Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 03-May-2023 | Report No: PIDA35737

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Project Name	Parent Project ID (if any)
Kenya	P179414	National Youth Opportunities Towards Advancement Project	
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
EASTERN AND SOUTHERN AFRICA	02-May-2023	15-Jun-2023	Social Protection & Jobs
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	Republic Of Kenya	Ministry of Youth Affairs, Arts and Sports (MYAAS): State Department for Youth Affairs and the Arts, National Social Security Fund, Micro and Small Enterprise Authority	

Proposed Development Objective(s)

To increase employment, earnings and promote savings for selected vulnerable youth, at national scale

Components

Improving Youth Employability
Expanding Employment Opportunities
Supporting Youth Savings
Strengthening Youth Employment Systems, Capacity, and Project Management

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	229.00
Total Financing	229.00
of which IBRD/IDA	220.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	220.00
IDA Credit	100.00
IDA Grant	20.00
IDA Shorter Maturity Loan (SML)	100.00

Non-World Bank Group Financing

Trust Funds	9.00
Global Financing Facility	9.00

Environmental and Social Risk Classification

Moderate

Decision

The review did authorize the team to appraise and negotiate

ABBREVIATIONS AND ACRONYMS

ASAL	Arid and semi-arid lands
COVID-19	Coronavirus disease of 2019
DRS	Department of Refugee Services
E&S	Environmental & Social Safeguards
ESF	Environmental and Social Framework
FIF	Financial Inclusion Fund
GDP	Gross Domestic Product
GFF	Global Financing Facility for Women, Children and Adolescents
IDA	International Development Association
IFC	International Finance Corporation
KLMIS	Kenya Labor Market Information System
KES	Kenya Shillings
KYEOP	Kenya Youth Employment and Opportunities Project
LFP	Labor force participation rate
LMIC	Lower middle-income country
MC	Master Craftsmen
M&E	Monitoring and Evaluation
MYAAS	Ministry of Youth Affairs, The Arts, and Sports
NEA	National Employment Authority
NEDI	North and Northeastern Development Initiative
NEET	Not in Employment, Education or Training
NITA	National Industrial Training Authority
NSC	National Steering Committee
NSSF	National Social Security Fund
NYOTA	National Youth Opportunities Towards Advancement Project
PDO	Project Development Objective
PITC	Project Implementation Technical Committee
SEA/SH	Sexual Exploitation and Abuse and Sexual Harassment
UNHCR	United Nations High Commissioner for Refugees
US$	United States Dollar
VMGF	Vulnerable and Marginalized Groups Framework
WEF	Women's Enterprise Fund
WHR	Window for Host Communities and Refugees
YEDF	Youth Enterprise Development Fund

A. Country Context

1. **Economic growth in Kenya has been stable with strong recovery from the coronavirus disease 2019 (COVID-19), however emerging shocks are challenging a potential broad-based rebound.** Kenya's economy has achieved robust growth, averaging 5.0 percent per year from 2010-2019, in line with the average in lower-middle income countries (LMICs). Kenya is recovering well following the COVID-19 pandemic, with real Gross Domestic Product (GDP) increasing by 7.5 percent in 2021 and by 6 percent in the first half of 2022,[1] following a 0.3 percent contraction in 2020. Robust growth of credit to the private sector, contained COVID-19 infections, and high commodity prices favorable for Kenyan exports can help boost Kenya's growth in the medium term. However, the ongoing shocks, including the long drought in arid and semi-arid areas, rising inflation, and tighter global financial conditions, create challenges for Kenya to sustain its recovery.[2]

2. **Strong economic growth has contributed to reducing both poverty and inequality in Kenya, but there is some stagnation after 2015.** GDP per capita increased; living standards of Kenyans increased; and people were lifted out of poverty, primarily in rural areas. Between 2005 and 2019 the share of the population below the international poverty line decreased from 43.9 to 33.4 percent, but the poverty elasticity of growth, already trailing other LMICs, also declined from 0.43 (2005-15) to 0.27 (2015-19).[3,4] In 2020, poverty increased to an estimated 35.7 percent due to the impacts of COVID-19, before going back to the pre-pandemic level of 33.4 percent in 2022.[5] Despite poverty being lower than the Sub-Saharan Africa average, it remains well above the average for LMICs. The Gini index fell between 2005 and 2015 and appears to have stagnated since then.

3. **Kenya continues to be highly vulnerable to adverse impacts of climate change and natural hazards**. As per the 2020 Notre Dame Global Adaptation Index, Kenya is ranked 149 of 182 countries in terms of climate change vulnerability.[6] The country has experienced a distinct warming trend with an estimated average temperature increase of 0.21°C per decade since the 1960s.[7] It is projected that mean annual temperature may increase by between 0.8°C and 1.5°C by the 2030s and up to 3°C by 2100.[8] Increased temperatures in the future could lead to further increases in drought conditions and have a significant impact on water and food security. This is especially problematic in the arid and semi-arid lands (ASAL) which covers over 85 percent of Kenya. Droughts have negative economic impact (at 8 percent of GDP, on average every 5 years)

[1] Year-on-year
[2] Kenya Economic Update: Continued Rebound, but Storms Cloud the Horizon. December 2022.
[3] World Bank. *Kenya - Country Partnership Framework for the Period FY23-FY28 (English).* Washington, D.C. : World Bank Group. http://documents.worldbank.org/curated/en/099421512052241562/SECBOS01bdb49b00208e1f0d132ef1fbe94
[4] US$1.90 in Purchasing Power Parity terms
[5] These estimates are based on the Macro-Poverty Outlook projections. https://www.worldbank.org/en/publication/macro-poverty-outlook/mpo_ssa. The MPO estimates likely underestimate the increase in poverty caused by the COVID-19 pandemic – this possible underestimation is supported by microsimulations based on the Rapid Response Phone Survey data collected throughout the pandemic.
[6] https://gain.nd.edu/our-work/country-index/rankings/
[7] Climate Risk Profile: Kenya (2021): The World Bank Group.
[8] National Environment Management Authority (2015). Kenya-Second National Communication to the United National Framework Convention on Climate Change. URL: https://unfccc.int/sites/default/files/resource Our mainstreaming approach recognizes that climate change is a cross-cutting sustainable development issue with economic, social and environmental impacts /Kennc2.pdf

that worsen poverty and vulnerability.[9] The country also remains highly vulnerable to floods and crop diseases. The country's vulnerability to climate variability and change is compounded by weak adaptive capacity, poor infrastructure, and limited institutions.

4. **Poverty and vulnerability to climate change are closely intertwined in Kenya**. Globally, the poorest are predominantly the most vulnerable to, and the most severely affected by, climate-related natural disasters.[10] Kenya is no exception, with populations with lower levels of income residing in more climate hazard prone locations.[11] In 2019, poverty rates in rural areas were more than double those in urban areas.[12] Poverty is particularly acute in the ASAL counties of northern and eastern Kenya, where droughts and other climate-related disasters are common. These regions rely heavily on agriculture and pastoralism as the primary livelihoods, making them vulnerable to the impacts of climate variability on food security and income. Out of the 17.8 million Kenyans employed in 2019, some 7.9 million (45 percent) are employed in agriculture, of which 5.2 million are engaged in subsistence agriculture, accounting for just under 30 percent of all employment.[13] There is large heterogeneity across counties; for example, in some counties (Busia, Kisii, West Pokot) subsistence agricultural activities account for over two-thirds of all employment. In 2016, 25 percent of agricultural households reported experiencing a drought or flood, some form of crop failure, or livestock loss.[14] There is regional variance, with some counties having over 80 percent of households reporting experiencing climate related shocks. The relative severity of the shocks is also much larger for poor households – the poorest 20 percent of the population experienced losses that were almost 6.5 times greater than the richest 20 percent of the population.[15]

5. **Kenya has seen substantial inflows of refugees over the last few decades, with the country currently hosting 588,724 refugees and asylum seekers**.[16] A majority of the 511,467 refugees and 77,257 asylum seekers reside in Garissa and Turkana Counties within the Dadaab refugee complex (41 percent), and the Kakuma refugee camp and Kalobeyei Settlement (43 percent). The remaining 16 percent reside in the country's urban areas, mainly Nairobi. About 55 percent of Kenya's refugee population originates from Somalia, 31 percent from South Sudan and the remainder from other neighboring countries.[17] The inflow of refugees into the ASAL counties of Garissa, Turkana and Wajir due to their proximity to the refugee camps in Dadaab has significantly changed the population, employment environment, and social dynamics of these host counties, which are already among the poorest in Kenya.

[9] Climate Risk Profile: Kenya (2021): The World Bank Group.

[10] Hallegatte, S., Bangalore, M., Bonzanigo, L., Fay, M., Kane, T., Narloch, U., Rozenberg, J., Treguer, D. and Vogt-Schilb, A., 2015. Shock waves: managing the impacts of climate change on poverty. Washington D.C.: World Bank Group.

[11] Ministry of Foreign Affairs (2018). Climate Change Profile, Kenya. URL: https://reliefweb.int/sites/reliefweb.int/files/resources/Kenya_2.pdf

[12] World Bank. Kenya - Country Partnership Framework for the Period FY23-FY28 (English). Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/099421512052241562/SECBOS01bdb49b00208e1f0d132ef1fbe94

[13] Kenya Jobs Diagnostic draft. "Can I be of Service: Inclusive Growth in Kenya through Services-Led Development". February 2023.

[14] Kenya Poverty and Gender Assessment 2015/16 - A Decade of Progress and the Challenges Ahead. 2018. Washington D.C.: World Bank Group.

[15] Kenya Poverty and Gender Assessment 2015/16 - A Decade of Progress and the Challenges Ahead. 2018. Washington D.C.: World Bank Group.

[16] *See UNHCR's Operational Data Portal:* https://data.unhcr.org/en/country/ken*, 19 April 2023*

[17] A full map and infographic of Kenya's refugees and asylum seekers is located: https://data.unhcr.org/en/documents/details/100133

B. Sectoral and Institutional Context

6. **Kenya's social protection system has developed significantly over the last decade; however, coverage remains low**. Although 33.4 percent of the population lives below the international poverty line in 2019, coverage of social safety nets stands at only 8.7 percent.[18] Further, among those employed, the quality of employment is not very high with some 70 percent of those employed (some 12.5 million) working in lower-tier informal employment. A further 16 percent work in upper-tier informal employment, with just 14 percent in formal employment.[19] Currently only those in formal employment get some form of social insurance leaving a large missing middle that has no social safety net coverage and little insurance against shocks.

7. **Improving employment outcomes and providing savings opportunities for youth and refugees in Kenya necessitates understanding and addressing constraints faced by individuals as well as firms/entrepreneurs.** Better employment outcomes are realized when there are more jobs, better jobs, and more inclusive jobs. Integrated solutions that address constraints in labor supply, labor demand as well as during intermediation – i.e., in helping workers find the best possible match and supporting firms in finding appropriately skilled workers – are important. The sectoral context identifies the constraints in each of these areas. In addition, it discusses the linking of saving opportunities with employment and short-term incentives, such as maternity insurance, helping Kenya move closer to a systematic approach to 'protect and promote all'.[20]

Labor Supply

8. **Kenya needs to increase labor force participation and decrease inactivity to reap the demographic dividend.** Kenya is a young country with approximately 39 percent of its population of 47.6 million (in 2019) under the age of 15.[21] A further 4 percent is over 65, leaving 27.1 million individuals (57 percent) of working age. Out of this group, some 8.3 million are inactive, with just 18.8 million (69 percent) in the labor force. The labor force participation rate (LFP) is particularly low for some groups – i.e., youth (15-24) at 38 percent; those with lower levels of education (at 61 percent for those with completed primary education); and for people living in the North and Northeastern Development Initiative (NEDI) counties, which include the 3 refugee hosting counties, at 46 percent.[22] Increasing the LFP, and decreasing inactivity, is important to make best use of the demographic transition that has begun. The largest age cohort in Kenya is between 13 and 17 years of age and roughly one million youth will be joining the labor force each year over the next decade.[23]

[18] Kenya - Social Protection and Jobs Public Expenditure Review (English). Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/099185001262379911/P175941033f39c01508a51042e6734f03ba

[19] Individuals can work in formal employment, upper-tier informal employment, or lower-tier informal employment. Formal wage employment is when an individual has a written contract, has social security, and some benefits such as paid leave. Formal self-employment is when the individual works in the modern-sectors and is registered as self-employed. Upper-tier informal employment can also be wage or self, where the individual is working in higher skilled International Standards of Classifications of Occupations (ISCO) codes (such as managers, professionals, technicians) or has some job-related benefits. The rest of those employed work in lower-tier informal employment.

[20] 'Protecting and Promoting all' refers to a set of policies and programs which enable individuals to find/return to work and offers them access to social protection programs (savings, insurance, cash transfers, and so on) when they need it.

[21] 2019 Kenya Population and Housing Census, Volume I and III.

[22] Some 12 percent of Kenya's population lives in NEDI counties in 2019. The NEDI counties are Garissa, Isiolo, Lamu, Mandera, Marsabit, Samburu, Tana River, Turkana, Wajir, and West Pokot.

[23] The sectoral context section is sourced from the recent Kenya Jobs Diagnostic draft. "Can I be of Service: Inclusive Growth in Kenya

9. **Host communities have limited employment options and refugees face additional barriers to the formal labor market and to economic opportunities outside camps.** Refugee barriers include policies restricting movement, administrative hurdles related to accessing identification documents, work permits and business licenses. Other barriers to legal employment include low levels of education and skills among refugees and limited access to financial resources. Thus, many camp residents remain dependent on humanitarian aid. In Kakuma, for example, among refugees aged 18-35, 75 percent of men and 74 percent of women are inactive, while in Kalobeyei, 47 percent of young male refugees and 58 percent of young female refugees are inactive.[24] Social and economic interactions between refugees and hosting communities have helped improve wellbeing and boost the local economies. While the host communities in Turkana have higher employment rates than refugees (62 percent vs 20 percent), the hosting communities in both Turkana and Garissa continue to face widespread poverty and limited employment options. Both of these hosting counties are in the ASAL region and face recurrent droughts. Only 48 percent of children in Turkana attend primary school, compared to 82 percent nationally. At the secondary level, the numbers drop even further with only 9 percent of Turkana children attending secondary school compared to 38 percent nationally.[25] Similar to young refugees in Turkana, key labor market participation obstacles for host community youth include lack of skills and labor market information, coupled with a lack of practical experience.[26]

10. **Kenya needs to create better quality employment to improve living standards.** Of the 18.8 million in the labor force, about 17.8 million are employed and 1 million unemployed, with an unemployment rate of 5 percent. In addition to unemployment, underemployment – working less than 28 hours a week – also presents a challenge, particularly for youth, women, those in rural areas and those with lower levels of education. Moreover, as mentioned above, the quality of employment is not very good, with 70 percent of those employed in Kenya working in lower-tier informal employment. For instance, rural youth are largely employed in the agriculture sector including fishing and livestock production. These sectors are mostly dependent on natural resources and have been severely affected by unpredictable weather patterns.[27] Among camp-based refugees, 52 percent of youth (15-29) in Kakuma and Kalobeyei are not in employment, education, or training (NEET). The NEET are more likely to be in their 20s, to have no education and are not proficient in Kenya's official languages. Many of the refugees employed in the camps work as 'incentive staff' with humanitarian organizations supporting basic service delivery.[28] Due to the regulatory barriers, many other refugees take low paying jobs, usually in the informal sector.[29]

11. **Improvements in productivity and earnings are also important to raise well-being in Kenya.** Earnings are low for those in lower-tier informal employment – i.e., median earnings for individuals in lower-tier informal wage employment is some 5,000 Kenya Shillings (KES) (roughly 37 US$) per month, going up to 14,700 KES (108 US$) for those in upper-tier informal wage employment, and further to 24,000 KES (177 US$) for those

through Services-Led Development". February 2023.

[24] World Bank (2023), Interventions to Foster Employment of Refugees and Host Communities: A Feasibility Study.

[25] World Bank and UNHCR, (2019), *Understanding the Socioeconomic Conditions of Refugees in Kenya Volume B: Kakuma Camp*

[26] World Bank (2023), Interventions to Foster Employment of Refugees and Host Communities: A Feasibility Study.

[27] Kenya Jobs Diagnostic draft. "Can I be of Service: Inclusive Growth in Kenya through Services-Led Development". February 2023.

[28] International Labour Organization (2022). Review of national policy, legislative and regulatory frameworks and practice in Kenya: A baseline study on the right to work and rights at work for refugees. ILO: Geneva.

[29] World Bank and UNHCR, (2021). Understanding the Socioeconomic Differences of Urban and Camp-based Refugees in Kenya. https://data.unhcr.org/en/documents/details/89599

in formal wage employment. There is a similar steep gradation among the self-employed across the job ladder. Although the quality of employment improved between 2016 and 2019, youth benefited less from the overall improvement and predominantly enter poor quality jobs.[30]

12. **Women have worse labor market outcomes across the board**. A smaller share of women participate in the labor market compared to men – with women representing 59 percent of those who are inactive in Kenya and 74 percent of those who are NEET. School to work transition is harder for women compared to men, and the share of NEET is higher among women across all age groups. Gender gaps in activity status are also more pronounced during core reproductive years.[31] A larger share of women (18 percent) are underemployed compared to men (13 percent). Women work in lower quality jobs – with 76 percent of women in lower-tier informal employment compared to 66 percent of men. Inter-and intra-sectoral gender segregation is prevalent. Women are over-represented in household help services, accommodation and food services, and human health and social work, while men are over-represented in transportation, mining and quarrying, and construction.[32] Across all education levels, and across almost every employment type, women earn less than men.[33,34] The gender gap in education and employment is also significant for refugees: In Kalobeyei half the women aged 18-35 are NEET, versus 17 percent of men. Women with young children also drop out or don't join the workforce to take care of dependents: for instance, among refugee women, 45 percent in Kakuma and 24 percent in Kalobeyei did not seek work because of family responsibilities.[35]

13. **Employment outcomes for people living with disabilities remain limited.** The 2019 census put the prevalence of people with disabilities at 2.2 percent of the population in Kenya. Recently collected disability data help improve understanding of the challenges facing persons with disabilities in the Sub-Saharan Africa region. Disability rates are higher in rural areas, and women report experiencing higher rates of disability than men. Schools often have insufficient resources to accommodate children with disabilities, which leads to higher numbers of children with disabilities leaving the formal education system earlier than their non-disabled classmates. Participating in the labor force is a challenge for persons with disabilities. The primary barriers to employment include information gaps, negative attitudes and strong stigma, inaccessible physical environment, low educational attainment, and ineffective legislation. Those who find work, often part-time jobs, are paid less and are less likely to be promoted.[36]

14. **The main supply side constraints in Kenya are low educational attainment among people already in the workforce, skills-gaps, and care responsibilities that fall predominantly on women**.

[30] Kenya Jobs Diagnostic draft. "Can I be of Service: Inclusive Growth in Kenya through Services-Led Development". February 2023.
[31] World Bank (2018). Kenya Gender and Poverty Assessment 2015/16: Reflecting on a Decade of Progress. World Bank: Washington, D.C. Available online at: https://documents1.worldbank.org/curated/en/905491550155961925/pdf/Kenya-Poverty-and-Gender-Assessment-2015-2016-Reflecting-on-a-Decade-of-Progress-and-the-Road-Ahead.pdf
[32] National Gender and Equality Commission (2016). Status of Equality and Inclusion in Kenya. National Gender and Equality Commission: Nairobi.
[33] A very small fraction of women are employed in formal wage employment. This is the only type of employment where median earnings for women equal that for men.
[34] All statistics reported in this paragraph except those explicitly cited are from the Kenya Jobs Diagnostic draft. "Can I be of Service: Inclusive Growth in Kenya through Services-Led Development". February 2023.
[35] World Bank and UNHCR, (2021). Understanding the Socioeconomic Differences of Urban and Camp-based Refugees in Kenya. https://data.unhcr.org/en/documents/details/89599
[36] Montes, J and R. Swindle. Who is disabled in Africa. World Bank: Washington. D.C. Available online at: https://documents1.worldbank.org/curated/en/898541620207711446/pdf/Who-is-Disabled-in-Sub-Saharan-Africa.pdf.

- **Education deficits and skills-gaps**: Both education and skills remain low among the current stock of workers. Youth with lower levels of education enter the workforce lacking soft skills such as reliability, grit and consistency and basic skills such as reading or writing, and digital skills. Most adults with secondary education in Kenya are functionally illiterate in English.[37] Employers identify the inability to handle computers for work related tasks as one of the most significant skills gaps among white-collar workers.[38] Firms in the informal sector also identify several skills gaps including the inability to find people with financial, marketing and customer care skills.[39]
- **Restrictive gender norms and care responsibilities**: Childcare responsibilities reduce women's participation rate in the labor force, with some 59 percent of women outside the labor force citing family responsibility as the reason for not seeking work, as opposed to 11 percent of men.[40]

Labor Demand

15. **A majority of workers in Kenya work in micro-sized informal firms.** There are about 140,000 firms in Kenya (of all sizes) which are registered formally at the national level, with the registrar of companies. Only 3 percent of such firms have more than 50 employees. In comparison, there are 7.4 million Micro, Small and Medium Enterprises (MSMEs), both formal and informal. Some MSMEs are licensed nationally, some licensed at county level, and many not registered at all (5.4 million). Over 91 percent of MSMEs are micro-sized informal firms (with 1-4 employees), and a majority of employment in Kenya is in micro-sized firms.[41]
16. **MSMEs run solely by women are less profitable and less likely to survive than businesses run solely by men.** Almost 56 percent of MSMEs in Kenya are run by women, either solely or in partnership with other women. By contrast, around 36 percent of MSMEs are run by men or male-only partners, and a further 8.5 percent are run by male and female partners.[42] An aggregation of enterprise survey and impact evaluation data collected from countries across the region, including Kenya, finds that businesses owned by women or having majority female ownership have 34 percent lower profits, 38 percent lower sales, and add 38 percent less value compared to businesses owned by men.[43]
17. **A key constraint that MSMEs in Kenya face is lack of access to start-up capital, among several others.** Most informal sector firms rely on own funding to start up as well as continue to operate, with very low access to either banks or microfinance institutions. Young vulnerable entrepreneurs do not have savings to fall back on, which poses a barrier for them to start a business. Women face greater barriers. Between 2013 and 2016, micro-finance institutions in Kenya denied loans to women-owned businesses at a 20 percent higher frequency than male-owned businesses, while savings and credit cooperative societies denied women-

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[37] Kenya Skills towards Employment and Productivity survey, 2013

[38] "Arias, Omar; Evans, David K.; Santos, Indhira. 2019. The Skills Balancing Act in Sub-Saharan Africa. World Bank: Washington, D.C. Available online at: https://openknowledge.worldbank.org/entities/publication/de6c8bc9-aba5-51c6-b721-04afdb513491

[39] The skills and occupations survey of firms in the informal sector (ISSOS), 2018.

[40] Kenya Jobs Diagnostic draft. "Can I be of Service: Inclusive Growth in Kenya through Services-Led Development". February 2023.

[41] Note that formal firms hire a proportion of their workers through an informal arrangement, so the type of job in paragraph 6 is determined at the worker level and not determined by the total number who work in formal or licensed firms.

[42] Kenya National Bureau of Statistics (2016). Micro, Small and Medium Establishment (MSME) Survey 2016. Republic of Kenya: Nairobi.

[43] World Bank (2019a). Profiting from Parity: Unlocking the Potential of Women's Businesses in Africa. World Bank: Washington, D.C. Available online at: https://openknowledge.worldbank.org/bitstream/handle/10986/31421/135420-ProfitingfromParityFullReport.pdf?sequence=1&isAllowed=y.

owned businesses at an 11 percent higher frequency.[44] Other key constraints include (a) lack of soft skills and in particular socio-emotional, managerial and entrepreneurial skills that are associated with entrepreneurial mind-sets and help in successfully starting or increasing productivity of new businesses; (b) lack of relevant exposure and networks for starting and growing a business among youth and especially women; (c) lack of business support such as mentoring; (d) limited information and capacity of youth to take advantage of entrepreneurship programs and market credit ecosystems.

Savings

18. **The lack of access to start-up capital points to a larger issue – that most workers lack access to savings schemes which can provide them with some resilience against shocks**. As mentioned above, of the 17.8 million employed persons in Kenya in 2019, 86 percent work in the informal sector and are not covered by any form of social insurance. Coverage against short term risks like unemployment, maternity, sickness, death; or the longer-term safety of a retirement pension; remain elusive for Kenyans in the informal sector.

19. **Kenya has a few voluntary retirement savings plans, but they face challenges**. They are characterized by low take-up and low persistency in savings. Design and operational innovations in long-term savings schemes targeted to attract informal sector workers (e.g., in schemes of Rwanda, China, India, Colombia), incorporate flexibility in saving and withdrawal, offer tangible short-term benefits (by bundling services), focus on communication and invest in partnerships with the public, private sector and civil society. The National Social Security Fund (NSSF) in Kenya launched the Haba Haba scheme for workers in the informal sector, but lack of adequate resources limits NSSF's ability to provide a seamless customer experience. Investments in strengthening the NSSF's business processes and systems, large scale targeted awareness programs to encourage savings among informal workers and building trust through transparent payments and easy registration are needed to help move the incipient plans to larger scale.

20. **Lastly, women in the informal sector lack income protection during and after childbirth**. Paid maternity and paternity leave is legislated in Kenya under the Employment Act but it only applies to those in formal wage employment. Women working in the informal sector, who are the vast majority, do not receive similar social insurance protection. Poor and vulnerable women are at a particular disadvantage as they are more likely to return to work shortly after giving birth to support themselves and their families. The Linda Mama program, administered by National Health Insurance Fund (NHIF), is available to all women, and offers free antenatal care, child delivery services, postnatal care, family planning, and also pays for hospitalizations arising from pregnancy-related complications within a year of birth. It has been in operation for 5 years. Still, it faces challenges including limited awareness among pregnant women, sustainability concerns voiced by providers because of low reimbursement rates, and de facto out-of-pocket expenses due to lack of availability of essential commodities and supplies in public facilities. Further, the absence of a scheme that offers income protection to women in the informal sector, during and just after childbirth, risks the health of mother and child and the mother's ability to breastfeed and recover fully before going back to work.

[44] *Women entrepreneurs and access to finance: program profiles from around the world (English).* Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/434111484644430498/Women-entrepreneurs-and-access-to-finance-program-profiles-from-around-the-world

Intermediation

21. **There is limited access to intermediation services in Kenya**. Outside of private intermediation services which cater mainly to university graduates and professionals, there is little by way of services that help match less educated and more vulnerable youth with appropriate jobs in Kenya.[45] Even large formal firms in Kenya search for employees mostly through informal channels, such as trusted networks and contacts.[46] Similarly, it is difficult for schools and training institutions to identify competencies sought by employers and for individuals and families to get a clear idea of which skills and occupations are most rewarded in Kenya. A labor market observatory coupled with a public intermediation service which works with less educated and more vulnerable youth could help with improved placement of workers in good jobs.

Existing Jobs Programs

22. **The government currently implements jobs programs to tackle the constraints, but these programs face several challenges.** These programs have limited effectiveness: expenditure on the jobs programs is low at only 0.1 percent of GDP (2016 – latest data); there is fragmentation across the large number of programs and implementing agencies; monitoring and evaluation of these programs is limited with little known about their impact; coverage tends to be regressive with little access among the poor and those in the informal sector; the effectiveness of the intermediation programs is modest, lacking up-to-date information on labor demand.[47]

23. **The Kenya Youth Employment and Opportunities Project (KYEOP, P151831), supported by the World Bank, provides a proven platform that addresses these constraints.** It has been found to have a positive impact on youth, but it is closing soon and requires national scale up. KYEOP is Kenya's only comprehensive job program, addressing demand- and supply-side issues in the labor market and supporting intermediation. This project closes in August 2023. The project specifically targets youth aged 18 to 29 with no more than secondary education, working across 17 counties throughout Kenya. Its main activities have been towards increasing employability and providing support to entrepreneurship. Evidence shows that KYEOP is having a positive impact on youth employment outcomes. Its comprehensive approach also provides a solution to the fragmentation that is characterizing Kenya's wider jobs programs efforts. The main constraint to KYEOP having a larger impact on a scale commensurate with the challenges outlined above is that its coverage remains limited to a minority of youth within 17 counties and does not have national scope.

Refugee entrepreneurship

24. **Refugees in Kenya, while poor, are economically active and doing business amongst themselves and with local communities.** The main income sources of refugees are remittances, income from employment and income from running a business. A 2018 consumer and market study of Kakuma by the International Finance Corporation (IFC) found that there are more than 2,000 businesses and smalls shops in Kakuma, and the area's economy is worth US$56 million per annum.[48] The study concluded there are opportunities for private-sector organizations to do business in the camp and neighboring Kakuma town, and based on this, a global competition for private sector and social enterprise projects to support investment, development, and job

[45] Kenya - Social Protection and Jobs Public Expenditure Review (English). Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/099185001262379911/P175941033f39c01508a51042e6734f03ba
[46] Kenya Employer Skills and Occupations Survey, 2022
[47] These and other challenges are detailed at length in the Kenya Social Protection and Jobs Public Expenditure Review, World Bank, 2023
[48] IFC (2018), *Kakuma as a Marketplace: A consumer and market study of a refugee camp and town in northwest Kenya.*

creation in the area was launched by IFC in 2020 (the Kakuma-Kalobeyei Challenge Fund).

C. Proposed Development Objective(s)

25. **Project Development Objective (PDO) Statement:**
The project development objective of the National Youth Opportunities Towards Advancement (NYOTA) is "increase employment, earnings and promote savings for targeted youth, at national scale".

Key Results

PDO Level Indicators:
The PDO will be measured using three key results areas and associated project development indicators aligned to the primary outcomes of the PDO.

26. **Results Area 1: Increasing employment among targeted youth.**
Outcome indicators for results area 1 will include:

1. Beneficiaries of job-focused interventions (Number)
   - Beneficiaries of job-focused interventions – Female (Number)
   - Youth beneficiaries living with disabilities (Percentage)
2. Youth beneficiaries in wage or self-employment at least 6 months after completing the package of project interventions (Percentage)
   - Female beneficiaries in wage or self- employment at least 6 months after completing the package of project interventions (Percentage)
   - Host community beneficiaries in wage or self-employment at least 6 months after completing the package of project interventions (Percentage)
   - Refugee beneficiaries in wage or self-employment at least 6 months after completing the package of project interventions (Percentage)
3. Female beneficiaries who are in wage or self-employment in male dominated sectors at least 1 year after training with gender-specific module (Percentage)

27. **Results Area 2: Increasing earnings among targeted youth.**
Outcome indicators for results area 2 will include:

4. Average earnings among wage and self-employed youth beneficiaries 6 months after completing the package of project interventions (Percentage)
   - Average earnings among wage and self-employed female beneficiaries at least 6 months after completing the package of project interventions (Percentage)

28. **Results Area 3: Promote savings among targeted youth.**
Outcome indicators for results area 3 will include:

5. Youth beneficiaries contributing to long term savings at least once in the 6 months after their auto-enrollment in NSSF's Haba Haba scheme ends (Percentage)

6. Females with maternity benefits who have had at least 1 post-natal health visit (Percentage)

D. Project Description

29. **The project aims to support better employment outcomes and improved savings through integrated interventions that address the multitude of constraints that individuals face**. Component 1 of the project focuses primarily on labor supply side constraints and offers skills training and intermediation related initiatives. The component also addresses child-care related constraints for young women. Component 2 focuses on the labor demand side constraints and facilitates youth with aptitude for entrepreneurship with training on core business skills and provides them with seed money to start their businesses. It also supports social enterprises to provide similar support to the hard-to-serve youth. Component 3 of the project focuses on helping increase opportunities for savings among targeted youth, and component 4 supports systems strengthening and project management.

Component 1: Improving youth employability {IDA US$72 million and WHR US$10 million}

30. **This component will connect targeted youth to better employment opportunities by providing them with training, on the job experience, and access to intermediation services.** It will address the supply side constraints related to low levels of educational attainment, lack of appropriate skills, lack of on-the-job experience, as well as lack of access to intermediation services. It will additionally support women by providing access to quality child-care providers. A total of 90,000 youth will benefit from this component, which will have national coverage.[49] This will include 80,000 Kenyan nationals across all counties; 5,000 refugees in the counties of Garissa, Turkana and Wajir; and 5,000 host community beneficiaries in the same 3 counties. There will be outreach by both the national government as well as county governments to mobilize potential beneficiaries (for Component 1 and Component 2), and selection will be through transparent methods developed and tested under the predecessor KYEOP, with clear eligibility criteria. Some 5 percent of the spots will be reserved for people living with disabilities, and 50 percent will be reserved for women. The refugee and host community youth under the Window for Host Communities and Refugees (WHR) will also be offered a similar package of interventions. As refugees face a myriad of constraints in accessing employment opportunities, the project will adopt flexibility during implementation in nuancing the project interventions to suit this target group. This will be elaborated more in the operations manual. An analysis of benefit flows and results of interventions on different beneficiary groups will be done periodically through tracer studies. This component will also explore other sources of innovative results-based financing models that leverage private sector investment.

31. **Subcomponent 1.1: Provision of training and work experience (IDA US$68 million & WHR US$10 million)**. This sub-component will target 80,000 Kenyan youth across 47 counties; some 5,000 refugees in the counties of Garissa, Turkana and Wajir; and 5,000 host community beneficiaries in the same 3 counties; and provide them with training and work experience. The component will finance:
    - *Soft skills and core business skills training*. The training will draw upon the curriculum developed for the predecessor project KYEOP and will expand to include in demand digital skills, training in climate change awareness, and so on. Efforts will be made to encourage young women to train in more male dominated trades and training will be supplemented with gender-specific modules aimed at overcoming gender-

[49] The predecessor project, KYEOP, was implemented in 17 counties. The national roll-out to all 47 counties in Kenya will happen in a phased manner.

specific household-level and cultural constraints.

- *On-the-Job work experience.* Jobs specific technical skills will be delivered to youth through internships, which can maximize the chance of retention in the receiving firms. Internships will be available in formal private sector firms as well as with master craftsmen (MC).[50] Participation of firms in highly productive and innovative sectors and in the blue and green economy in support of Kenya's climate change goals will be ensured. Umbrella employer associations such as Kenya Private Sector Alliance, the Kenya Association of Manufacturers, the Kenya National Chamber of Commerce and Industry and the Federation of Kenya Employers will be engaged through direct framework contracts, and coordination encouraged between them and the government, specifically, the National Industrial Training Authority (NITA) to provide beneficiaries with an opportunity for certification of newly acquired skills.
- *Stipends to youth beneficiaries.* The project will finance stipends to youth attending training, internship and completing certification.
- *Training of trainers and connecting MCs with umbrella employer organizations.* Improving the quality of training offered by master craftsmen is key to better outcomes for interns. The subcomponent will support pedagogical upskilling of up to 4,000 MCs.
- *Recognition of Prior Learning.* Vulnerable youth may already have the necessary skills for the jobs they will be engaged in, but without any certification. This subcomponent will facilitate the obtaining of certification for youth through the recognition of their prior learning.
- *Expanding occupational testing standards.* The project will support expansion of the number of apprenticeship trades for which standards, testing and certification instruments will be developed/revised under the NITA.[51]
- *Childcare for trainees.* Childcare services will be provided to female beneficiaries with young children. This intervention proved to be very effective under KYEOP in increasing retention of young mothers. NYOTA will further aim to improve the accessibility, quality and affordability of childcare arrangements and aims to include facilities for lactating mothers in training centers, flexible training schedules, proximal locations, and transportation support, where possible.

32. **Subcomponent 1.2: Operationalization of labor market observatory and supporting intermediation (US$4 million)**. This subcomponent will address labor market information gaps and challenges faced in matching workers to jobs.

- *Labor Market Observatory*: The Kenya Labor Market Information System (KLMIS), a labor market observatory that was developed under KYEOP, will be fully operationalized. It will finance the following activities: (a) identification of information needed by KLMIS users; (b) production of KLMIS content; and (c) dissemination of KLMIS content and creation of awareness to increase usage.
- *Support to National Employment Authority (NEA):* The NEA is a public intermediation agency, and this sub-component will help strengthen the NEA by integrating lessons from the SkillCraft model in South Africa (see Box 1). SkillCraft will be customized for Kenyan youth and Kenyan institutions. The intervention will be implemented on a pilot basis and be scaled up during implementation if the pilot yields positive results.

Box 1: SkillCraft

[50] Traditional Apprenticeship: A period of time that an apprentice spends with a Master Craftsman learning a technical skill by doing until they become proficient.

[51] The objective is to support development of up to 50 additional apprenticeship standards and testing instruments, including for digital jobs and jobs in the blue and green economy.

SkillCraft offers a free, online task-based assessment of soft skills paired with customized career guidance. It promotes government and private sector partnership to help targeted youth determine their soft skills, identify better matches, and ultimately connects jobseekers to intermediation agencies (public or private) through the digital platform.

Source: *My Skills, My Career Superpowers: How Skillcraft Helps Jobseekers to Self-assess, Identify and Develop Skills for Jobs in South Africa (English).* Social Protection and Jobs Washington, D.C.: World Bank Group 2022. http://documents.worldbank.org/curated/en/099520011182241119/P168508034b5480f60b33803c003af2b163

Component 2: Expanding employment opportunities {IDA US$77 & WHR US$10 million}

33. **This component aims to expand employment opportunities through entrepreneurship development and support to social enterprises**. Key constraints and market failures that limit the participation of vulnerable youth, aged 18-29, in productive entrepreneurship, as outlined in the context section will be addressed through this component. The component will target 100,000 youth in all 47 counties in Kenya;[52] and an additional 5,000 refugees and 5,000 host community youth beneficiaries in Garissa, Turkana and Wajir counties. Outreach for these youth will be combined with the outreach in Component 1, and selection will be through transparent methods developed and tested under KYEOP, with clear eligibility criteria. Additionally, youth selected for this component need to pass an Entrepreneurship Attitude Test, which was piloted under KYEOP and proved successful at improving targeting and effectiveness of the intervention. Further, to target youth that are particularly hard to reach, the component will also engage with Social Enterprises. As refugees face a myriad of constraints in accessing entrepreneurship interventions and financial inclusion, the project will adopt flexibility in interventions during implementation where needed to suit this target group. This will be elaborated more in the operations manual. An analysis of benefit flows and results of interventions on different beneficiary groups will be done periodically through tracer studies.

34. **Subcomponent 2.1: Support for entrepreneurship (IDA US$70 million & WHR US$10 million)**. The financed activities will target 90,000 youth in all 47 counties in Kenya, and an additional 5,000 refugees and 5,000 host community youth beneficiaries in Garissa, Turkana and Wajir counties who express interest in entrepreneurship through a package of services listed below.[53] The differential constraints restricting the growth and performance of women-led firms have been widely documented.[54] Hence, the subcomponent will deliberately pursue measures to support female beneficiaries to expand their business networks, tackle their skills specific constraints, help them cross over into male-dominated sectors, and ultimately reduce or close the gender gaps in profit and opportunities. The package of services will include:

- *Business start-up grants*. Addressing the constraint posed by limited access to start-up capital, this grant will provide US$400 in seed funding to beneficiaries, at least 50 percent of whom will be women. Beneficiaries will be linked to credit facilities and other financing opportunities, including the Financial Inclusion Fund (FIF) and other catalytic funds. Female beneficiaries will also be linked to women's cooperatives, gender-linked financing facilities, and women's finance credit facilities such as the Kenya Commercial Bank (KCB) and the Kenya Women Finance Trust (KWFT).

[52] With expansion to new counties in a phased manner, as in Component 1
[53] There will be no overlap of youth benefitting from Component 1 and from Component 2.1, these will be separate pools
[54] E.g., Aterido et al. 2011, Bardasi et al. 2011, Campos et al. 2019, Islam et al. 2020, Allison et al. 2021, Fang et al. 2022.

- *Socio emotional and business skills*: This activity will be a pre-requisite to accessing the business start-up grants. Curriculum will build on material from KYEOP's Life Skills Training/Core Business Skills Training/Business Development Services Curriculum, and financial awareness training will be added. The project will supplement standard business training with gender-specific modules designed to build an entrepreneurial mindset, as well as overcoming gender-specific household-level and cultural constraints. All beneficiaries (male and female) will be trained on gender gaps and solutions in the private sector, such as reducing the unmet need for childcare services and other female-friendly workplace policies, such as provision of maternity leave and benefits.
- *Business development services*. This activity will support youth in accessing business development services and networking opportunities such as the National Chamber of Commerce. There is also potential to link with the ecosystem being developed by the Kenya Jobs and Economic Transformation project (P179381).
- *Mentorship.* Mentors will help youth develop entrepreneurship plans; help manage Gender Based Violence (GBV) and other business-related risks; and facilitate access to networks, information, markets and credit opportunities.
- *Childcare for trainees.* As with Component 1, childcare arrangements will be provided, and expanded to include lactating facilities, greater flexibility and support with access where possible to female trainees.

35. **Subcomponent 2.2: Results Based Financing Partnership with Social Enterprises (US$7 million)**. The component aims to reach some 10,000 hard-to-serve beneficiaries in achieving better employment outcomes. Social Enterprises with a franchise-type or seller-agent model will be pre-qualified and will include an entrepreneurship training component along with guided support and kit-provision (where applicable) to help beneficiaries run their micro-franchise. Payment to the social enterprise will be per beneficiary who has completed the training and is earning revenues. Payments will be differentiated to reflect the degree of youth vulnerability, geographical difficulty, and quality of income earnings.

<u>Component 3: Supporting youth savings (US$20 million: US$11 million IDA and US$9 million GFF grant)</u>

36. **This component will provide savings opportunities to beneficiaries of components 1 and 2.** Saving opportunities via the Haba Haba scheme, administered by the NSSF, will be provided to the 190,000 Kenyan youth beneficiaries of components 1 and 2.[55] This component will also strengthen NSSF as an institution, improving business processes, information technology (IT), and ultimately customer service. This component will be financed through IDA as well as through the Global Financing Facility for Women, Children and Adolescents (GFF). The GFF supports low- and lower-middle income countries to accelerate progress on reproductive, maternal, newborn, child and adolescent health and nutrition, and strengthen financing and health systems for universal health coverage. The GFF supports government-led, multi-stakeholder platforms to develop and implement a national, prioritized health plan (called an investment case), that aims to help mobilize sustainable financing for health and nutrition. The GFF Trust Fund, hosted by the World Bank, links moderate amounts of resources to World Bank financing, and supports countries to strengthen their focus on data, quality, equity, results and domestic resources for health.

37. **Sub-component 3.1: Supporting savings through monetary incentives and nudges (US$6 million).** This sub-component will offer monetary incentives and nudges to the 190,000 Kenyan youth beneficiaries of

[55] This will include 80,000 Kenyan youth from 47 counties as well as 5,000 host community youth receiving training under component 1.1; and 100,000 Kenyan youth across all 47 counties and the 5,000 host community youth who receive entrepreneurship support under Component 2.

components 1 and 2 to encourage them to save and build a habit of saving. Youth who start saving early in their careers and continue to do so can benefit from their savings growing over time and accruing interest. Women can benefit from the financial security that regulated savings offer as well as from access to these savings during periods such as pregnancy or after childbirth. The design of this subcomponent is informed by emerging international experience and behavioral science insights on features that informal sector workers desire, notably easy registration, flexibility to save, monetary incentives, and a benefit that can be realized in the short term.[56]

- *Auto-enrollment and auto-debit*: All 190,000 Kenya youth beneficiaries will be registered in the Haba Haba scheme, and their individual accounts will be auto debited with a flat benefit under this sub-component, for 6 months.[57] During this period, they will be able to access their account digitally, see the accumulated balance in real-time, and be able to contribute funds.
- *Matching contributions to inculcate the savings habit*: After 6 months, the auto-debit will be suspended, and individuals will receive a 100 percent matching, subject to a cap per month per beneficiary, for another 6 months, if they contribute to the scheme. Auto debit and matching contributions have shown promise in improving uptake and persistency of savings, respectively.
- *Tangible short-term incentives to increase persistency of savings*: Borrowing from international experience, tangible short-term incentives (e.g., maternity insurance) will be offered to attract individuals to save persistently. This incentive will be offered as a lump sum benefit (for instance, at the time of childbirth for pregnant beneficiaries) for those who have a minimum amount of savings in their account and have met eligibility requirements. Colombia and Vietnam are among 2 countries considering short-term maternity and paternity insurance to attract more workers to save.

38. **Sub-Component 3.2: Enhancing NSSF operations by upgrading processes, systems, and communications (US$14 million)**. This sub-component will support the strengthening of the NSSF as an institution that will enable savings for project beneficiaries as well as contribute to the long-term viability of the Haba Haba scheme in covering the large informal sector. It will also increase NSSF's readiness in managing increased mandatory contributions from formal sector workers and scale up coverage to all Kenyans, per its vision.[58]

- *Enhance business processes*: Business processes of the Haba Haba scheme will be enhanced to improve customer experience, making it easier, more convenient, and more affordable to save.
- *Improve IT at the NSSF*: Activities under this sub-component includes investment to improve IT systems at NSSF. A robust, interoperable IT system with identity verification, Know Your Customer systems and payment systems is essential to support saving opportunities among the youth in the informal sector, while keeping costs low. It is also important for improved management of the contributions of formal sector workers, and for increasing NSSF's readiness to pay pensions per month as opposed to the current one-time payment of the provident fund balance to the recipient.
- *Strengthening communications systems*: This subcomponent will strengthen communication systems at the NSSF and finance outreach activities during 3 phases: 1) the first 6 months of the auto-enrolment phase in the Haba Haba scheme. This will be done with leaflets and videos that explain the scheme and

[56] Guven, M., H. Jain, and C. Joubert. 2021. Social Protection for the Informal Economy: Operational Lessons for Developing Countries in Africa and Beyond. Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/946341635913066829/Social-Protection-for-the-Informal-Economy-Operational-Lessons-for-Developing-Countries-in-Africa-and-Beyond

[57] Each beneficiary will receive a total of US$18 by the end of 6 months i.e., US$3 per month in auto-debit into their Haba Haba account.

[58] The NSSF Act 2013 mandates increasing the contribution rate for formal sector workers to 12 percent and changing NSSF from a Provident Fund to a Pension Fund

training on how to save and access records using a smart phone or a simpler phone that uses Unstructured Supplementary Service Data to send text messages; 2) the next phase of matching contributions with reminders on the amount individuals can get through matching and congratulatory messages when they meet their goal; 3) continued (tailored for youth) messaging on benefits of saving persistently. This sub-component will support the development of a customer relationship management system at NSSF that will provide better customer insights, track grievances, and offer improved customer engagement through targeted marketing and personalized messages. A strengthened communication system will be complemented with social and mass media activities financed by this sub-component.

Component 4: Strengthening Youth Employment Systems, Capacity, and Project Management (US$40 million)[59]

39. **This component will strengthen the systems and capacity of national and county-level implementing agencies, and finance project management activities.** With the aim to build sustainable systems that last beyond the lifetime of this project, this component will finance building government capacity, Monitoring and Evaluation (M&E) and overall project management. The component will also aim to link the systems under the project and outside the project for greater efficiency in identification, tracking and monitoring and evaluation of beneficiaries. Further. the linkage of the systems will ensure sustainability and efficiency in supporting the Kenyan population not being covered by the project.

40. **Subcomponent 4.1: Build County Government capacity to invest in youth employment (US$10 million)**. This sub-component will finance the development of a relationship between implementing agencies and county governments to enable them to invest their own resources to increase the number of beneficiaries under NYOTA. The 47 counties in Kenya have different levels of engagement on youth employment. The project will engage closely with the Council of Governors and County Ministers of Youth in the first year of implementation to understand county-specific needs and develop flexible onboarding mechanisms for them to participate in the project.[60] It will enable private sector and county government Memoranda of Understanding to facilitate co-ordination. This component will also include refugee engagement at the county level (in the counties of Turkana, Wajir and Garissa) and with the Department of Refugee Services (DRS) on refugee policy issues. The implementing agencies will engage with DRS in the development of the Refugee Regulations and Marshall Plan on Refugee Settlement to clarify refugee opportunities to access jobs, as outlined in the 2021 Refugees Act.

41. **Subcomponent 4.2: Monitoring and Evaluation and Delivery Systems (US$20 million)**. This sub-component will:
    - Finance M&E systems so that evidence is generated on the effectiveness of existing and new interventions. Currently there are many government funds that provide loans – these are called the Catalytic Funds, namely the Uwezo Fund, Women's Enterprise Fund (WEF), Youth Enterprise Development Fund (YEDF) and, more recently, the FIF. These systems lack M&E capabilities. To help the GoK address broader issues of tracking and managing these funds, this sub-component will support creation of M&E systems for the catalytic funds that will help better target vulnerable youth and inform the eventual restructuring of these funds.

[59] Including the matching US$2.2 million from the national performance based allocation for refugees and host communities.
[60] The project will also seek synergy with the Second Kenya Urban Support Program (P177048) to encourage the program beneficiary counties to invest in supporting employment of vulnerable youth.

- Provide 600,000 youth with digital training on Access to Government Procurement Opportunities, Uwezo Fund, WEF, YEDF, FIF, and County Industrial Development Centers.
- Finance the setting up of systems at national and county government levels for co-ordination, tracer studies for Components 1 and 2; impact evaluation for Component 3; and a Grievance Redress Mechanism (GRM).[61] The sub-component will be responsible for communication and dissemination to regularly showcase project results.

42. **Subcomponent 4.3: Project Management and Coordination (US$10 million)**. This subcomponent will finance managing the intake process of youth into the project, overall coordination of activities by different agencies, progress reporting, in collaboration with the relevant government and private sector actors.

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

43. **Environment and Social Risk Management**: The NYOTA Environmental and Social (E&S) risks are rated as "moderate". Based on an initial project screening, there is a low probability of serious adverse effects, and the risks and impacts can be mitigated in a predictable manner. The project is expected to have both positive and negative social and environmental impacts. Project activities will help (a) improve youth employability by providing targeted youth with the skills that are being demanded by employers and linking them to relevant work opportunities; (b) expanding employment opportunities by supporting youth entrepreneurship; and by (c) providing youth with additional saving opportunities. Key environmental risks and impacts relate to occupational, health, and safety risks the interns and apprentices will be exposed to in the various workplaces, and in youth-led businesses, and management of solid waste anticipated from youth-led businesses. Anticipated social risks and impacts include Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH), stakeholder engagement, exclusion and grievance management. Additionally, there are moderate risks related to excerbation of conflicts associated with the inclusion of refugee youth in a context where limited opportunities go to refugee host communities againts widespread need.

44. **The NYOTA project would be guided by the World Bank's Environmental and Social Framework (ESF) standards**. In line with ESF requirements, the NYOTA project will put in place relevant E&S instruments. The Ministry of Youth Affairs, The Arts, and Sports (MYAAS) has prepared the Project Environmental and Social Commitment Plan, and the Stakeholder Engagement Plan at appraisal. MYAAS shall prepare the Labor Management Procedures, SEA/SH Action Plan, Vulnerable and Marginalized Groups Framework (VMGF) and the Security Management Plan. These shall be reviewed, approved and disclosed during project

[61] Three questions will be examined in the impact evaluation: (a) does the level of matching contributions affect the take-up or level of savings; (b) do tailored communication nudges play a role in incentivizing people to save; and (c) do short-term incentives affect individuals' likelihood to save.

implementation and prior to disbursement for related activities under components 1, 2 and 3. The VMGF will detail broad principles and procedures for the inclusion of socially and culturally distinct groups. Once the project footprint and the impacts of project activities on the various distinct social and cultural groups become clearer, Vulnerable and Marginalized Groups Plans may be prepared as required.

E. Implementation

Institutional and Implementation Arrangements

45. **The MYAAS will be responsible for the overall implementation and supervision of the project.** In addition to coordinating the overall implementation of all the components, MYAAS will lead the implementation of component 1. Further, on Component 1, the State Department of Labor (SDL), NITA and NEA will implement those parts for which they have the mandate. Micro and Small Enterprises Authority (MSEA) will take the lead in implementing Component 2 and NSSF will take the lead in supporting Component 3. The MYAAS and the State Department for Micro, Small and Medium Enterprise Development (SD-MSMED) will lead implementation of Component 4

46. **A National Steering Committee and a Technical Supervision Committee will be set up**. A National Steering Committee (NSC) will be established comprising the Cabinet Secretaries from the implementing ministries, Ministry of Interior and National Administration, representatives from the Council of Governors, representatives from the National Treasury and representatives of private sector umbrella organizations,[62] and chaired by the Cabinet Secretary for MYAAS. A Project Implementation Technical Committee (PITC) will be established comprised of Principal Secretaries responsible for the implementing bodies, as well as the Principal Secretary for Immigration and Citizens Services (Ministry of Interior) and Commissioner for Refugee Services, and chaired by the Principal Secretary responsible for Youth Affairs. The NSC would provide the supervisory role for strategic oversight while the PITC would provide technical know-how, guidance, and integrated logistical support. The PITC will meet quarterly or as need arises while the NSC will meet on a semi-annual basis or as need arises.

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