



# Policy Brief

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## Youth Unemployment in Kenya: Policy Gaps Analysis

### Executive Summary

Kenya is a youthful country and indeed youth unemployment is the key labour market policy challenge. With the youth, comprising nearly 30% of the total population and about half of the total working age population, they are largest unemployed demographic. In fact, the unemployment rate for the youth aged between 15-19 and 20-24 years is five times that of the national unemployment rate of 7.4% by 2015/16. This is exacerbated by more than 800,000 of them entering the job market annually. There are variations in youth unemployment, for instance by gender, with the education level a key determinant. Breakdown of the employment picture further lays bare the labour market challenge, with over 80% of all jobs created in the informal sector, where 41% of the youth are absorbed, thus vulnerable.

### Policy interventions towards youth unemployment

This brief reviews and analyses policy interventions towards youth unemployment. It further identifies policy gaps with a view to drawing recommendations of how to close these gaps.

Perverse youth employment challenge is not for lack of policies initiatives. If anything, there is an elaborate evolution of policies and strategies since independence. Recent reforms resulted to initiation of Kenya Youth Development Policy 2018 to respond to emerging youth issues which is aligned to the Constitution of Kenya, the Vision 2030, the Big Four plan and Sustainable Development Goals. This new policy further seeks to scale up youth employment and empowerment interventions and their contribution to national building.

### Enhance coordination of youth policy interventions with clear policy direction

Latest demand side interventions including the Youth Employment Marshall Plan, Youth Enterprise Development Fund, proposed Biashara Fund and Access to Government Procurement Opportunities

as well as supply side interventions such as Technical Vocation Education and Training (TVET) and the National Youth Services (NYS) are faced with fragmented policies which impedes their implementation.

### **Design of youth interventions should be evidence-based and there is need to embed regular evaluation of these interventions for effectiveness**

Implementation of various youth initiatives is impaired due to weak design and poor targeting. Furthermore, lack of regular mechanisms to track their effectiveness results to recurring implementation hurdles.

There is need to simplify application process for demand side policy initiatives in order to increase access and uptake. Besides oversight by the legislature and the need to strengthen accountability mechanisms as well as better enforcement of the law is critical to addressing recurring governance questions. This is an imperative action for ensuring prudent use and management of funds in the NYS programme.

### **TVET Policy should factor demand side in terms of access to skills development and fiscal incentives to inform skills match to labour demand**

Focus on TVET should not only be on increasing the number of facilities but also enabling access through targeted vouchers for example, due to high cost of tuition fees. In regard to weak transition from employment to employability for TVET, regular tracer studies to inform effectiveness of TVETs and fiscal incentives to encourage private partnerships for internship and apprenticeships are important for skills match to labour demand.

## **1.0 Introduction**

In Sub-Saharan Africa, youth unemployment remains a daunting challenge. The share of youth unemployment in total unemployment is very high, reaching as much as nearly 80 % of the total unemployed in some countries. In the 1990s, both Sub-Saharan Africa and North Africa recorded the world's highest youth unemployment and total unemployment rates<sup>1</sup>. The current situation in Africa has indeed improved but remains a challenge to date and is not very different for Kenya.

In fact the situation is going to get worse for Kenya given the steady population growth for the last 5 years, on average almost 3%. Government reports and UN Habitat show that Kenya is rapidly urbanizing, with 50% of the population projected to be urbanized by 2030 from 34% in 2011. This puts pressure on the country's labour market to create more opportunities to absorb the youth.

Despite experiencing modest economic growth in the last decade, this growing public concern is evident from the chants of "growth without jobs". These chants became more pronounced in 2019 when we experienced economic rebound in real GDP growth of 6.3% up from 4.9% in 2018 yet there were media reports of lays offs and retrenchments. On this point, Hope Sr. (2012) notes the reality of youth bulge that as a country we are going to live with for the foreseeable future. It, therefore, implies that developing and implementing appropriate strategies, policies and programmes to mitigate attendant risks and challenges is not a choice but an imperative for the government. Otherwise, we must be ready for the enormous consequences.

This brief based on desk-review analyses the policy gaps on the key youth unemployment interventions and suggests remedial actions. It first paints a picture of the context of youth unemployment in Kenya in terms of where we are. Consequently it assesses various key policy interventions to understand the gaps in terms of where we wish were and suggest ways of closing these gaps.

The rest of the brief is organized as follows: the context of youth unemployment in Kenya and the next section looks at policy interventions on youth employment and entrepreneurship focusing on both the supply and demand side and emerging gaps and recommendations from these interventions. The final part provides a synthesis of recommendations and conclusions.

## 2.0 Context of Youth Unemployment in Kenya

Demographic trends<sup>2</sup> show that Kenya is predominantly youthful. The median age in Kenya is estimated at 19 years. The youth, aged between 18-34 years, as defined by the Constitution of Kenya (CoK), 2010 constitute about 28% of the total population of 47.56 million based on Census 2019 report. Those that are below the age of 35 years comprise 78% of the population. This phenomenon is often referred to as youth bulge, where a substantial share of the population is comprised of children and young adults.

Being two-sided; the positive is that the youth bulge, as an asset is a key function for socio-economic take-off. On the flip side, it is a “ticking time bomb”, especially if not well managed. With about 800,000 young people entering the job market every year as estimated by the World Bank, even more, pressure is exerted on the government to create more productive jobs. On this point, Onyango C. et al (2018/19) reveals that it would require steady economic growth of 7% job creating growth to absorb these numbers. Otherwise, the youth who account for about 49% of the labour force (15-64 years) as shown in table 1 will end up being left out of the labour market. This is a growing socio-economic challenge in the country and confirms that youth unemployment is Kenya’s key labour market policy challenge.

In this respect, unemployment rates are highest among the youth ages between 15-19 and 20-24 years at 15% and 19% respectively. In particular, with national unemployment rate of 7.4%, the burden of unemployment for the youth is about five times larger. This measure reflects the proportion of the labour force that does not have a job but is available and actively looking for work. Although overall, national unemployment affects more women (64.5%) than men, the youth cohort, whether male or female is still the most affected.

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<sup>2</sup>KNBS (2019) Census Report

**Table 1: Distribution of Labour Force (15 – 64) by Sex (2015/16) – “000”**

Level	Total	Employed			Unemployed			Unemployment Rate, 100
		Male	Female	Total	Male	Female	Total	
15-19	1,626.2	784.5	599.6	1,384.1	105.9	136.2	242.1	14.9
20-24	2,873.9	1,159.3	1,162.3	2,321.6	198.8	353.5	552.3	19.2
25-29	3,293.2	1,520.3	1,476.9	2,997.2	86.1	209.9	296.0	9.0
30-34	2,872.5	1,437.0	1,304.8	2,741.8	40.0	90.7	130.7	4.6
35-39	2,393.5	1,158.8	1,146.2	2,305.0	25.2	63.3	88.5	3.7
40-44	1,930.2	965.4	912.7	1,878.1	25.4	26.8	52.2	2.7
45-49	1,413.3	739.3	649.1	1,388.4	8.5	16.4	24.9	1.8
50-54	1,178.8	576.7	583.6	1,160.3	8.8	9.6	18.5	1.6
55-59	1,022.1	480.1	522.5	1,002.6	5.9	13.7	19.6	1.9
60-64	707.7	354.8	341.9	696.7	5.0	6.1	11.0	1.6
<b>Total</b>	<b>19,311.4</b>	<b>9,176.2</b>	<b>8,699.6</b>	<b>17,875.7</b>	<b>509.6</b>	<b>926.2</b>	<b>1,435.8</b>	<b>7.4</b>

Source: KNBS (2018) Labour Force Basic Report; Kenya Integrated Household Budget Survey (KIHBS) 2015/16

Furthermore, KNBS reports show that unemployment rates are higher in urban areas at a rate of 11% compared to 5.6% in rural areas. There are other variations of youth unemployment including by occupation or industry worth considering for an in-depth analysis or understanding of the youth unemployment problem<sup>3</sup>.

## 2.1 Education Status of the Unemployed

Whether one is employed, in the formal/informal sector or unemployed is influenced by their level of education. As indicated in table 2 the majority of the unemployed, had primary (30.2%) and secondary (35.1%) levels of education. Conversely, about 12.1% of them did not possess any level of education. Surprisingly 11.1 % and 9.1% of the unemployed have college and university level qualifications respectively. From a gender perspective, the proportion of the unemployed male and female with primary and secondary levels of education was almost comparable.

**Table 2: Distribution of Unemployed Population (15 – 64) by Education and Sex**

Education Level	Male	%	Female	%	Total	%
Pre-primary	1.6	0.3	5.2	0.6	6.8	0.5
Primary	139.9	27.4	294.0	31.7	433.9	30.2
Post-primary, Vocational.	4.7	0.9	6.6	0.7	11.3	0.8
Secondary	192.0	37.7	312.5	33.7	504.5	35.1
College (Middle-level)	51.3	10.1	107.8	11.6	159.1	11.1

<sup>3</sup>KNBS (2018) Labour Force Basic Report; Kenya Integrated Household Budget Survey (KIHBS): KNBS; 2015/16

Education Level	Male	%	Female	%	Total	%
University Undergraduate	63.4	12.4	67.6	7.3	131.0	9.1
University Postgraduate	0	0	0.9	0.1	0.9	0.1
Madrasa/Duksi	3.2	0.6	4.1	0.4	7.3	0.5
Other	0	0	0.2	0	0.2	0.0
None	48.9	9.6	125.5	13.6	174.4	12.1
Not Stated	4.7	0.9	1.8	0.2	6.5	0.5
<b>Total</b>	<b>509.7</b>	<b>100</b>	<b>926.1</b>	<b>100</b>	<b>1,435.8</b>	<b>100</b>

Source: KNBS (2018); Labour Force Basic Report; Kenya Integrated Household Budget Survey (KIHBS): 2015/16

## 2.2 Economically Inactive Population

It is important to note that unemployment masks the extent of the labour market challenges facing the youth as it does not capture under-utilization of labour. This occurs when employed persons are engaged in informal activities or are economically inactive. This latter category comprises of all neither persons who are “employed” nor “unemployed”. These are the discouraged group of people who are no longer seeking work and they are incapacitated. Pointedly, there is a large inactive youth population excluding those in school, 13% in 2015/16 as seen in table 3 up from about 10% as per the 2009 census.

**Table 3: Proportion of Inactive Population (15 – 64) by Main Reason for Inactivity**

No.	Reason	Percentage
1	Student / pupil	73.8%
2	Housewife/family responsibilities	13.1%
3	Sickness/injury	3.5%
4	No jobs available in the area	0.5%
5	Not Stated	2.4%
6	Other	6.7%

Source: KNBS (2018); Labour Force Basic Report; Kenya Integrated Household Budget Survey (KIHBS): 2015/16

The reasons for inactivity as shown in table 3 vary but two are notable. One of the significant reasons (73.8%) is school attendance and the other (13.1%) is for family responsibilities. What is evident is that inactivity is to a large extent attributed to household-related chores and that female youth are disproportionately affected more than their male counterparts. Furthermore, the majority of the employed youth are the most vulnerable in the labour market. About 49% in 2009 and 41.7% of youth in 2015/16 were engaged in some economic activities but largely informal.

**Table 4: Trends in Formal and Informal Employment**

Number in Millions						
Education Level	Male	%	Female	%	Total	%
	2013	2014	2015	2016	2017	2018
Formal	2.4	2.5	2.6	2.7	2.8	2.9
Informal	11.2	11.8	12.6	13.3	14.1	14.9
Total	13.5	14.3	15.2	16.0	16.9	17.8
Proportions (%)						
Formal	17.5	17.3	17.2	16.8	16.6	16.3
Informal	82.5	82.7	82.8	83.2	83.4	83.7

Source: Economic Survey 2018

Notably, most jobs are created in the informal sector (slightly over 80% on average) relative to the slow growth in formal employment as evident in table 4. This implies that the majority of the youth are absorbed in informal employment, thus low quality and vulnerable jobs. This, as a result, calls for the design of labour market policy interventions such as training and incentives of raising the attractiveness of formal sector jobs, thus improving the quality of labour. Consequently, this will lead to a rise in incomes through improved productivity and thus further drive the economy.

### 3.0 Policy Interventions and Analysis

For Kenya, there is no lack of policy initiatives regarding the unemployment challenge (Cheruiyot S. and Salim D, 2014). The government has since independence (1963) initiated and experimented with an evolution of various policies, strategies, legislative and institutional mechanisms in addressing youth unemployment.

There are key policies and strategies that speak to the goal or where the Country wishes we were regarding the creation of employment opportunities for the youth. Notably, the Vision 2030 and the Constitution of Kenya, 2010 under Bill of rights which requires the State to create and provide decent jobs to the youth. In addition to promoting inclusivity in articles 10 and 27, the Constitution in Article 55 stipulates that the State shall take whatever measures including affirmative action programmes to ensure that the youth access various resources including employment opportunities and participate in development processes.

#### 3.1 Vision 2030

Overall, the goal of Vision 2030 blueprint is to transform and grow Kenya into a middle-income country. In general, its economic focus is on stimulating the economy and in turn creating jobs which are an initiative towards addressing the demand side of labour. On this point, the youth are considered to be at the center of this goal through education and human resource development initiatives as well as through youth empowerment as interventions on the supply side of labour. For the latter, the Vision 2030 objective is for interventions to be provided towards the establishment of youth centres, mentorship, development of creative industry hubs and youth enterprise financing.

## 3.2 Youth Employment and Empowerment Policy, Legislative and Institutional Framework

The Government's commitment towards addressing youth unemployment from a policy, legislative and institutional perspective as earlier noted is not in doubt. Annex 1 provides a summary of the evolution of policy, legislative and institutional mechanism towards addressing youth unemployment challenges. Of note is that the efforts were buttressed in 2006 through the creation of the Ministry of State for Youth Affairs. This was soon followed by the development of Kenya Youth Policy in 2007 with employment creation and youth empowerment as some of its notable strategic areas. To this end, the National Youth Council was one of the institutions that were established as a mechanism for implementing this policy (see Box1).

### Box 1: The National Youth Council Act, No. 10 of 2009

The Act established the National Youth Council (NYC) to facilitate, co-ordinate, promote, monitor and advocate for youth issues and youth-led initiatives under the Ministry in charge of youth. NYC was established in 2012 to ensure effective coordination of youth-related interventions and involvement of the youth in planning, monitoring and evaluation of youth interventions. The Council is a youth empowerment platform and provides an elaborate structure that facilitates the participation and inclusion of the youth in governance, national affairs and ensures that youth programmes involve them and are youth centered.

The Council lobbied for implementation, mainstreaming and inclusion of the youth in governance. The Council has secured representation in National Employment Authority (NEA), Youth Enterprise Development Fund (YEDF), National Council for Nomadic Education of Kenya (NACONEK), and National Anti-Corruption Campaign Steering Committee (NACCSC). At the county level, the Council successfully lobbied for youth representation and inclusion to be anchored in legislation. Further the NYC mobilizes youth to take part in social, economic and political spheres of national development and ensures that they benefit fully from government initiatives targeting them. The Council also promotes patriotism, volunteerism and community service among the youth by engaging them in various community activities and providing opportunities for youth to shape their future.

### 3.2.1 The Kenya Youth Development Policy, 2018

In following up on the previous youth policy of 2007, the Kenya Youth Development Policy, 2018 not only takes account of emerging issues affecting the youth but is designed to scale up youth empowerment interventions as well as the youths' value contribution to nation building. It also aligns youth programmes to the Big Four Agenda of Government (2018-2022), Kenya Vision 2030 and its Medium-Term Plans, the Constitution of Kenya, 2010 and the Sustainable Development Goals (SDGs).

Furthermore, this policy supports the establishment of a National Youth Volunteerism Strategy to allow the youth to give back to society through their competencies and talents; and development of **Kenya Youth Development Index** to track and measure the impact derived from all the youth programmes, projects and activities that are implemented. The identified policy objectives focus on youth development,

health and nutrition; creativity, patriotism and nation building, skills development, entrepreneurship, employment, curbing drug and substance abuse and radicalization among the youth.

On the same breadth, it also provides the institutional, coordination, communication, monitoring and evaluation framework to ensure effective implementation of identified policy objectives and measures. In particular, the policy recognizes different categories and dimensions of youth profile. These categories include male and female, educated and uneducated, rural and urban residents, in-school and out-of-school, adolescence and adults, physically challenged and able-bodied, engaged in various economic activities, as well as skilled and unskilled youth. Based on these categories the Government and organizations working with the youth is supposed to give special attention and affirmative action to the special interest groups<sup>4</sup>.

### **3.2.2 The National Poverty Eradication Strategies**

One of the specific targets of the Poverty Eradication Plan was to reduce the materially poor in the total population by 20% by 2004, and by a further 30% by 2010. Urban youth unemployment is among the key aspects mitigating factors to urban poverty. The government has also partnered with the private sector to provide opportunities for the youth to develop themselves. However, these strategies and efforts have come under intense scrutiny in recent years with the ever-rising unemployment rates. As stated earlier in this report, there has been an increase in unemployment despite implementation of the poverty eradication initiatives.

### **3.2.4 Latest Youth Initiatives**

To implement the National Youth Development Policy 2018, Article 55 under the Bill of Rights of the Constitution of Kenya 2010 as well as relevant international and regional covenants, the Government of Kenya has come up with several recent initiatives to address the youth unemployment. These initiatives include: Access to Government Procurement Opportunities (AGPO), Youth Enterprise Development Fund, National Government Affirmative Action Fund and the Youth Marshal Plan.

The following section reviews in detail the specific youth unemployment policies and interventions categorized into those that address the demand side of labour and those that address the supply side. The objective is to establish why these policies and/or initiatives have not been effective, in turn distil gaps and draw recommendations based on their objectives and expectations.

## **4.0 Youth Empowerment and Employment Policies**

### **4.1 Demand Side Interventions**

#### **4.1.1 The Youth Employment Marshall Plan**

The Youth Employment ‘Marshall Plan’ was designed by the Ministry of Youth Affairs in 2008, to address youth unemployment by creating 500,000 new jobs annually in both the formal and informal sectors. The Marshall Plan included the then Kazi Kwa Vijana –KKV (Jobs for the youth).

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<sup>4</sup>Kenya National Youth Development Policy, 2018; Page viii



Notably, the KKV project was launched in March 2009, by initiating labour intensive initiatives to provide job opportunities for the youth. This was a temporary programme that did not provide any entrepreneurship skills but rather quick fixes concerning the daily upkeep expenses for the youth. Thus, this compromised project sustainability. In this regard, KKV through the youth employment Marshall Plan failed in the design phase in terms of financial and technical sustainability. Even though many youths appreciated the opportunity to obtain an income, albeit doing menial work for a limited period of time, many however questioned the initiative on the grounds that it lacked capacity building or training component. Besides, some felt that they were being looked down upon given it was largely menial work. Additionally, the project duration was short, and the pay was low with some young people coining the phrase '*kazi kwa vijana, pesa kwa wazee*', literary translated to mean that young people do the work while the money goes to the old folks.

Moreover, the believe by some of the target beneficiaries is that the selection process was infiltrated with political schemes and favoritism. Besides given lack of evidence based assessment presented a gap in knowing what works and thus inform design and proper funding (UNICEF and IEA, 2012).

#### **4.1.2 Youth Enterprise Development Fund (YEDF)**

The Youth Enterprise Development Fund (YEDF) is a state corporation under the Ministry of Public Service, Youth & Gender Affairs. The Fund was established on 1st February 2007 as one of the strategies of addressing the challenge of youth unemployment in Kenya. It is one of the flagship projects of Vision 2030, under the social pillar.

The Youth Fund is mandated to create employment opportunities for young people through entrepreneurship. This is achieved by providing financial support and business development services to youth owned enterprises<sup>5</sup>. From its inception to 2017, YEDF has received cumulative grants of about Ksh 3.8 billion from the government (UNECA, 2017) In FY 2018/19 about Ksh 323.3 million was disbursed to the youth for them to start and expand their businesses against a target of Ksh 816 million whereas the youth supported with business development services was 63,770, similar to the target number (Republic of Kenya, 2019). This is however not enough to tell the story of the impact of YEDF projects.

A study conducted by the World Bank in 2014 found that no systematic impact assessment had been conducted since inception of the Fund. Sikenyi M. (2017) observed that YEDF projects were faced with mismanagement of funds, corruption and ambiguous eligibility criteria. Equally lack of social networks by young people, entrepreneurial skills and mentorship were identified as obstacles to effective participation in the YEDF.

#### **4.1.3 Proposed Collapse of the three Funds into Biashara Fund**

Amidst challenges of considerable administrative cost, duplication and low uptake, the National Treasury proposed the collapse of YEDEF, Women Enterprise Fund, Uwezo Fund and the Micro and Small Enterprise Authority into a single merged fund named Biashara Kenya Fund. To guide the operation of this Fund, the Cabinet approved the proposed Public Finance Management (Biashara Kenya Fund) Regulations, 2018.

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<sup>5</sup><http://www.youthfund.go.ke/about-us/> Accessed on 20th January 2020

With an initial startup capital of Ksh 2 billion allocated in the national budget FY 2018/19, this new Fund will provide loans to Women, Youth and Persons with Disability (PWD) enterprises at six percent interest per annum. New rules provide for stringent governance and accountability structure based on policy guidelines to guard against misappropriation of funds.

Further, this new Fund is to provide loans to credible commercial banks, micro-finance institutions, registered non-governmental organizations and credit co-operative organizations for on-lending to the same set of special interest group at a maximum rate of 10% interest per annum. Amount to be lent to a single borrower is capped at a maximum of Ksh 3 million. Equally, the objective of this Fund is to attract and facilitate investment in micro, small and medium enterprises that will be beneficial to this group. Other aspects of the Fund include facilitating marketing of products and services, periodic market surveys and data analysis to identify industry opportunities as well as to promote, develop and facilitate access to government procurement opportunities<sup>6</sup>.

While appreciating the proposed new Fund, a report by the Committee of Delegated Legislation notes some potential gaps that may undermine realization of its intended objective. First, they pointed out that this new Fund does not provide tangible strategies to address the challenges facing the current separate Funds. Secondly, that the identity of each of the three special groups will be lost and that persons with disability may be marginalized further. For example, the youth cuts across, that is, some women are youth. We also have youth who are disabled as well as adult women and men who are disabled.

Other administrative grounds that may render the proposed Regulations null and void include the fact that changes should have been based on a new law as opposed to amendments to an existing law. Furthermore, they also noted that the new law was not subjected to meaningful public participation as stipulated in the Constitution. It is however not clear the extent to which the proposed merged Biashara Fund is informed by evidence and lessons, especially from evaluations of current three Funds. This is what the National Treasury should have used to build a case for the need of one merged funds as opposed to the suggestions by the Committee that efforts should instead focus on reforming the three existing Funds. The Committee's argument of not supporting the merger in their claim, is that it does not seem to have explicit strategies to deal with defaulters<sup>7</sup>.

Undoubtedly, politicization of youth initiatives and empowerment programs often for legitimacy from the youth in a way clouds their accountability and effective sustainability. This is a common challenge in the implementation of youth initiatives and therefore reforms to insulate them from negative politicization are imperative.

#### **4.1.4 Access to Government Procurement Opportunities (AGPO)**

The legal requirement for women, youth and persons with disabilities to access 30% of government procurement opportunities is being implemented within the context of the Access to Government Procurement Opportunities (AGPO) program, which was officially launched by President Uhuru Kenyatta on 16th October, 2013. The AGPO program is founded on the Constitution of Kenya, 2010

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<sup>6</sup>The Public Finance Management (Biashara Kenya Fund) Regulations, 2018

<sup>7</sup>Via-<https://www.businessdailyafrica.com/news/MPs-reject-youth--women--Uwezo-funds-merger/539546-5224530-ndfx7y/index.html>

Article 227 on the fair equitable, transparent and cost-effective public procurement of goods and services, and Article 55 on affirmative action and the Public Procurement and Asset Disposal Act, 2015. The AGPO programme aims is to facilitate the enterprises owned by women, youth and persons with disabilities to be able to take advantage of government opportunities<sup>8</sup>.

A study conducted by HIVOS Kenya observed that only 7.71% of the 30% available tenders worth Kshs. 5 million and above were awarded to AGPO firms, thus the need for further analysis to understand why such a small percentage of special interest groups firms were awarded<sup>9</sup>. Additionally, as at the end of 2016, the composition of AGPO registered firms was 54% youth, 41% women and 5% persons with disability, there is need for clarity on whether the youth refers to both male and female who are below 35 years. It was also noted that the highest number of AGPO registered firms are in Nairobi County (67%), followed by Mombasa County (6%) and Kiambu County (5%). This shows that AGPO has not expanded to rural counties thus operating in cosmopolitan counties, this impacts negatively to the rural youth who cannot access these opportunities. Out of 2,232 tenders only 172 tenders were awarded to AGPO registered firms, whereby women were awarded 52% of these tenders, 36% for youth and 12% awarded to persons with disability, this is a very small proportion; further analysis to understand the reason is important, consequently informing future interventions.

Furthermore, the study pointed out several challenges with regards to access to AGPO opportunities including; complex bidding process, lack of startup capital, failure to adhere to regional representation balance, conflict of interest where public officials have their registered firms. It also emerged that poor information dissemination is a barrier to full realization of AGPO benefits, that is, accessing advertising is a challenge especially among the rural youth who are unable to access newspapers. Finally, lack of transparency and accountability during the tendering process also remains a challenge to the success of AGPO policy.

#### **4.1.5 National Government Affirmative Action Fund (NGAAF)**

The National Government Affirmative Action Fund (NGAAF) is a semi-autonomous government agency (SAGA) under the Ministry of Public Service, Youth and Gender Affairs, in the State Department of Gender Affairs. The Fund was enacted through Legal Notice No.24 of the Public Finance Management Act, 2012 and published on 13th February 2015. The Fund is governed by the Public Finance Management Act, 2012 (National Government Affirmative Action Fund), Regulations 2016.

The Fund is one of the government initiatives anchored on the Vision 2030 under the Social Pillar to address the plight of vulnerable groups by reducing poverty and inequality through enhanced access to financial facilities for socio-economic empowerment among women, youth, persons with disabilities, needy children and elderly persons in the country<sup>10</sup>. This programme is in many ways similar to the proposed Biashara Fund especially regarding its mandate. As such, there is a case for its redesign to avoid duplication and overlapping as well as wasting of public resources. As indicated above, the initiative is

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<sup>8</sup><https://agpo.go.ke/pages/about-agpo>; Accessed on 20th January 2020

<sup>9</sup><https://east-africa.hivos.org/assets/2018/02/AGPO-summary-of-findings-Web-version.pdf>; Accessed on 20th January 2020

<sup>10</sup><https://www.ngaaf.go.ke/index.php/about> accessed on 20th January 2020

also meant to tackle children matters as well as the elderly, again this is a duplication considering that the two categories are handled by the state department of children and social protection departments respectfully.

## 4.2 Supply Side Interventions

### 4.2.1 Education and TVET

Technical and Vocational Education and Training (TVET) are important for developing skills for employment and entrepreneurship. It is thus a critical public policy option for addressing youth unemployment.

In Kenya, TVET comprises of national polytechnics, Technical Training Institutes (TTIs), Vocational Training Centres, technical training colleges and any other category specified by the Cabinet Secretary, Ministry of Education. Like many other African Countries, Kenya has been reforming the TVET sector in a bid to improve skills development. These reforms are aligned to key policy documents including the Vision 2030, the “Big 4” agenda; the Sessional Paper No. 1 of 2019 on Reforming Education and Training in Kenya; the National Education Sector 2018-2022 and the TVET Act No. 29 of 2013. (Republic of Kenya, 2019).

Achievement of these reforms according to the Ministry of Education is expected to lead to the realization of the main TVET objective. This is to develop an effective coordinated and harmonized TVET system that is capable of producing quality skilled human resources with the rights attitudes and values required for growth and prosperity of the various sectors of the economy. To this end, various institutions were established, including the TVET Authority, the Curriculum Development, Assessment, and Certification Council (CDACC) and the Kenya National Qualification Authority.

Specifically, the new TVET reform initiative 2018 by the Ministry of Education seeks to increase enrolment by 1 million annually for the next three years. The target is to have 110,000 enrolments in 11 national polytechnics, 1.4 million enrolments in 280 technical and vocational colleges and 1.6 million in technical and vocation centres<sup>11</sup>.

While enrolment in public TVET institutions went up from 275,139 in 2017 to 363,884 in 2018 partly attributed to rise in the TVET institutions, from 1,962 to 2,289 over the same period, this is relatively low based on the more than 700,000 youth exiting the school system every year. In 2018, there were 513,182 university enrolments, implying at least 350,000 remain not in education, employment or training (NEET) or enter the labour market as unskilled workers (Mugo J., 2018).

Evidence<sup>12</sup> still shows that there is a mismatch between the level and type of skills imparted and what the labour market demands. This is important for improving opportunities especially for youth to participate effectively. The reasons provided for this issue is due to low levels of private sector involvement in curriculum and program design, as well as limited apprenticeship and work placement opportunities for students (Republic of Kenya, 2008).

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<sup>12</sup><https://www.idrc.ca/en/research-in-action/policy-relevant-lessons-help-african-youth-develop-workplace-skills>

Furthermore, despite gains in curriculum improvement with the development of Competence-Based Education Training (CBET) research shows that TVET graduates lack training in soft skills such as management, communication, problem solving and teamwork. Simiyu J. W. (2010) also notes the importance of integrating entrepreneurship into the TVET curriculum with skills such as preparation of financial management as well as foundational skills in writing and computing.

#### **4.2.2 National Youth Service**

Established in 1964, the National Youth Service (NYS) is the foremost youth intervention programme. Its focus has been to help the youth discover and develop their potential. In 2014, NYS was restructured and rebranded through the 5-Point Vision to champion transformative youth empowerment in Kenya. About 30,000 youth are recruited annually and trained in various skills. These skills range from paramilitary, engineering and business management but also preparation for other national matters such as service in the armed forces, national reconstruction and disaster response<sup>13</sup>.

In 2018, the Government proposed further restructuring of the NYS into a corporate body to strengthen its operations and management as well as address governance and monitoring aspects of the Service activities. In this regard, the President assented to the NYS Bill which was enacted in December 2018, setting into motion a series of activities to reform the Service. The reform process entailed a critical component in the implementation of NYS policies, programmes and projects during the period of their strategic plan.

To this end, NYS estimates recruitment into the service of about 67,092 youth and excess of 50,000 youth graduates. By 2018/19 about 12, 194 youth were trained in paramilitary skills against a target of 30,000. Similarly, the number of youth deployed in national service was markedly short of the target, 16,850 against 30,000 in the same year. Where the performance exceeded the target was in regard to the number of youth enrolled in technical and vocation training, 31,500 versus 31304 (Republic of Kenya, 2019).

Despite the reform process, the NYS has been facing accountability and governance issues that led to sacking and resignation of senior government officers paving way for investigation. In particular, unlawful procurement transactions within the institution and other audit queries were noted. Lack of oversight and follow up on implementation of audit findings on the NYS project and their use in informing budgeting is a gap that in part is attributed to worsening of accountability issues.

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<sup>13</sup><https://www.nys.go.ke/> accessed on 20th January 2020

## 5.0 How Are We Going to Close the Gap?

### 5.1 Summary of Emerging Issues from the Youth Polices and Initiatives

The following matrix presents an overview of the policies and initiatives addressed indicating the noted gaps and corresponding recommendations.

Interventions	Actionable Policy Gaps	Recommendations
<b>General Recommendations</b>		
Youth employment and empowerment initiatives	Fragmented and lack of cohesion of policies and set up of institutional framework	National and County governments should enhance coordination of policies, institutions and players in implementation of youth policy initiatives.
	Knowledge gaps on the effectiveness and impact of youth initiatives	National government should invest in evidence to inform design of youth employment and empowerment initiatives for cost effectiveness.
	Lack of monitoring and evaluation mechanisms.	National government should embed and improve monitoring and management of youth targeted intervention
	Inadequate youth participation in the formulation and implementation of youth interventions.	YMCAs should oversight and call for enforcement of legislative provisions for meaningful youth participation in policy formulation and implementation.
	Existence of disparities and inequitable results and impact	There is need for better targeting in cognizant of different youth dimensions
General perceptions on youth interventions	Lack of coordination among different youth interventions that have been implemented in fragmented manner	There is need for an in-depth study on all youth interventions in Kenya to inform possible areas of synergies.
<b>Policies/Interventions Affecting Labor Demand</b>		
The Youth Employment Marshall Plan - KKV	<ul style="list-style-type: none"> <li>• KKV was implemented without incorporating training on financial management and entrepreneurship.</li> </ul>	Redesign of KKV related interventions should incorporate component of training for better uptake and sustainability.
Youth Enterprise Development Fund-YEDF	<ul style="list-style-type: none"> <li>• Uptake of YEDF undermined by complex lending procedure and stringent requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• Policy should ensure simplification of application criteria on the YEDF as well as removal of the 10% deposit requirement for better access.</li> </ul>
	<ul style="list-style-type: none"> <li>• Lengthy awarding and processing procedures (6 months to 1 year) from the time of application to approval and feedback.</li> </ul>	<ul style="list-style-type: none"> <li>• Reform policy to minimize awarding process time right from application, approval and feedback should be minimized.</li> </ul>

Proposed collapse of the three Funds into Biashara Kenya Fund	Regulations silent on diversity and present youth as homogeneous	Regulations on proposed Biashara Fund should consider all categories of the youth as per the Kenya National Youth Policy, 2018
Access to Government Procurement Opportunities (AGPO)	<ul style="list-style-type: none"> <li>Complex, burdensome and technical application process.</li> </ul>	<ul style="list-style-type: none"> <li>KYMCAs should push for alternative means of awareness creation that is easily accessible by majority of target beneficiaries.</li> </ul>
	<ul style="list-style-type: none"> <li>Applicants lack insufficient capital to utilize AGPO opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>KYMCAs should advocate for the national and county governments to ensure that AGPO staff have required skills and competency to run the initiative.</li> </ul>
	<ul style="list-style-type: none"> <li>Lack of business skills and knowledge among the AGPO staff.</li> </ul>	<ul style="list-style-type: none"> <li>KYMCAs should push the government to link the target beneficiaries with micro credit facilities consequently addressing the challenges of startup capital.</li> </ul>
	<ul style="list-style-type: none"> <li>Poor feedback mechanism.</li> </ul>	<ul style="list-style-type: none"> <li>KYMCAs should push for clear and timely feedback mechanisms for all applicants</li> </ul>
	<ul style="list-style-type: none"> <li>Access to information is another barrier to AGPO.</li> </ul>	<ul style="list-style-type: none"> <li>Office of the Auditor General should audit the county procurement to establish adherence of 30% tendering</li> <li>AGPO policy should reflect design of a framework for youth engagement in the procurement processes of AGPO</li> <li>YMCAs should identify youth owned organizations within counties for sensitization and linkage to government procurement opportunities</li> </ul>
National Government Affirmative Action Fund (NGAAF)	Initiative is a duplication of Biashara Fund, State Department of Children as well as Social Protection Secretariat	There is need to redesign this initiatives to mitigate duplication and wastage of public resources
<b>Policies/Interventions Affecting Labor Supply</b>		
National Youth Service (NYC)	<ul style="list-style-type: none"> <li>Lacks sufficient empirical data to track progress.</li> </ul>	<ul style="list-style-type: none"> <li>Institutionalize baseline and end line surveys to inform the status concerning the effectiveness of NYS in Kenya.</li> </ul>



	<ul style="list-style-type: none"> <li>Recurrent accountability concerns with regards to management of public finance</li> </ul>	<ul style="list-style-type: none"> <li>YMCAs should effectively exercise oversight and demand for accountability on the NYS including follow up on implementation of related audit findings.</li> </ul>
TVET/Apprenticeship/ Internship Training	<ul style="list-style-type: none"> <li>Access to TVET hindered by high cost of tuition fees hence comparatively low enrollment rate for youth exiting school system.</li> </ul>	<ul style="list-style-type: none"> <li>TVET policy should factor demand side in terms of access to skill development through TVET.</li> </ul>
	<ul style="list-style-type: none"> <li>Knowledge gaps to inform matching of skills with demand in the labour market.</li> </ul>	<ul style="list-style-type: none"> <li>Undertake regular tracer studies and surveys to inform the current status concerning the effectiveness of TVETs in Kenya.</li> </ul>
		<ul style="list-style-type: none"> <li>Initiate fiscal incentives to industries to encourage more internships.</li> </ul>
	<ul style="list-style-type: none"> <li>Weak transition from education to employability especially for youth NEET</li> </ul>	<ul style="list-style-type: none"> <li>Implement tangible transition from training to employment initiatives including apprenticeships and internships.</li> </ul>
		<ul style="list-style-type: none"> <li>Update curriculum to enhance soft skills, financial skills training and extra curriculum improvements.</li> </ul>
	<ul style="list-style-type: none"> <li>System is focused on long-term training, which tends to make it difficult for poor youth to attend.</li> </ul>	<ul style="list-style-type: none"> <li>NYS should offer short-term craft courses in addition to long-term standardized courses. This will help the poor students to enroll</li> </ul>

## 5.2 Summary Recommendations

Information gaps pose challenges to effective implementation of youth employment policies. Critical knowledge gaps exist specially regarding effectiveness and impact of the various initiatives, the main problem is the lack of impact assessments for the large-scale government-run youth employment programs, given that substantial public funding has 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 analyze 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 in making better informed investment decisions.



## 6.0 Conclusion

First, generally there is a lack of clear and adequate evaluation of policies towards youth empowerment and employment to understand their contextual fit and effectiveness given the pervasive youth unemployment in Kenya.

Secondly, evidence shows that some of the youth initiatives have accountability issues. It is therefore imperative for the government to put in place measures to strengthen accountability mechanism and better enforcement of what the law provides.

Thirdly, in most of the initiatives, the youth is largely treated as a homogeneous group yet the Kenya National Youth Development Policy, 2018 recognizes the different categories and dimensions of the youth. Evidence is clear that for better results targeted initiatives is the way to go.

Furthermore, sustainability concerns have been raised due to lack of prior entrepreneurship trainings. In this respect, it is important embed relevant trainings before implementation of related youth interventions to enhance sustainability in the long run. On a related point, evidence shows that lack of key skills, for instance life skills, social-emotional skills and core values as key barriers to youth employment. Thus there is need for the current youth initiatives to put more emphasis on life skills and ethics in addition to the technical skills.

Lastly, it is no surprise that the need to address issues of concern to the youth including job creation are recognized in the Building Bridges Initiatives report. This report in its proposals calls for shift in economic paradigm and in politics to ensure rapid, large-scale investment and consequently increased youth opportunities. Besides, there is a proposal for the government to come up with means to ensure that Kenyans from every part of the country have equal opportunities through public-private partnership. Ensuring ease of doing business and regular county forum for promoting dialogue are imperative proposals towards medium to long term job initiatives.

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## Annex 1: Evolution of Legal Frameworks on Youth Issues in Kenya

No.	Year	National Framework	Status Achievement
1.	1964	National Youth Service Act	Addressed the under-privileged youth from the Mau families to integrate them in nation building
2	2006	Youth Enterprise Development Fund State Corporations Act of 2007	It created the enabling framework for increasing youth employment opportunities through entrepreneurship development in the informal sector in the country. The fund is currently being implemented and was on-going merger into Biashara Fund in 2018
3	2007	Kenya Youth Development Policy 2007, Sessional no. 2 of 2007	It was the first policy on youth development in Kenya which provided the information on youth development programs and intervention in the country. It has been implemented over the years and currently being reviewed.
4	2007	Women Enterprise Development Fund	The initiative targets all women, youth and adults.
5	2009	National Youth Council Act 2009	This was established as a legal instrument to actualize youth voice nationally and advocate, lobby for the youth and to facilitate the representation of youth and to promote the implementation of coordination of youth servicing was also mandated to provide research advisory services on youth organization nationally.
6	2010	Constitution of Kenya (2010)	Promulgated in 2010 and gives a platform for the implementation of the national agenda including youth matters
7	2012	Medium and Small Enterprise Act 2012	Established to formulate and coordinate policies and harmonize public and private sector initiatives for the promotion of micro and small enterprises. Its implementation currently on-going
8	2013	Technical and Vocational Education and Training Act of 2013	To provide for the establishment of a technical and vocational and training system. This currently under implementation with an aim of expanding the youth skills capacity for self-employment and employable skills.
9	2014	Uwezo Fund (Public Finance Management Act 2014)	Its currently being implemented with an on-going merger into Biashara Fund to ensure efficiency and effectiveness
10	2015	Employment Policy and Strategy for Kenya Sessional Paper no. 4 of 2013	It has been implemented and reviewed
11	2016	National Government Affirmative Action Fund (Public Finance Management Act 2012)	It was created to address the plight of vulnerable groups and its mean to provide access to financial facilities to women youth and persons with disabilities
12	2016	National Employment Authority Act, 2016	This established the National Employment Authority which provides a comprehensive institutional framework for employment management, increasing employment by the youth, minorities and marginalized groups.
13	2018	National Youth Service Act, 2018	The Act established NYS as a State Corporation.

Source: Kenya National Youth Development Policy Draft, 2018

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