Formal and Informal Apprenticeships in Kenya Implementation Lessons

Apprenticeships - November 11th 2019

Abla Safir
World Bank – Social Protection and Jobs

Jobs, Labor & Migration Course
Kenya Context

• About 800,000 youth entering the labor market every year
• 80% both of stock and flow is informal
• Market failures:
  – Across formal and informal
    • Demand-side
      – From individuals: Credit constraints
  – Formal sector:
    • Demand for skills
      – Some evidence of skills as a constraint to firm operation in formal firms
    • Supply
      – Small market for short-term training
      – Absence of market for some skills such as socioemotional skills
  – Informal sector:
    • Information asymmetry on quality of providers
Kenya Youth Employment and Opportunities Project (KYEOP): US$ 150 million to provide Jobs for 110,000 youth + information for 170,000 others

Job creation activities
• Business Plan Competition – 750 youth-led businesses
• Innovation challenge – hard to reach youth

Intermediation
• Kenya Labor Market Information System

Support to Policy
• National Youth Policy

Generate knowledge with RCT for:
- Business support, including behavioral interventions
- Business plan competition
KYEOP – Basic Facts

▪ Target:
  ▪ Youth aged 18-29
  ▪ No more than Secondary Education
  ▪ Gender quotas and support
  ▪ PwD quota

▪ Location
  ▪ 17 counties spread throughout Kenya for the main activities of employability and business support
  ▪ Urban and rural areas

▪ Current phase: Implementation
  ▪ Monitoring, evaluation about to start
KYEOP Component 1: Skills Training

1. Skills Building (6 months)
   - Build life skills
   - Get a KSh 6,000 stipend
   - Build technical skills
   - Become a Craftsman

Successful youth applicants

Core Business Skills/Job readiness training &
4 weeks

Formal Skills training
2 months

Internship
100%
3 months

Informal Skills Training & Apprenticeship
5 months

Graduate or Access component 2
Formal Training - Making technical training demand-driven (I)

- A little more context: Predecessor Kenya Youth Empowerment Project (KYEP) led by private sector employer association
  - Successful: 75% of youth in employment 6 months after the program
- KYEOP until now:
  - How to make DDT without leadership by employers
  - Solution: Results-based contracts for formal training providers (FTP)
    - FTP Have to identify firms with internship and job opportunities
    - 40% of their payment conditional upon employment
Formal Training – Lessons on results-based contracting

1. **Defining expected results**
   - Based on outcomes and outputs.
   - Specific, clear, measurable and realistic.
   - Agreed by all parties.

2. **Establishing organization and administrative structures**
   - Define clear roles and responsibilities.
   - Ensuring that the needed capacity is in place.
   - Establish collaborative arrangements.

3. **Setting the price**
   - Collect information.
   - Give price ceilings.
   - Factor in direct costs.
   - Require disaggregated costs.
   - Include the costs of monitoring.

4. **Setting the payment schedule**
   - Link larger part to outcomes.
   - Avoid complicated payment systems.
   - Minimum number of payment tranches.
   - Allow advance payment.

5. **Targeting and selecting trainees**
   - Measures to hard-to-reach clients.
   - Offer venues close to home and child care.
   - Minimize political interference (i.e. lottery).

6. **Contracting service providers**
   - Avoid complexity.
   - Incorporate results indicators.
   - Define minimum quality criteria for bid.
   - Handling non-achievement.
   - Avoid franchising.

7. **Monitoring progress and verifying results**
   - Establish baseline.
   - Use country data systems.
   - On-line monitoring.
   - Minimize pressure on M&E staff.
   - Use independent third party verifiers if needed.

8. **Avoiding risks and unintended consequences**
   - Minimize performance risks
   - Avoid distortions.
   - Avoid corruption.
   - Minimize gaming in payments.
   - Avoid cherry-picking.
Formal Training - Making technical training demand-driven (II) – How to attract employers

• A pool of interns – paid by KYEOP - who have gone through soft skills, job skills, and technical training:
  – Youth will come with 3 months training paid by KYEOP:
    • One month of broad “soft” and job-relevant skills, increasing their readiness for the technical training and for employment
    • Two months of technical skills training
  – Youth who stay in the training signal their motivation, reducing screening costs for employers

• Opportunity to select performing interns to join your business, cutting down on recruitment process

• Opportunity to partner with training institutions to shape the training curricula for specific skills you have been looking for
Did the solution found to make KYEOP DDT without leadership by the private sector work?

No it did not.

Why?

- FTP struggling to:
  - Establish partnerships with employers…
  - …Especially at high scale

- Project Implementation Unit struggling to:
  - Produce/use labor market information to guide youth choices
  - Monitor FTP to weed out non-performers
Formal Training - Making technical training demand-driven (II) – Bringing back the private sector

- Modified KYEOP (hopefully): bring back private sector employers in leadership role
- How to make it work for Government and private sector:
  - Bring in the private sector in an organized manner
  - Ensure Government’s oversight role is well supported with budget and human resources
  - Communication
Informal Training

▪ Also RBC: About 20% of payment conditional upon employment

▪ Why do informal trainers train under KYEOP
  ▪ Appreciate the socioemotional skills training
  ▪ See it as signaling of the quality of their training

▪ Quality:
  ▪ Due diligence for selection
  ▪ Pedagogical upskilling

▪ Certification
  ▪ On-going revision of trade tests for the informal sector (but with delay compared to the training timeline)
Pervasive challenge: Drop-outs

▪ From a theoretical perspective, drop-outs can be fine…
  ▪ Youth update their information and decide to drop
  ▪ Drop-out point shows revealed preference on what is most useful in the program, e.g. socioemotional skills training

▪ …Although never sure:
  ▪ Do they need such a program but drop because they think it’s low quality?
  ▪ Or do they drop because of various delays?

▪ From a logistical perspective
  ▪ Drop-outs waste resources for the program
  ▪ Pose challenges to reach program targets and cannot be counted among program achievements
Conclusion

- Involve the private sector in a leadership role as much as possible
- Understand the context
  - Conduct a scoping analysis on training providers available and their linkages with employers
  - In the informal sector, understand traditional quality signaling methods for master craftsmen
- If using Results-Based Contracts:
  - Put careful M&E in place
  - Focus results on outcomes