya's workforce is growing and it is young. The working age population comprises around 20 million, half of the country's population estimated at 41 million in 2011. Youth aged 15 to 34 constitute two thirds of the workforce.⁹ According to World Bank estimates, some 800,000 young Kenyans enter the labour market every year.¹⁰ With a population growth of close to 3% Kenya's working age population will continue to grow until 2040. However, the proportion of young people within the overall working-age population has started to decline since around 2000.¹¹ The ongoing demographic transition with a growing share of the population in working age and a drop in the dependency ratio resulting from a decreasing population growth provides for opportunities to yield the demographic dividend, if Kenya manages to provide gainful employment to its growing workforce.

Unemployment in Kenya is mainly a youth problem. While unemployment figures vary in Kenya depending on the source, definition and calculation method, all sources clearly show a much higher unemployment rate among youth compared to the adult population. The UNDP analysis of 2013 shows that youth unemployment—depending on age—goes as high up as 35% compared to an overall national unemployment rate of 10%. 80% of unemployed Kenyans are young people. If current population trends prevail the overall number of unemployed youth will double between the years 2010 and 2035.

Youth unemployment is primarily a problem of labour demand. The Kenyan economy is not creating sufficient jobs to cater for the increasing number of young labour market entrants. In 2011, a total of 520,000 new jobs were created in Kenya, of which 74,000 (14.3%) were formal sector jobs.¹² Considering the number of new labour market entrants some 300,000 young people are left behind every year. The youth unemployment challenge is therefore primarily a challenge of economic growth and job creation in Kenya. It requires bold and coordinated efforts to stimulate economic transformation and business sector development.

Strengthening employment in the informal sector is key to address youth unemployment.

Employment for youth is mainly provided in the informal sector (which includes employment in agriculture). In their early ages, youth who are not in education either stay unemployed or enter the informal sector. It is only when youth grow into their late 20ies that formal sector employment starts to become a significant and realistic labour market destination. Furthermore, formal sector employment is largely reserved for those who completed at least secondary education. For lower educated youth employment is limited to informal sector work and traditional agriculture, and this pattern will largely remain the same throughout their working lives. The informal sector will also remain the predominant labour market destination for youth even if Kenya is experiencing accelerated economic growth, as GDP growth will primarily have an effect on formal sector jobs, to which youth have very limited access.

Youth employment promotion therefore requires specific policies and interventions to increase the capacity of the informal and agriculture sector to absorb young people. Studies show that youth enterprises have lower earning capacities, less attractive business locations and less access to credit. Policies and interventions need to strengthen MSE and household enterprise development among

the youth. This refers to removing access barriers and improving the conditions of doing business in the informal sector. Despite of a long history of government policies in support of the informal sector, there is still a widespread neglect of the sector's interest. Harassment and other arbitrary victimization by the police and public administration are common. Informal sector policies also need to address work conditions. Kenya's informal sector jobs are precarious in nature. They are characterized by job insecurity, poor wages and terms and conditions of employment, absence of institutionalized social protection mechanisms, weak safety and health standards, and low job tenure. While informal sector employment has been and will continue to be a key driver to reducing unemployment in Kenya, informality remains a major productivity trap.

Youth are differently affected by unemployment.

The analysis of youth employment patterns shows that not all youth are equally affected by unemployment and that their chances for employment differ depending on their education, social status, gender and origin. Youth are most affected by unemployment between the ages of 18 to 25, thereafter the unemployment rate drops considerably. At younger age, unemployment is primarily a problem of youth that left school with no or low education. Urban youth are relatively more affected by unemployment than rural youth, while the actual number of young unemployed is much higher in rural areas. Unemployment is much higher among young females than young males, both in rural and urban areas. Furthermore, youth with different education background are differently affected. The majority of unemployed youth has completed primary or secondary education. Unemployment among tertiary graduates is high only in limited age groups. Overall the number of unemployed tertiary graduates remain low. On the other hand the unemployment problem is most severe among youth with no education, but again the number remains relatively low as the overall

⁹ UNDP, 2013.

¹⁰ World Bank, 2012. *Economic Update December 2012*.

¹¹ UNDP, 2013.

¹² See NCPD, 2012, *Brief 23*.

education level in Kenya increases. Unemployment is different in each province, both in terms of the rate and the numbers. Finally, the social background of youth matters considerably. Unemployment rates are higher for youth coming from low income households. Youth from poor households face more access constraints than their better-off peers to both formal and informal sector employment, and their income is less if they are self-employed.

The diverse patterns of employment and unemployment among youth require targeted interventions that are tailored to the specific circumstances and chances of the different youth.

From the available knowledge of unemployment pattern, the following characteristics need to be considered:

- *Youth aged 18 to 25 are most affected by unemployment, and the majority enter the labour market as primary or secondary education completers.* These youth deserve special targeting, for instance through TIVET programs to increase their technical skills level. Employment creation projects may help to cope with the largely transitory unemployment problem. For the older ones, specially in the urban areas, self-employment can be a realistic and sustainable option, if the support is comprehensive and appropriately designed;
- *Youth with tertiary education face mainly a temporary unemployment problem upon leaving higher education institutions.* An important intervention here is to improve the quality and increase the access to employment services.¹³ However, relevant analysis on tertiary youth unemployment patterns is based on the 2005/6 KIHBS. In view of the considerable increase of tertiary enrolment since 2005, the patterns might have changed;
- *Youth with low or no education tend to be poorer and as such have fewer opportunities.* They are most affected by unemployment at all ages, but their unemployment rate is particularly high when they are very young, between 15 and 20

years of age. As education matters in the labour market throughout their lives, interventions must be designed not to create disincentives for further education. Keeping youth longer in school, or bringing early drop-outs back into the education system is most important. Programs that combine work with education and training, for instance apprenticeship programs, are also important;

- *Employment policies need to distinctively target rural youth.* While unemployment rates are lower than in urban areas, the absolute numbers are high. The lower relative rate is also due to the fact that more youth have given up looking for jobs. The lack of job opportunities in the rural areas provide incentives for rural-urban migration, so that rural unemployment surfaces as increased unemployment in cities. As such, urban unemployment can also be addressed with interventions to increase employment opportunities in rural areas. However, youth currently inactive may take up jobs as a result of increased job opportunities. As a result, employment policies that target rural youth may initially lead to higher youth unemployment rates or at least no reduction in unemployment;
- *Female youth unemployment requires a distinct female focus of youth employment policies.* Women are more likely to be unemployed, and generally earn less. For young women it is particularly difficult to find employment in the formal sector, which calls for efforts to encourage female employment in the formal sector, and to decrease common wage differentials between male and female. Interventions may also need to address the higher costs of young women to participate in the labour market by making sure that employment and participation in training and education can be combined with house-making duties; and
- *Youth from poor households deserve special attention.* Unemployment is persistently higher among people belonging to the poorest 40% of the population. They tend to be less educated—

¹³ See also UNDP, 2013.

reducing employment and income chances—as education and training offers are often beyond the reach of poor households. As self-employment among youth depend to a large extent on the capacities of the families to raise

initial investment capital, they are less likely to succeed as entrepreneurs. Distinct interventions to ease the financial burden for education and training, and to increase their access to finance for self-employment are needed.

3. YOUTH EMPLOYMENT POLICIES AND INITIATIVES IN KENYA

Youth employment promotion is a cross-sectoral challenge, with a myriad of public offices and agencies as well as private stakeholders involved. Apart from the ministry in charge of youth affairs, main public players include the ministries of education, including higher education, and labour, the new National Youth Council (NYC), the Office of the Prime Minister, the Youth Enterprise Development Fund (YEDF) and the National Youth Services (NYS). Six ministries with portfolios related to agriculture, rural and infrastructure development were involved in the implementation of the *Kazi Kwa Vijana* youth employment creation initiative. Other ministries and agencies are charged with fostering MSE, agriculture and industrial development contributing to job creation. After the inauguration of the new government following the 2013 elections, the ministerial portfolios have been reorganised. MoYAS, previously in the lead of youth empowerment initiatives and coordinating youth initiatives, was dissolved and its responsibilities assigned to the new Ministry of Devolution and Planning (MoDP) and the Ministry of Education (MoE). Apart from public interventions, hundreds of projects and initiatives by NGOs, faith-based organizations, companies and community organizations address youth employment (or youth empowerment in a wider sense), partly initiated by development partners or funded by foreign organisations and firms.

Various sector policies developed under the umbrella of the *Vision 2030* national development framework have contributed from different angles

to the emergence of initiatives and approaches that affect employment chances of youth. Among the most important sectors involved are education, labour, skills development/TIVET, industry and MSE development. Since the mid of the 2000s, however, the increased concern about youth unemployment and the related risks for social peace and political stability has led to the formulation of policies and plans specifically targeting youth. The core policy documents are the *Kenya National Youth Policy* of 2006, as well as National Action Plan on Youth Employment 2007 - 2012. The post election crisis of 2008 urged government to reinforce its commitment to address youth issues, in particular economic participation. What is commonly referred to as the *Marshal Plan for Youth Employment and Development* was launched in March 2008 focussing on the creation of immediate and medium-term youth employment opportunities. The plan concentrated on labour-intensive public works programs and aimed at creating 500,000 jobs annually.¹⁴ The *Kazi Kwa Vijana* (KKV) program can be considered the major initiative under this plan.

This chapter tries to map the most important current initiatives and interventions that specifically affect youth employment. Initiatives are clustered into three groups: (1) those that affect labour demand, (2) those affecting labour supply and (3) those that are geared to improve the match between supply and demand in the labour market. Table 3.1 presents an overview about the policies and initiatives addressed.

¹⁴ Cp. World Bank, 2008. *Kenya Poverty and Inequality Assessment*, p. 147; and UNICEF. *Youth: Situation Review & Investment in Kenya*.

Table 3.1: Synopsis of Youth Employment Policies and Initiatives

| Policies/interventions affecting labour demand | | Policies/interventions affecting labour supply | | Policies/interventions improving match of labour demand and supply | |
|--|---|--|--|--|---------------------------------------|
| Interventions | Institutional responsibility | Interventions | Institutional responsibility | Interventions | Institutional responsibility |
| Labour-based public works | | Population Policy | | Employment services | |
| Kazi Kwa Vijana | OPM | Population Policy for National Development | NCPD, Vision 2030 | Public Employment Services | MoL |
| Youth Employment for Sustainable Development | ILO | General and higher education | | Private employment agencies | Various commercial providers |
| Self-employment promotions | | General Education | MoE | Support to labour migration | MoL, NEB, MoYAS, others |
| Entrepreneurship education at schools and universities | MoE Universities | Non-formal and adult education | MoE | Youth Employment Scheme Abroad (YESA) | YEDF |
| Youth Enterprise Development Fund (YEDF) | YEDF | Higher Education | MoE, formerly MHEST | Vocational guidance and counselling | |
| Entrepreneurship training, other youth empowerment initiatives | (formerly) MoYAS | Skills development and work experience | | Vocational guidance and counselling services | MoL, Education and training providers |
| Youth enterprise development projects incl. financial services | NGOs, community-based organisations, different public players, development partners | Public TIVET (TIVET institutes, YP, NYS, apprenticeship training, etc) | MoE/MDP/NITA, formerly MHEST, MoYAS | Recognition of learning achievements | |
| | | Technical and Vocational Vouchers Program (TVP) | World Bank | Trade testing | NITA |
| | | Traditional apprenticeship training (Jua Kali training) | Jua Kali operators | | |
| | | Private Sector Internship and Training Project | KYEP/KEPSA | | |
| | | Private training sector | Various commercial and non-commercial actors | | |
| | | Youth Employability Programme / Samsung Real Dreams | ACWICT | | |

3.1 Policies and Interventions Affecting Demand Factors

The most effective and sustainable way to cope with youth unemployment is job creation through economic growth. This paper will not, however, analyse the Kenyan economic policy and business environment through the lens of employment creation. This has been done elsewhere.¹⁵

This section deals with recent experience in public works programs and with the promotion of youth self-employment and business development. Another increasingly important initiative to enhance labour demand is the support of overseas employment for young Kenyans. Relevant initiatives are discussed in section 3.3.

3.1.1 Labour-based Public Works

Labour-based public works programs (LBPWP) are social protection instruments. Designed to increase the aggregated demand for labour they are usually targeted at specific vulnerable groups in times of economic distress. Unless they are permanent programs, their primary aim is to address temporary labour market distortions. LBPWPs deliver quick income support through temporary jobs. As a tool for youth employment creation, LBPWPs differ from other interventions described in this report as they are not made per se to enhance the long-term employability of its target groups.

Public works programs for employment creation and income support have been implemented in Kenya at different stages in its economic policy history.¹⁶ The major recent program funded by central government targeting youth has been the *Kazi Kwa Vijana* (KKV) program.

Kazi Kwa Vijana. The KKV initiative was launched under the Office of the Prime Minister (OPM) in April 2009 as part of the Economic Stimulus Package. It aimed at providing relief to youth at risk through

gainful employment and contributing to increased food production, particularly through better utilization of water resources. KKV can be described as a budget line under the coordination of the OPM meant to finance different community-based labour intensive projects. The program targeted unemployed youth aged 18-35 in selected districts with a high youth unemployment incidence. The average duration of employment was two months.

KKV was initially envisaged to run from April to September 2009. The overall budget was estimated at around KES 15 billion, KES 10 billion to be borne by GoK and KES 5 billion by development partners. While funding targets were not met, the program appears to have exceeded its targets in terms of the number of jobs created. Between April and September 2009, a total of 296,000 youth were employed in community-based environmental, water management and infrastructure projects.¹⁷ KKV was expanded with World Bank support under the *Kenya Youth Empowerment Project*, but stalled in 2011 as a result of financial irregularities.¹⁸

KKV was executed through line ministries including the Ministry of Roads, which accounted for the bulk of projects in the first phase, Ministry of Local Government, MoYAS, Ministry of Water and Irrigation, and others. Responsibility for supervision and guidance rested with a high-level National Steering Committee chaired by the Prime Minister and comprised of ministers and permanent secretaries of ministries with KKV portfolios. Management committees at national, provincial and district levels were meant to ensure broad stakeholder involvement and coordination at all levels.

A first assessment conducted by the ILO¹⁹ in 2010 came to the conclusion that the program was successful in creating jobs for youth and instrumental to continue or revive essential small

¹⁵ For example World Bank, 2012. *Economic Update December*; and UNDP, 2010. *Kenya National Human Development Report 2009. Youth and Human Development: Tapping the Untapped Resource*.

¹⁶ See also the description of past employment policies in Annex 2.

scale community-based development projects. A number of suggestions, however, were formulated, to improve the program's effectiveness including, inter alia,

- Introduction of technical appraisals of project proposals to determine viability and sustainability;
- Capacity building of implementing organisations;
- Set up of a permanent secretariat with qualified staff;
- Integrate HIV/AIDS awareness campaigns in all projects;
- Involvement of beneficiary communities in all stages of project identification, prioritization, planning, implementation and maintenance;
- Incorporation of training and skills transfer components to engage youth graduated from middle level and tertiary education institutions in order to enhance their potential for self-employment; and
- Improvement of reporting structures.

Some of the recommendations were taken up in the extension of the KKV under the KYEP, for example the integration of skills training elements into the program with the target that 10% of youth employed on KKV sites benefit from additional training.²⁰

According to aggregated budget figures included in the KYEP document, the average direct unit costs of the program including wage costs, training and public works materials amounted to US\$ 210, or around KES 17,000. If operational costs of program implementation, including monitoring and contingencies are taken into account, the overall average unit program cost raised to US\$ 226, or KES 18,400.²¹

Example of other public works programs. An example of a smaller scale project with elements of employment creation through public works is

the ILO "Cobblestone" project *Youth Employment for Sustainable Development*. Funded through the Government of Japan and implemented during nine month in 2012 with a total budget of US\$ 1.6 million, the project aimed at creating employment opportunities for youth through developing MSEs using cobblestone and Do-nou technologies for road pavement. Apart from introducing the new technology for road paving and maintenance in Kenya, creating relevant training capacities and empowering MSE to become road building contractors, the project's target was to create 135,000 person-days of employment for youth. An evaluation of the project was done immediately after its end. It showed that the new technology was well received. However, the intervention was considered too short in duration and lacked follow-up support services to exert a lasting impact on supported MSE.²²

3.1.2 Self-employment and Business Development Promotion

In view of the very limited chances of youth to secure wage employment in the formal sector, support to self-employment and micro business development features high in the youth employment promotion environment in Kenya. This is again reinforced in the draft *Employment Policy and Strategy for Kenya* of 2012, which clearly puts an increasing focus on self-employment. Many of the activities suggested in the draft policy document with respect to youth targeted interventions aim at self-employment promotion.

3.1.2.1 The Landscape of Entrepreneurship and Business Development Promotion in Kenya

Kenya has a vast and diverse landscape of programs and initiatives in support of self-employment, entrepreneurship and micro and small business development. A recent World Bank study on entrepreneurship education and training (EET) in Kenya listed some 110 programs but acknowledged that this list was not complete and captured only

¹⁷ An overview of the Kazi Kwa Vijana (KKV) program. Annex 1C of the Project Appraisal Document Kenya: Kenya Youth Empowerment Project. World Bank, 2010.

¹⁸ In 2010 the World Bank planned for co-funding of the program under its Kenya Youth Empowerment Project, with a total allocation of US\$ 43 million over a period of four years. The support, however, was cancelled and funds re-allocated.

¹⁹ Annex 1C of the Project Appraisal Document Kenya: Kenya Youth Empowerment Project. World Bank, 2010.

²⁰ See KKV Operations Manual, 2010, p. 17-18.

²¹ World Bank, KYEP, Project Appraisal Document. 2010.

the better known and documented initiatives.²³ Of all the programs recorded around one-fourth were programs that explicitly target youth. The majority did not specify their target group by age, but it can be assumed that youth is a particularly important clientele in most of the programs. This assumption is also supported by the explicit objectives of the programs. The three most often stated objectives of programs were economic empowerment, promotion of an entrepreneurial culture and enhancing opportunities for youth, suggesting that marginalised and poor population groups and specifically youth are the target of the largest number of programs. An interesting finding of the study was also that a majority of programs were entirely or partly funded and implemented by private organizations, which include local and international NGOs and companies. Only 30% of all programs recorded in the study were funded by government or through official development assistance (ODA). Around half of the programs were operating throughout the country, while the other half were confined to specific regions or even localities.

Programs differ with respect to target groups and type of intervention. Some programs are limited to one specific kind of intervention such as training or access to finance. The vast majority, however, in one way or other combine different interventions and services such as finance, training, market linkage, follow-up services, mentorship, etc. Programs may be broadly clustered by the following intervention types:²⁴

- *Entrepreneurship education*: mainly provided in schools, universities and training institutions as part of the curriculum, aimed at developing an entrepreneurship culture among youth and imparting basic business skills;
- *Youth-targeting entrepreneurship programs*: national and local programs specifically targeting unemployed youth with the aim of promoting self-employment. Programs often combine entrepreneurship training with credit;

- *Sector/product-specific programs*: initiatives to support business development and entrepreneurship in specific sectors and labour market segments, such as agricultural products, ICT, green skills, and others. Such programs are often operating at the local level;
- *Micro-finance projects*: concentrating on access to finance usually complemented by more or less comprehensive entrepreneurship training;
- *Incubators*: these initiatives mostly target the more affluent and growth-oriented segment of potential young entrepreneurs and are located in urban hubs, mainly in Nairobi. Some incubator initiatives targeting unemployed youth have also emerged more recently (e.g. *Vijana na Biashara*). Incubators offer common space, facilitation of networking among aspiring and between aspiring and existing entrepreneurs, training, mentoring, access to capital and other services;
- *Business plan competitions*: these aim at nurturing entrepreneurship and support business start-up by providing services on a competitive basis, trying to pick the winners;
- *Integrated BDS hubs*: Service providers offering a wide range of business development services (BDS) upon need and demand, including IT services, marketing services, networking, consulting, etc. An interesting case in point is the Kuza Biashara project; and
- *Market development projects*: often designed as value chain development and M4P (markets for the poor) programs and aimed at comprehensively addressing prevailing market barriers for (mainly agricultural) products through various tailored and non-standardized interventions. Market development projects never target youth explicitly, but youth are an important group to gain through increased employment and self-employment opportunities in the supported sectors and sub-sectors.

²² ILO, 2012. *Independent End-term Evaluation of the Youth Employment for Sustainable Development Project*.

²³ Franz, J.; Kiambuthi, W.; Muthaka, D., 2013. *Entrepreneurship Education and Training in Kenya. Country Report Kenya of Component Two of the study on Effective Dimensions of Entrepreneurship Education and Training. Draft. World Bank. May 2013.*

²⁴ Compare also Franz, Kiambuthi and Muthaka, 2013.

3.1.2.2 Government Initiatives to Support Youth Entrepreneurship

Entrepreneurship education (EE). Kenya is considered a leading country in Africa in the dissemination of entrepreneurship education in schools and skills development institutions. EE is not meant to immediately lead to enterprise creation, but refers to building of capabilities, skills, and mindsets about or for the purpose of entrepreneurship. It is aimed at expanding the potential pool of future entrepreneurs, and hence is generally integrated within formal education programs at primary, secondary or tertiary-level educational institutions.

“Entrepreneurship” and/or “Business Studies” are part of the formal curriculum in all educational streams and levels (apart from formal primary education²⁵), including technical and vocational education and training (TIVET) and non-formal education. Business studies are also integrated in all teachers’ education programs at certificate and diploma levels, and in certificate programs for social and community development. Apart from university level programs, all programs follow standard formal curricula developed by the Kenya Institute of Education (KIE). Curricula vary from one stream and level to the other depending on target groups and educational levels. It should be emphasized, though, that EE is not always mandatory. In secondary education, for example, business studies is an optional examinable subject. In the formal TIVET system, on the other hand, EE is compulsory and examinable. The subject “Business Studies” is not necessarily geared towards self-employment.²⁶ “Entrepreneurship Clubs” in schools and training institutions complement the EE offers.

There is little systematic knowledge about the effectiveness of the programs in terms of increasing entrepreneurial attitudes among school and university youth and about the likelihood that education leavers would venture into a business

career. Some implementation challenges of EE in Kenya, as observed by quality assurance inspectors and analysts, include:

- Teaching staff for entrepreneurship and business studies is scarce at many levels, particularly in non-formal education;
- Competencies and experience of teachers are not appropriate. Of particular importance is that teachers rarely have any business experience themselves; and
- The curriculum is not appropriate. At the current moment, many content elements are missing that are considered necessary to become a successful entrepreneur after secondary schooling. For example, the secondary school curriculum for business studies requires a stronger focus on self-employment.

Also universities are increasingly involved with EE programs. Tertiary education institutions in Kenya are academically autonomous and thus do not follow standard curricula developed by the Ministry of Education (MoE). Some institutions, notably two public universities Jomo Kenyatta University of Agriculture and Technology (JKUAT) and Kenyatta University (KU), have integrated entrepreneurship in all academic programs. Increasingly these efforts are complemented by incubator programs. KU and Mount Kenya University (MKU), for example, have also started to systematically train all faculty staff in all disciplines in entrepreneurship and management, in an attempt to mainstream “business mindedness” in all their education programs.

Initiatives under MoYAS. The Government of Kenya has embarked on substantial initiatives to support enterprise development as a strategy to cope with youth unemployment under the Department of Youth Development and with the Youth Enterprise Development Fund (YEDF). Initiatives were previously run under MoYAS, but have now been shifted to the

²⁵ The lack of EE at primary school level is a topic under discussion in Kenya. The World Bank study of 2013 highlighted the perceived positive impact on entrepreneurship attitudes among children of the so-called “clubs” that used to be common in primary schools before the introduction of the current 8-4-4 education system, see also Franz, Kiambuthi and Muthaka, 2013.

²⁶ In secondary education, it is offered as a vocational subject aimed at imparting knowledge about economics and business sector useful for students that plan for a career in business later on or want to take business studies in higher education.

MoDP. It can be expected that youth empowering initiatives will undergo some modifications under the new government. The government has already announced the establishment of a new KES 6 billion credit fund for youth distinctively different from the current youth fund and implemented through decentralised structures.²⁷ Furthermore, the Procurement Law has been amended with the aim to reserve 30% of government tenders for women, youth and persons with disability.²⁸

Youth Empowerment Centres and related initiatives under the Department of Youth Development.

Under the Department of Youth Development, Youth Empowerment Centres (YEC) were set up, initially with UNDP assistance. To date, 130 centres have been constructed and 64 equipped. The centres, run by district youth officers, are multi-purpose centres for youth, combining space for recreation, counselling, information and communication, and education and training. They can be considered hubs for youth empowerment at district level. The Department also used to administer a small grant scheme for business start-ups of KES 10 million annually provided to registered youth groups and youth serving organisations at district level. Around 100 groups of 20 members on average were supported every year. The scheme had been running since 2008, and around 6,000 youth had benefitted from it in 2011.²⁹ Groups are provided with short one-week entrepreneurship training (no technical training) and follow-up support by district youth officers. Economic activities supported include small scale agriculture (e.g. chicken rearing) and trading. No impact assessment has been conducted.

Youth empowerment through training and financial services. The Youth Employment and Enterprise Development Division is engaged in facilitating the establishment of youth groups and youth-managed savings and credit organisations (SACCOS), providing leadership and

entrepreneurship training to groups, and facilitating linkages with larger credit schemes, such as the Youth Enterprise Development Fund (YEDF, see below). So far, 100 Youth SACCOS have been created across the country. Enterprise training facilitated by the ministry and implemented by consultants and resource persons from the communities is meant to support business development at different stages, including the start-up phase and business growth of existing businesses. Training courses with around 100 young people usually last for around one to two days, or longer if resources are available. The Division had plans to venture more into sector specific training, for example in green skills and agri-business development, for which demand is high. Information on how far this has been accomplished was not available. According to data provided by the Department of Youth Development, a total of 77,565 youth had been reached by 2013. The training approach is low cost, with direct costs of around KES 2,000 per participants for a two-day program.

Youth Enterprise Development Fund. The flagship program of public youth development used to be the Youth Enterprise Development Fund (YEDF), which was established in December 2006 and transformed into an autonomous state corporation in May 2007. Its mandate is to:

- Provide and facilitate, through on-lending to commercial banks and micro-finance institutions, funding and business development services to youth owned or youth focused enterprises;
- Facilitate investment in commercial infrastructure (incubators, business parks) that benefit youth enterprises;
- Support linkage creation between youth and large enterprises;
- Render marketing support to youth enterprises; and
- Facilitate employment of youth in foreign labour markets (labour export) (see also section 3.3).

²⁷ See Cabinet Secretary calls for Transparency on Procurement reserved for Youth and Women, announcement of Ministry of Devolution and Planning of July 4, 2013. www.planning.go.ke.

²⁸ See also Women and Youth prime beneficiaries of Budget. Announcement of Ministry of Devolution and Planning. www.planning.go.ke.

²⁹ Franz, 2011.

The loan fund, the most important window of the YEDF, is disbursed in two ways: through financial intermediaries (FI) and directly through the Constituency Youth Enterprise Scheme (C-YES). C-Yes loans are always group loans. Loans through FI are provided as both: individual or group loans up to KES 1,000,000 per loan, in accordance with the products and policies of the participating FI. The so-called Easy Youth Enterprise Scheme (E-YES) comprises loans to individual youth who are member of a group. Three new loan products have been added recently: the Agri-Vijana Loan for agri-business development and green house farming, accessible to groups and individuals; the Direct Lending providing credit up to KES 2 million for business expansion of formal businesses, as well as the Incubator Loan meant to support youth buying egg hatching incubators. Interest in all types of products is heavily subsidized and considerably below market rates. Up to 2013 government had invested a total of KES 4.5 billion in the Fund. Up to 2010 credit had been extended to more than 87,000 youth or youth-serving enterprises. The majority of these, both in terms of volume (86%) and number of clients (90%), were channelled through 33 microfinance institutions (MFIs). Training is mandatorily linked to short initial business and credit management training, although an evaluation showed that this was not always implemented, particularly in cases where the fund was channelled through weaker locally based FIs.³⁰ In total, YEDF indicates that over 200,000 youth received entrepreneurship training since 2007.

In 2010, YEDF commissioned an evaluation to assess management, implementation and impact of the Fund.³¹ The evaluation came to the conclusion that the Fund had substantially benefitted the participating youth and their communities and led to enterprise and employment creation. However, evidence is limited to individual case studies. No quantitative data had been collected. The Fund faced considerable problems in its first year. Initiated in the election year 2007, it is largely believed that the fund was instrumentalized for political purposes, resulting

in a very low repayment rate of the constituency-based loan portfolio. The FI portfolios, on the other hand, have always recorded high repayment rates. Overall, management structures were rated as rather weak. There is anecdotal evidence collected in interviews with youth groups and youth officers conducted in the context of the World Bank EET study of 2013 that the capacities of the youth fund are not fully used. Youth were criticising the relatively low loan amounts and rigid implementation procedures.

3.1.2.3 Effectiveness of Interventions

An identification of determinants of program effectiveness is hampered by a lack of systematic knowledge about results and impact. Most programs, including the large-scale government sponsored programs, have not been comprehensively evaluated. The World Bank study on EET programs in Kenya tentatively identified a number of lessons learnt from the implementation of programs in Kenya based on interviews with program managers and successful, aspiring and failed entrepreneurs. Not all findings are related to programs that specifically target youth, but many of the identified challenges are particularly relevant for the more vulnerable of the target groups, including the poor and youth.

Entrepreneurial attitudes. Entrepreneurial attitudes appear to be the single most important factor for business success in Kenya. Attitudes in this context refer to personal traits such as persistence and patience, risk taking, the ability to identify economic opportunities and the preparedness to subordinate social obligations and personal interests to long-term business goals. In fact, attitudes favourable to business success occur more frequently among some population groups in Kenya, and less among others, according to widespread perceptions. A key determinant for the successful formation of entrepreneurial attitudes, according to these perceptions, is the existence of positive role models in the family or the immediate social environment, i.e. the experience in childhood that business activities are considered desirable and positive and can

³⁰ Franz, 2011. More recent information on the number of youth served under the loan schemes was not available.

³¹ See Youth Enterprise Development Fund, 2010. *Impact Assessment for YEDF Programmes and Activities Implemented between July 2006 and June 2010.*

change a person's or family's livelihood. Integrating activities into programs that address entrepreneurial attitudes are therefore key to improve effectiveness. This includes a strong focus on attitudes in entrepreneurship training programs, both in terms of contents and methodologies, for example through interactive teaching methods, group work, role games and similar approaches that help participants become aware of individual traits and learn to overcome adverse behaviour. Of particular importance is also the exposure to role models through mentorships and business apprenticeships. The importance of addressing entrepreneurship attitudes in early educational environments was highlighted, through clubs and production groups in pre-primary and primary education, and through "mainstreaming entrepreneurship" in all educational subjects. Finally, the study points to the importance of targeting the wider social environment, in particular among those populations groups where wage employment and a civil service career are still more valued than entrepreneurship. It was repeatedly highlighted that young people are often discouraged from venturing into business by their family and peers, and denied family assets (such as land) for the use of starting a business. Relevant measures may include awareness campaigns through media, and the mobilization of senior community members or other multipliers.

Business climate factors. While important business climate factors are improving in Kenya, the regulatory environment still appears to affect in particular young and survivalist entrepreneurs, alongside corruption and harassment by police and other public officers. Beneficiaries of entrepreneurship development programs noted the importance and positive influence of solid knowledge imparted on legal and regulatory issues in entrepreneurship training, as well as practical skills in dealing with authorities and other stakeholders. Positively perceived were also initiatives to encourage the formation of interest and producer groups to strengthen collective responses to occurring challenges.

Markets. Access to markets remains a challenge. This applies particularly to survivalist (including young) entrepreneurs who often tend to venture into already overtraded sectors (hawking, etc). An appropriate answer from entrepreneurship programs is an intensified focus on follow up and mentorship during initial start-up phases, as well as an intensive focus in programs on supporting target groups in identifying realistic business opportunities.

Access to finance. Despite of considerable achievements in Kenya to deepen the financial sector and increase the availability of financial services, access to finance is still a major bottleneck, specifically for youth and poor target groups that lack collateral. Group credit schemes, which are plenty in Kenya, may not be appropriate to individual business undertakings, or operate with credit volumes that are considered too low. Credit repayment conditions and schedules may not be appropriate to business and production cycles, which often occur in the agricultural sector. In other instances, particularly if credit is extended by commercial banks or microfinance institutions, interest rates are rather high.

Good programs. The EET study identified some ingredients that are likely to increase the effectiveness of entrepreneurship programs. The most important are:

- Programs work best when they are carefully targeted to the specific groups they serve. Localized approaches with a specifically targeted mix of interventions that are tailor-made to a target group and its economic environment work better;
- Entrepreneurship and business training is key to business success alongside credit and market facilitation, but needs to be practical using experimental training methodologies and facilitate exposure to real business experience; and
- Intensive follow-up of business start-ups and mentorship arrangement are key to support the often unexperienced youth face the pitfalls of entrepreneurship in practice.

3.2 Policies and Interventions Affecting Supply Factors

3.2.1 Population Policies and Labour Force Growth

Population and labour force growth. The high population growth rate of 2.9% continues to put pressure on the labour market. Currently, the population is increasing by some 1,000,000 per year, and 43% of the population is younger than 15 years.³² The working age population comprises around 20 million, almost half of the country's population estimated at 41 million in 2011. Youth aged 15 to 34, constitute two thirds of the workforce.³³ As mentioned before, the World Bank estimates some 800,000 young Kenyans enter the labour market every year.³⁴ Success in reducing the population growth is therefore an important factor in coping with youth unemployment in the long run.

Population policies. In 2012, the *Population Policy for National Development* was launched as a policy framework to manage population growth to a level that can be sustained with available resources. The policy is part of the Vision 2030 implementation framework and is supposed to guide national population programs and activities over the next two decades. The policy is the third population policy in Kenya following the *Population Policy Guidelines* of 1984 and the *2000-2010 National Population Policy for Sustainable Development* (NPPSD). These policies were instrumental to introduce and disseminate family planning and reproductive health, and successful in reducing the average number of children from 8 per woman in 1978 to 5 in 2008. In 2011, the NCPD estimated the average number of children at 5 in rural and 3 in urban areas, which is still far from the target number of 2 children per women on average formulated in the NPPSD.

Problems affecting population growth. Major problems affecting population growth are early marriages and a low rate of contraceptive use leading to a high rate of unplanned and unwanted pregnancies. Still 47% of women in the age

group of 15-49 reported the most recent birth as unwanted. 26% of women in the age group 20 to 24 were already married at the age of 18. Despite the fact that around 85% of health facilities offer reproductive health services, only 39% of married women (aged 15-49) use modern contraceptives. Population dynamics vary significantly between rural and urban population groups and between provinces. For example, 61% of all recent birth in the Western province were unwanted, compared to 3% in North Eastern. North Eastern, on the other hand, had the highest number of marriages at the age of 18 (56%), while Nairobi only recorded 7%.³⁵

New policy targets. The new policy sets ambitious targets to be achieved through a combination of information and educational efforts, increased access to affordable and quality reproductive health services including family planning and a multi-sectoral approach to address population dynamics. Targets include a reduction of the population growth rate from 2.5% in 2009 to 1.5% in 2030 and 1% in 2050, and a reduction of the dependency ratio from 86.8 2009 to 44.6 in 2050. Under this scenario, the population would increase to 54.3 million in 2030, compared to 66.4 million anticipated in earlier projections, or 77 million if the current growth rate of 2.9% would prevail.³⁶

3.2.2 General and Higher Education

Education policies influence the patterns of youth entering the labour market and their chances for employment. Keeping youth in school longer raises the education and skills level of new labour market entrants. It increases the average age of youth joining the labour force, and therefore their chances to smoothly enter into employment. As discussed in Section 2, the unemployment risk of youth is going down when youth grow older, and the chances for decent work are increasing with higher educational attainment. Better education also increases the options for further education and training at later stages in life, and with this the ability to adjust to changing economic conditions and labour market requirements.

³² National Council for Population and Development (NCPD), 2011.

³³ UNDP, 2013.

³⁴ World Bank, 2012. *Economic Update*, December 2012.

³⁵ NCPD Policy Paper 17 of June 2011.

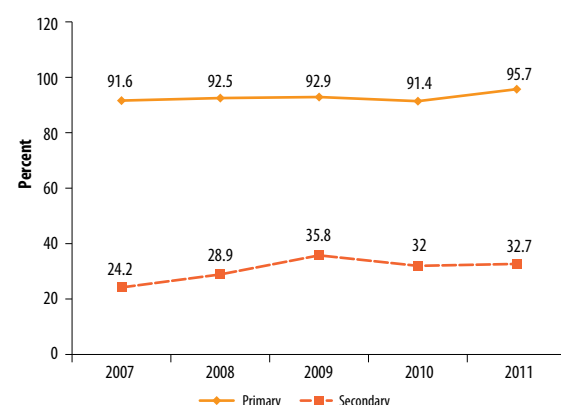
³⁶ See Republic of Kenya, *Sessional Paper No. 3 of 2012 on Population Policy for National Development*. For earlier projection see also Omolo, 2012.

3.2.2.1 Access and Equity

Access to primary education. School enrolment has increased over the years in all education streams (see Table 3.2). The free primary education policy (FPE), introduced in 2003, has effectively and lastingly increased access to primary education. The net enrolment rate (NER) increased from 91.6% in 2007 to 95.7% in 2011 (see Figure 3.1). However, still a considerable number of students drop out before completing primary school, and this situation appears not to improve. The Primary Completion Rate (PCR) levelled off at around 80% since 2004 but has decreased again lately (see Figure 3.2).

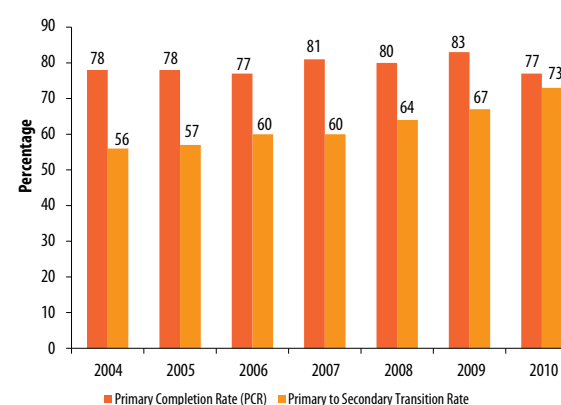
Access to secondary education. There are mixed results for secondary education. In 2008, GoK introduced the Free Day Secondary Education (FDSE) policy leading to an increase in secondary enrolment from 1.03 million in 2006 to over 1.7 million in 2010.³⁷ As indicated in Figure 3.2, the transition rate from primary to secondary education increased constantly, reaching 73% in 2010, up from 60% in 2007 before the FDSE was introduced. However, net enrolment rates appear to stagnate at a rather low level of 33% after they had initially made a good jump in 2008 and 2009 (see Figure 3.1) pointing to significant drop out rates. Only half of all primary school graduates are currently estimated to complete secondary school.

Figure 3.1: Net Enrolment Rates (NER) for Primary and Secondary Schools 2007-2011



Source: KNBS, Economic Survey 2012

Figure 3.2: Primary to Secondary School Transition Rates 2004 to 2010



Source: National Council for Population and Development, 2012. Policy Brief 3

Table 3.2: School Enrolment 2005 to 2011

| | 2005 | | | 2008 | | | 2011 | | |
|--------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Boys | Girls | Total | Boys | Girls | Total | Boys | Girls | Total |
| ECE | 830.8 | 812.3 | 1,643.1 | 885.3 | 834.9 | 1,720.2 | 1,175.5 | 1,194.5 | 2,370.0 |
| Primary | 3,902.7 | 3 688.8 | 7,591.5 | 4,362.0 | 4,201.3 | 8,563.3 | 4,977.7 | 4,880.2 | 9,857.9 |
| Secondary | 494.2 | 440.0 | 934.2 | 720.5 | 615.4 | 1,335.9 | 948.7 | 819.0 | 1,767.7 |
| Universities | 58.8 | 33.5 | 92.3 | 73.5 | 49.3 | 122.8 | 117.7 | 80.6 | 198.3 |
| Other institutions | 47.1 | 45.7 | 92.8 | 56.3 | 53.1 | 109.4 | 68.5 | 65.3 | 133.8 |

Source: National Council for Population and Development, 2012. Facts & Figures on Populations and Development 2012

³⁷ Ministry of Education, 2012. *Aligning Education and Training to the Constitution of Kenya (2010) and Kenya Vision 2030 and Beyond. A Policy Framework for Education. Draft, April 2012.*

Arguably, among the major reasons for this poor performance are management and implementation problems around FDSE. Despite a considerable increase of public spending for post-primary education, secondary education is still not free, also not at day-school level. Although representing a violation of government rules, parents in day secondary schools are still required to contribute additional fees.

Insightful in this context is the summary assessment of the *Policy Framework for Education from 2012*: “Opportunity and other costs, the imposition of levies and other fees by schools, the perceived lack of relevance of the curriculum and the lack of fit between what is taught and the needs of the world of work do not provide sufficient incentives to parents and learners to keep their children in school. An unfriendly school environment, high levels of teacher absenteeism, especially in rural areas, poverty at the household level, negative effects of the HIV/AIDS pandemic and rising repetition rates, all drive learners away from secondary education”.³⁸

Out-of school youth. Despite of FPE and FDSE there are still almost 5 million children of school-going age out of school. In 2009, according to census figures, some 1.9 million primary school-age children and 2.7 million secondary school-age children were not attending school. School attendance, furthermore, is highly unequal in terms of regional distribution. In 2009, for example, the secondary NER was recorded with 3.5% in Turkana and 50% in Kiambu.³⁹

Access to higher education. A very significant increase has been recorded in the number of university students, which more than doubled between 2005 and 2011, from 92,300 to 189,300 (Table 3.2). In 2009, the country had 31 public and

private universities and 23 university campuses. Remarkable is the relatively low share of young women in higher education. With 40% the female participation rate is the lowest among all education streams. Furthermore, higher education is very unevenly distributed across the country.⁴⁰

Private schools. Private education is growing, but still catered for only 10.8% of all primary and 12.3% of all secondary school students in 2008.⁴¹ Government plans to increase this share by incentives. Presumably the share of enrolment in private institutions is much higher in TIVET.

Equity issues. A beneficiary incidence analysis of Kenya’s education system has shown that education investments for secondary and higher education over proportionately benefit richer income quintiles. Although the analysis was done based on data before the introduction of FDSE, it can be assumed that this situation has sustained, due to numerous direct and opportunity cost factors preventing the poor from attending secondary education.⁴² Bursary schemes available for secondary education are badly managed and favour the better-off segment.

Right to basic education. The new Kenyan constitution of 2010 implies a shift from a supply side education policy to a rights-based education agenda whereby all Kenyans have the right to free and compulsory basic (primary and secondary) education. In other words, the government has the obligation to ensure free and compulsory basic education regardless of available resources. These principles have now been concretized in the Basic Education Act of 2013, which also establishes the National Education Board, charged with advising the Cabinet Secretary for Education on all matters related to the development of the education system.⁴³

³⁸ MoE 2012, *A Policy Framework for Education*, page 33.

³⁹ MoE 2012.

⁴⁰ MoE, 2012.

⁴¹ MoE, 2012.

⁴² See Demery and Gaddis, 2009.

⁴³ Basic Education Act, 2013, and Constitution of 2010.

3.2.2.2 Quality

Low education quality. While access to education has improved, quality remains poor. The most recent national literacy survey report published in July 2013 revealed striking deficiencies in numeracy and literacy skills among primary school students.⁴⁴ Quality problems in secondary education lead to low transition from secondary to higher education. Only a small fraction of secondary school graduates, i.e. 23% in 2011 (83,000 of 360,000) comply with university entry requirements.⁴⁵ According to GoK's own perception, main challenges include high student-teacher ratios, overcrowded classrooms, high levels of teacher absenteeism, high levels of pupil absenteeism and ultimate drop-out, inadequate infrastructure, weak governance and financial management, weak teachers deployment and management, and regional disparities in educational resources.⁴⁶

Criticism of the 8-4-4 system. There is an increasing understanding in Kenya that the previous education system failed in preparing the youth for the world of work. The *Policy Framework for Education* of 2012 includes a bold criticism of the current 8-4-4 system

(see Box 3.1), which has been assessed as being academically biased and nurturing certificate orientation, among others. The system was not successful in building appropriate practical, technological and entrepreneurial skills. The study of practical and vocationally oriented subjects is regarded as the least desirable option to learners as relevant subjects are usually non-examinable.⁴⁷

Goals under the new Framework for Education.

To address this challenge, the *Vision 2030* envisages a shift in emphasis "from knowledge reproduction to knowledge production" through an education system fit to provide knowledge, skills, competencies and values that will help learners to move from education into the world of work with further academic, technical and vocational education. On this basis, the *Policy Framework for Education* of 2012 proposes an educational reform focusing on core educational outcomes and on developing a standard repertoire of skills and competencies across all levels of education, and required by learners and teachers. These include literacy, numeracy and enquiry skills, thinking skills, communication skills, observation and investigative skills, application and transferable

Box 3.1: Government's assessment of the 8-4-4 education system

"In 1984 the Government abolished the 7-4-2-3 system of education and A-levels and restructured education and training to the current 8-4-4 system. The rationale behind this was to make the education system more practically oriented and more responsive to the needs of the country and its people. However, anticipated results did not materialize in spite of rationalising the curriculum. The heavy emphasis on academic examinations promoted only the cognitive domain. It led to social injustice by categorizing schools and favouring only the intellectually gifted. Together with limited increases in the number of places for learners in secondary education, nearly 80% of learners leave school to join the informal sectors. The education system has unintentionally depicted them as failures and widened the gap between rich and poor. It has divided the nation into white collar workers and labourers with associated attitudes and has created a generation of young people with inappropriate attitudes to work. Further, it leaves little room for the development of technical skills, innovation and the exploitation of individual talents. Learners exiting the system at the end of either primary or secondary school levels often have limited skills and abilities to join the world of work, and often lack a career or trade focus."

Source: Republic of Kenya, Ministry of Education, 2012. *A Policy Framework for Education. Aligning Education and Training to the Constitution of Kenya (2010) and Kenya Vision 2030 and Beyond*. Page 41.

⁴⁴ See *Business Daily* of 7. July 2013, "Kenya suffers quality of education setback".

⁴⁵ NCPD, 2012. *Policy Brief* 23.

⁴⁶ MoE, 2012.

⁴⁷ See also MoE, 2012, page 44.

skills, social and ethical skills and entrepreneurial skills.⁴⁸ Among the strategies is a reform of the 8-4-4 system, a reform of the teachers training system, and a strong focus on ICT in teaching and learning. Furthermore, the development of a competency-based education curriculum is envisaged, jointly with the introduction of an NQF and technical and academic curriculum pathways to improve educational permeability. This is expected to increase chances for marginalised population groups to access education and to get learning achievements (e.g. through adult and continuing education and non-formal education) recognised.

3.2.3 Second Chance Education

Due to poverty, cultural practices, HIV/AIDS and similar factors school drop out is a massive problem in Kenya. As outlined before (see 3.2.2.1), in 2009 the number of out-of-school (OOS) youth and children were estimated at close to 5 million. According to findings of the 2007 Kenya National Adult Literacy Survey (KNALS) 7.8 million youth and adults, i.e. 38.5% of the entire adult population, are illiterate.⁴⁹ Among youth aged 15 to 19, the illiteracy rate stands at an alarming 29.9%.⁵⁰

Kenya provides significant second educational chances for out-of-school youth and adults, through providing the option to re-enter the public school system, and by special non-formal education programs. The latter include:

1. Non-formal primary schools, targeting children up to 14 years of age;
2. Non-formal secondary schools, targeting youth above 14 years;
3. Alternative basic education and training that covers basic literacy and skills training for learners aged 11 to 18 years (NFEC); and
4. Adult and continuing education and training (ACE) for learners aged over 18 years.

While non-formal schools follow the formal school curricula leading to national school leaving certificates, NFEC and ACE provide non-formal literacy and skills development options. Programs operate with curricula developed or approved by KIE and should ideally provide linkages and/or equivalencies with the formal education system. Particularly NFEC that targets children and under-age youth is supposed to be designed to allow entry and re-entry across the education system and transition and progression to higher levels of education.⁵¹

Stipulated in the Policy for Alternative Provision of Basic Education and Training of 2009 alternative education provision is supposed to be massively expanded through investment in infrastructure and employment of new teachers. Engagement of the private sector in the provision of second chance education is deliberately encouraged in the policy. In 2011/12, 474 non-formal schools were registered with the Ministry of Education. Information on participation is generally perceived to be weak. Nevertheless, enrolment in adult basic education is estimated to have increased from 205,000 in 2009 to around 300,000 in 2011.⁵²

Participation in second chance education remains behind expectations. The 2007 KNALS identified as the main reasons a low awareness about the programs,⁵³ lack of relevant teaching and learning material, costs of learning materials, lack of centres within reach of most adults as well as the perception that curricula are not relevant to learners' needs. Furthermore, alternative education continues to live in the shadow of the education system. The *Education Sector 2013/14 to 2015/26 Medium Term Expenditure Framework* has allocated for the fiscal year 2015/16 only 0.3% of the entire MoE budget to non-formal education schools, and 2.4% to ACE.

⁴⁸ MoE, 2012, page 44.

⁴⁹ Policy for Alternative Provision of Basic Education and Training. 2009.

⁵⁰ Education Sector Report 2013/14-2015/16. Medium Term Expenditure Framework, October 2012.

⁵¹ Policy for Alternative Provision of Basic Education and Training. 2009.

⁵² See above.

⁵³ In 2006, only 31% of the adult population was aware of the existence of literacy programmes, see KNALS 2007.

3.2.4 Skills Development through TIVET

Kenya has a remarkably large and diversified landscape of skills development opportunities for its youth. Formal TIVET at different levels is provided by different types of public and private actors, including post-secondary technical institutions and colleges, post-primary youth polytechnics (YP), the National Youth Service, specialised institutions under various government ministries and a myriad of private faith-based, NGO-run and commercial training institutions.

The TIVET sector has gained public attention since 2005, and the policy and legal framework has been developing remarkably during recent years with the aim to sustainably increase access and quality of technical and vocational skills development.

The changes in the government structure after the 2013 elections will have a significant impact on the TIVET sector. TIVET institutions previously under the Ministry of Higher Education, Science and Technology (MoHEST) and MoYAS have been transferred to the MoE, while the National Youth Service will be run in the future under the MoDP. It remains to be seen whether TIVET institutions will be able to enhance their labour market orientation under the education ministry.

3.2.4.1 Recent Developments in the TIVET System and Strategic Orientation

The TIVET qualification system. TIVET in Kenya is guided by two major qualification systems: (1) the Technical Education Programme (TEP) certified by the Kenya National Examinations Council (KNEC) and the Trade Testing System (TTS) certified by the National Industrial Training Authority (NITA).

Technical education, introduced with the 8-4-4 reform in the late 1980s, is a time-based system of training programs based on curricula developed by the KIE. Responsibility for assessment and certification rests with KNEC. It currently comprises four levels: (1) artisan level; (2) craft level; (3) diploma (technician)

level; and (4) advanced diploma (technologist) level. (At the higher education level, the technical qualification ladder increases to Bachelors, Masters and eventually PhDs of technology). Only the artisan level is accessible after primary education. From craft level onwards, the programs are post-secondary and require a Kenya Certificate of Secondary Education (KCSE). At lower levels, the TEP curricula have a high share of practical instruction.

The curriculum reform outlined in the new TIVET Curriculum Development Framework keeps this structure in principle, but puts strong emphasis on re-structuring and diversifying the post primary (currently artisan) level.⁵⁴ Certificate level training will accordingly be divided into two cycles of post-primary training, plus one advanced cycle accessible to KCSE holders and successful graduates from the post-primary schemes. For all craft level qualifications, two options will be offered to students in the future: Option 1 concentrating on employment-oriented skills and trade theory meant to prepare students directly for employment and self-employment. Option 2 addresses students who wish to progress in the education system and therefore comprises a number of general education modules. Credit transfer is supposed to ensure that already acquired skills and knowledge at lower training levels will be recognized at higher levels. The new curricular system for the youth polytechnics, described in more detail below, resembles this post-primary qualification structure. It appears that the two efforts still need to be coordinated.

Industry representatives participate in TEP curricula development, however, it is generally believed that industry influence is rather weak⁵⁵ **and that the TEP curricula are not up to date with industry requirements.** The methods of curriculum development and revision by KIE are often criticised as not being attuned with the needs of technical education and training. The roles currently held by KIE and KNEC will in the future be taken over by the new assessment and certification body to be

⁵⁴ See Figure 3.3.

⁵⁵ MoHEST/GTZ (2003) indicates that the industry experts who participate in the curriculum development exercise are usually generic training experts, rather than trade/occupational experts.

established in accordance with the new TIVET Bill. As the authority has industry representation, the low influence of employers on curriculum development may change.

Trade testing, on the other hand, is administered as a parallel, lower level and employment-oriented qualification system by NITA. Trade testing is an open three-level system meant to assess and certify technical knowledge and competence of a skilled person through practical performance and written assessment. Under the new *TIVET Curriculum Development Framework* a master craftsman certificate will be added as an advanced qualification.⁵⁶ Trade tests are open to all persons with a minimum job experience or vocational training in a training institute. There is currently no pathway from trade testing into the TEP programs. In some institutions trainees try to achieve both certificates in order to improve their chances in the labour market. The new TIVET Curriculum Development Framework keeps the parallel existence of qualifications, however envisages credit transfer possibilities for trade test holders who move into the TEP stream. This may become important in the future as more and more youth and workers in industry and the *Jua Kali* sector, the core target group of trade testing, achieve higher levels of education, which would qualify them to eventually participate and progress in formal TIVET.

National strategy development. A *National TIVET Strategy* was adopted in 2008 under the purview of the Ministry of Higher Education, Science and Technology (MoHEST),⁵⁷ based on the provision included in the *Sessional Paper No 1 of 2005 on Education, Training and Research* to develop a distinct TIVET policy framework. The Strategy has further been operationalized in the TIVET Bill of 2012.⁵⁸ The *National TIVET Strategy* takes up major paradigm shifts characterizing current reforms of technical and vocational training systems in many other countries and seeks to adapt these within the Kenyan context. A number of operational strategies are formulated

to address the main challenges, notably inadequate access and equity, low delivery capacities, low quality and relevance of skills, the fragmented delivery and inefficient use of resources, the deficient coherence in policies and legal frameworks, ineffective application of ICT, lack of effective research, inadequate funding, as well as challenges arising from HIV/AIDS and other social issues.

Introduction of standard-based TIVET. The Strategy commits itself to a reform towards outcome-based TIVET and subsequent competency-based education and training (CBET) delivery. Outcome-based training is seen in many countries as an important tool to re-orient training on the needs of the labour market and to integrate different modes of skills development, hence increasing access to training and formal recognition of competencies. However, the strategic outline of the system in Kenya as spelt out in the strategy document appears not to consequently operationalize the new paradigm. The institutional responsibility for standard-setting is only weakly defined, and there is no firm statement that standard setting has to be driven by industry and employers. More importantly, it continues to define national TIVET qualifications along time-based training standards, with stipulated curricula, fixed training durations and standardised inputs. Instead of defining occupational (competency) standards as the benchmark of all TIVET, allowing flexibility in training delivery, it continues to define training (input) standards. Despite of calling for an integration of non-formal and informal training into the mainstream TIVET system, it effectively excludes all non-traditional ways of learning from formal recognition.

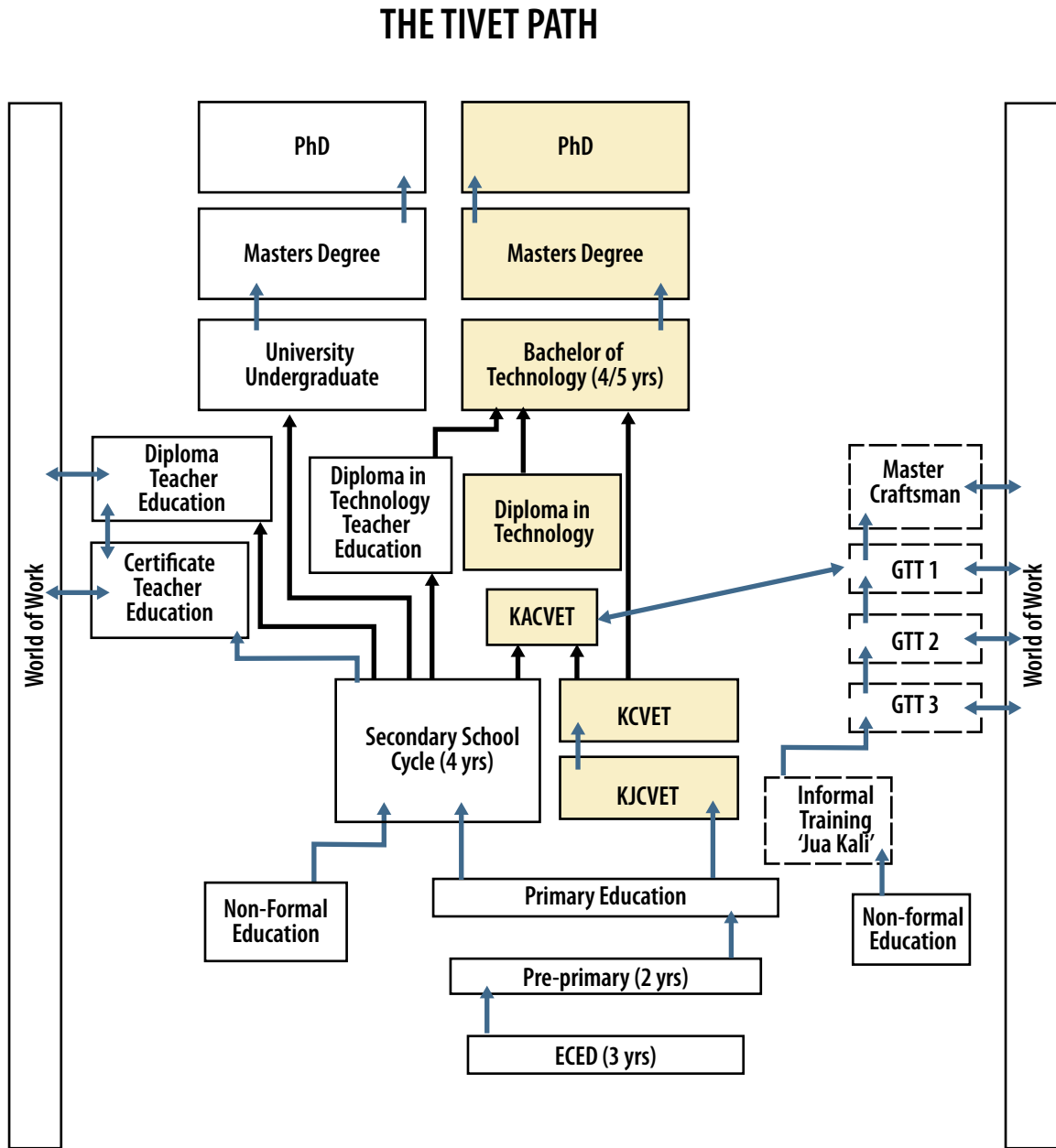
Management of TIVET. The Strategy calls for the development of a national training authority (TIVETA) as a vehicle of cohesion and better coordination of the currently fragmented system, a move that is in line with current international thinking in effective training management. "The TIVET community

⁵⁶ Against completion of special NITA training courses additional industrial training certificates are also offered.

⁵⁷ Republic of Kenya/Ministry of Science and Technology, 2008. *Technical, Industrial, Vocational and Entrepreneurship Training Strategy*.

⁵⁸ Republic of Kenya, 2012. *The Technical and Vocational Education and Training Bill, 2012 (2.07.2012)*.

Figure 3.3: Qualification Structure according the New TIVET Curriculum Framework



Source: MoHES/KIE, 2010. TIVET Curriculum Framework

questions the continued practicality and usefulness of segmenting learning and education into various categories, academic, skills training, TIVET, formal, non-formal.⁵⁹ However, the current fragmentation is not systematically addressed. In particular the prevailing division between so-called “industrial training” under NITA and formal technical and vocational education and training under the relevant line ministry remains untouched and un-discussed. The Strategy is silent on the role of NITA vis-à-vis the new training authority and appears to provide for a continuation of the current parallel qualification systems trade testing and TIVET/KNEC qualifications, although with some linkages and potential progression paths through the possibility of credit transfer. It calls for involvement of industry in cost-sharing and the development of a training fund without mentioning the currently existing training levy system and analysing the implications of the suggested new financing system on the levy system. It was only in 2009 that the *Industrial Training (Amendment) Bill* was brought on the way that established the National Industrial Training Authority (NITA) governed by a National Industrial Training Board (NITB), and which replaced the previous National Industrial Training Council and the Directorate of Industrial Training. Relationships and boundaries to the formal TIVET system are not defined, and industrial training is clearly seen as a distinct training environment with requisite separate governance and financing mechanisms.

Strategies for demand-responsiveness. The Strategy also remains relatively vague about systemic changes to achieve the desired shift toward demand-responsiveness. As mentioned, it does not operationalize its commitment to an outcome-based reform, which would decisively increase the influence of the world of work on training contents and foster flexibility. The Strategy also does not strongly advocate for a deepened role of employers—and the private sector in general—in governance, quality assurance, and training delivery. The suggested new governance structures include the private sector, however they remain a minority. A new Certification

and Assessment Council, stipulated in the TIVET Bill and assigned to take over as examination council for TIVET in the future, does only include a minority share of employers/representatives of the business sector. The role of enterprises in training delivery remains weakly defined.

Impact of TIVET policy directions on training for disadvantaged youth. With its overall focus on formal sector training, the overall strategic direction in the new TIVET Strategy may have some important implications for disadvantaged youth without secondary certificate who will have to find employment in the informal sector. Overall, training for the informal sector does not play the role in the strategy it would deserve in view of its importance for the Kenyan labour market. Informal sector representatives, for example the National Informal Sector Coalition or other *Jua Kali* association, are not involved in any of the different governing and executing bodies of the TIVET system.

Of particular importance is also the focus of the new strategy on defined curricula and training standards. It continues to differentiate between formal training (following a stipulated curriculum and leading to nationally recognised certificates) and non-formal and informal training respectively. By defining TIVET qualifications in way of time-based curricula, it essentially remains a strategy for the formal training sector. As such it tends to neglect the conditions and requirements for skills development for the informal sector excluding the most important labour market segment for today’s youth in Kenya. In particular the following issues are important:

- With a view to quality assurance, the Strategy calls for more standardization of training programs, for which the new curricular outlines provide the relevant framework. However, skills development for the informal sector often requires localised programs and solutions, target group specific curricula, scope for methodological innovation, flexible responses to market opportunities and new ways of cooperation between training

⁵⁹ TIVET Strategy, page 19.

providers and the world of work. The risk is that innovative programs that do not follow nationally standardized curricula may not be qualifying for recognised certification;

- The stipulated curricular structure foresees very long training durations. At the artisan level, for example, the training duration is planned to be increased from currently two to four years with the first qualified exit point after two years. Long-term training is very expensive for trainees and may create access barriers for youth from poor households. It is unclear, whether modularization and flexible entry and exit points into training programs can be operationalized in practice, which would increase accessibility.
- The long duration of training programs corresponds with the policy to ensure progression and upwards mobility in the education system and consequently to include academic learning (mathematics, science, English) in the TIVET curricula. Progression opportunities are important to contribute to life-long learning and to help increasing the image of TIVET among school leavers. However, in-built is the risk of keeping the academic bias in TIVET, arguably among the most critical challenges with respect to labour-market relevance of training.
- The Strategy, as mentioned, remains basically a strategy for the formal training sector. It does not systematically address training needs that require approaches different from long-term school-based programs. This may imply that funds available for the further TIVET development will be mainly directed to the development of the formal TIVET system neglecting other non- and informal skills development pathways accessible to disadvantaged target groups and relevant for informal sector employment.

3.2.4.2 Public TIVET Provision

Post-secondary TIVET. Formerly the Ministry of Higher Education, Science and Technology and since 2013 the Ministry of Education is responsible for post-secondary TIVET. A total of 43 public

TIVET institutions offer as their core programs craft certificate and diploma courses in a variety of fields, ranging from traditional technical occupations, hospitality, beauty related programs to a variety of business skills. The institutes directly under the ministry include two national polytechnics, 26 technical training institutes, 14 institutes of technology and 1 technical teachers college. These are complemented by registered private TIVET institutions. New institutions are in the process of being constructed, partly with donor support. In 2011, enrolment in the 43 public institutes were around 41,000 (43% female) representing an annual intake of 15,000. This represents enrolment in regular programs, offered as day classes with boarding facilities. Added to these are evening classes, which all institutions offer to different extents, and which are also accessible to students without O'Level qualification. These include artisan courses geared for trade test qualifications, driving classes and other short courses. Presumably, enrolment in these classes is at least the number of regular students although figures are not known. There are indications that the capacities in the institutions are not fully used. Facilities of the institutions are often insufficient and outdated, although some rehabilitation and upgrading work was ongoing in recent years.

So far, systematic and comprehensive tracer studies have not been conducted, and only in exceptional cases have training institutions collected relevant outcome data on a regular basis. However, the management of institutions usually has some knowledge about the whereabouts of their graduates. According to information collected through institutional visits in 2011 trainees' actual destinations include both wage employment in the formal sector and self-employment, largely depending on the occupation. In particular in more technical trades (e.g. construction, electrical) self-employment in the informal sector is frequent. Findings from tracer studies in the Machakos Technical Training Institute (MTTI) suggested that about one-third of graduates are working (mainly in small and informal firms), one-third pursue further education and one-third

remain unemployed.⁶⁰ Systematic self-employment promotion is not offered in the schools. All regular training programs include entrepreneurship training, but this training is perceived to be rather theoretical taught by teachers without any significant business experience themselves.

Cost assessments and unit costing for the institutions have not been conducted yet. A rough estimate conducted in 2011 comes to annual cost of around KES 90,000 to KES 100,000 per student, depending on factors such as capacity utilization, instructor/trainees ratio, and others. The training is co-funded by the government and trainees, and supplemented by income generating activities. With respect to recurrent costs, the government contributes salary cost of established staff, plus operational grants of KES 16 million per year per institution as a lump sum. Trainees contribute with training fees, which are determined by the institutions and accordingly vary from institution to institution. In 2011, fees ranged from KES 8,000 to KES 15,000 per term. A limited number of bursaries for needy students are available, but there is no legal entitlement to bursary support.

Youth Polytechnics. Youth polytechnics are meant to offer skills training at post-primary level to youth without access to further education, to promote self-employment, improve the standard of living of the communities and to prevent rural-urban migration. YPs have been established since the 1960s by communities, churches and private actors. Due to financial constraints most YPs turned neglected and underused later on, and a number of institutions closed their doors. Frequent changes of the parent ministries prevented effective strategic development. In its *National Policy for Youth Polytechnics and Vocational Training Sector* of 2006 MoYAS described the situation of the majority of youth polytechnics as “deplorable due to lack of power, adequate and reliable water supply and poor access roads. The training equipment is either obsolete, non functional or dilapidated”.⁶¹ In the wake of reviving the Kenyan

TIVET sector YPs re-gained public attention as a remarkably widespread and decentralised network of skills development facilities. The policy aims at mainstreaming and repositioning YPs in the national education and training framework. Specific objectives include the establishment of a coherent institutional framework, resource mobilization and capacity building, improvement of training quality, increase of access and equity and promotion of ICT. Supported inter alia with funding from the African Development Bank (AfDB), considerable resources have been invested since 2005 in the upgrading of physical facilities and equipment in more than 300 YPs, in curriculum development, recruitment and training of instructors and managers, capacity building of management committees and the development of training materials and instructors’ manuals. A considerable number of new instructors have been recruited since.

In 2011, the total number of YPs was estimated at 750. Of these 540 were considered public (community-run) institutions, supported by central government funding. The target group of YP are youth aged 15 to 30 with a KCPE or equivalent (including non-formal education), however also KCSE holders are admitted. Since 2009, MoYAS started to subsidize the training delivery in the 540 government supported institutions under the Subsidized Youth Polytechnic Tuition (SYPT) scheme with a lump sum of KES 15,000 per year per enrolled trainee. Since then, enrolment in the YP caught up, as tuition fees could be considerably lowered. In 2011, around 50,000 youth were enrolled in all government-funded YPs. Previous surveys suggest that some 30% to 35% of these are female. It can be assumed that actual training capacities are much higher, in particular if infrastructure development and staff recruitment continues. Unit expenditure appears to be rather low compared to post-secondary TIVET, estimated at around KES 25,000/year.⁶² This funding level appears not sufficient to deliver training at an appropriate quality.

⁶⁰ Franz, 2011.

⁶¹ MoYAS, 2006. *National Policy for Youth Polytechnics and Vocational Training Sector*. Page 21.

⁶² See Franz, 2011. Estimates are based on visits of two YPs.

The youth polytechnics offer long-term training programs of two years, originally geared towards trade test certification, but since 2009 also towards KNEC artisan qualifications. Programs in YP include life skills and entrepreneurship modules,⁶³ but usually no industrial attachments. Occupational specialization varies from institution to institution and include a good range of traditional technical trades, ICT, catering and hospitality, beauty therapy and hairdressing, or book binding. With the National Vocational Certification of Education and Training (NAV CET) program MoYAS has initiated a major curriculum reform. The NAV CET courses, examined by KNEC, aim at providing an alternative route to post-primary education and training. It comprises two cycles (Level 1 and 2) of two-years each organised in a modular way providing the option for flexible entry and exit. It is planned that at each level, two different kinds of courses will be offered: Option 1 programs addressing primary school leavers who aim for entry into the labour market is comprised of vocational/technical skills, communication, entrepreneurship, life skills, ICT and technical drawing. Option 2 programs add to these general education subjects such as mathematics, physics, chemistry and biology. These alternative programs address youth that wish to progress to advanced levels of technical education. Trainees will be able to select either option.

Robust information on the effectiveness and labour market relevance of YP is not available. Tracer studies have not been conducted. Examination pass rates of YP completers have dropped considerably, from an already low 76% in 2009 to 69% in 2010. In some of the major technical occupations, more than half of all candidates failed in 2010. For example, 58% of trainees who sat for national carpentry examinations failed, as did 56% of all candidates of the electrical and electronics course. It is assumed that YP graduates are mainly entering the informal sector.⁶⁴

National Youth Service. The National Youth Service (NYS), established in 1964, is a uniformed service with the aim to train Kenyan youth, function as a reserve force for the Kenyan Armed Forces, provide for rehabilitation and training of disadvantaged and orphaned youth, and contribute to nation building.⁶⁵ The NYS runs 16 training institutions throughout the country catering for some 10,000 to 15,000 youth at any time. The current annual intake is 5,000 recruited in 285 centres at district level. According to the NYS' management, the annual intake could be doubled, if sufficient funding were available.⁶⁶ The target group are youth aged 18 to 22, unmarried and without dependants, usually with a minimum KCSE D+ educational attainment. 40% of the intake is reserved for orphans and vulnerable youth. Candidates from these target groups are also taken with a lower educational qualification, usually at least with a complete primary education. Girls represent around 30% of the recruited youth.

NYS participation is particularly attractive for low income groups, as training is entirely free of charge and provided with full boarding and other welfare benefits. Newly recruited youth have to undergo a 6-months basic paramilitary (not armed) training, which is followed by a 1.5 years "nation-building service". Projects and programs where youth are dispatched include road construction, farming, rehabilitation of dams and other public facilities. After this service they are admitted to different skills development programs ranging from engineering and building, auto trades, textile, secretarial, business, hospitality to driving courses. Courses are at certificate and diploma level following the KNEC curriculum, or at artisan level geared towards trade test certification. The latter are open for students without O'Level qualifications.

⁶³ However, only as far as KIE curricula are used.

⁶⁴ Franz, 2011.

⁶⁵ Until 2013, the NYS was under the MoYAS. Under the new Jubilee government it has been shifted to the new Ministry of Devolution and Planning.

⁶⁶ In February 2013, the outgoing Government of Kenya under President Kibaki announced its plans to double the annual intake. See the government press release of February 5, 2013, www.statehousekenya.go.ke/news/feb2013/2013050201.htm.

NYS institutions are generally in a good shape, with ample space and facilities for practical training. Systematic tracer studies are not available, but instructors and management assume (referring to previous evaluations) that graduates are highly valued in the labour market, particularly as a result of the high level of discipline and other soft skills that graduates developed during the service in uniform. Craft certificate and diploma holders usually enter into wage employment, in both the private and public sectors. In some high demand occupations (e.g. mechanical engineering) employment contracts are often concluded even before graduation. At artisan level, self-employment is more common. NYS used to provide tool kits and other self-employment promotion services to those graduates. This scheme, however, phased out when donor support was withdrawn. At the moment, self-employment promotion is limited to entrepreneurship training that is part of the formal curriculum. Systematic relationships with the YEDF or other micro-finance schemes do not exist.

The NYS is a rather high cost approach. During the years 2007 to 2009 the program consumed between 44% and 56% of the MoYAS annual recurrent budget. Dividing the overall recurrent budget by the number of youth served, the annual unit expenditure amounts to some 170,000. This amount includes the training, all living expenses of the participants, and the comprehensive institutional overheads, which includes a permanent staff of around 5,000. For the GoK, which fully funds the NYS, parts of the costs are recovered through the development projects, which are conducted in the framework of “nation-building service”. The cost of road construction projects executed by the NYS, for example, amounts to only around 1/3 of the cost that would be incurred if the projects would have been awarded to commercial contractors. In view of the perceived high relevance and quality of the NYS training, a full unit cost assessment for the public budget would be advisable that also considers the cost-reducing effect of the nation-building service.

TIVET under other government agencies. At least 80 TIVET-level training institutions operate under other government ministries.⁶⁷ These include staff training centres, such as the Agricultural Colleges under the Ministry of Agriculture, the Government Training Institutes under the Office of the President, or the Railway Training College, and specialised training centres providing skilled professionals for the general labour market, such as the medical training colleges and nursing schools under the Ministry of Health, or the Utalii College under the Ministry of Tourism. The combined enrolment of these training centres is not recorded. Many of these training facilities do not target youth but the existing workforce, such as the farmers or informal sector operators.

3.2.4.3 Private Training Sector

The private training market is vast in Kenya. More than 1,000 private TIVET providers are estimated to offer training services. These include faith-based organisations, NGO or community-run organisations and private commercial schools and institutions. In 2011, 554 institutions were registered with the MoHEST.⁶⁸ Other institutions just operate with a normal business license, or are registered as NGOs with the NGO Coordination Board or as CBO with the National Council of Community-based Organisations. Yet other institutions are unregistered and thus not subject to quality control. There is a general belief among stakeholders that many of the unregistered commercial institutions offer sub-standard services and have just been established to capitalize on the desperate demand of youth for educational opportunities. However, no systematic assessments have so far verified this assumption.

A number of private TIVET institutions, notably from the faith-based and NGO segment, appear to focus on traditional technical occupations. This is complemented by a significant supply of training in modern occupations, significantly in the field of ICT. As ICT belongs to the relatively low cost training fields, many commercial training providers offer these, often at high prices. However, also a number of NGOs

⁶⁷ Compare the list in Annex 1 of MoST 2007, 2nd Interim Report on the Formulation of Legal Framework and Improvement of Management and Governance in the Kenyan TIVET System. The list, however, is not exhaustive.

⁶⁸ This number also included public institutions.

have more systematically ventured into ICT training, trying to equip youth from different background with computer and media skills. This is nurtured by funding support from large international IT companies such as Samsung and Microsoft. Examples include, for example, the innovative approach of the African Centre for Women, Information and Communication Technology (ACWICT) (see Box 3.2).

A 2009 survey of TIVET providers around Nairobi and Mombasa slums⁶⁹ point to considerable difficulties of private providers to utilize their capacities. This applies in particular to private commercial providers. Most of the institutions assessed indicated (partly striking) unused capacities. The study did not collect sufficient data to explain this, but suggests that reasons include prohibitively high training costs, bad management and marketing, low training quality or poor state of facilities leading to the assumption of low training quality among the potential clients.

Fees vary considerably in the private training market, depending on the nature of the training institution, the occupation and the courses offered.

The CFBT study recorded a wide spectrum of fees, ranging from KES 1,000 to KES 100,000 per program. The Technical and Vocational Voucher Program (see next section) recorded fees between KES 12,000 and KES 40,000 for private training programs in Western Kenya.⁷⁰ Donor-supported NGOs and faith-based organisations often charge commitment fees only.

Assessing the effectiveness of private training, and the range and determinants of effectiveness in this diversified market would require larger scale tracer studies that have not been conducted so far. Some programs and providers have conducted evaluations, but these are usually the better managed, which consequently show relatively high employment rates of graduates (e.g. ACWICT). The 2011 World Bank study on skills development for the informal sector identified what determines “good” and “effective” training as follows:⁷¹

- Competence and commitment in management matters. In this context, particularly faith-based schools fare well;
- Complementary services and modules appear to impact positively on graduates’ employment chances. This includes in particular life skills programs, counselling and follow-up support, placement services and support to access micro credit;
- Institutions that are well resourced usually through external support can afford better targeting, lower fees and appropriately competent management; and
- Training programs that are tailor-made for specific target groups are usually better positioned to provide the right mix of technical, business and soft skills and other services needed to support entry into the labour market. The ACWICT approach to ICT training for disadvantaged young women is a case in point (see Box 3.2 above).

3.2.4.4 *The Technical and Vocational Vouchers Program (TVVP)*

Some interesting evidence about the skills development sector was provided by the *Technical and Vocational Vouchers Program (TVVP)* launched in 2008 in Western Kenya (Busia District). The program is a research project aimed to fill knowledge gaps about factors affecting demand for and economic and social impact of skills development in Kenya, and the wider African context.⁷² Using vouchers for stimulating demand for training among Kenyan youth, it serves at the same time as a pilot for possible future demand-side interventions into the Kenyan training market.⁷³ A total of 2,163 Western Kenyan youth from Busia district who were previously part of the Kenyan Life Panel Survey participated in the project. They all applied for training vouchers, but only 50% were randomly awarded vouchers. The other half is serving as a control group. Of those youth who received vouchers, half were given

⁶⁹ See CFBT Education Trust, 2009. *Survey of Government and Non-government Training Providers in Kenya*. Commissioned by the World Bank.

⁷⁰ Hicks, Kremer, Mbiti and Miguel, 2011b.

⁷¹ Franz, 2011.

⁷² See Hicks, Kremer, Mbiti and Miguel 2011.

⁷³ Another much heeded voucher program in Kenya was the Jua Kali Voucher Program in the context of the Kenya Micro and Small Enterprise Training and Technology Project (MSETTP) a World Bank-funded SME project implemented from 1996 onwards provided vouchers to micro- and small businesses to access business development services.

so-called restricted vouchers applicable only in identified public TIVET institutions, while the other half received vouchers that could be redeemed for training in eligible public as well as private training institution. The vouchers had a face value of 35,000 KES, which was then sufficient to cover (or almost cover) tuition costs of most private and public training programs. Eligible training institutions included all major government-owned training institutions and a large number of private training institutions available in the area, including NGO-run and faith-based institutions and private commercial training providers.

Only the results of an interim assessment of the program are currently available, which was conducted while training was ongoing. As a result, knowledge about the labour market outcomes of the supported skills development is very limited. However, the analysis of preliminary results documented in three reports⁷⁴ already point to interesting results:

- Vouchers have a significant impact on the participation in training, indicating that high costs associated with TIVET in Kenya constitute an important access barrier;
- Private training providers increase the choice in the training market and therefore increase the likelihood that youth find a training provider that matches their interests and individual circumstances. Almost half of the youth indicated “proximity to home” and almost one-third “ability to find accommodation nearby to training center” as the reasons to take up a specific program. These findings point to a significant importance of the supply-match with individual needs and family constraints;
- Information on training supply and labour market contexts is low. Participants turned out not to be properly informed about labour market outcomes

(for example about the likely returns of training). Program choices among participants changed after information was provided;

- The findings suggest that vocational training can serve as an effective second chance program for those youth with a low educational attainment. Program participants with lower education, in particularly those without secondary schooling but with completed primary education, were less likely to drop out of the training than those with secondary schooling;
- The preliminary findings also provide some suggestive evidence about supply-side effects of the increased competition in the training market induced through the vouchers. Those institutions in the research project that enrolled voucher winners turned out to be more likely than non-receiving institutions to expand their course offers; and
- Only very preliminary information on the labour market outcomes of training have so far made available. There are very initial indications that training pays off in terms of duration of job search and remuneration, the latter particularly for women.

3.2.5 Internship and Apprenticeship Programs

Internships, or the more comprehensive apprenticeships, represent an opportunity for youth to get prepared for employment or self-employment through exposure to the world of work and through on-the-job learning of job relevant skills. It is generally assumed that this kind of real work experience considerably improves the employability of young people. A case in point is the experience of Germany. Around half of all young people of an age group go through apprenticeship training, and the country has the lowest gap between youth and general unemployment in the OECD.

⁷⁴ *Vocational Education Voucher Delivery and Labour Market Returns: A Randomized Evaluation Among Kenyan Youth, 2009; and Hicks, Kremer, Mbiti, and Miguel, 2011a and 2011b.*

Box 3.2: African Center for Women, Information and Communications Technology (ACWICT)

ACWICT is a Kenya-based Information and Communications Technology for Development (ICT4D) organisation. Its activities are aimed at promoting women's access to and use of ICT as tools for social, economic and political advancement. Among its core activities are youth employment/training programs targeting young women aged 18 to 35. Since 2007, four different programs have been implemented:

- * Reaching the Unreached: Youth Employability Programme, which started January 2007 with funding from Microsoft Corporation. The program involved training of 600 young women in rural and urban communities to apply ICT enabled entrepreneurship. The program was delivered through community-based Technology Learning Centers. Locations included Kisumu, Mbita, Budalang'i.
- * The two-year Youth Empowerment Program (YEP) was initiated in July 2007 financed by the International Youth Foundation and Microsoft. It targeted 1,200 youth in slum settlements in Nairobi. The actual number of beneficiaries turned out to be slightly lower (1,100) due to disturbances during the post-election violence 2008.
- * The Samsung Real Dreams Program of 2009 is a pilot program targeting 160 young women in the informal settlements of Nairobi financed by Samsung Electronics Co. Ltd.
- * Another program in cooperation with Microsoft started in March 2009 targeting 720 young women affected by post-election violence in Eldoret.

The core program ACWICT offers combines training in ICT, entrepreneurship and life skills. The program structure gradually developed over time, incorporating findings from evaluations of completed programs. One example is the life skills module, which was not part of the initial Reaching the Unreached program, but added later. Further research has shown that technical ICT skills are often too basic and not sufficient to meet the demands of the labour market. Therefore, the more recent Samsung Real Dreams Programme added IT skills beyond basic ICT, business process outsourcing skills, internships and entrepreneurship support.

Entry requirements into the programmes comprise basic literacy skills, basic understanding of English and demonstrable ability to complete the training. Program data show that the majority of participants are O'Level holders, followed by women who have attended or completed technical education or tertiary, incl. university education. Only a small percentage of participants in those programs, for which data were available (Nairobi-targeted programs), were primary school leavers.

Until 2011 a total of 2,500 women had been benefitting from the program. Capacities depend on the availability of program funding. The programmes are financed by third parties. Commitment fees of KES 1,000 are charged from participants, which may be waived in case the participant is not able to raise the fee. Total (direct and indirect) costs amount to approximately US\$ 475 (KES 38,000) per women for a programme of 2.5 to 3 month training plus three month internship, during which the programs pays for insurance, administrative support and possibly other needed expenses.

ACWICT has undertaken systematic evaluations of its programs and used the results to fine-tune and improve the training concept. The evaluation of the YEP conducted mid of 2010 showed that the placement rate of 52% of graduates turned out to stay behind the target of 70%.

The Samsung Real Dreams Programme was expanded following the evaluation finding that employers were demanding more advanced ICT skills. Apparently, this has considerably improved the employment chances of graduates. Data collected six months after completion of the programs showed that 77% of the graduates were working, while 10% were pursuing further studies. 95% of those who were working had started their job less than 6 months ago, hence most likely as a result of the newly acquired skills. More than 70% were in regular employment. The results also show that graduates considered the programs placement services as the most effective way of job search.

Both available evaluations include very good feedbacks to the program's life skills training. Results measured by personal perceptions of graduates show that participants have overwhelmingly increased their self-confidence, feel much better equipped with necessary soft skills (communication, ability to learn, creativity, etc) and feel that their employment options have improved considerably.

Source: Franz, 2011 (based on interviews with ACWICT management, various presentational material, YEP Evaluation Report of April 2010, and ACWICT Data Report of Samsung Real Dreams Programmes of June 2010).

Kenya has formal and traditional apprenticeship training, as well as internships as part of formal TIVET. More recently, the KYEP added a significant internship initiative targeting unemployed youth.

Formal apprenticeships. The formal apprenticeship program administered by NITA provides sponsorship to some 500 to 600 trainees and their companies every year. The apprenticeship scheme does not include informal sector companies. A company needs to be a registered levy contributor to benefit from the scheme, and needs to fulfil specified workplace criteria. The scheme is based on formal apprenticeship contracts. Apprentices undergo the normal craft or diploma programs in TIVET institutions, and are in industrial attachment during tuition-free time. Out of the levy fund NITA pays tuition fees and reimburses the apprenticeship wages to the participating companies for the times the apprentice is trained in the TIVET institution. Although no tracer studies are available it is assumed that former apprentices enjoy very good employment chances, presumably also because apprentices are generally among the higher performing youth. Many are employed by their training companies. The entry requirement for apprenticeship is the same as for the normal craft and diploma programs. However, as a result of the privileged situation of apprentices, the scheme can cream taking only the best school performers. It is said that apprentices often hold an KCSE with A or B marks, which would qualify for university admission.

Industrial attachment and indentured learner scheme. NITA also facilitates industrial attachment to some 10,000 trainees and students annually from TIVET institutions and universities. Companies who contribute into the levy fund receive KES 3,000 as cost contribution per attached student. Under the indentured learner scheme, levy paying companies receive upon application cost reimbursements for 1 to 3 months (uncertified) on-the-job induction training for new recruits. The scheme is mainly applied in the textile and construction industry.

Traditional apprenticeships. Traditional apprenticeship (TA) training is provided by mastercraftsmen in the *Jua Kali* sector. Like in many African countries, TA has always been among the most important systems of skills development for the youth. More recent surveys assessing the number of apprentices are not available. A baseline survey in 1999 recorded almost 53,000 apprentices among the 2.4 million informal sector workers,⁷⁵ i.e. around 2.2% of the total *Jua Kali* workforce. If this share is extrapolated it can be assumed that in 2009 some 180,000 youth were receiving skills training through traditional apprenticeship training in Kenya.⁷⁶ The UNDP youth employment challenge report of 2013 comes to considerably lower estimates in terms of numbers of apprentices based on KIHBS data of 2005/6, but concedes that the survey may have underestimated the actual number. While traditionally TA was seen as the prime training provider system for youth with low education, there are some indications that educational requirements are increasing and that at least a completed primary education is nowadays required by mastercraft persons to accept a young person as trainee.

Traditional apprenticeships offer hands-on, production-oriented and flexible on-the-job training. It is based on an informal contract between the master craftsman and the trainee and varies in time, depending on the agreed scope of skills to be imparted and the individual learning pace of the apprentice. In production-oriented trades, for instance in metal fabrication, trainees learn how to produce standard products in accordance with the production cycle of the training business. The number of products an apprentice will learn is flexible, depending on the time and resources the apprentice wants and can spend in apprenticeship. Not all *Jua Kali* enterprises have the capacities or the preparedness to take apprentices. In the Kamukunji *Jua Kali* cluster for example, only around 200 apprentices were recorded among around 600 enterprises in the cluster in 2011. TA is generally assumed to be highly labour-

⁷⁵ See Haan, Hans Christiaan, no year. *Training for Work in the Informal Sector. New evidence from Kenya, Tanzania and Uganda*. ILO.

⁷⁶ *The total employment in the informal sector in 2009 was estimated at 8.3 million, World Bank, 2011.*

Box 3.3: Traditional Apprenticeship Support by SITE

Between 1996 and 1998, the NGO SITE (Strengthening Informal Training and Enterprise) ran a UK-assisted project to support and develop traditional apprenticeship training in Kenya. The project concentrated on metalwork, woodwork and textiles. In total 420 mastercraft persons and 280 apprentices were trained directly, while it is estimated that around 1,400 apprentices were receiving improved training from the project's host trainers. According to available information, the impact was positive by various means. Traditional apprenticeship training became more efficient (reduction in time and costs) and effective (concentrated on productive activities) gaining from the training the masters had received. The number of apprentices of the masters who participated increased by 15 to 20%. The masters themselves benefited through increased turnover and profits, assumed to be a direct result of new skills applied, new products, penetration of new markets and better workshop layouts and production organisation.

Some of the lessons learnt from the project included:

- Skills training were not immediately interesting to master craftsmen, unless it was delivered in the context of a broader business improvement context;
- Training to masters has to be delivered in a flexible manner, taking into account time constraints and opportunity costs;
- Masters get involved in training not necessarily to gain from training fees, but to increase income from production;
- Training turned out to be a good entry point for technology upgrading in the enterprises;
- Attempts to create linkages between the *Jua Kali* sector and formal training institutions were disappointing. Independent trainers (BDS providers) are more flexible and suitable;
- Important is the collaboration with informal sector associations; and
- Overall, the intervention could demonstrate that skills development, carefully and appropriately targeted, can be instrumental in improving the performance of informal sector enterprises. New skills appeared to lead to increased growth, innovation and productivity.

Source: Franz 2011, based on Johanson/Van Adam 2004, and Haan 2006.

market relevant providing a good start into gainful employment in the informal sector. At the end of the apprenticeship completers usually start working for any of the businesses in the cluster⁷⁷ and may eventually open own businesses depending on the availability of working space and investment capital. Others move to rural areas, which are underserved and provide good business opportunities. According to information obtained during the World Bank study on skills development for the informal sector, it is also relatively common that the former trainee eventually applies for trade testing.⁷⁸

Among the main limitations usually associated with traditional apprenticeship training is the fact that the training is confined to limited technology

levels and poor business practices prevalent in the informal sector. Programs in different African countries, among them Zimbabwe, Nigeria and Ghana, have therefore tried to link apprenticeship training to skills and/or technology upgrading of trainees and masters. A case in point in Kenya during the 1990s was a project by the NGO Strengthening Informal Training and Enterprise (SITE), which provided external training both to apprentices and masters, and achieved significant results with this approach (see Box 3.3). The TEVET Authority of Malawi has recently embarked on a more systematic approach to empower mastercraft persons as trainers through further training and provision of training skills and by organizing mastercraftsmen in registered informal sector trainers associations.⁷⁹

⁷⁷ Informal sector employment usually does not imply a fixed monthly salary. Workers are paid in accordance with the products produced and sold, or work completed, i.e. income is dependent on the business in the cluster.

⁷⁸ Franz, 2011.

⁷⁹ Chingoma and Franz, 2013. *The TEVET System in Malawi. Report prepared for the World Bank and AfDB.*

TA has developed into a somewhat commercial private training provider system. While traditionally mastercraft persons mainly recruited relatives into training, which involved no payment, the target group appears to have shifted to young men and women who are not necessarily related to the artisans. In this case, a training fee is charged, which has increased the attractiveness of training for the mastercraft persons. Apparently, the interest of young people to join the TA system is high, and has increased lately.

Relatively high training fees presumably restrain the number of youth actually trained. In 2011, a minimum fee of KES 1,500 per month was usually charged, which translates to a training fee of KES 18,000 for a one-year training. Under other arrangements training fees are set by products learned and can go as high as KES 20,000 per product. Usually, *Jua Kali* Associations are involved in setting standards for fees and fee arrangements. Training fees are tuition fees only and do not cover living expenses and transport, which has to be borne by the trainee. Considering opportunity costs, it can be assumed that the fee levels can easily be prohibitive for youth from poor families. Subsequently, potential training capacities in *Jua Kali* enterprises appear not to be fully utilized.

Private Sector Internships and Training. Component 2 of the KYEP, titled *Private Sector Internships and Training*, with an allocated volume of US\$ 15.5 million aims at improving youth employability by providing youth with work experience and skills. Under the component, up to 10,000 youth will be provided with internships in the formal and informal sectors, life skills training and relevant technical skills training. The project focuses on off-farm employment with priority given to potential growth sub-sectors identified in Kenya's Vision 2030, notably ICT, finance, energy (green skills), manufacturing and the *Jua Kali* sector. Eligible are youth in the 15-29 age bracket with at least eight years of schooling that have been out of school for at least one year and are not working. The share of participants with tertiary

education is capped at 40%. The project started in 2011 in Nairobi and Mombasa, and has now included Kisumu as well.

The Component is implemented by the Kenya Private Sector Alliance (KEPSA), an umbrella organisation of private sector associations in Kenya. This implementation arrangement indicates one of the main thrusts of the project, i.e. its employer demand-driven approach. KEPSA's Sector Board was involved in the planning of the project through developing specific Sector Training Plans determining the type and nature of skills training to be offered in each sector. Whether and to what extent this involvement was instrumental in facilitating the provision of internship places by industry will be an important question to be analysed in further evaluations of the project.

Training arrangements differ for the formal and the informal sector. Internships in the formal sector are reserved for youth aged 18 years and above. Youth aged between 15 and 17 years are eligible for internships in the *Jua Kali* sector. After recruitment of participants by KEPSA all candidates for internships attend a three months period of initial training, comprising orientation, life skills training and technical training in accordance with the Sector Training Plans. Youth to be placed in informal sector companies also attend entrepreneurship training courses. After training, employers select interns through interviews, and the interns stay for three months on attachment in the companies. Experience has shown that formal sector companies tend to require from candidates a post-secondary qualification to be considered for internship. The internship program in the informal sector includes in addition initial training for the participating mastercraft persons, covering entrepreneurship, production, marketing, human resource development and coaching/training practice. The aim of this training, which is provided in the evening hours, is to make the mastercraft persons "better employers".

All employers receive a compensation of KES 3,000 per month of internship. This matches the contribution employers receive from NITA for providing attachment places to TIVET and technical university trainees. The same amount is paid to *Jua Kali* mastercraft persons, which is clearly above the normal training fees in traditional apprenticeship arrangements. It merits further analysis whether the project has any distorting effects on the traditional apprenticeship market, for example through pushing “normal” apprentices out of the market, or pushing up the prices for training in the *Jua Kali* sector. Throughout the intern and training period, selected interns receive a monthly stipend of KES 6,000.

The fourth of the planned eight project cycles is currently ongoing, and as of June 2013 a total of 6,237 young people have benefitted. The KYEP puts substantial efforts into impact evaluation and monitoring of the project. A beneficiary assessment immediately after the finalization of the first batch internship in March 2012 showed positive perceptions about the project among both interns and internship providers.⁸⁰ A majority of interns felt that the training had improved their employment chances. The accompanying training was felt useful. It is interesting to note that youth particularly emphasised the positive impact of the life skills training. This matches the experience of other innovative youth training providers.⁸¹ A tracer survey of the first batch completers conducted six months after the end of the measure⁸² found that a remarkable 71% of all surveyed completers were employed or self-employed, while 13% were involved in further studies, internships or volunteer work. Only 16% remained unemployed which appears to be a bold achievement considering that all participants had been unemployed prior to the project intervention. Interestingly, the vast majority found employment in the MSE sector, both in way of wage and self-employment, which is probably related to the fact that a majority of intern providers were companies

in the MSE sector.⁸³ A more rigorous assessment of experience and impact of the component to date is ongoing.

The project is conceptualized as a pilot project. According to the project’s budget⁸⁴ direct unit costs are estimated to be US\$ 1,306 (about KES 106,000), or US\$ 1,550 (KES 126,000), if full project costs are taken into account.

3.3 Policies and Interventions Affecting

3.3.1 The Match of Labour Market Demand and Supply

Market failure of labour market information can aggravate unemployment. Lack of transparency and information about demand and supply in the labour market causes wrong decisions about education and training by young people, and makes it difficult for companies to find employees with the right skills and competencies. Labour market and skills development policies worldwide see an increase in initiatives to improve career counselling and guidance, job placement activities, and as a basis of improved labour services, better mechanisms to provide labour market information.

Labour intermediation services in Kenya are offered to all age groups, but many initiatives are concentrated on youth. This includes in-school youth and youth of all ages seeking employment.

Evidence about the importance of labour market intermediation. There is only scattered knowledge about the importance of intermediation services to tackle youth unemployment and to improve the match of supply and demand in the Kenyan labour market. Focus group discussions conducted by the World Bank in October 2012 with young Kenyans aged 20 to 30 in various urban and rural areas showed how important networks and corrupt practices are in the job market for young people, and by implication

⁸⁰ VAS Consultants Ltd, 2012. *Beneficiary Assessment of KYEP Training and Internship Component Report*.

⁸¹ See the assessment of training programs of ACWICT, described in Box 3.2.

⁸² KESPA, 2012. *Kenya Youth Empowerment Project Cycle 1 Beneficiary Tracer Survey, November 2012*.

⁸³ This is suggested by the beneficiary sample in the beneficiary assessment of March 2012. The tracer study does not reveal the intern background of the sampled interns.

⁸⁴ Compare KYEP, *Project Appraisal Document, March 2010*.

how unimportant rational matching services are. Many youth experienced that nepotism, tribalism, demands for bribes and also sexual harassment are major barriers to obtain a job.⁸⁵

Some evidence for the importance of vocational guidance is provided by the Busia Technical and Vocational Training Vouchers Program. The 2011 evaluation of the program indicated a low level of information about training and career opportunities among the young participants. Tests showed, for example, wrong perceptions among the youth on income prospects in selected occupations. The provision of information had a significant effect on the training choices of program participants. This applied specifically for young women who were more likely to choose training in traditionally male occupational areas after they had been informed that these were generally better paying in the labour market.⁸⁶

Policies on career guidance and job placement.

Career guidance and job placement services are identified as important labour market instruments in the relevant policies. However, progress in implementation is slow. The *Vision 2030 Sector Plan for Labour, Youth and Human Resource Development 2008-2012* included the establishment of modern regional employment offices and upgrading of existing employment offices as one of six strategies for employment promotion. The target was to establish 32 new public employment offices and upgrade the existing 24 offices. The issue again features high in importance in the draft employment policy and strategy, which calls for the establishment of a one-stop-database on job seekers and employers, the strengthening of public and private employment services, better use of ICT for career guidance and labour exchange, the establishment and strengthening of employment offices and youth empowerment centres in all counties and constituencies, alongside an improvement of labour market information mechanisms. The draft policy

also suggests to amend the Employment Act of 2007 to the effect that companies will be legally required to fill vacancies through employment agencies.⁸⁷

Public Employment Services. The Government of Kenya currently runs 24 district level employment offices under the National Employment Bureau of the Ministry of Labour. Offices are charged with the registration and placement of jobseekers, guidance and counselling of jobseekers and youth groups, identifying vacancies in firms, as well as monitoring the employment situation in the district where the offices are located. To date, the number of offices have not been increased as envisaged, and the offices suffer from underfunding, lack of ICT equipment, lack of equipment and vehicles, and lack of collaboration mechanisms with other employment agencies and relevant government departments. There is limited acceptance of the offices from the side of employers. Only few employers voluntarily notify vacancies. Yet, it appears that at least some offices are remarkably active despite of the resource constraints. A case in point is the Embakasi District Employment Office that is located in a sprawling Nairobi neighbourhood with a good range of companies, several informal markets and numerous formal and non-formal educational institutions. The office staff seeks active contact with employers and has made arrangements to pre-screen applicants for employers through interviews. The office is also cooperating with the YEDF committee and other offices in charge of youth issues, and advises youth groups. Routine visits are made to TIVET institutions to render advise on needed skills. Finally, a special room has been set aside to offer guidance and counselling services and to support youth with CV writing and job search skills. According to own information the active contact to companies has enabled the office to exceed their placement targets.⁸⁸

Less formalized employment services specifically targeting youth have been included in the activities of the Department of Youth Development (formally

⁸⁵ World Bank, 2012. *Kenya at work. Energizing the economy and creating jobs. Kenya Economic Update, December 2012.*

⁸⁶ Hicks, Kremer, Mbiti, Miguel 2011a and 2011b.

⁸⁷ Republic of Kenya. *Draft Employment Policy and Strategy for Kenya, Version July 27, 2012.*

⁸⁸ Odhiambo, 2012.

MoYAS, now under the Ministry of Planning and Devolution). The Youth Empowerment Centres also offer counselling services conducted under the auspices of the district youth officers. Youth career fairs targeting secondary students to provide opportunities to meet practising professionals have reached some 65,000 students so far.

Private employment agencies. A considerable number of private employment agencies operate in Kenya, mainly in urban centres. A total of 120 agencies are accredited. Some 40 are organised in the Kenya Association of Private Employment Agencies (KAPEA). Private agencies usually concentrate on job placements, rather than general counselling and guidance of job seekers.⁸⁹ A good part of the private agencies concentrate their activities on facilitating job placement in overseas labour markets, notably the middle east. Unlike the public services, private agencies often use internet-based job information and recruitment instruments. A quick internet search showed that the agencies mainly serve the market for skilled labour (both white and blue collar), rather than unskilled. The overall number of jobs brokered through private agencies could not be established. There appears to be a good working cooperation between the public labour administration and the private agencies. For example, the Ministry of Labour database of registered job seekers, sourced by the public employment offices, is regularly made available to the private agencies.

Support to labour migration. Migration for overseas jobs, which has become a deliberate strategy within youth employment policies, is handled by various agencies without a streamlined and consistent approach. Involved are the National Employment Bureau (NEB) (accreditation and regulation of recruitment agencies), the Department of Labour in the MoL (attestation of foreign contracts), MoYAS/YEDF, the Ministry of Immigration and Registration of Persons (passports and travel visas) and the Ministry of Foreign Affairs (in charge of protecting Kenyans abroad). The fragmented set-up inhibits effective

protection of Kenyans working abroad and effective expansion of employment opportunities for Kenyans. To streamline and improve the management of overseas employment and labour migration is therefore an important strategy in the new draft *Employment Policy and Strategy for Kenya*. Activities are supposed to be concentrated under a new National Employment Authority. Kenyan Embassies abroad will be involved with special attachés charged with sourcing jobs in foreign countries.

Since 2008, the Youth Employment Scheme Abroad (YESA) implemented by the YEDF plays a special role in labour migration for youth. YESA supports youth aged 18 to 34 taking up jobs abroad through pre-departure support and training⁹⁰ and loan funding to facilitate the migration. YESA cooperates with private employment agencies that are in charge of sourcing the employment and handling the loan. The target group of the scheme are unemployed youth that have skills which are required abroad. Since 2008, a total of 8,075 youth have been provided with pre-employment training and migration loans of KES 75,000 each. There is no systematic impact analysis so far, but YESA assumes that supported youth are currently working abroad. A YESA Sessional Paper is currently under preparation to improve opportunities through better regulation, to better protect the migrating youth, and to facilitate systematic re-integration of returning migrants.⁹¹

Vocational guidance and counselling in education institutions. The review of the education system conducted in the *National Framework for Education* in 2012 identifies considerable gaps in career guidance, counselling and mentoring. "In spite of pockets of good practice in some schools and institutions, guidance, counselling and mentoring services currently do not exist in sufficient depth, nor is it provided in a comprehensive or coherent manner. Specifically, it does not address in a holistic way career/business guidance, personal development and educational mentoring. Teachers generally lack the skills necessary to provide this support, and

⁸⁹ With the exception of "interview tips" or "application tips" on the webpage.

⁹⁰ Training is provided in cooperation with the International Organisation of Migration (IOM)

⁹¹ See YEDF, 2012, complemented with information provided by YEDF.

there is lack of clarity on how parents and teachers and others can work together to provide life skills support and training, and advice on entry into the world of work” (MoE 2012, p. 51). Major challenges include absence of data, inadequate funding for the MoE’s guidance and counselling unit and overall capacity shortages in schools. The National Framework therefore suggests to undertake a major review of the provision and effectiveness of guidance and counselling, moulding and mentoring across all education institutions, to require all schools and teacher training institutions to implement the policies, to support peer mentoring mechanisms, and to mobilize sustainable funding, among others. It is assumed that vocational guidance and counselling activities, as well as job placement services, are better organized and resourced in some TIVET institutions, in particular in selected private schools. The Don Bosco Boys’ Town TIVET institution in Karen, for example, supports its graduates to find employment through the job placement centre that is part of the Silesian Church in Nairobi, and through application/interview training that is part of the curriculum.⁹²

Labour market information. Career guidance and vocational counselling as well as job placement requires reasonably precise and timely knowledge about labour market demand patterns, supply structures and skills development opportunities. A bold step in filling previous information gaps has been the National Manpower Survey (NMS) that was completed in August 2012. A first data description is about to be published. The NMS is considered an important step in developing a continuous skills inventory and manpower databank for Kenya. It will be complemented by the next National Labour Force Survey planned to be conducted in 2014.

Trade testing. Trade testing is important for youth that have acquired skills in informal work environments. It can facilitate enhanced chances in the labour market by equipping youth with a formal and recognised certificate about prior learning achievements. Trade testing in Kenya, implemented by NITA is a scheme

to assess and certify skilled workers at three levels, ranging from semi-skilled, skilled to broadly skilled (mastercraft persons). Trade testing is available to any person who seeks recognition of skills, irrespective of how and where the skills were acquired. Trade testing candidates therefore include completers of formal and non-formal training programs in both the public and private training markets, youth who learned through traditional apprenticeship training, or workers in industry who just learned on-the-job. Some 200 centres (mainly training institutions) are accredited trade testing centres ensuring accessibility throughout the country. Testing fees range from KES 2,500 for Grade III (lowest level) to KES 5,000 for Grade I (highest level). Testing is offered in 37 skill areas, mostly covering traditional technical occupations that are male-dominated. Tailoring, hair dressing and beauty therapy are among those trades that are more attractive to females. On average some 35,000 candidates undergo trade testing every year. Among the most popular are dressmaking and tailoring, followed by automotive trades, electricians, masons, carpenters and welders. Of all candidates in 2011, 82% accounted for the lowest level Grade III test, 15% for Grade II and only 3% for the highest Grade I. The average pass rate was recorded at 84%, with slightly better pass rates at higher levels (87% for Grade I).⁹³

The high number of candidates indicates the importance of the trade testing system among labour market actors. Trade test certificates are part of the system of legislated wages, unlike the KNEC technical qualifications, and they are assumed to be well rated by employers who acknowledge the practical orientation of the qualification. Trade testing is considered highly attractive and desirable for informal sector operators and workers, as the formal recognition of competence improves business chances. This is particularly important in view of the policy to allocate at least 25% of public procurement requirements to the MSE sector.⁹⁴ Analyses of the impact of trade testing on employability are not available.

⁹² Franz, 2011.

⁹³ Compare information provided by NITA under www.nita.go.ke, and Franz, 2011.

⁹⁴ See Sessional Paper No. 2 of 2005 on Development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Reduction.

3.4 Cost of Selected Interventions

Reasonably robust unit cost data for the different interventions are difficult to obtain. Budget data of the sponsoring ministries or organizations are often not appropriately disaggregated, and/or precise information of actually reached target beneficiaries is sketchy. Unit cost data of private initiatives were usually not available for this study.⁹⁵

The table overleaf represents unit cost estimates that were compiled by the 2011 World Bank study on skills for the informal sector complemented with selected information compiled in the course of this study. Hence, most of the information is based on data available in 2011 and does not reflect more recent budgetary developments.

The data show considerable cost differences even among programs of similar nature and duration. Among the long-term TIVET programs, for example, the relatively low cost of training in YPs is significant. The figures reflect the low current expenditure level in the YP in 2011 causing serious quality problems. Unit cost of formal TIVET programs other than the ones provided in YPs were estimated at around KES

100,000 per year, or higher, if additional services and benefits are provided (NYS, Don Bosco Boys' Town). It should be emphasised that the formal public pre-employment programs appear to have a significant (yet to be exploited) potential for efficiency increases, inter alia through better capacity utilization.

The data also demonstrate that traditional apprenticeship training (Jua Kali training) is relatively low cost. Costs in this scheme are entirely borne by trainees (or their families). Considering the fact that the target group of this training largely comes from poorer households it can be assumed that access to the scheme is considerably restricted for youth without family ties to the masters.

The *Private Sector Internship and Training Program* under the KYEP running over six months for each participant is a particularly high cost approach in the Kenyan environment, mainly caused by the subsidies paid to companies, Jua Kali businesses and trainees. Cost-wise, one six-months cycle of the pilot program is comparable with the cost involved in one-year of well resources institutional long-term TIVET.

⁹⁵ Some information of aggregated budgets of programmes is included in Annex 3.

Table 3.3: Cost estimates for different youth employment promotion programs

| Training provider/scheme | Borne by: Households/ trainees | Direct Unit Costs (KES) | | | Unit Cost incl. Indirect Costs | Remarks |
|---|--------------------------------------|-------------------------|---|---|-----------------------------------|--|
| | | Government | Other | Total direct cost (Unit) | | |
| Labour-based works | | | | | | |
| <i>Kazi Kwa Vijana</i> | - | 17,000 | - | 17,000 (per sponsored employment of average 2 months) | 18,400 | Estimates are based on the budget for the World Bank support to KKV under the KYEP. Note that the actual unit expenditure for KKV were considerably lower during the first year of implementation, also caused by budgetary restrictions |
| Youth Employment for Sustainability (cobblestone programme) | | | Fully donor funded | (employment day) | 1,030 | |
| Self-employment promotion | | | | | | |
| Integrated training/internship package (life-skills, ICT, entrepreneurship and technical skills), Samsung Real Dreams by ISBI | n.k. | - | Donor-funded (through company CSR funds) | (one-year program) | n.k. | The program comprises 300-350 hours training + 320 hrs internship, which is considerably supervised |
| Integrated training/internship program (life-skills; ICT and entrepreneurship) by ACWICT | 1,000 | - | Fully donor-funded (mainly through company CSR) | (Program of 2-3 months plus internship) | 38,000 | |
| Business Management Training for Jua Kali operators, by ISBI | - | - | 4,000 (donor funded) | (module of 20 hours) | | |
| Entrepreneurship training for youth by MoYAS | - | 2,000 | - | (2 day course) | | |
| Inoorero University entrepreneurship and mentorship programme | Part cost recovered through fees | | Partly donor funded | (program, 3-6 months) | 50,000 | Source: Database of 2013 World Bank Study on Entrepreneurship Education and Training in Kenya |

| Training provider/scheme | Borne by: Households/ trainees | Direct Unit Costs (KES) | | | Unit Cost incl. Indirect Costs | Remarks |
|---|--|-------------------------|-----------------|--|-----------------------------------|---|
| | | Government | Other | Total direct cost (Unit) | | |
| TIVET | | | | | | |
| Post-secondary training in formal TIVET institutions (MoHEST) | 55,000 – 65,000 | 30,000 – 40,000 | 0 – 3,000 (IGA) | 90,000 – 100,000 (Year) | n.k. | Incl. boarding of around 20,000 – 25,000 KES annually Variations depend on fee rates charged by providers. Government unit expenditure depend on capacity utilization and student/teacher ratio of institution. Government subsidies are not performance dependent |
| Post-primary TIVET in Youth Polytechnic (MoYAS) | 4,500 – 7,000 (plus up to 14,000 for boarding) | 19,000 – 20,000 | - | 24,000 – 40,000 (incl. boarding) (Year) | n.k. | This expenditure estimate includes the MoYAS tuition fee subsidy per student of KES 15,000 annually. However, this subsidy has not always been disbursed in full to YP. |
| Traditional apprenticeship (Jua Kali) | 18,000 – 25,000 | - | - | 18,000 – 25,000 (Year) | 18,000 – 25,000 | Based on enquiries in Kamukunji |
| National Youth Service | - | Entire costs | - | n.k. (Year) | 170,000 | Amount includes all operational costs of NYS and therefore includes cost for Nation Building Projects. Return of the productive work of trainees during project work are not considered. Assumably net costs are considerably lower when taking the returns into consideration. |
| Private TIVET providers (commercial) | Entire cost borne through fees | | | n.k. (Year) | 30,000 – 150,000 | Rough estimates based on fee structures of private providers. |
| Faith-based TVET institution (Don Bosco Boys Town Karen) | 15,000 – 20,000 | | | | 120,000 | Full cost including boarding. Information received by management |
| NITA upgrading courses | 8,000 (or 18,000 with boarding) | n.k. | n.k. | (4-6 weeks/120 hours) | n.k. | |

| Training provider/scheme | Borne by: Households/ trainees | Direct Unit Costs (KES) | | | Unit Cost incl. Indirect Costs | Remarks |
|--|--------------------------------------|-------------------------|-----------------------------------|---------------------------------------|-----------------------------------|---|
| | | Government | Other | Total direct cost (Unit) | | |
| Internships | | | | | | |
| KYEP- Private Sector Internships | - | - | 106,000 (World Bank funded) | 106,000 (program over 6 months) | 126,000 | Based on budget estimates of the World Bank program. Direct costs include training costs and allowances for interns and companies, while indirect costs include all management and monitoring costs |
| Skills recognition | | | | | | |
| Trade testing | 2,500-5,000 | n.k. | - | n.k. | n.k. | Only testing fees |
| Employment Services | | | | | | |
| YESA migration loans (overseas employment) | | 75,000 | | 75,000 (loan) | n.k. | Only loan amount, pre-employment training not calculated. |

Source: Franz, 2011. Realizing the Youth Dividend in Kenya through Skills for the Informal Sector: Institutional Assessment of Skills Development and Youth Employment Promotion Programmes and Projects. Paper prepared for the World Bank, Nairobi; supplemented by selected information collected during this study.

4. CONCLUSIONS AND RECOMMENDATIONS

This chapter presents summary conclusions based on the review presented in Chapters 2 and 3, and some recommendations meant to stimulate the discussion about future policy priorities and the design of further interventions.

Chapter 2 of this report presented available information about the youth groups in Kenya most affected by unemployment. Six groups with distinct characteristics have been identified clustered by age, gender and education characteristics, and by their location and social status. They are widely overlapping though. A girl coming from a poor rural household who dropped out of primary school, for example, belongs to four of the six distinct youth groups identified in Table 4.1. Nevertheless it is important to understand specific barriers to employment and specific options the different groups of Kenyan youth have in order to properly design and target major interventions.

Kenya has many good programs and policies that affect employment chances of youth and which, in accordance with available information, are effective. This includes, for example, the NYS, the trade testing system or the formal apprenticeship system, and many projects in skills development and employment/self-employment promotion that are run by private organisations. Many of the public TIVET institutions appear to be well above average African standards in terms of quality and innovativeness. In some cases where services are lacking or not working as desired, recent government policies point into the right direction for change in line with international best practice. Examples are the intended improvement of vocational counselling and guidance in education institutions, or the new initiatives to streamline support to overseas employment.

Table 4.1: Groups of Youth Mostly Affected by Unemployment

| | |
|--|---|
| Unemployed youth aged 18-25 (some 1,15 million) ⁹⁶ | <ul style="list-style-type: none"> • Most affected age group • Mostly primary or secondary school certificate |
| Unemployed tertiary education completers (around 18,000) | <ul style="list-style-type: none"> • Unemployment mainly temporary • Small group in absolute terms |
| Youth with low or no education (some 255,000 with no education according to KIHBS) | <ul style="list-style-type: none"> • Usually from poorer households • Less opportunities • Most affected by unemployment • Unemployment highest at young age (15-20) |
| Youth from poor households (around 750,000 unemployed from two lowest income quintiles) | <ul style="list-style-type: none"> • Largely overlapping with above • Reduced chances to complete education and training • No means to venture into self-employment |
| Unemployed rural youth (some 1,15 million) | <ul style="list-style-type: none"> • High absolute number of unemployed • Suffer from lack of jobs in rural areas • Tend to migrate to urban areas |
| Unemployed female youth (some 1,22 million) | <ul style="list-style-type: none"> • Generally discriminated in the labour market • Underrepresented in formal employment • Tend to become inactive, particularly in rural areas |

⁹⁶ Figures are derived from Kenya Integrated Household Budget Survey (KIHBS) 2005/06 presented in UNDP, 2013. Kenya's Youth Employment Challenge.

In other sectors, such as education and TIVET, critical challenges are well documented and discussed, for example the need to considerably increase resources to make education and training more accessible and relevant.

In order to stay focussed, the following sections outline only selected issues and policy/intervention options that emerged in the review as critical or that appear disputed or not adequately taken into consideration in the prevailing policy dialogue. Issues discussed are clustered by policy monitoring and management, employment and self-employment promotion initiatives, education and TIVET, as well as initiatives to increase employability.

4.1 Improve monitoring and management of youth-targeted interventions

Information gaps pose challenges to effective youth employment policies. A considerable number of studies and reviews have been conducted in recent years to better understand the youth unemployment challenge, and to provide an overview about existing programs, policies and interventions. However, critical knowledge gaps still exist specially regarding effectiveness and impact of the various initiatives. For example, numerous reviews and assessments of the education and training system are available, informing recent policy development, but no tracer studies of graduates of the national education and TIVET systems, which would be important to identify determinants affecting a successful transition to work. A particular problem is also the lack of impact assessments for the large scale government run youth employment programs such as the YEDF and the KKV programs, or the Youth Empowerment Centres, as substantial public funding have been allocated for these programs. While government is currently in the process of re-designing large scale funding for youth business development a thorough evaluation of implementation experience and impacts of the YEDF should be conducted to build on lessons learnt and improve effectiveness of future interventions.

Some progress has been made in improving the knowledge base, in particular in the context of donor-funded programs. The World Bank has been instrumental in adding evidence about what works in youth employment promotion through the Busia *Vocational Training Voucher Program* and through ongoing analyses of the Kenya Youth Empowerment Project. Danida has facilitated impact assessments of mentorship development programs for enterprise development and the recent multi-donor initiative to set up the *Youth Employment Inventory* will contribute to knowledge sharing about results. Smaller projects, including those run by private and NGO actors, often lack resources to conduct rigorous assessments. However, these projects usually monitor ongoing activities and use results to adjust and modify approaches. Rarely, however are those results made publicly available. With respect to entrepreneurship education and training programs in Kenya, the recent World Bank study found an “abundance of knowledge about impact, results and good practice and a good preparedness to modify program designs in accordance with evaluation findings. However much of this knowledge is not systematically processed in reports and published”.⁹⁷ More initiatives particularly from the side of government to more rigorously analyse the effectiveness of its programs are inevitable to better design and tailor youth employment initiatives in the future. Furthermore, more systematic assessments about unit costs of different interventions and possibly their cost-effectiveness are urgently needed to help government make the right investment decisions.

Better coordinate policies that influence employment for youth. The policy framework and institutional set-up for youth unemployment is fragmented between sectors. Involved are the employment sector, education, TIVET, youth, labour, trade and industry promotion, foreign affairs, and others. This is not surprising and even required, as youth employment, or youth development in a broader sense, is a multi-sectoral issue. However, also within policy domains, the increased attention

⁹⁷ See Franz, Kiambuthi and Muthaka, 2013, page 40.

on youth employment in recent years has nurtured fragmentation and lack of cohesion of public players and policies. A case in point is the TIVET sector. Until recently responsibility was split between the MoHEST, MoYAS and the Ministry of Labour resulting in uncoordinated and unintended strategic directions. A better coordination is urgently required to increase effectiveness and efficiency of policies and interventions. A step in the right direction may be the establishment of a National Employment Authority, suggested in the draft *Employment Policy and Strategy for Kenya*. According to the draft policy the new agency would become the lead player in Kenya in coordinating the implementation of the policy. It is suggested to include members from a wide range of government sectors and civil society, including the ministries of labour, education, planning, finance, trade and industry, youth affairs, immigration, among others, as well as representatives from COTU, FKE, NGO Council, Youth Associations, MSE Associations, Research Institutes, universities, training institutions

and private employment agencies.⁹⁸ For the TIVET system, the development of an autonomous and multi-sectoral authority as envisaged in the TIVET Bill clearly represents a right step. An essential element of both the suggested National Employment Authority and TIVET Authority is the integration of public and private stakeholders in the governance structures.

Tackling the youth employment challenge will require a national forum for research and dialogue that cuts across the individual sectors of education, TIVET, employment, MSE and business sector development. Whether the National Youth Council (NYC) may provide an appropriate starting point or host for such a forum should be further discussed. Important is that the discussion on future youth employment initiatives includes a wider range of public and private stakeholders, including the youth themselves, and that the dialogue is evidence-based and supported by ongoing monitoring, evaluation and research.

Recommendations:

- Undertake rigorous impact assessments and implementation evaluations of all major public youth employment programs (KYEF; KKV; etc);
- Introduce tracer studies of TIVET graduates as a core and ongoing monitoring tool;
- Facilitate information and experience sharing mechanisms among the wide field of actors in youth employment promotion; and
- Create a national youth employment forum (possible links to the NYC may be explored) charged with research, and facilitation of experience sharing and policy dialogue.

⁹⁸ *Employment Policy and Strategy for Kenya. Draft, July 2012, chapter 5.*

4.2 Create Employment and Self-Employment

4.2.1 Labour-based Public Works

Employment creation programs can provide employment, income and experience for youth at a critical age. The Kenyan government undertook a major intervention for direct youth employment creation with the KKV program providing short-term jobs for some 300,000 youth during the years 2009 and 2010 at an average unit cost of under USD 300. While direct public job creation is generally not considered to effectively promote transition to employment,⁹⁹ it nevertheless may provide temporary options for youth in desperate circumstances and at times when their chances for employment are particularly bleak, i.e. in their early 20ies. They help to build up work experience while creating community assets, and can assist, as case studies from the KKV showed, to create sustainable community-based youth enterprises and employment opportunities when properly designed.¹⁰⁰ Public works programs may therefore represent important interventions to ease youth unemployment, in particular in the rural areas and targeting the poor youth.

New government funding for youth-targeted LBPWPs should be considered based on an evaluation of previous experience in Kenya and abroad. The KKV initiative has been criticised for providing only short-term and largely non-sustainable work opportunities, and for transparency problems in its implementation. International experience, however, indicate that public works

programs can be effective if properly designed. Effectiveness may be improved by a consequent integration of communities in the selection and design of projects, appropriate targeting mechanisms in the design of projects (wage rates, eligibility criteria, work organization), focus on creating assets that benefit the poor and create economic opportunities for the local population, implementation by local organisations, and strong and dedicated management structures.¹⁰¹ Experience in other countries also suggests the effectiveness of combining public works programs with vocational training. For example, good results in terms of increasing the long-term employability of participants of public investment programs were recorded from Malawi, where youth working on school construction sites were provided with training during space hours and weekends, and were able to obtain a trade certificate.¹⁰² The effectiveness of adding life skills training in youth employment programs has been demonstrated for Kenya by the ACWICT and KYEP evaluations. Where illiterate youth is targeted, it may also be worth considering to integrate basic literacy programs and non-formal education options to participation in LBPWPs in order to support a re-entry of participants into educational tracks.

4.2.2 Promoting Self-employment Among Youth

Supporting entrepreneurship is essential and needs better targeting. The UNDP analysis of KIHBS data provides clear evidence that micro-businesses not only create jobs, but are also a viable option for youth, particularly as they grow older. More than one third of all household enterprises are run by young

Recommendations:

- Re-introduce KKV with a revised design based on a thorough dialogue with previous stakeholders;
- Clearly focus on poverty areas (rural areas, provinces with a high poverty incidence, pockets of urban poverty);
- Require projects to be linked to either self-employment promotion projects or skills training initiatives (the latter with the possibility of recognition through trade testing); and
- Require life skills and HIV/AIDS education as a project element, and basic literacy training where appropriate.

⁹⁸ *Employment Policy and Strategy for Kenya. Draft, July 2012, chapter 5.*

⁹⁹ See also Biavaschi, et al, 2012.

¹⁰⁰ Compare the case study of the Zaina tree nurseries project documented in OECD/ILO, Kazi Kwa Vijana: Youth Empowerment in Kenya. *Stories of Empowerment.*

¹⁰¹ See also Omolo, 2012 and Devereux and Solomon, 2006.

¹⁰² Chongoma and Franz, 2013.

people, with the highest share in the age group of 30 to 34. This clearly underpins government's policies to support entrepreneurship development as a core strategy for youth employment promotion.

Targeted funding for youth enterprise development needs to be maintained. All available evidence points to the fact that lack of access to finance is a binding constraint for self-employment creation, not only but especially among the youth and more pronounced among the youth from poor households. Government plans to scale up and streamline credit schemes for youth entrepreneurship therefore point to the right direction.

However, funding alone is not sufficient in most cases, particularly when youth are inexperienced, lack knowledge about business procedures and markets, and have not been equipped with the right entrepreneurial mindsets. Credit intervention therefore need to be wrapped with other support, in particular solid entrepreneurship and business training, facilitation of market linkages and intensive follow-up and mentorship. Furthermore, there are no good one-fits-all programs. Intervention packages are generally more effective, if they are tailored to specific groups with similar educational background and interest. Credit conditions in terms of volumes and repayment schedules need to be aligned with specific market conditions. Targeted groups should not be too large. The large group sizes in most of the entrepreneurship training courses run under the Department of Youth Development, for example, are generally considered too large to have a lasting

impact. Localised programs run by organizations with special knowledge of local youth and labour market conditions may be more effective implementers, or at least important partners of a large scale public youth enterprise development fund. Government may therefore consider directing public funding in support to youth entrepreneurship and business development to the broad and well-experienced sector of youth enterprise development projects run by NGOs and other non-public organisations.

Develop entrepreneurship attitudes. The findings of the World Bank study on entrepreneurship education and training of 2013 also point to the urgent need to address insufficient entrepreneurship attitudes in Kenya. Bold initiatives to increase and improve entrepreneurship education in schools, including at early levels, as well as initiatives to change mindsets in the wider population are important to address the widespread prejudices against self-employment in Kenya.

Improving the business environment in the informal sector is particularly important for young entrepreneurs who are regularly faced with harassment and arbitrariness by public officials. Access to markets must be addresses. In this context, the recent initiatives of the GoK to allocate a specific share of public contracts to youth (among other target groups) appears a right move, if transparently implemented and not leading to market distortions. Also important is to make sure that youth get work spaces in commercial business areas and local markets.

Recommendations:

- Provide financial services to young entrepreneurs through YEDF after revised procedures and instruments based on thorough review and wider stakeholder guidance;
- Create a funding facility for targeted and local youth entrepreneurship projects run by NGOs and other non-public players;
- Start with appropriate entrepreneurship education and other initiatives to nurture entrepreneurial attitudes in primary school; and
- Mainstream youth in national policies and interventions that address prevailing MSE sector constraints

4.3 Make Education and Training Better and More Accessible

4.3.1 General Education

Keeping youth longer in education and training increases their chances. All findings in Kenya, and generally worldwide, indicate the importance of education for employment and income. Better education also increases options for jobs and educational and training progression in later stages of life.¹⁰³ There is evidence that Kenyans have better chances to find jobs the higher their educational attainment. To enter the formal employment sector, a minimum of completed secondary education is required. Wages are directly related to the level of education. A return to education analysis conducted by the World Bank reveals low wages, and thus low returns to primary education. Wages increase at secondary level, and rise steeply at higher education level.¹⁰⁴ With increasing access to education the uneducated are increasingly left behind. While still an important segment of informal sector workers, wages remain at the very low end. This is an important message particularly for the very young unemployed who have left school prematurely.

Access to more education for all must therefore be considered among the most important interventions to cope with youth unemployment. While Kenya has made some great strides in improving the overall education level of its youth access to education particularly at secondary and tertiary level is still very much determined by the

social status of their families. From the point of view of youth employment, easing the financial burden of poor families to access quality education is therefore the most important policy challenge.

However, increasing average education levels also bear the risk of cut-throat competition of the better educated vis-à-vis the lower educated, unless the aggregated labour demand increases. As mentioned before, there is no entry any more into the formal sector without secondary education, and there are indications that the educational requirements continue to increase. Experience of the KYEP internship program, for example, suggests that most employers in the formal sector already require a further post-secondary qualification. The risk that increasing qualification levels can lead to mismatches between the demand and supply of labour and subsequent exclusion of lower qualified people from suitable jobs also relates to technical and vocational education and training, as has been shown for other African countries.¹⁰⁵

Apart from access constraints the low level of quality in the public education system aggravates the youth employment challenge. The Kenya National Adult Literacy Survey of 2007 found that about 30% of the youth aged 15 to 19 are illiterate, with striking regional differences.¹⁰⁶ Illiteracy decreases the chances even in the informal sector to find employment or to secure a traditional apprenticeship.¹⁰⁷

¹⁰³ See also World Bank, 2012. *Improving Skills Development in the Informal Sector: Strategies for Sub-Saharan Africa*.

¹⁰⁴ World Bank, December 2012. *Economic Update*.

¹⁰⁵ See Field, 2013.

4.3.2 Skills Development through TIVET

Vocational skills development pays off in the labour market. Unfortunately, there is only limited robust evidence on the effects of vocational training on employment chances as larger scale tracer studies have not been conducted. However, labour force surveys and the KIHBS provide some indication for the benefits of vocational training. Analysis conducted by the World Bank in 2011¹⁰⁸ showed that vocational training offers a pathway into employment. In both formal and informal sectors the share of workers with vocational training increased over the years. In 2005/6 almost half of formal sector workers and almost one-fifth of informal sector workers have completed vocational training. In both sectors, vocational training has become more prevalent as a means to acquire skills over time. The analysis also indicated the positive influence of vocational training on employment. In both the formal and informal sectors the likelihood of employment is higher for those with vocational training compared to those that had only primary or secondary education. Vocational training also leads to higher wages. In the formal sector, average wages for people with vocational training are almost double the ones achieved by workers with secondary education. This is different in the informal sector. Here average wages are slightly lower, but still almost double as high as for people with primary education. Against this background, increased efforts to develop vocational training in Kenya are timely. They are not only required for improved labour productivity, but also from the point of view of increasing chances of young people to find their way into gainful employment.

High training costs are a barrier to access in Kenya. Kenya has a remarkably large and diversified landscape of skills development opportunities ranging from formal TIVET programs to non-formal programs and informal training schemes such as the traditional apprenticeship system. Apart from underserved locations in remote areas, access to

skills development in Kenya appears not primarily an issue of supply constraints, but rather of effective demand. There are indications that many training institutions are under-enrolled. This applies to public and private institutions as well as to informal training schemes such as the traditional apprenticeship system. It is caused by high training costs through fees, indirect training costs for households and opportunity costs. On the other hand, applications are very high for programs with no or relatively low costs for households, for examples the NYS scheme or faith-based skills training institutions. The findings of the TVVP and the increased enrolment in youth polytechnics after MoYAS started the subsidized tuition scheme provide evidence that further subsidies for skills development would increase the effective demand, in particular from low-income groups. As the TVVP has demonstrated the effectiveness of vouchers in terms of both increasing access and diversifying the training supply in line with demand, the development of a national voucher scheme to subsidize training costs should be considered. A voucher scheme would also be instrumental in strengthening the private training market, which—as many other countries have shown—can sustainably and cost-effectively expand a country's training provision.

Kenya has made good progress in conceptualizing a modernization and further development of its TIVET system, notably with the TIVET Strategy of 2008 and the TIVET Bill of 2012. However, possible implications of the envisaged development initiatives on access for the poor and on relevance for informal sector employment should be carefully considered and monitored:

- *Training costs obviously influence access.* Costs, both direct and indirect, are partly determined by the duration of the training courses. The formal TIVET system in Kenya is entirely based on long-term programs, and the current policy reinforces the emphasis on long-term training and even tends to prolong programs.

¹⁰⁶ Ministry of Education, 2012. *National Framework for Education*.

¹⁰⁷ World Bank, 2011. *Skills Development for Informal Sector Workers in Kenya. Background paper. Draft, February 2011*.

¹⁰⁸ World Bank, 2011.

- *Aiming at increasing pathway opportunities, the trend is to increase the academic content of TIVET programs.* Particularly for youth polytechnics, which target the less educated youth, such a move may not be appropriate and may result in youth backing out of training.
- *Meant to improve training quality, there is a trend towards national standardization of training programs.* This bears the risk that curricular flexibility, and the development of tailor-made and innovative programs responding to local economic opportunities are further weakened if non-standardized programs cannot gain formal recognition and public support. International experience provide clear evidence that training programs targeting informal sector and rural labour markets need to be specifically designed in line with local market needs and target group requirements to be effective. In particular YPs may lose their community and local labour market orientation with too much compulsory standardization.
- *As a reflection of the increasing average level of educational attainment of the Kenyan youth the TIVET system tends to move upwards in terms of entry requirement and qualifications offered.* Public TIVET institutions are upgraded, and also private institutions tend to venture as much as possible into more prestigious higher-level TIVET programs. Even institutions that explicitly target disadvantaged youth have raised their entry qualifications to ensure employability after training.¹⁰⁹ This trend leaves less skills development options for the still significant number of school leavers and drop-outs who do not complete secondary school. Particularly youth who did not manage to complete primary school are left behind. Their only option (apart from specially targeted programs) is the traditional apprenticeship system, although even here the educational entry-requirements appear to increase.

Increased participation in apprenticeships is an important option for increasing skills and the employability of youth. Apprenticeship training is generally considered highly relevant and very effective in facilitating a smooth transition from training to employment,¹¹⁰ because it ensures an early exposure to workplace realities and to contextual learning. For Kenya, evidence on the effectiveness of on-the-job learning has recently been provided by the KYEP internship and training program, where tracer studies showed a remarkably high employment rate of completers.

Apprenticeship training provides an established training scheme, both in the informal sector (traditional apprenticeship, or *Jua Kali* training), and in the formal sector administered by NITA. Both types of apprenticeship appear under-utilized in Kenya. The actual number of youth catered for by traditional apprenticeship training in the *Jua Kali* sector is unknown, but different studies indicate that training capacities are not fully exploited.¹¹¹ The most likely reason for this is that fees charged by masters are prohibitive for the poor, which constitute the system's main clientele. Public subsidies and other interventions may provide a cost-effective instrument to increase access to relevant skills development particularly for poor youth.

An increasing number of programs world-wide provide support to make better use of traditional apprenticeship training as a cost-effective way of skills development particularly for informal sector employment. Interventions usually (but not always) include subsidies to cover training costs, but also technical and pedagogical skills upgrading for masters and additional instructions for trainees, or provision of tools and materials. In cases, for example in Malawi, mastercraft persons have started to organize themselves in master trainer organisations to implement programs. In Kenya, the KYEP is supporting *Jua Kali* training for youth. Considering the huge potential of skills development in the *Jua*

¹⁰⁹ See for example Don Bosco Boys' Town.

¹¹⁰ See, for example, Biavaschi et al, 2012, and the experience of the German apprenticeship ("dual") training system.

¹¹¹ UNDP, 2013, and Franz, 2011.

Kali sector, particularly for the large group of youth with low education, a large-scale support and subsidization scheme for traditional apprenticeship training should be considered, possibly organized through vouchers. Furthermore, a review of the formal apprenticeship system may be conducted to explore the potential and possibly options to expand access and increase the number of participating companies.¹¹²

Traditional apprenticeships (*Jua Kali* training) provide an interesting second chance for young unemployed school drop-outs. In this context, it is important that apprenticeships can also lead to recognised certification (i.e. through trade testing) that offers pathways back into and within the education system. A national qualification framework, planned under the *National Framework for Education*, can be instrumental in defining and facilitating such pathways.

Recommendations:

- Increase access to TIVET through the introduction of a national voucher scheme. This may cater for both training market segments: Public and private TIVET institutions catering for school leavers as well as traditional apprenticeship in the *Jua Kali* sector;
- Alternatively, research-based design of a specific program to increase and improve traditional apprenticeship training in the *Jua Kali* sector;
- Review the TIVET policy framework with a view to encourage and facilitate short-term, modularized and tailor-made provision of skills development courses in line with labour market needs and target group requirements;
- Review the formal apprenticeship system with a view of increasing enrolment through broadening the base of participating companies; and
- Further develop and implement the National Qualifications Framework making sure informal learning achievements are recognised.

¹¹² A recent project to introduce improved apprenticeship in Pakistan under the Germany-Pakistan Training Initiative has generated considerable interest from private companies. The new cooperative training programmes are designed flexibly and in accordance with the needs of employers.

4.4 ADDRESS EMPLOYABILITY

Youth with skills and completed higher education compete generally well in the labour market compared to their peers without post-school awards. However, many encounter difficulties finding the first job. Strengthening employment services is often suggested as an important intervention to improve the education-to-work transition. But evidence that lack of labour market intermediation is a critical constraint is weak in Kenya. Employment services do not appear to be an important recruitment tool of most of Kenyan companies, and a considerable group of private providers offer relevant services where they are demanded. What seems important though is to address market failures of information on career options in order to support youth and their families to understand education choices and labour market chances. Career counselling at schools and skills development institutions, career fairs, systematic provision of information about education programs, jobs and potential earnings (for example through e-portals), and other activities to narrow information gaps represent important interventions.

A critical challenge for young job seekers is furthermore the lack of relevance of what they learnt in colleges and universities, and the lack of initial work experience. An important education policy objective therefore remains to make skills development and higher education more relevant to the needs of the labour market. Promising interventions in other countries include incentives for educational institutions to venture into partnerships with companies or industry groups. A case in point is the World Bank funded Education-to-Work Transition Project (E2WTP) in Palestine. The E2WTP provides a competitive funding facility for projects to deepen relationships with firms and industries implemented

by higher education institutions. Projects funded under this facility include, for example, cooperation agreements for curriculum development, cooperative teaching and learning arrangements, enhancing the relevance of attachment arrangements, or involvement of companies in practice modules of the higher education programs.

Internship programs are effective to provide first job experience to enhance employability, as the preliminary evaluations results of the KYEP Internship and Training Program, the first youth-targeted internship subsidization scheme in Kenya, demonstrate. The scheme involves both employers in the formal and informal sector, but has a strong focus on employers in the MSE sector. Regarding the support to informal sector internship, the financial arrangements of the project may be problematic. The KYEP offers stipends of KES 6,000/months paid to the interns on top of additional skills training to the interns provided by external commercial training providers. It furthermore pays subsidies of KES 3,000 per month to the employers, which is almost double the usual monthly rate paid by traditional apprentices. Potentially distorting effects of the subsidy scheme on the informal training market should therefore be carefully monitored. Without pre-empting further results evaluations a point for discussion may be to focus internship support as provided by the KYEP on formal sector employment, possibly with a specific targeting on young females, which encounter relatively more difficulties than male youth to enter formal sector employment. Considering cost implications of a possible upscaling of the project, which can be considered a high cost approach at the moment, further assessments should analyse the effectiveness and impact of the external training component of the internship program.

Recommendations:

- Focus the further development of TIVET and higher education on improving labour market relevance;
- Develop incentives for training and higher education institutions to venture into partnerships with industry; and
- Institutionalize internship subsidization for unemployed graduates of TIVET and higher education programs with a special focus on female youth based on further evaluation of the KYEP.

¹¹² For example UNDP, 2013.

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Annex 1: Definition of Youth in Kenya

Kenya government policies have defined youth as those between the ages of 15 and 30 or even 35. Kenya's *National Youth Policy* and the *National Action Plan on Youth Employment (2007-2012)*, for example, defines youth as persons resident in Kenya aged 15-30 years (Ministry of Youth Affairs, 2006). Article 260 of the Constitution of Kenya (2010) defines youth as the collectivity of all individuals in the Republic who have attained the age of 18 years but have not attained the age of 35 years. The *Sector Plan for Labour, Youth and Human Resource Development (2008-2012)* defines youth as those aged between 15 and 35 years.

Various Kenyan laws define rights and responsibilities in accordance with the age of a person. The *National Youth Council Act* of 2009 and the *National Constitution of Kenya* of 2010 define youth as people aged between 18 and 35 years. The Age of Majority Act (Cap 33) states that "a person shall be of full age and cease to be under any disability by reason of age after attaining the age of 18 years." *The Employment Act (2007)* that outlines the laws governing employment and protection of employees specifies that no person shall employ a child below 13 years whether gainfully or otherwise, while those between the ages of 13 and 16 may only be employed in light work.

Annex 2: Past Employment Creation Interventions and Outcomes

Kenya's employment problem dates to the early decades of political independence in 1963. The government has made various policy pronouncements aimed addressing the country's employment challenge. In this respect, the country has moved through three distinct employment policy intervention periods. These were in 1963-1979; 1980-1989; and 1990 to present (2013). The table below gives the typology of Kenya's employment creation interventions over the period 1963-2013.

Typology of Kenya's Employment Creation Interventions

| Employment Creation Interventions | Period | | |
|---------------------------------------|-----------|-----------|-----------|
| | 1963-1979 | 1980-1989 | 1990-2013 |
| Infrastructure Development | ✓ | ✓ | ✓ |
| Rural Development | × | ✓ | ✓ |
| Kenyanization | ✓ | × | × |
| Industrial Policy | ✓ | ✓ | ✓ |
| Informal Sector Development | ✓ | ✓ | ✓ |
| Productivity Promotion | ✓ | ✓ | ✓ |
| Agricultural Promotion | ✓ | ✓ | ✓ |
| Public Works | ✓ | ✓ | ✓ |
| Wage Restraint | ✓ | ✓ | ✓ |
| Active Labour Market Policies | ✓ | ✓ | ✓ |
| Tripartite Agreements | ✓ | × | × |
| Education and Training | ✓ | ✓ | ✓ |
| Employment and Labour Market Policies | ✓ | ✓ | ✓ |
| Economic Growth | ✓ | ✓ | ✓ |
| Macroeconomic Management | × | ✓ | ✓ |
| Legal and Legislative Reforms | × | × | ✓ |
| Fiscal Measures | ✓ | × | ✓ |

Source: own elaboration based on government documents.

Key: ✓/- policy measure present; ×- policy measure not present

The table shows that Kenya has experimented with a number of employment creation interventions since attaining political independence in 1963. As illustrated up to 17 different policy measures have been implemented. Continuity has been maintained in ten of the 17 policy measures.

Employment Creation Interventions in 1963-1979

The key employment creation measures implemented during this period included short-term interventions such as Kenyanization, tripartite agreements and public works programs. The Kenyanization policy (1963-1972) aimed at increasing employment opportunities for Kenyans. The strategies that were used to achieve this included exclusion of foreigners in rural trade, use of work permits to limit employment of expatriates, redistribution of large agricultural farms and increased investment in human capital formation. Tripartite agreements were used in 1964, 1970 and 1979 as emergency measures of employment creation. They were

entered into between government, employers and workers. The agreements aimed at increasing employment levels by at least 10 per cent during the period of the agreement. In return, workers and their trade unions were to observe a wage freeze and refrain from strikes or any other form of industrial action. The public works programs were expected to provide mass employment in labour-intensive areas such as road construction.

The short-term measures of employment creation were augmented by wage policies, which initially targeted payment of high wages (1964-1972) before a reversal to a wage restraint in 1973. While the high wage policy was meant to cushion workers against unfair labour practices and trigger productivity growth, it was realized that it was unsustainable. The government thus, in 1973, resorted to wage restraint implemented through minimum wage regulation and wage guidelines. During the period, the government also implemented long-term employment creation interventions. These measures aimed at promoting economic growth, education and training, and infrastructure, agricultural and industrial development. Others were promotion of informal sector growth, productivity promotion and improvement in labour market information systems.

Mixed results were realized from the strategies adopted under broad policy framework of Kenyanization. Between 1964 and 1972, wage employment increased by approximately 2.8 percent per annum. Most of the jobs were, however, created by the government, then playing the role of an employer of last resort. Consequently, overall employment within the public service increased. Between 1964 and 1971, for example, the percentage of Africans in the public service increased from 14.6 percent to 97 percent in 1971, a direct result of the Kenyanization policy. Another outcome of the employment creation interventions adopted during the period was a 2.9 per cent annual increase in labour productivity of wage employees and a 6.8 per cent increase in capital-labour ratio. The implication is that the economy grew more capital intensive contrary to a desired labour intensive one consistent with the labour surplus nature of the Kenyan economy.

The Kenyanization was successful in increasing the level of absorption of native Kenyans into wage employment sector. This did not, however, translate into creation of new jobs as it involved a mere replacement of non-citizens with citizens. The emergency measures of employment creation pursued in 1964, 1970 and 1979 did not also create substantial employment opportunities. While workers and their trade unions generally observed restraint in industrial action and wage increase freeze, employers failed to increase employment by the agreed minimum of 10 percent as envisaged. Instead, majority of employers opted to convert their existing casual, contractual and temporary workers into permanent workers. Thus, the tripartite intervention only had marginal and temporary effect as they tended to “force” instead of “facilitating” employment creation. In general, the measures did not have inbuilt mechanisms for ensuring accountability as monitoring and evaluation mechanisms were absent.

Employment Creation Interventions in 1980-1989

In 1980-1989, the government deepened the use of active labour market policies as a means of employment creation. The active labour market policies sought to address the rapid growth of the labour force, mismatch in skills, inadequate labour market information, and the problem of job selectiveness particularly amongst the youth. The measures were augmented by interventions targeting wage restraint, macroeconomic management and general economic growth. Others were interventions aimed at promoting infrastructure development, agricultural development, informal sector growth, education and training, and productivity promotion.

Employment data for the period 1980-1989 shows that formal sector employment increased from 1.191 million persons in 1980 to 1.796 million persons in 1989. This depicted an annual average growth rate of 5.6 per cent. The proportion of formal employment to total employment declined from 84.5 per cent in 1980 to 76.2 per cent in 1989. During the period, formal employment grew at an average rate of 3.49 per cent per annum compared to 9.03 per cent per annum for informal sector employment. At the same time, the economy grew at an average of 4.31 per cent per year. The implication is that while the rate of creation of jobs in the formal sector almost mirrored the rate of growth of the economy, the subdued economic growth rate led to a greater expansion in informal sector employment.

Active labour market policies generally contribute to a highly effective supply of labour by ensuring that the unemployed part of the labour force is actively seeking jobs and has the qualifications needed to fill new positions. Thus, though fronted by the government as employment creation measures, they are not meant to directly create more jobs. The policies are useful in providing important pre-conditions for creation of jobs, such as enhancing the link between the supply and demand sides of the labour market.

Employment Creation Interventions in 1990 to Present (2013)

The period from 1990 to present (2013) has seen the government emphasize use of short, medium and long-term measures as a means of employment generation. The short and medium term measures have included public works programs such as the *Kazi Kwa Vijana* (jobs for youth), foreign employment, and infrastructure and rural development. Others have been promotion of youth and women employment through Youth Enterprise Development Fund (YEDF), Kenya Youth Empowerment Project (KYEP), Youth Employment Scheme Abroad (YESA) and Women Enterprise Fund (WEF).

The medium and long-term measures have targeted sectoral growth and development through formulation and implementation of sectoral policies. These include the Agricultural Sector Development Strategy (2010-2020), the National Industrialization Policy Framework for Kenya (2011-2015) and the Kenya National Youth Policy (2007). Other measures are macroeconomic management for renewed and sustained economic growth, development of the informal sector, industrial promotion, agricultural development and promotion of private sector investment and participation in the economy. Others were promotion of industrial harmony and productivity, liberalization of the labour market, formulation of labour and employment policies, reforming education and training systems to vocational and technical training areas, and legislative reforms.

The outcomes of the employment policies implemented in the 1990 to 2011 were varied. Formal sector employment shrunk from 74.4 per cent of total employment in 1990 to 18.5 per cent in 2011. The period 1990-2011 also saw rapid growth in informal sector employment averaging 16.84 per cent per annum compared to 2.03 per cent per annum for the formal sector. Marked growth in informal sector employment was recorded in 1990-1999 at 27.67 per cent per annum as compared to 7.80 per cent in 2000-2011. Also, the country's employment elasticity diminished from 1.28 in 1992-1996 to 0.5 in 2004-2008, implying low responsiveness of employment to growth. The decline in employment elasticity is partly explained by slow improvements in productivity growth over the period. Overall, the employment trends revealed the shifting relative importance of the formal and informal sectors to employment in Kenya, and the low employment yield of economic growth.

| Name of Organization | Nature of Organization | Name of Programme | Interventions Provided | Coverage | Location | Status | Duration | Budget (Kshs- Million) | Stated Objectives | Targeting Criteria | Target Beneficiaries | Number of Youth served |
|--|------------------------|--|---|----------|--------------------|----------|-----------|------------------------|--|---|---|--|
| National Industrial Training Authority | Public | National Industrial Vocational Training Centre | <ul style="list-style-type: none"> • Technical Vocational Training • Internship • Training and Internship • Trade Testing and Certification | National | Nairobi | On-going | Long term | 306 | <ul style="list-style-type: none"> • Promote industrial training • Provide skills training • Undertake trade testing and certification | <ul style="list-style-type: none"> • Employees from levy contributing employers • Undergraduates/ trainees in technical training institutions | <ul style="list-style-type: none"> • Employees in industries • Self employed persons • Trainees in training institutions | 24,499 since 2007/2008 |
| National Industrial Training Authority | Public | Kisumu Industrial Training Centre | <ul style="list-style-type: none"> • Technical Vocational Training • Internship • Training and Internship • Trade Testing and Certification | National | Kisumu | On-going | Long term | | <ul style="list-style-type: none"> • Promote industrial training • Provide skills training • Undertake trade testing and certification | <ul style="list-style-type: none"> • Employees from levy contributing employers • Undergraduates/ trainees in technical training institutions | <ul style="list-style-type: none"> • Employees in industries • Self employed persons • Trainees in training institutions | |
| Youth Enterprise Development Fund | State Corporation | Youth Employment Scheme Abroad (YESA) | <ul style="list-style-type: none"> • Labour intermediation | National | Nairobi | On-going | Long term | 165 | <ul style="list-style-type: none"> • Marketing of Kenyan skills abroad • Partner with training institutions and professional bodies to facilitate youth to work abroad • Provide loans to finance relocation costs for youth who have got employment opportunities abroad | <ul style="list-style-type: none"> • Unemployed youth with skills required abroad • Youth registered and recruited by Private Employment Agencies | <ul style="list-style-type: none"> • Youth aged 18-34 years | <ul style="list-style-type: none"> • 8,075 youth provided with pre-departure training at a cost of Ksh. 500 per person • 8,075 youth facilitated to access migration loans at Ksh. 75,000 per person |
| Youth Enterprise Development Fund | State Corporation | Enterprise Development | <ul style="list-style-type: none"> • Business Support | National | All constituencies | On-going | Long term | 253 | <ul style="list-style-type: none"> • Provision of capacity building to youth and business development services • Promotion of networking among youth enterprises • Establishing partnership on entrepreneurship training in learning institutions and youth focused business incubators • Provision of mentorship programs and framework | <ul style="list-style-type: none"> • Youth in existing businesses • Youth intending to start businesses | <ul style="list-style-type: none"> • Youth aged 18-34 years | <ul style="list-style-type: none"> • 30,000 youth per year at a cost of Ksh. 5,500 per month • Over 200,000 youth have accessed training and business development services since 2007 |

| Name of Organization | Nature of Organization | Name of Programme | Interventions Provided | Coverage | Location | Status | Duration | Budget (Kshs- Million) | Stated Objectives | Targeting Criteria | Target Beneficiaries | Number of Youth served |
|-----------------------------------|------------------------|---------------------------------|---|----------|------------------------------|----------|------------|------------------------|---|---|--|---|
| Youth Enterprise Development Fund | State Corporation | Commercial Infrastructure | Business Support | National | National | On-going | Long-term | 64 | <ul style="list-style-type: none"> Advocating and lobbying local authorities and other stakeholders countrywide for youth focused infrastructure development Develop framework to guide investment in commercial infrastructure Undertake Research on infrastructure development approaches that are beneficial to youth entrepreneurs in various regions of the country | <ul style="list-style-type: none"> Youth enterprises | <ul style="list-style-type: none"> Youth aged 18-34 years | <ul style="list-style-type: none"> 24 youth provided with business incubation services at a cost of Ksh. 200,000 per youth |
| Youth Enterprise Development Fund | State Corporation | Credit | <ul style="list-style-type: none"> Technical Vocational Training Internship Training and Internship Business Support | National | Countrywide | On-going | Continuous | 4,537,336 | <ul style="list-style-type: none"> Disbursement of funds Product development Business support | <ul style="list-style-type: none"> Youth Focused Enterprises Youth owned enterprises | <ul style="list-style-type: none"> Youth aged 18-34 years | |
| Kenya Private Sector Alliance | Private | Kenya Youth Empowerment Project | <ul style="list-style-type: none"> Life skills training Technical vocational training Internship Training and internship Business support Labour intermediation | National | Nairobi Mombasa Kisumu | On-going | Continuous | 1,407.21 | <ul style="list-style-type: none"> Improve employability through private sector training and internship | <ul style="list-style-type: none"> Youth unemployed and out of school for a minimum period of one year Must have completed standard eight (primary education) Kenyan nationals Youth not selected in previous cycle | <ul style="list-style-type: none"> Youth aged 15-29 years | <ul style="list-style-type: none"> 5,550 youths |
| ILO | Development partner | Youth Entrepreneurship Facility | <ul style="list-style-type: none"> Life skills Entrepreneurship training Business support Business mentorship | National | National | On-going | 5 years | 699.88 | <ul style="list-style-type: none"> Promoting a culture of entrepreneurship Entrepreneurship education Business development services for out-of-school youth Access to finance for youth entrepreneurs | <ul style="list-style-type: none"> All youth | <ul style="list-style-type: none"> Youth aged 15-35 years | <ul style="list-style-type: none"> 81 mentors; 96 active mentees 7700 youth given BDS 4000 youth accessed to finance |

| Name of Organization | Nature of Organization | Name of Programme | Interventions Provided | Coverage | Location | Status | Duration | Budget (Kshs- Million) | Stated Objectives | Targeting Criteria | Target Beneficiaries | Number of Youth served |
|--|------------------------|---|--|----------|---|----------|-------------------|------------------------|---|--|--|--|
| USAID/Kenya | Development Partner | Yes Youth Can | <ul style="list-style-type: none"> Life skills training Technical Vocational Training Internship and Internship Business Support | National | 26 counties in Nairobi, Central, Rift Valley, Nyanza, Western and Coast | On-going | 3½ years | 4,111.82 | <ul style="list-style-type: none"> Increase economic prospects for youth through skills development and access to finance Improve youth voice in local, regional and national policy dialogue Expand youth access to essential services that are more youth friendly Establish new institutional arrangements that can leverage public and private resources through youth-managed organizations Create a new approach to empower youth through youth-owned, youth-led and youth-managed actions | <ul style="list-style-type: none"> All youth aged 18-35 years in 25 counties affected by 2007/2008 post-election violence or are at risk of violence | <ul style="list-style-type: none"> Youth aged 18-35 years | <ul style="list-style-type: none"> About 1 million youth |
| USAID/Kenya | Development Partner | Garissa Youth Program | <ul style="list-style-type: none"> Life skills training Technical Vocational Training Internship and Internship Business Support | Garissa | North Eastern | On-going | 6 years, 4 months | 1,662.23 | <ul style="list-style-type: none"> Offer Garissa youth a series of interconnected interventions that help to build work readiness skills in out-of-school youth, facilitate career choices, provide employment and/or income generating opportunities and information, bridge technical and university education opportunities, and facilitate the creation of opportunities that will enable Garissa youth to be gainfully employed and to earn a decent livelihood | <ul style="list-style-type: none"> At risk youth in Garissa, including secondary school students in Forms III and IV, high school graduates, and those who have dropped out of secondary school | <ul style="list-style-type: none"> Youth in and out of school | <ul style="list-style-type: none"> About 5,000 |
| Entrepreneurship and Leadership Foundation | CSO | Entrepreneurship Jobs Innovation and Wealth Creation (E-jwwe) | <ul style="list-style-type: none"> Business Support Training Entrepreneurship education Mentoring Funding | National | | On-going | 10 years | 25 | <ul style="list-style-type: none"> Create at least 3,000 businesses Impact 3 million youth in 10 years Create Ksh. 1 trillion in economic value-added | <ul style="list-style-type: none"> Youth in communities around universities Youth within universities | <ul style="list-style-type: none"> Youth aged 18-27 years | <ul style="list-style-type: none"> 6,000 |
| MoYAS (Dpt of Youth Development) | Public | Youth Empowerment Centers | <ul style="list-style-type: none"> Life skills training Internship Business Support Labour intermediation | National | Constituencies | On-going | Long term | 1,084 | <ul style="list-style-type: none"> Enhance employability of the youth Promote youth empowerment | <ul style="list-style-type: none"> Youth | <ul style="list-style-type: none"> Youth aged 18-35 years | <ul style="list-style-type: none"> 130 youth empowerment centers constructed, 64 have been equipped. Number of youth served not known |

| Name of Organization | Nature of Organization | Name of Programme | Interventions Provided | Coverage | Location | Status | Duration | Budget (Kshs- Million) | Stated Objectives | Targeting Criteria | Target Beneficiaries | Number of Youth served |
|----------------------------------|------------------------|---|--|----------|--|----------|-----------|------------------------|---|---|----------------------|---|
| MoYAS (Dpt of Youth Development) | Public | Career Fairs | <ul style="list-style-type: none"> Life skills training Business Support | National | National | On-going | Long term | | <ul style="list-style-type: none"> Provide opportunity for secondary school students to interact with experienced practitioners Enable students get first hand information on wide range of careers from practicing professionals Foster sense of patriotism and respect for national diversity Enable young men and women make informed career choices | <ul style="list-style-type: none"> Youth in school | 13-18 years | • 64,471 |
| MoYAS (Dpt of Youth Development) | Public | Youth Leadership and Mentorship | <ul style="list-style-type: none"> Life skills training | National | National | On-going | Long term | | <ul style="list-style-type: none"> Equip youth with quality leadership skills | <ul style="list-style-type: none"> Youth | 18-35 | • 139,474 |
| MoYAS (Dpt of Youth Development) | Public | Wezesha Programme/ MDGs | <ul style="list-style-type: none"> Life skills training | National | Nine districts: Lamu, Voi, Kangema, Nyamira, East Pokot, Njoro, Likuyani, Kasarani and Tigania | On-going | Long term | | <ul style="list-style-type: none"> Sensitize youth on MDGs and Kenya Vision 2030 | Youth | 18-35 | • 28,145 |
| MoYAS (Dpt of Youth Development) | Public | Youth Employment and Enterprise Promotion | <ul style="list-style-type: none"> Life skills training Internship and Training Internship Business Support Labour intermediation | National | National | On-going | Long term | | <ul style="list-style-type: none"> Create youth employment through enterprise development Increase youth accessibility to markets Create market linkages for youth products | <ul style="list-style-type: none"> Youth | 18-35 | <ul style="list-style-type: none"> 77,565 youths 91 market fairs |
| MoYAS (Dpt of Youth Development) | Public | Youth SACCOs | <ul style="list-style-type: none"> Life skills training Business Support | National | National | On-going | Long term | | <ul style="list-style-type: none"> Facilitate youth to establish SACCOs Promote saving culture amongst the youth Undertake capacity building of youth leaders Sensitize the youth on management of SACCOs | <ul style="list-style-type: none"> Out of school youth | 18-35 | <ul style="list-style-type: none"> 183 youth SACCO leaders 100 youth SACCOs established |

| Name of Organization | Nature of Organization | Name of Programme | Interventions Provided | Coverage | Location | Status | Duration | Budget (Kshs- Million) | Stated Objectives | Targeting Criteria | Target Beneficiaries | Number of Youth served |
|--|------------------------|---------------------------------------|--|----------|-------------------------------------|----------|-----------|------------------------|--|---|--|--|
| MoYAS (Dpt of Youth Development) | Public | Youth Artistic and Talent Nurturing | <ul style="list-style-type: none"> Life skills training Business Support | Pilot | Nairobi, Nyeri, Kisumu and Kakamega | On-going | Long term | | <ul style="list-style-type: none"> Identify, model and mentor youth with talent Provide life and entrepreneurship skills to the youth Establish Youth Talent Academies | <ul style="list-style-type: none"> Youth in school and out-of-school | 15-35 | <ul style="list-style-type: none"> 1,525 youths |
| MoYAS (Central Planning and Monitoring Unit, and Dpt of Youth Development) | Public | Kazi Kwa Vijana | <ul style="list-style-type: none"> Employment creation | National | National | On-going | Long term | 1,398.6 | <ul style="list-style-type: none"> Generate 200,000-300,000 employment opportunities for unskilled youth Engage youth in planting trees Facilitate youth to earn income | <ul style="list-style-type: none"> Out-of-school youth | 18-35 | <ul style="list-style-type: none"> 102,459 youths employed 9,006,285 trees planted |
| MoYAS (Dpt of Youth Training) | Public | Youth Training | <ul style="list-style-type: none"> Life skills training Technical Vocational Training Internship Training and Internship Business Support | National | National | On-going | Long term | | <ul style="list-style-type: none"> Promote youth training and acquisition of skills | <ul style="list-style-type: none"> Youth who have completed primary school but have not transitioned to secondary school Youth who have completed secondary school but have not transitioned to university Primary and secondary school dropouts | 18-35 | |
| MoYAS (Dpt of Sports) | Public | Sports Development | <ul style="list-style-type: none"> Life skills training Training and Internship | National | National | On-going | Long term | 1,300 | <ul style="list-style-type: none"> Develop skills through coaching Develop sports facilities Develop regional sports stadia Train coaches Equip sports facilities Undertake talent search and development Facilitate sports teams | <ul style="list-style-type: none"> All | All | |
| MoYAS (National Youth Service) | Public | NYS Engineering Craft Training School | <ul style="list-style-type: none"> Life skills training Technical Vocational Training Internship Training and Internship | National | Nairobi | On-going | Long term | 20 | <ul style="list-style-type: none"> Promote technical and vocational training Promote entrepreneurship culture Develop a reserve force for the armed forces Equip youth with employable skills | <ul style="list-style-type: none"> Youth recruited through NYS framework Youth of 23-25 years Form four graduates with mean grade of D with at least a D in Mathematics and Physics | <ul style="list-style-type: none"> Youth aged 23-25 years | <ul style="list-style-type: none"> 250 youths per year |

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|--|------------------------|--|--|----------|----------|----------|-----------|------------------------|---|--|---|--|
| MoYAS (National Youth Service) | Public | NYS Institute of Business Studies | <ul style="list-style-type: none"> NYS Institute of Business Studies Life skills training Technical Vocational Training Internship and Training and Internship Business Support Labour Intermediation | National | Nairobi | On-going | Long term | 12 | <ul style="list-style-type: none"> Equip young men and women with professional skills Promote entrepreneurship culture amongst the youth Inculcate a culture of nationalism in the youth Equip youth with employable skills | <ul style="list-style-type: none"> Youth of 18-22 years Form four graduates with mean grade of at least D+ depending on the course | <ul style="list-style-type: none"> Youth aged 18-22 years | |
| National Industrial Training Authority | Public | Mombasa Industrial Training Centre | <ul style="list-style-type: none"> Technical Vocational Training Internship and Training and Internship Trade Testing and Certification | National | Mombasa | On-going | Long term | | <ul style="list-style-type: none"> Promote industrial training Provide skills training Undertake trade testing and certification | <ul style="list-style-type: none"> Employees from levy contributing employers Undergraduates/trainees in technical training institutions | <ul style="list-style-type: none"> Employees in industries Self employed persons Trainees in training institutions | |
| National Industrial Training Authority | Public | Kenya Textile Training Institute | <ul style="list-style-type: none"> Technical Vocational Training Internship and Training and Internship Trade Testing and Certification | National | Nairobi | On-going | Long term | | <ul style="list-style-type: none"> Promote industrial training Provide skills training Undertake trade testing and certification | <ul style="list-style-type: none"> Employees from levy contributing employers Undergraduates/trainees in technical training institutions | <ul style="list-style-type: none"> Employees in industries Self employed persons Trainees in training institutions | |
| National Industrial Training Authority | Public | Internship and Industrial Attachment Programme | <ul style="list-style-type: none"> Technical Vocational Training Internship and Training and Internship Labour intermediation | National | Nairobi | On-going | Long term | | <ul style="list-style-type: none"> Promote acquisition of practical skills Enhance linkage between training institutions and industry | <ul style="list-style-type: none"> Students in TVET institutions, middle level colleges and universities | <ul style="list-style-type: none"> All students | <ul style="list-style-type: none"> 43,888 since 2007/2008 |
| National Industrial Training Authority | Public | Trade Testing and Certification | <ul style="list-style-type: none"> Technical Vocational Training Internship and Training and Internship Trade Testing and Certification | National | Nairobi | On-going | Long term | | <ul style="list-style-type: none"> Promote industrial training Provide skills training Undertake trade testing and certification | <ul style="list-style-type: none"> Employees from levy contributing employers Undergraduates/trainees in technical training institutions | <ul style="list-style-type: none"> Employees in industries Self employed persons Trainees in training institutions | <ul style="list-style-type: none"> 45,600 in 2011/2012 |
| National Industrial Training Authority | Public | Technology Development Centre | <ul style="list-style-type: none"> Technical Vocational Training Internship and Training and Internship Trade Testing and Certification | National | Nairobi | On-going | Long term | | <ul style="list-style-type: none"> Promote industrial training Provide skills training Undertake trade testing and certification | <ul style="list-style-type: none"> Employees from levy contributing employers Undergraduates/trainees in technical training institutions | <ul style="list-style-type: none"> Employees in industries Self employed persons Trainees in training institutions | |

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|--|-------------------------|---|--|-----------|--|----------|-----------|------------------------|---|-----------------------|-----------------------------|------------------------|
| Africa Youth Trust | NGO | Information Meetings | <ul style="list-style-type: none"> • Life skills training • Business Support • Labour Intermediation | Nairobi | Nairobi | On-going | Long term | | <ul style="list-style-type: none"> • Share information with the youth on current trends and status of the labour market, and existing opportunities in entrepreneurship and formal employment • Challenge the youth to take charge of their development | • Youth | • Youth aged 18-35 years | • 20,885 youths |
| Africa Youth Trust | NGO | Entrepreneurship and Labour Market Trainings | <ul style="list-style-type: none"> • Life skills training • Business Support • Labour Intermediation • Training and internship • Internship | Nairobi | Nairobi | On-going | Long term | | <ul style="list-style-type: none"> • Increase knowledge and skills of young people on employment and entrepreneurship • Support the youth to enter the labour market • Build capacity of youth organizations • Develop training and networking models | • Youth | • Youth aged 18-35 years | • 1,734 youths |
| Africa Youth Trust | NGO | Counselling and Mentorship | <ul style="list-style-type: none"> • Life skills training • Business Support • Labour Intermediation • Internship | Nairobi | Nairobi | On-going | Long term | | <ul style="list-style-type: none"> • Promote youth employability through counselling and mentoring | • Youth | • Youth aged 18-35 years | • 656 youths |
| Africa Youth Trust | NGO | Capacity Building of Youth Organizations | <ul style="list-style-type: none"> • Life skills training • Business Support • Labour Intermediation • Internship | Nairobi | Nairobi | On-going | Long term | | <ul style="list-style-type: none"> • Increase knowledge and skills of young people on employment and entrepreneurship • Empower youth organizations to fulfil their mandates at the grassroots | • Youth organizations | • Youth organizations | |
| Ministry of Labour (National Employment) | Public | Public Employment Services | <ul style="list-style-type: none"> • Labour Intermediation • Career guidance and counselling | National | Regional | On-going | Long term | | <ul style="list-style-type: none"> • Recruit and place job seekers • Canvas with employers for vacancies • Undertake career guidance and counselling • Provide labour market information to job seekers and employers | • None | • Job seekers and employers | 22,918 in 2008-2012 |
| Project Baobab | Non-Profit Organization | Teaching Kenyan Youth Skills for Independence | <ul style="list-style-type: none"> • Life skills training • Training and internship • Internship • Business Support • Mentoring | Community | Meru, Githunguri, Naivasha, Mai Mahiu and Olooseos | On-going | | | <ul style="list-style-type: none"> • Provide skills training services • Provide technical and vocational education training • Provide grants for business start-ups • Mentorship | • Youth in schools | • Youth | Over 1,300 |

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|--|------------------------------|---|---|----------|-----------------------|----------|-----------|------------------------|---|--|---|---|
| Kenya Community Development Foundation | Public Foundation | Youth Development Programme | <ul style="list-style-type: none"> • Life skills training • Training and Internship • Internship • Business Support • Mentoring | National | National | On-going | Long term | 262.46 | <ul style="list-style-type: none"> • Deepen involvement and investment in Kenyan youth • Promote life skills development amongst the youth • Enhance youth-led entrepreneurship and employment creation • Provide grants to youth groups | <ul style="list-style-type: none"> • Youth in youth groups | 17-35 | 300,000 individual youths |
| Kenya Community Development Foundation | Public Foundation | Youth Entrepreneurship Fund | <ul style="list-style-type: none"> • Life skills training • Training and Internship • Internship • Business Support • Mentoring | Garissa | Garissa Municipality | On-going | Long term | | <ul style="list-style-type: none"> • Enable youth-led organizations and associations to actively participate in the promotion of youth entrepreneurship in Kenya • Facilitate establishment of innovative projects that support and create youth-led enterprises • Promote access to finance by the youth • Promote access to business support services • Enhance supply chain linkages • Promote young women entrepreneurs | <ul style="list-style-type: none"> • Youth in youth groups | 17-35 | Over 200 youth groups |
| Fountain Youth Initiative | Community Based Organization | Social Enterprise Incubator Programme | <ul style="list-style-type: none"> • Life skills training • Vocational training • Business incubation | Region | Githurai and environs | On-going | Long term | | <ul style="list-style-type: none"> • Equip disadvantaged local youth with business, vocational and life skills training • Promote youth employment | <ul style="list-style-type: none"> • Disadvantaged youth in Githurai and environs | <ul style="list-style-type: none"> • Youth | <ul style="list-style-type: none"> • More than 50 (Business training) • 15 (Business Incubator) |
| Africa Nazarene University | Private | Kenya Youth Empowerment and Employment Initiative | <ul style="list-style-type: none"> • Life skills training • Training and Internship • Internship • Business Support • Labour Intermediation • Mentoring | National | Nairobi | On-going | 3 years | 61.24 | <ul style="list-style-type: none"> • Empower the youth with appropriate skills • Promote youth employment • Undertake youth mentoring | <ul style="list-style-type: none"> • Youth in school | <ul style="list-style-type: none"> • Youth | |
| United Nations Development Programme | Development Partner | Kenya National Youth Development and Training | <ul style="list-style-type: none"> • Life skills training • Training and Internship • Internship • Business Support | National | National | On-going | 1 year | 11.93 | <ul style="list-style-type: none"> • Contribute to sustainable livelihoods for the Kenyan youth through entrepreneurship • Support Youth Polytechnics • Empower youth and catalyze competitive growth of trade by enhancing self employment • Transform the youth from job seekers into job creators • Build capacity of MoYAS | <ul style="list-style-type: none"> • Youth | 18-35 | |

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|--|------------------------|--|---|-------------------------------------|----------|----------|-----------|------------------------|---|---|--|------------------------|
| United Nations Development Programme | Development Partner | Youth Employment Scheme-Micro Small Enterprise Programme (YES-MSE) | <ul style="list-style-type: none"> Life skills training Training and Internship Business Support | National | National | On-going | | | <ul style="list-style-type: none"> Inculcate entrepreneurial mindset and develop business skills amongst the youth Introduce entrepreneurship into formal schooling at foundation levels Facilitate the introduction of youth in business policies by government Strengthen indigenous capacities, networking of business skills and increase delivery of education on the subject to the youth | <ul style="list-style-type: none"> Youth, women, MSEs | <ul style="list-style-type: none"> Youth | 193 |
| Kenya-Italy Debt for Development Programme | Development Partner | Education/ Vocational Training | <ul style="list-style-type: none"> Life skills training Training and Internship Internship | National | National | On-going | 10 years | | <ul style="list-style-type: none"> Revitalize youth polytechnics and vocational training centres Rehabilitation of infrastructure in youth polytechnics Capacity building, curriculum implementation and provision of training equipment in youth polytechnics and vocational training centres | <ul style="list-style-type: none"> Youth in youth polytechnics and vocational training centres | <ul style="list-style-type: none"> Youth | |
| Kisumu Urban Apostolate Programme | NGO | Vocational Training Programme | <ul style="list-style-type: none"> Life skills training Vocational Training Training and Internship Business Support Labour Intermediation | Peri-urban areas of Kisumu District | Kisumu | On-going | Long term | | <ul style="list-style-type: none"> Offer job skills to the youth Provide vocational and life skills training to the youth Promote entrepreneurship Enhance quality of vocational training Facilitate employment of the youth | <ul style="list-style-type: none"> Vulnerable youth aged 16-24 years | <ul style="list-style-type: none"> Vulnerable youth aged 16-24 years | |
| Kisumu Urban Apostolate Programme | NGO | Skit Project | <ul style="list-style-type: none"> Life skills Vocational Training Training and Internship Business Support Labour Intermediation | Peri-urban areas of Kisumu District | Kisumu | On-going | Long term | | <ul style="list-style-type: none"> Offer job skills to the youth Provide vocational and life skills training to the youth Promote entrepreneurship Provide the youth who have graduated from vocational training with business start up kits | <ul style="list-style-type: none"> Vulnerable youth aged 16-24 years | <ul style="list-style-type: none"> Youth, women and vulnerable members of the community | Over 60 |

