Lessons learned from youth employment programmes in Kenya

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Question
What has worked with regard to youth job creation programmes in Kenya? Give a summary and lessons from recent (2010 or later) donor/multilateral job programmes in Kenya.

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1. Overview

The government of Kenya with the support of multilateral donors, especially the World Bank, has introduced several youth employment initiatives since the 2000s, including a large-scale public works programme. There is a mix of supply-side programmes which provide training to enhance the skills of the youth labour force and demand-side initiatives which facilitate entrepreneurship and provide business development services. Although the Kenyan economy is transforming slowly, there are structural impediments to creating higher productivity jobs (World Bank, 2016a) especially for the youth. The literature calls for youth employment programmes to adopt a demand-side approach which stimulates job creation and encompasses support for labour-intensive industries which generate wage-employment as well as self-employment initiatives in agriculture and the informal sector (Fox & Kaul, 2017).

There is a paucity of rigorous evaluations of youth employment programmes in Kenya (World Bank, 2016), as well as very little information about the impact of agricultural support programmes which target the youth. This makes it difficult to reach a consensus regarding which types of youth employment interventions work best in Kenya. However, the limited evidence which is available from five evaluations of training and entrepreneurship development interventions in Kenya finds that:

- The combination of life-skills training, vocational training and internships does lead to gains in employment and higher earnings.
- Mentorship programmes for entrepreneurs do not yield sustainable benefits in terms of sales or profits.
- The effectiveness of the Youth Enterprise Development Fund was hampered by inefficiency and corruption (Sikenyi, 2017).
- Cost-to-benefit analysis suggests that the cost of training can be off-set by improved earnings within one to three years after the intervention.

Youth employment programmes may struggle to achieve scale (World Bank, 2016b). There is a shortage of qualified trainers for entrepreneurship development and training providers may lack capacity to train large numbers of participants (Azevedo, Davis, & Charles, 2013). The impact of youth employment programmes in Kenya may be curtailed by factors which are beyond the scope of the intervention such as the regional or ethnic marginalisation of some youth, especially in northern and coastal regions (Balwanz, 2012).

The World Bank recommends that all programmes be widely advertised so that there is a transparent selection process and a mechanism for addressing complaints. Other lessons include that youth enterprise development programmes should target youth from 18 to 35 years, since older youth are more likely to create jobs for younger people (World Bank, 2016b).

Overall, women in Kenya have fewer opportunities for access to education and skills development. Unemployment is especially high among female youth in urban areas (World Bank, 2016a). Youth employment programmes must be customised to meet the needs of young women. The available evidence suggests that women benefit from a combination of life-skills training, vocational training and workplace placements (Azevedo et al., 2013). Mentorship does not provide sustainable benefits for micro and small businesses run by women (Brooks, Donovan, & Johnson, 2016), although further research is needed to confirm this finding.
2. Youth employment creation in Kenya

The Kenyan government first implemented youth employment policies in 1963 and the National Youth Service was established in 1964 (Omolo, 2012). Zepeda et al. (2013) classify the Kenyan government’s employment policies as structural policies, active labour policies, and macroeconomic or horizontal policies. Policy implementation was invigorated in the 2000s with an emphasis on public works, entrepreneurial development and skills enhancement. The programmes were financed through a combination of funds from the Kenyan government and donor contributions from the governments of Japan, Germany, the Netherlands and the United Kingdom. The World Bank has been an active funder of youth employment programmes in Kenya and co-funded many government-run programmes. In 2009 a large public works programme, Kazi Kwa Vijana (KKV), was implemented to employ between 200,000 to 300,000 low-wage workers, with no specific targeting criteria (Zepeda et al., 2013). In 2009 the KKV employed 296,000 youth in community-based environmental, water management and infrastructure projects (Jutta & Omollo, 2014, p. 28). The KKV was expanded with funding from the World Bank in 2011. An assessment by the International Labour Organisation (ILO) found that the KKV was successful in terms of creating jobs for the youth (Jutta & Omollo, 2014, p. 29).

This review focuses on youth employment programmes that were active or launched in 2010 or later. There are a number of NGO funded small-scale youth employment projects at community level. A comprehensive list of all the youth employment interventions in Kenya is beyond the scope of this review, but the most prominent programmes, funded by the Kenyan government and multi-lateral donors are given in Table 1.

<table>
<thead>
<tr>
<th>Programme</th>
<th>Date</th>
<th>Funder</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya Youth Employment and Opportunities</td>
<td>2016</td>
<td>World Bank</td>
<td>US$150 million</td>
</tr>
<tr>
<td>Kenya Youth Empowerment Project (KYEP)</td>
<td>2010</td>
<td>World Bank</td>
<td>US$60 million</td>
</tr>
<tr>
<td>Kenya Youth Employment and Skills Programme (YKES)</td>
<td>2014</td>
<td>USAID</td>
<td>US$21.9 million</td>
</tr>
<tr>
<td>Sport for Kenyan Youth Employment</td>
<td>2017</td>
<td>International Youth Foundation &amp; Barclays</td>
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</tr>
<tr>
<td>KUZA</td>
<td>2014</td>
<td>DFID</td>
<td>£5.1 million</td>
</tr>
<tr>
<td>Busia Vocational Training Programme</td>
<td>2010</td>
<td>World Bank &amp; Kenyan Government</td>
<td>Unknown</td>
</tr>
<tr>
<td>Youth Enterprise Development Fund (YEDF)</td>
<td>2006</td>
<td>World Bank &amp; Kenyan Government</td>
<td>KES 4 billion</td>
</tr>
<tr>
<td>Generation</td>
<td>2015</td>
<td>USAID &amp; McKinsey Foundation</td>
<td>Unknown</td>
</tr>
<tr>
<td>Youth Employment for Sustainable Development in Kenya</td>
<td>2012</td>
<td>ILO &amp; Government of Japan</td>
<td>US$1.6 million</td>
</tr>
<tr>
<td>Kazi Kwa Vijana (KKV)</td>
<td>2009</td>
<td>Kenyan Government, donors &amp; World Bank</td>
<td>KES 15 billion</td>
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<tr>
<td>Ninaweza</td>
<td>2011</td>
<td>International Youth Foundation &amp; World Bank</td>
<td>Unknown</td>
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<tr>
<td>Training infrastructure upgrades</td>
<td>2014</td>
<td>AfDB</td>
<td>Unknown</td>
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Table 1: Youth Employment Programmes in Kenya

The Youth Employment for Sustainable Development in Kenya programme funded by the ILO and the government of Japan did not achieve scale. This programme aimed to support youth owned micro-enterprises by training them to participate in road maintenance with the use of donou technology (ILO, 2012). Those trained were given certificates and permitted to register as

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1 This technology uses local resources such as gunny bags filled with sand and gravel to repair roads (ILO, 2012).
road maintenance contractors. The programme trained 293 young people and 19 road maintenance businesses were established in Garissa county (ILO, 2012). However, the do-nou intervention was too short and did not make provision for the follow-up support which was needed to establish sustainable road maintenance enterprises (Jutta & Omollo, 2014, p. 29). In contrast, youth employment programmes funded by USAID achieved much greater scale. In 2016 52,000 Kenyans between 18 and 35 years, many of whom had not completed high school, were trained through USAID funded interventions (USAID, 2016, p. 20). Fewer than 10% (5,000) of those trained obtained better jobs in a range of industries (USAID, 2016, p. 20). There are innovative business support projects in Kenya including business incubators like Vijana na Biashara and business support hubs but so far there is no data to gauge the impact of these initiatives (Jutta & Omello, 2014, p. 30).

Agricultural work is perceived as a last resort and is associated with low returns. The number of young people involved in farming is declining and their lack of interest is attributed to the sector’s concentration on production rather than value-added processing (Lesiyampe & Ntiba, 2017). Many programmes which promote youth enterprise development include the agricultural sector and attempt to enable the youth to engage in agri-businesses. For example, Feed the Future is a USAID programme which aims to improve nutrition, expand agricultural production and broaden markets in Kenya. The programme does not target youth exclusively. Food producers experienced a 10% increase in sales up to KES12 billion in 2016 (USAID, 2016, p. 36).

3. General lessons for youth employment programmes in Kenya

Fox and Kaul (2017, p. 19) describe Kenya as a lower middle-income country with high potential for structural change in the economy.2 The high growth rate and the level of diversification in the economy are anticipated to foster favourable conditions for job creation in the formal sector. However, the pace of transformation is undermined by an under-developed financial sector and poor infrastructure. In spite of growth, there are insufficient jobs in the formal sector which reduces the ability of many Kenyans to transcend out of poverty (World Bank, 2016a, p. 39). Given these conditions, Fox and Kaul (2017, p. 20) recommend that countries like Kenya pursue demand-side job creation policies which stimulate employment by supporting enterprise growth. More specifically they suggest that countries like Kenya:

- Invest in labour-intensive enterprises which will contribute to formal sector employment.
- Reform the secondary education sector so that it meets the needs of employers.
- Support youth self-employment in agriculture and the informal sector through household enterprises.

In addition, job creation must be balanced to cover rural and urban areas since Kenya is underurbanised and only 25% live in urban areas (World Bank, 2016a, p. 41).

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The World Bank has identified the following lessons and risks from its experience of youth entrepreneurship programmes in Kenya (World Bank, 2016b, p. 16):

- Evidence from Kenya and Nigeria indicates that it is imperative to target youth up to the age of 35 years because there is a strong likelihood that entrepreneurs aged 29 to 35 can create jobs for younger people.
- The evidence base for youth entrepreneurship programmes is small and it is not definitively known what combination of services is most effective. Consequently, the Kenya Youth Employment and Opportunities programme (funded by the World Bank) offers a mix of different services. Some entrepreneurs are only offered grants; others are only given access to advisory services while some are offered both grants and advisory services.
- The programme must be widely advertised so there is transparency regarding the selection of beneficiaries. A mechanism for addressing grievances and complaints is needed.
- There is a risk that businesses which receive support may not hire youth.
- The programme may not be scalable or the outcomes may not be sustainable.

The effectiveness of youth employment programmes can be affected by the following factors:

- Youth face many challenges that cannot be solved by providing skills training. In Kenya young people are marginalised because of poverty, region and ethnicity. For example, those in coastal and northern regions, such as ethnic Somali youth, feel marginalised and dominated by other groups with political power (Balwanz, 2012, p. 18).
- The secondary school system is perceived as being out of date with the needs of the labour market (Balwanz, 2012, p. 4).
- There is a lack of coordination among the different youth employment initiatives and therefore little opportunity for synergy (Obonyo, 2016).
- Young entrepreneurs are not always aware when grants are in fact loans which must be re-paid (Obonyo, 2016).
- Even though entrepreneurship education is widely available in secondary schools there is a shortage of competent trainers for entrepreneurship studies at secondary schools and the curriculum is inadequate because it does not cover self-employment (Jutta & Omello, 2014, p. 31).

Women in Kenya have less access to secondary and tertiary education and there is a gendered segregation of employment (Balwanz, 2012, p. 18). For example, the majority of female students enrolled at polytechnics are studying fashion and design, garment making, catering and ICT, while men dominate in engineering (Balwanz, 2012, p. 18). Unemployment is higher among women in urban areas (Jutta & Omollo, 2014, p. 13). Women entrepreneurs are less likely to have access to formal financing because they do not have access to credit (Hassan & Mugambi, 2013). An initial assessment of the KUZA programme in Mombasa found that it was difficult to recruit women for sales jobs because this was not regarded as socially acceptable (MarketShare Associates, 2016). The World Bank (2016b) recommends that distinct policies are required to target female youth unemployment.
4. Impact assessments of youth employment programmes in Kenya

Although there are many active labour market interventions which target youth employment in Kenya, not many programmes have been assessed using randomised control designs. Moreover, the lack of indicators constrains the scope for impact assessments. For example, an early assessment of the KUZA project was constrained because training providers and beneficiaries did not keep accurate records of sales or employment (MarketShare Associates, 2016). This review looked at the findings from five programmes, four of which were subjected to randomised control trials, to assess the impact of the programme on youth employment.

Evidence from training programmes

**KYEP**

The Kenya Youth Empowerment Project (KYEP) was launched in 2010 with support from the World Bank. Initially KYEP was conceived as a four-year project with a budget of US$60 million (Zepeda et al., 2013). The primary objective of KYEP was to raise the employability of vulnerable youth by supporting them with training and work experience which was relevant to the needs of employers in the private sector.

A training and internship programme was designed as a public-private partnership between the Kenyan government and the Kenya Private Sector Alliance to ensure that it was demand driven and addressed the needs of private sector employers (Jutta & Omollo, 2014). The programme targets vulnerable youths between 15 and 29 years who have a minimum of eight years of schooling or who were out of school for one year. The programme was piloted in Nairobi and Mombasa and encompassed six sectors: energy, finance, ICT, manufacturing, tourism and the informal sector (Honorati, 2015). The programme comprised three phases:

- Two weeks of life-skills training.
- Ten weeks of general business training and sector-specific vocational training.
- A 12-week internship at a private sector firm.

The total cost of the programme was US$ 1,150 per person including administrative costs. The programme incorporated several best practice elements from international experience of similar programmes in developing countries. This included the combination of classroom based and on-the-job training, as in the successful Jóvenes training programmes in Latin America (Fox & Kaul, 2017; Honorati, 2015) as well as a curriculum that was relevant to the needs of employers. The aim of the programme was to cultivate wage employment mainly in the formal sector rather than self-employment (Honorati, 2015, p. 5). In the informal sector, participants were trained by master craftsmen.

The programme was assessed using a randomised control design to test the impact of life-skills training only (treatment group 1), the full training and internship programme (treatment group 2) versus the control group, which experienced neither treatment. A complex randomisation design was used to generate the final sample which comprised 709 in the control group, 657 in treatment group 2 (full programme) and 252 in treatment group 1 (life-skills only). The findings...
revealed that employment increased by 14% for males who completed the full programme (treatment group 2) compared to the control group. However, there was no statistically significant difference between either of the treatment groups and control group with regard to earnings (Honorati, 2015, p. 19). The results indicate that there was an 8% increase in wage employment among women who completed the full programme compared to those in the control group, as well as a significant increase in earnings (Honorati, 2015, p. 20). Women on the full programme were able to increase their earnings by KES 7,500. The findings also revealed that participants who had at least some tertiary education were more likely to have obtained wage employment or work for more hours after the programme (Honorati, 2015, p. 22). The cost-to-benefit analysis indicated that it would take 14 months to offset the cost of the programme for men and ten months for women, based on improved earnings.

Ninaweza

Many women engaged in micro-enterprises because these provide them with self-employment (Hassan & Mugambi, 2013). In 2011 the Ninaweza programme was launched as part of the Kenya Youth Empowerment Project, specifically for poor young women in Nairobi (Azevedo et al., 2013). Ninaweza was an eight-week training programme designed to provide life-skills and ICT skills which were relevant to the market to young women from poor areas. In this study the participants also benefited from a workplace placement. Seven hundred young women participated in the study. The participants had to meet several criteria including being 18 to 25 years old, have completed secondary school, be unemployed and reside in one of the six informal settlements in Nairobi (Azevedo et al., 2013). However, the training partner lacked the facilities and equipment to train 700 women. Consequently, the participants were divided into cohorts for training and there were two shifts of training per day. It is therefore possible that there were variations in the quality of training. However, the results of the evaluation indicate that there were gains in knowledge for all cohorts.

A randomised control trial was undertaken to evaluate the success of the project with regard to: knowledge of life-skills and ICT; finding employment and improvements in self-confidence. There were three rounds of data collection involving 535 participants (Azevedo et al., 2013). A baseline survey was conducted before the training, the second survey took place after the training to test for any improvements in terms of knowledge and the final survey took place after the workplace placement. The study compared three cohorts: a control group which did not receive training or a placement, treatment group 1 which received life-skills training, ICT training and a workplace internship, and treatment group 2 which received only ICT training and a workplace placement.

The results of the randomised control trial show:

- Treatment group 1 experienced higher gains in knowledge compared to either treatment group 2 or the control group and the difference was statistically significant.³ There were statistically significant differences between treatment group 2 and the control in terms of knowledge.

³ In survey research a significance test is needed to make sure that the findings did not occur by chance. The researchers set a confidence level of 95%. When they are 95% sure that the difference between two groups (usually a treatment group and a control group) are not due to chance then the difference is deemed to be statistically significant.
- Treatment group 1 was 14% more likely than the control group to find employment (Azevedo et al., 2013, p. 22). Treatment group 2 was 9% more likely to find employment than the control group but this result was on the cusp of statistical significance.

- Both treatment groups had higher earnings than the control group and these differences were statistically significant.

- In addition, the treatment groups were more pro-active than the control groups in terms of finding jobs: 89% of treatment group 1 and 88% of treatment group 2 compared with 75% of the control group indicated that they were looking for jobs (Azevedo et al., 2013, p. 20). Both of the treatment groups also made more job applications than the control group.

- Respondents who participated in the programme were more likely to have found better quality jobs. Although very few respondents signed employment contracts, those from the treatment groups were more likely to have signed a contract. Those working in the ICT sector were five times more likely to be from treatment group 1 and three times more likely to be from treatment group 2 than the control group.

- Around 60% of participants from the treatment groups claimed that the training had prepared them for getting a job and also aided them in finding jobs (Azevedo et al., 2013, p. 28). One in three participants felt that the training should have been longer.

Overall, the findings indicate that life-skills training had a positive effect on improving the chances of obtaining a job among female youth in Kenya.

**ILO Gender and Enterprise Together (Get Ahead)**

This programme entailed five days of training for low-income female business owners at a cost of between US$ 222-333 per person (McKenzie & Puerto, 2017). A randomised control trial in 157 rural markets in Kenya tested the effect of business training on the profitability, growth and survival of female-owned businesses. Training was offered to women in 93 markets while the control group was selected from the remaining 64 markets. In total 1,172 women were assigned to the treatment groups and 988 to the control group. There were four rounds of follow-up surveys after two training interventions. Impact was measured after the first year and then again after three years. The study found that after three years the businesses in the training group were 3% more likely to have survived than the control group (McKenzie & Puerto, 2017). The treatment group also enjoyed an 18% rise in sales and a 15% rise in earnings compared with the control group. These differences were statistically significant. In-depth interviews with the beneficiaries found that the training encouraged business owners to be more reliable in terms of opening hours and to diversify their product range. The training intervention passed the cost-to-benefit analysis because profits increased by $2.60 per week (McKenzie & Puerto, 2017). Thus, after three years the increase in profits (around US$ 380) surpassed the cost of the training (US$ 222-333) per participant.

A sub-group of those who undertook training (392 respondents) was selected to receive mentorship. Each mentor was assigned six to ten mentees and was expected to meet with them for ten sessions. The mentoring cost US$ 553 per head. The study found no evidence that

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4 At a 95% confidence level the probability of the average participant in treatment group finding a job ranged from 4% to 24%.
the mentorship led to any favourable changes (McKenzie & Puerto, 2017). The study also investigated possible displacement effects on other business owners who did not participate in the programme. The study found that there were no negative spillover effects on businesses which did not receive training but operated in the markets from which the treatment groups were sampled (McKenzie & Puerto, 2017). In fact, total sales were higher across all respondents (including traders who did not receive training) in the markets which were part of the treatment sample compared with those in the control group. This finding suggests that there were positive spillover effects across-the-board increased sales from the training intervention.

Evidence from entrepreneurship support programmes

Youth Enterprise Development Fund (YEDF)

The Youth Enterprise Development Fund was established in 2006 to reduce unemployment among those aged 18 to 35 years (Kimando, Njogu, & Kihoro, 2012). The YEDF provides support for micro, small and medium enterprises because they are expected to have the biggest impact on job creation. The YEDF also supports the development of market spaces and incubators and facilitates linkages between young entrepreneurs and medium enterprises. Between 2007 and 2012 US$ 940,000 was distributed to 47 counties. The YEDF was supposed to target 13 million entrepreneurs but an evaluation conducted in 2011 found that only 158,000 youth-run enterprises (1.2% of the target) had received loans and about half the budgeted funds had not been allocated (Sikenyi, 2017). The YEDF was instrumentalised for political purposes in its first year and low interest rates were offered in some constituencies (Jutta & Omollo, 2014, p. 25). There are a few evaluations of the YEDF at regional level using a survey methodology which have elicited some interesting findings:

- A study conducted in Matungu constituency found that by 2015 only 83 young people had received loans which varied from US$ 30 to US$ 2,000 (Sikenyi, 2017). The Anti-Corruption Commission found that officials diverted funds into their personal accounts or businesses that they were connected with. In addition, funding was inappropriately given to affluent, well-connected youths (Sikenyi, 2017).
- The effectiveness of the YEDF is hampered further by unclear criteria for eligibility, long waiting times and the requirement that recipients must have a deposit equivalent to 10% of the loan (Sikenyi, 2017).
- The minimum age of 18 years excludes younger people who are parents or have other family responsibilities (Sikenyi, 2017).
- A survey of YEDF participants in Kugumo district found that 47% of funds were disbursed to women (Kimando et al., 2012, p. 10).
- A survey of beneficiaries in Dagoreti constituency found that half the beneficiaries were 31-35 years old and were predominantly males with low levels of education (Maisiba & George, 2013).
- The programme created 1,208 jobs in Dagoreti constituency since inception (Maisiba & George, 2013, p. 8). The majority (78%) of recipients stated that the fund had increased business opportunities and enabled them to develop their skills.
- The YEDF is the preferred source of seed and running capital for youth enterprises in Dagoreti. The YEDF places emphasis on new applicants therefore it is not able to help
existing businesses to grow. Interest rate and repayment terms were regarded as attractive by the youth.

- The YEDF created self-employment in Dagoreti but these businesses were not able to create other jobs (Maisiba & George, 2013).

**Mentorship and training of micro-enterprises**

A selection of micro-enterprises from Dandora, a slum which is north-east of Nairobi, were provided with mentorship and training. A baseline survey was conducted with 3,290 randomly selected businesses before the intervention took place. A sample of 538 female business owners were randomly assigned to control or treatment groups (Brooks et al., 2016). The control group was given US$ 48 as an incentive to remain in the study. The treatment group was also given US$ 48 and one month of business classes and access to a mentor. The business classes were provided by a local university, Strathmore University, School of Management and Commerce. Attendance of the classes was encouraged but not mandatory (Brooks et al., 2016). The curriculum was based on an outreach programme developed by the university to educate small and medium business owners. The mentor was a successful business owner who was required to meet with the participants four times within one month and was paid US$ 1,000. All participants made use of the mentorship service.

A randomised control study was conducted to test the impact of the programme. The findings indicate that in the short run mentorship leads to an improvement in profits while classroom training does not. Four months after the programme the profits of the mentees were KES 896 greater than the control group. There were no significant differences in profits between the class training group and the control group. However, the increase in profits was not sustainable and faded away in the long run (Brooks et al., 2016, p. 16). In addition, the mentees changed their business behaviour. They were more likely to increase inventory spending, switch suppliers and have lower costs. These changes are attributed to the advice that they obtained from their mentors who had more insightful local market knowledge (Brooks et al., 2016, p. 16). The mentees continued to meet with their mentors for 12 months after the programme.

5. **References**


Suggested citation


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