KENYA: Can the Private Sector Help Train Youth for Jobs?

Young adults in low-income countries face few job prospects. Across the developing world, about 75 million young people are unemployed and hundreds of millions are underemployed. Lack of jobs is one obvious reason. Another is that many young adults lack the skills, education, and work experience to fill productive jobs that are available. Job training programs can be a solution, but they can't help if the training doesn't meet the needs of potential employers. Is there a way to successfully pair programs with business needs to help unemployed youth prepare for jobs that are or will be available?

The World Bank is committed to working with governments to give everyone the ability to lead productive and healthy lives and getting youth ready for and in jobs is part of this. In Kenya, the World Bank supported a pilot program to give unemployed youth access to job training and private sector internships. An impact evaluation found that those who went through the program were more likely to end up with paid employment, and that young women in particular were also more likely to open a bank account and save money. The Government of Kenya and the World Bank are using the results to help expand the program to reach more young people and give them the opportunity to learn skills and find jobs.

Unemployment among young adults aged 16 to 22 is very high in sub-Saharan Africa, where young people make up 37 percent of the working-age population and 60 percent of the total number of unemployed. The problem tends to be more acute in urban areas. In Kenya, for example, the unemployment rate among young women between the ages of 15 and 24 rises as high as 40 percent in urban areas. And many young people working are underemployed, for example, in low-paying jobs that are below their skills level.

The Government of Kenya launched the Kenya Youth Empowerment Project in 2010 to offer skills training and private sector internships to young adults living in Nairobi and Mombasa. The pilot program, supported by the World Bank and implemented by the Kenya Private Sector Alliance, targeted young men and women between the ages of 15 and 29. They had to have finished at least eight years of school and to have been out of school for at least one year by the time they applied for the program. They also needed to be unemployed.

The program ran for six months, with three months of training, followed by a three-month internship. The training program included two weeks of life-skills, such as communication and dispute resolution skills, five weeks of general business training, and five weeks of training in a specific sector. The internship included on-the-job training and mentoring, provided by the employers.

Most participants were offered internships in the formal sector and with master craftsmen in the informal sector. Participants received a monthly stipend of 6,000 Kenyan shillings (currently about $60) to compensate them for their transportation and food costs. Employers also received 3,000 shillings (about $30) each month to offset the time spent overseeing the interns and reimburse them for any materials used. On average, the program cost about 97,000 shillings (about $950) per person trained, which included the compensation paid to employers and trainees. About 14,000 young people received training between 2011 and 2014.
An impact evaluation was built into the program, which initially offered 1,300 slots for unemployed youth in Nairobi and Mombasa. Because the program was oversubscribed, researchers were able to randomly select 2,100 applicants to take part in the evaluation. Researchers stratified applicants at baseline based on demographic and other characteristics and assigned them to one of two intervention groups or a control group. In the first treatment group, 300 applicants were offered a two-week life skills training class only. The second treatment group consisted of 850 applicants who were offered both the life skills training and the opportunity to be considered for job training and internships with formal private sector firms or master craftsmen. The third group of 950 individuals served as the control group and weren’t offered the program. Because employers wanted to be able to pick their interns, selection to the second treatment group wasn’t completely random. Researchers sought to overcome the bias this introduced by using an instrumental variable approach to estimate the impact on those people who were randomly picked to participate in the life skills training and then picked by employers for an internship.

The baseline survey was conducted in July and August of 2012, before the six-month program started. The endline survey was done between November and December 2013, about seven months after the internships ended. Because of problems with the endline data collection, another endline survey was conducted by phone in July 2014, about 14 months after the program had ended. About 77 percent of those surveyed at baseline were reached at endline, which is similar to other studies of urban youth in developing countries.

**Results**

Young adults—particularly men—who were placed in internships were more likely to have paid work after the program ended than those who weren’t in the program.

About 14 months after the internships ended, young men and women who had internships were more likely to be employed. Almost 80 percent of young men offered internships through the training program reported that they were now in paid work, compared with 69 percent in the control group, a 10.8 percentage point gain. The increase jumped by 14.2 percentage points for those who had completed the full training program. Most of the gain came from wage employment, which was the goal of the program, rather than an increase in self-employment. The best boost in employment was among those who had interned in finance, information and communications technology, and tourism.

Among young women, there was a 6.7 percentage point increase in employment for those who were offered an internship, and an 8.7 percentage point increase among those who completed the full program. However, the impact measured on young women’s employment isn’t very reliable. When researchers went to survey young women 14 months after the program ended, they were unable to find and interview many of the women who had served in the control group. Because attrition among women in the control group was higher than attrition in the treatment group, it wasn’t possible to accurately measure the impact of the program on young women. Further research would be needed to confirm what appear to be positive findings.
There was also a jump in monthly earnings for older men who took part in the program, and an even bigger increase among those in Mombasa, which is the country’s second biggest city after the capital Nairobi.

This increase translated into about 5,000 shillings (about $50) more a month. Among men older than 24, monthly wages went up by about 12,000 shillings (about $120).

The biggest wage increases were in Mombasa, a coastal city with a big tourism industry. Youth who had been placed in an internship there later reported monthly earnings that were about 9,000 shillings (about $90) higher than the control group. Among youth who had completed the internship, their reported monthly wages were 11,424 shillings (about $110) higher than youth in the control group, who reported an average monthly wage of 9,935 shillings (about $97). In other words, young people placed in an internship saw their wages jump by around 90 percent.

Young women offered an internship also saw wage increases.

At least in the working paper, the results on earnings for women are presented as reliable (not as those as employment). If this is the case, maybe worthwhile highlighting that these results do seem to be more robust, despite the attrition issue. There was also an increase in monthly wages by 7,500 shillings (about $73). This translates into a 132 percent increase in earnings compared with young women who weren’t in the program.

Young men and women in the program were encouraged to open a bank account and receive their stipends that way, and this clearly had an impact on the use of bank accounts. Among young women, being in the program also increased the chance that they would save money in a bank account.

Most people who started the program completed it, but more might stick it out if adjustments were made.

Around three out of four people selected by employers to participate in the full program—two weeks of life skills training, the five week core business training, the five week sector specific training, and the three month internship—completed it. A higher proportion of people completed it in Mombasa than in Nairobi.

Most people who dropped out did so before the internships started. The problem might have been the time lag between the end of the training program and the start of the internship. In interviews, some participants also said they were dissatisfied with their internship placement because it didn’t match their preferences and educational backgrounds. Shortening the time period between the training and the start of the internships, as well as working to connect participants with businesses in their chosen field, helped improve retention in subsequent cycles of the pilot.

Those who completed the program also ended up working more hours each week, and were more likely to have a written employment contract.

Those who completed the internships were more likely to open bank accounts and save money in the accounts.
Finding effective ways to help unemployed and underemployed youth make the transition from low-paid informal labor to higher paid wage labor is a major challenge for policymakers across the globe. The results from this study contribute to a growing body of evidence on the role that training programs can play in addressing this challenge. The findings suggest that offering young people training and work experience in the private sector is a promising way to put youth in jobs and increase their earnings in urban settings throughout Africa. In addition to increasing employment, the program encouraged youth to participate in more skills training and internships, and got more young people to open bank accounts and use them. The results mirror other similar findings from different countries in Latin America, suggesting private sector training and internships, provided in collaboration with governments, are a promising way to increase youth opportunity in a range of settings.

The life skills training alone didn’t have any impact on employment or earnings.

Combining life skills training with technical training and work experience successfully improved employment for young people. However, life skills training on its own didn’t make any significant difference in people’s ability to be employed. It’s also possible that there was an initial impact, but that it faded over time, as participants were surveyed 18 to 22 months after they completed the training.

Conclusion

Finding effective ways to help unemployed and underemployed youth make the transition from low-paid informal labor to higher paid wage labor is a major challenge for policymakers across the globe. The results from this study contribute to a growing body of evidence on the role that training programs can play in addressing this challenge. The findings suggest that offering young people training and work experience in the private sector is a promising way to put youth in jobs and increase their earnings in urban settings throughout Africa. In addition to increasing employment, the program encouraged youth to participate in more skills training and internships, and got more young people to open bank accounts and use them. The results mirror other similar findings from different countries in Latin America, suggesting private sector training and internships, provided in collaboration with governments, are a promising way to increase youth opportunity in a range of settings.

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