

Discussion on the Paper
Youth Enterprise: Inhibiting Factors and Opportunities
KENYA PRIVATE SECTOR ALLIANCE PERSPECTIVE

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**Applicability and relevance from a practitioner
perspective:**

**Kenya Private Sector Alliance - Kenya Youth
Empowerment Project Perspective**

Context and Background:

- Age group 15-35 years accounts for 40% of Kenya population.
- Poverty and unemployment have become a huge challenge in Kenya, especially for the youth.
- High unemployment rate among young people, which is estimated to be double the national level of unemployment of 12.7 %
- By 2030, 24 million unemployed youth.
- Key issues on youth employability: No of Jobs created and quality of those Jobs

Labour Market Challenges

- Economy not creating enough jobs/ economic growth not equal to job creation
- Mismatch between education and training and Job Market requirement
- Large number of young people entering labour markets every year with no experience
- Network and experience required in the labour market

Market failures that require interventions

- Generally, Labor supply exceeds labor demand, but youth unemployment remains a challenge:
 - Non-conducive investment climate
 - Lack of experience & information
 - Skills mismatches
- Specific youth labour market failures that require interventions include;
 - Training and education
 - Skills demanded by the employers
 - Attitudes of the youth
 - Integrating policy and programs

Why it is Important to address these challenges

- Increase the number of youth people entering the labour Market
- Increase the number of youth with skills required in the Labour market
- Employers participation in designing education and training policies and programmes reduces the likely mismatch of skills and employability
- This is of interest to National Government to foster economic and social growth and reduction of social costs associated with unemployment

Role of private sector in youth empowerment

- Private sector offers right tools and employment opportunities
- Interest private sector: youth are major share of consumers
- Private sector is main driver of growth and job creation
- Entrepreneurship initiates business ideas, unleashes youth's potential, this is of great interest to the Private sector
- Private sector has recently started participating in youth employment schemes as part of their social responsibility

Kenya Youth Empowerment Project

- KYEP is a Government of Kenya Project whose overall goal is to improve Youth Employability in Kenya
- The project has two components
 - Private Sector Internships and Training - KEPSA
 - Capacity Building and Institutional Strengthening - MOYAS
- It is a four years project ending in 2014
- The project has three main stakeholders, GOK, World Bank and Kenya Private Sector Alliance
- It's a National project but focusing particularly in 3 major city: Nairobi, Mombasa and Kisumu
- The total project financing is \$18 Million.

Objectives and outcome indicators

- PDO is to improve youth employability in Kenya
- Objectives of the project components
 - Provide Training and Internship to the youth in the Private Sector
 - Develop the Capacity of Ministry of Youth to develop and strengthen evidence based youth employment policies and carry out analytical work on youth employment issues
- Outcome Indicators of PSIT Component
 - Youth being retained in the companies they were attached
 - Youth starting their own business
 - Youth getting motivated to further their education or skills development
 - Satisfaction of Interns and employers with the internship experience

PSIT Activities

- The project is divided into 8 cycles of 6 months each
- The main concept is to have training followed by workplace experience
- The four main project activities are:
 - **Creation of internships** in the private, non-agricultural sector(formal and informal sectors of employment).
 - **Provision of internship training:** This activity provides interns with access to training closely related to the employment experience. All interns selected have to undergo three months trainings.
 - **Training of Master Craftsmen(Informal Sector):** Enhancement of skills for mentors
 - **Monitoring and evaluation** to capture lessons from the pilot for possible scale up

Trainings offered by the Project

These are grouped into 4;

- **Life Skills training:** Experiential training focusing on Self Awareness, Self esteem, decision-making, communication, leadership and interpersonal skills, personal management & coping skills, occupational health & first-aid, interviewing and CV writing skills, work ethics etc
- **Core business Skills training:** ICT, customer care, communication, office practice & etiquette, marketing, human resource management and finance
- **Entrepreneurship Skills training:** For those in MSE. This includes an element of business plan development, competition and mentorship
- **Sector specific training:** Appreciative skills in Finance, ICT, Manufacturing, Tourism, Energy and MSE

Target Population

- The project aims to train around 16,000 youth and create 11,000 internships by 2014.
- The eligibility criteria is as follows;
 1. In the 15- 29 years age bracket;
 2. Out of school for at least one year;
 3. With a minimum of eight years of schooling;
 - Primary, secondary, tertiary and university graduates (Cap of 40%)
 4. Not currently working.
 5. Kenyan Nationals
 6. Not selected in Previous cycles.

Relation to the findings of the research paper

- The Core business Skills training, Entrepreneurship Skills training and Sector specific training that KYEP offers the youth, aim to prepare them for finding a job and/or establishing a business.
- The research paper finds that people with (vocational) training are less likely to become entrepreneurs and that this training does not provide a solution to youth development in terms of entrepreneurship.
- This finding relates well to the results of the first Tracer Survey of KYEP, where we find that among participants with professional training, wage employment is higher (46%) than self-employment (28%). Conversely, among participants who stopped at KCSE and KCPE level, self employment is higher (63%) than wage employment (53%).

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- However, the survey also shows that there is a 50%-50% distribution of successful participants that have either are now enrolled in wage employment or have set up a business.
- All participants have received training, however there is no clear-cut answer to whether this training has increased the likelihood of them finding a job versus setting up their own business.
- As the trainings focus on both job-specific skills and entrepreneurship skills, participants are prepared for either career option.
- Including entrepreneurship skills training is in line with the recommendation in the paper that youth development priorities should be based on entrepreneurship education before the youth enters the labour force to promote self-employment.

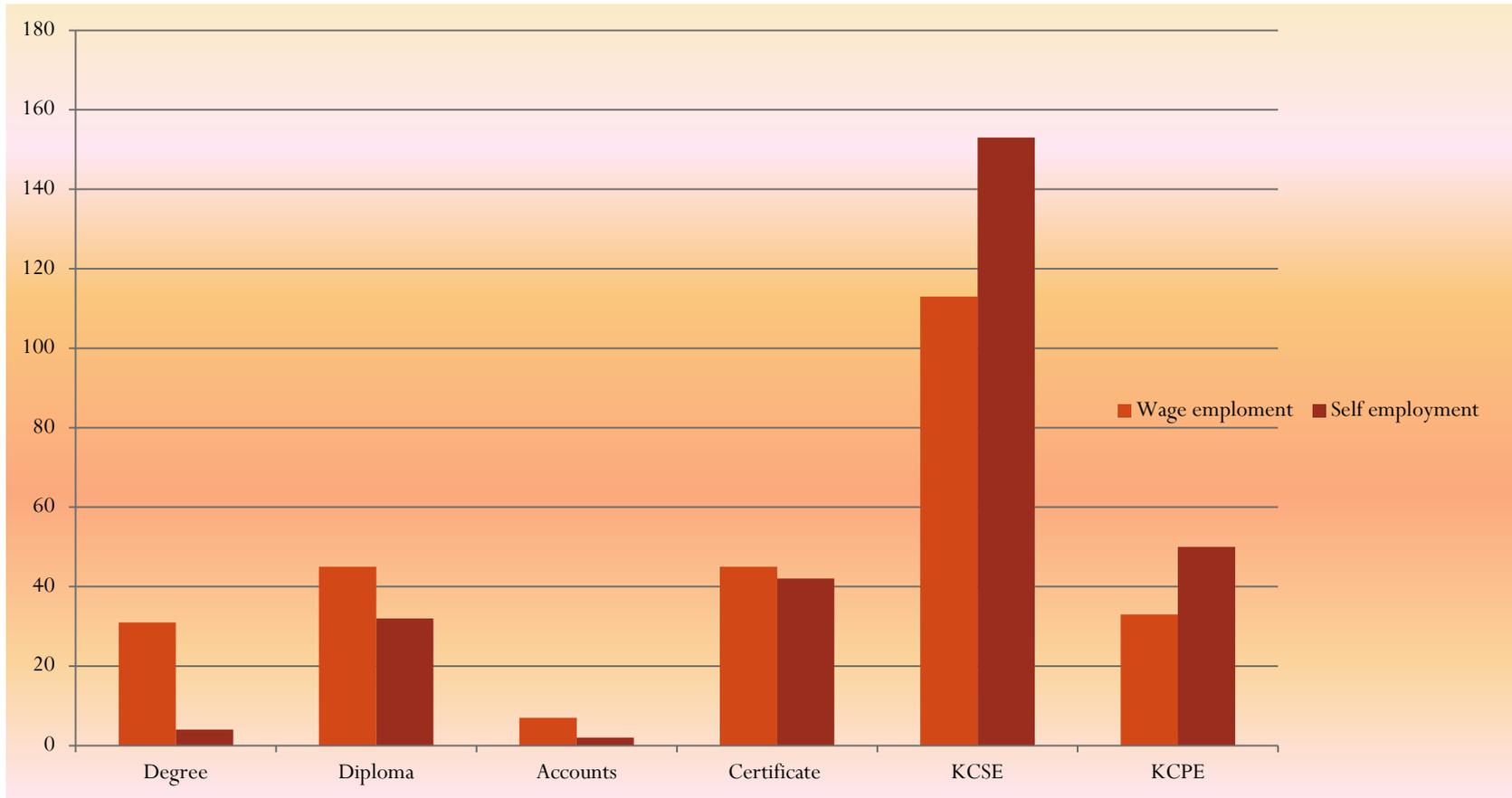
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- Further, looking at the research finding that business skills have a positive effect on business formalization, the KYEP business skills training is expected to engender entrepreneurs that will operate both in the formal and informal enterprises.

Wage versus self employment

- Almost all self employment is in MSE (92%) followed by manufacturing at 6%.
- 50% of wage employment is also in MSE followed by finance (20%), ICT (12%) and manufacturing (5%)
- Noteworthy however is a wage employment of 35% among the Cycle 1 interns half of which is in the formal sector (17.5%) - a significant achievement considering the normally low labour absorption in the formal sector.

Education among the wage & self employed



Education level VS employment

As expected the higher the level of education
the higher the bias towards formal
employment.

Conclusion

- The research findings ties well with the experiences of KEPSA in youth employment work
- Our experiences with MSE is that the levels of formalization are low and efforts to move towards formalization are always suspicious particularly in specific regions in the country
- May youth with lower qualifications tend to gravitate towards self employment while those with higher academic qualifications are interested with formal jobs.
- From our own experience MSE still continue to dominate in creating new jobs and therefore attention should be given to this sector “ informal sector is now normal in Africa”