



The World Bank

Kenya Youth Employment and Opportunities (P151831)

REPORT NO.: RES52171

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
KENYA YOUTH EMPLOYMENT AND OPPORTUNITIES
APPROVED ON MAY 20, 2016
TO
THE REPUBLIC OF KENYA

SOCIAL PROTECTION & JOBS

EASTERN AND SOUTHERN AFRICA REGION

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ABBREVIATIONS AND ACRONYMS

AGPO	Access to Government Procurement Opportunities
BDS	Business Development Services
BPC	Business Plan Competition
EBSS	Enterprise Based Skills Survey
FY	Fiscal Year
GRM	Grievance Redress Mechanism
IA	Implementing Agencies
IDA	International Development Association
IP	Implementation Progress
ISR	Implementation Status Results Report
ISSOS	Informal Service Sector Occupational Survey
JSST	Job Specific Skills Training
KLMIS	Kenya Labor Market Information System
KeSIC	Kenya Standard Industrial Classification
KNOCS	Kenyan National Occupational Classification
KYEOP	Kenya Youth Employment and Opportunities Project
LMI	Labor market information
LMO	Labor Market Observatory
MTR	Mid-Term Review
MU	Moderately Unsatisfactory
MS	Moderately Satisfactory
M&E	Monitoring and Evaluation
PCU	Project Coordination Unit
PDO	Project Development Objective
PITC	Project Implementation Technical Committee
SDL	State Department for Labour
SDY	State Department for Youth
SDR	Special Drawing Rights



BASIC DATA

Product Information

Project ID P151831	Financing Instrument Investment Project Financing
Original EA Category Not Required (C)	Current EA Category Not Required (C)
Approval Date 20-May-2016	Current Closing Date 31-Dec-2022

Organizations

Borrower The Republic of Kenya	Responsible Agency
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Project Development Objective (PDO)

Original PDO

The proposed Project Development Objective (PDO) is to increase employment and earnings opportunities for targeted youths.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-58120	20-May-2016	04-Jul-2016	15-Dec-2016	31-Dec-2022	150.00	132.02	15.97

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

Overall Project Status

1. The Kenya Youth Employment and Opportunities Project (KYEOP) is an IDA credit for an equivalent of US\$150 million that was approved by the World Bank Board of Executive Directors on May 20, 2016, becoming effective on December 15, 2016. The Project closing date is December 31, 2022. As of July 2022, the disbursement ratio is 89 percent, below the projected disbursement of 100 percent at Quarter 4 of fiscal year (FY) 2022. The Project Development Objective (PDO) rating was recorded in the latest Implementation Status Results Report (ISR) from May 2022 as Moderately Satisfactory (MS), with the Implementation Progress (IP) rating recorded as MS as well. The Financial Management is rated Moderately Unsatisfactory (MU) due to unresolved audit issues in two implementing agencies (IAs). The IAs are following up with the office of the Auditor General (OAG) for the final resolution. Out of the four PDO-level results indicators that can be measured at this stage (the fifth one will be measured with an impact evaluation for which results will only be available in FY 2023), all are achieved. A total of eleven of the thirteen intermediate results indicators have been achieved while two are under implementation. KYEOP is a Category C Project and does not trigger any safeguards policies, and the overall safeguards rating is Satisfactory. The fiduciary risk is rated High while the overall risk rating is Substantial.

Project Status by Component

2. **Component 1 on "Improving youth employability" is rated MS** and has progressed well surpassing target numbers of beneficiaries (63,500 out of 55,000 in year 6 of the Project) and posting good employment results, with a recent tracer study showing 81 percent of youth in Cycles 2 to 4 finding paid employment. The final cohort of youth in Cycle 7 are in the last stages of completing their training, after which they will be supported in the certification process and in finding employment.

3. **Component 2 on "Support to self-employment and job creation" is rated MS.** It continues to show high employment results; with recipients in Cycles 2, 3 and 4 having a 93 percent employment rate (mostly in self-employment) as shown in a recent tracer study conducted on beneficiaries. The MbeleNaBiz business plan competition (BPC) is almost concluded with all three tranches of business awards disbursed to 667 awardees representing 90 percent of the beneficiaries. The Future Bora Initiative, which aims to identify interventions for hard-to-serve youth, is experiencing delays in the disbursement of the tranches. Only two firms have received the second tranche payment out of four. These delays make it harder for the target number of youths to be reached within the required time frame. The digital learning for Access to Government Procurement Opportunities (AGPO) and catalytic funds, which target over 180,000 individuals, has concluded and has surpassed its target reaching over 217,000 youth, representing an over achievement of 120 percent.

4. **There has been considerable progress under Component 3, "Improving labour market information" with increased pace of implementation over the past 6 months.** Under this component, the following has been achieved: (a) completion of the Informal Service Sector Occupational Survey (ISSOS); (b) establishment of the Labor Market Observatory (LMO); (c) preparation of a road map for the Kenya Labor Market Information System (KLMIS); and (d) completion of the Kenya Standard Industrial Classification (KeSIC). There has been progress in updating the Kenya National Occupational Classification (KNOCS), and the Enterprise Based Skills Survey (EBSS) has commenced. Concrete outputs to be showcased on the KLMIS website are now completed and will be launched in an enhanced portal with public access.



5. **Component 4 provides support for strengthening youth policy development, monitoring and evaluation (M&E), and management of the Project.** Under this Component, the National Youth Policy has been revised and disseminated, the two impact evaluations are currently at midline, and project coordination has improved. State Department for Youth (SDY) has embarked on a process evaluation for the Government catalytic funds and stepped up its monitoring of Job Specific Skills Training (JSST). The agencies continue working together to consolidate the Grievance Redress Mechanism (GRM) for KYEOP at the Project Coordination Unit (PCU) level. There has been notable improvement in addressing complaints within stipulated timelines.

Rationale for Restructuring

6. **Delays in achieving targets exacerbated by COVID-19 restrictions.** The PDO to increase employment and earnings opportunities for targeted youths continues to remain relevant in the current country context and the project has become even more important in supporting economic recovery among the youth following the COVID-19 pandemic. The project is in year 6 of implementation following a slow start in the initial years. This was exacerbated by a halt in implementation for 6 months from March 2020 when COVID-19 restrictions were in effect in Kenya. Given the slow start and the halt due to COVID-19, when the two largest cohorts of JSST, with a total target of more than 36,000 beneficiaries, were to be trained, there is some lag in the measurement of two key results framework targets related to increase in average earnings among workers at least 6 months after receiving a startup grant, Business Development Services (BDS), or a business competition award and completing process and beneficiary assessment for at least one of the government funded programs for youth. The project also agreed during the Implementation Support Mission held in May 2021 to serve an additional 30,000 beneficiaries to support economic recovery following the pandemic. As a consequence, the project disbursement currently stands at 89 percent (89%). To allow the conclusion of the future Bora Initiative intervention targeting hard to serve youth that delayed in starting, the completion of the process evaluation of the government catalytic funds and attainment of 1 outcome and 2 intermediate indicators contributing to the achievement of the PDO, there is need for extension of the project closing date by an additional 8 months to August 31, 2023. Minor related adjustments to the Results Framework are also envisaged related to the target of beneficiary youths obtaining a skill certification.

7. The proposed Project restructuring is in response to the request of the Government of Kenya letter dated June 3, 2022. This is the second restructuring for the project that seeks to extend the closing date by 8 months from December 31, 2022 to August 31, 2023 to allow conclusion of activities. The initial restructuring extended the closing date from December 31, 2021, to December 2022 and re-allocated funds between categories to increase beneficiaries in response to COVID-19 economic recovery efforts.

II. DESCRIPTION OF PROPOSED CHANGES

8. **This Restructuring Paper proposes one key modification and other smaller modifications.** The key modification relates to extension of the project closing date by an additional 8 months. Other smaller modifications will be undertaken in the Results Framework including revision of the beneficiary targets of one result indicator (“Number of beneficiary youth obtaining a skill certification) from 35,000 to 27,500 beneficiaries to reflect 50 percent of the beneficiaries undertaking skills training. The extension will allow the on-going Project activities adequate time for completion and help with smooth closure of the project, including completion of critical payments to beneficiaries and vendors. In addition,



the impact evaluations and tracer studies also need to be concluded by June 2023 to be able to provide key information and data on the PDO level impact indicators.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Loan Closing Date(s)	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Components and Cost		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓



Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-58120	Effective	31-Dec-2021	31-Dec-2022	31-Aug-2023	31-Dec-2023



Results framework

COUNTRY: Kenya

Kenya Youth Employment and Opportunities

Project Development Objectives(s)

The proposed Project Development Objective (PDO) is to increase employment and earnings opportunities for targeted youths.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
To increase employment and earning opportunities for targeted youths							
Direct Project Beneficiaries (Number)		0.00					280,500.00
Female Beneficiaries (Percentage)		0.00					50.00
Percentage of youth receiving training and an internship who find a job or are self-employed after at least six months (Percentage)		55.00	70.00	70.00	70.00	70.00	70.00
Percentage of youth employed, including self-employed, at least 6 months after receiving a startup grant and/or BDS (Percentage)		55.00					70.00
► Percentage increase in average earnings among workers (self-employed or wage) at least 6 months after		0.00	0.00	0.00	10.00	10.00	10.00



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
receiving a startup grant, BDS, or a business competition award (Percentage, Custom) (Percentage)							
Beneficiaries of job-focused interventions (CRI, Number)		0.00					280,500.00
Beneficiaries of job-focused interventions - Female (CRI, Number)		0.00					140,250.00

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Improving youth employability							
Number of beneficiary youths receiving life skills, technical, and entrepreneurship training and internships (Number)		0.00	10,000.00	30,000.00	50,000.00	70,000.00	55,000.00
Number of beneficiary youths obtaining a skill certification (Number)		0.00	5,000.00	15,000.00	25,000.00	27,500.00	27,500.00
Action: This indicator has been Revised	Rationale: The end target number is being revised to reflect 50% of youth participating in skills training as per design of the project.						



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Number of craftsmen who participate in upgrading and obtain master craftsman certification (Number)		0.00	200.00	450.00	700.00	1,000.00	1,000.00
Number of new trade standards and testing instruments developed or revised for traditional (Number, Custom) (Number)		0.00	10.00	20.00	30.00	50.00	50.00
Percentage of beneficiary youths satisfied with the life skills, technical, and entrepreneurship training and internships (Percentage)		0.00	0.00	65.00	70.00	75.00	55.00
Support for job creation							
Number of beneficiary youth receiving a startup grant and/or BDS (Number)		0.00	0.00	3,000.00	9,000.00	22,000.00	54,000.00
Number of applicants to the business competition (Number)		0.00	0.00	3,000.00	3,000.00	3,000.00	3,000.00
Percentage of beneficiary youth satisfied with the start-up grants and the business development services (Percentage, Custom) (Percentage)		0.00	0.00	65.00	70.00	75.00	80.00
Number of youth who participate in the awareness		0.00	23,500.00	55,000.00	133,500.00	188,500.00	188,500.00



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
sessions on government opportunities (AGPO and government funding)) (Number, Custom) (Number)							
Improving labor market information							
Number of and types of LMIS reports published by the LMIS unit (Text)		0.00	1) Revised KNOCS 2) Skills and Occupational outlook for the informal sector	1) Localized ISIC Rev 4 2) Updated Skill inventory	1) National Manpower Profile Report	National Occupational Outlook Report	Fully functional LMIS generating and disseminating various LMI reports
Number of visitors of the LMIS website (Number)		0.00	0.00	1,000.00	4,000.00	7,000.00	10,000.00
Strengthening youth policy development and project management							
Implementation plan for new NYES submitted to the National Cabinet Office (Text, Custom) (Text)		Implementation plan submitted	n.a.	n.a.	n.a.	n/a	Implementation plan submitted
Complete process and beneficiary assessment for at least one of the government funding programs for youth (Text, Custom) (Text)		No process and beneficiary assessments conducted	Consultant(s) to conduct process evaluation and beneficiary assessments hired	Process evaluation completed	Beneficiary assessment completed	Process evaluation and beneficiary assessments published online and disseminated to relevant stakeholders	One or more process and beneficiary assessments completed



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