

POLICY DISCUSSION WHITE PAPER

THE HUMAN INFRASTRUCTURE PROJECT FOR KENYA¹

I. Purpose: To create and implement a human infrastructure program that will deliver majority skills training and support; to help realize the demographic dividend; to generate economic development that benefits all in Kenya.

II. Background: The need to apply a Youth focused approach to economic development makes a lot of sense. Kenya has a population of 50 million people today, out of whom 15 million are young people aged between 18 and 35 years. This Youth cohort is a massive generational resource, one that will possibly not come again in our lifetimes. Unfortunately, 34% of these youth (KBS, 2019) are either unemployed or under employed, meaning they are not playing a meaningful role in building the Kenyan economy. Some of the youth are drawn into antisocial behaviour such as crime, terrorism, substance abuse, domestic violence etc. This not only destroys their future but also draws scarce resources away from pressing society needs as the Government tries to respond to these social problems².

Over the past ten years, the Kenya Government has invested trillions of shillings in building the kind of physical infrastructure that now underpins economic development across almost all sectors and all parts of the country. The case we are making here is that we need now to invest in mobilizing the kind of **human capital infrastructure** that will now build on the past infrastructure investments to deliver lasting returns for the nation. Luckily this will cost only a small fraction of past investments and the returns will be immediate and cascading if we act now.

III. Let us imagine: A situation where we could engage 5 million Youth in productive skills acquisition, community service and economic activities and, as a result, help launch them into positive livelihood activities and aspirations that will not only secure their futures but, collectively, the future of Kenya³. Can this be done? **How? What would these trained youths do?**

¹ The ideas in this paper are based on a ten years 'experiment' by CAP Youth Empowerment Institute (a Kenyan NGO). The NGO aimed to show proof that it is possible to address youth unemployment, even in a depressed economy, by reforming the ways skills are selected and delivered. The results have been published in: *How to Make TVET work for Kenya* Kahihu, Gangadharan and Ondieki (Lambert Academic Publishers).

² Some of these responses have created an impression of a Government at war with the nation's youth. This is a dangerous trend that needs to change. Kenya's majority youth are a solution, not a problem.

³ The objective of such mobilization would be to offer youth reliable pathways to positive livelihoods. These specific pathways would include skills, entrepreneurship practice, further learning, community service etc.

IV. Technical, Vocational Educational and Training (TVET): This is the sector of our education system that has primary responsibility for mobilizing Kenyans, giving them skills and connecting them to opportunities where they can use these skills to earn livings for themselves. For many reasons, Kenya's TVET system has often failed the nation. It has been poorly resourced and supported by past Governments. Owing to wrong-headed policy choices that, for instance, prioritized academic learning, TVET has come to be perceived widely as a dumping ground for failures. As a result, the potential to use this sector as a pipeline for the deliberate formation and directing the skills and talent that Kenya needs to develop has gone largely unrealized. Yet there are now signs everywhere that this situation is changing. For instance, in 2021, it was reported that over 15,500 students who had qualified to join University had, instead, elected to join TVET colleges (KUCCPS, 2021). We can turn this trend into a massive flow, to the benefit of lasting development, if we act now.

V. Five Actions: What are the key things that the Government must do in order to realize the promise of TVET for Kenya? We suggest five major actions:

1) **Increased Funding:** The TVET sector currently receives about 5% of the Education Ministry Budget, much lower than even Universities. In 2019/2020 financial year this came to about 60 billion Kenya shillings. This amount has to increase massively, **by a factor of ten** or more, if we are to make a difference. In return the TVET sector would be enabled to increase enrolment to at least 5 million⁴ people over the next 5 years and achieve capacity to graduate 1 to 2 million people annually at all levels of skills specialization. This is a major commitment of course and the question of where the money would come from is reasonable. We recommend that Government explore different funding approaches including: community contribution, industry levies, TVET bonds and Public Private Partnerships. We also believe that, by making such a commitment, the Government will signal its serious intent to accelerate Youth skills and participation in economic development. This will in turn attract commitments from the public, private sector, bilateral and other actors who have the same interest.

2) **Ministry of TVET:** to deliver on such an ambition, we recommend that a National Ministry of TVET be created and resourced. This will remove

⁴ Why 5 million? This will enable Kenya to approach the developed country threshold for TVET enrolment which is about 10% of total population. With Kenya now having more than 2000 TVET institutions of all kinds, this target is achievable with enhanced capacity.

skills development from the stifling shadow of Basic and University Education and place it on a National pedestal as the key driver of skills development for inclusive economic development⁵. This Ministry would have responsibility to integrate all parts of the TVET system including, the majority (County level VTC's) which today are largely ignored. Most importantly, such a Ministry will ensure a consistent pipeline of funding to all these levels subject to their performance and contribution in realizing the objectives of National development.

- 3) **National Skills Council:** Resourcing the sector will not work unless we also deepen the kind of reforms in the 'software' of TVET that are now under way. The most important of these reforms is the integration of the Private Sector in the governance, design and delivery of all TVET programs in Kenya⁶. We suggest the creation of a National Skills Council, cascaded to all Counties, to help us do just that. This Council will be Private Sector led but Government funded. It will be responsible for collecting information and best practices from all over the World on the skills implications of all our development plans. The council will then *give direction* to Government and all stakeholders as to **what skills should be taught, by whom, when and in what numbers**.
- 4) **TVET as an Innovation platform:** We would be limiting ourselves if we invested all these resources and then only to use our TVET system as a glorified school. The experience of the COVID-19 pandemic has shown that there is a lot of innovation pent up in the TVET sector that has previously not been acknowledged. We suggest that as part of this reform effort, the following investments be considered as a priority:
- The development of a real time, technology driven, labour market information system that collects data at all levels and shares it with different TVET actors so that they can plan their skills programs in response.

⁵ The contours of such a Ministry are already suggested by the Government Infrastructure that was created by the TVET Act of 2013, which formed the most ambitious effort to reform the sector to date (see annex 1).

⁶ Some Government policies (e.g. CBET) recommend the involvement of the Private Sector in TVET but they don't go far enough. What we are asking for is no less than putting the Private sector in charge of all decisions to do with what skills are delivered, who does this and when. After all they are the Key consumers of these skills. The current situation, where Government functionaries make such decisions, often on the basis of theory or outdated data, is completely untenable.

- TVET placement tracer studies that evaluate the impact of different course programs by how well the students do **after** training
- Research and innovation budget dedicated to TVET institutions only
- **Broadband extension to all 2000 plus**, TVET institutions in the country to serve as a tool for innovation, equity and increased reach⁷.

5) Private sector engagement: the role of the private sector in this project should not be limited only to signaling skills requirements, critical as this is. We suggest this role be expanded in as far as it is possible, including in the following ways:

- *SME capacity:* the experience of CAPYEI has shown that most jobs and other livelihood opportunities are available in the SME and informal sectors⁸. Yet most Government effort mostly signals commitment to the formal sector, much of it dominated by fickle transnational Capital interests that we cannot always rely on. Supporting SMEs to grow, and become employers, will also be the best answer to the question: *'What will the youth we train do?'*⁹
- *Internships:* the most critical requirement for employment success is **prior exposure** to the World of work. By providing incentives it should be possible for the Government and Private sector together to ensure that all youth who go through skills training get a chance to gain such exposure, (through internships, OJT, apprenticeships etc), as part of their training.
- *Subsidized job placements:* a support program that pays employers part of the cost of hiring a newly trained employee, or offers an equivalent tax rebate. This enables SMEs to gain new workers quickly and therefore to grow. In many cases employees who receive such

⁷ Extending Broadband internet to TVET institutions will have an added advantage, to exploit the Education sector disruption now underway (triggered by COVID-19) to provide alternatives for digital skills delivery when face-to-face learning is not possible. Some of the disruptive innovations developed so far, eg Digital LMS, have potential to level the playing field as far access to training is concerned.

⁸ CAPYEI was able to achieve a 75% job placement rate over a ten-year period (2011 – 2021)

⁹ The case for SME capacity building is easy to make: every person who starts a business wants it to grow. No business will grow unless it can attract and retain talented people. Yet in Kenya at least 40% of Business owners say that they cannot grow their businesses because they cannot find the right kind of staff to hire.

subsidies are able to convert them into long term jobs as they see the benefits in acquiring good, low cost but highly motivated workers. It also gives youth with limited or no experience a chance for rapid entry into the labor market.

- *Public private partnerships*: certainly needed in our environment of resource scarcity, these would include investments in training capacity, tools and equipment and course programs delivery. Kenya has about **900 private TVET skills providers** that have been at the forefront of innovative action, despite the many challenges they operate under. These can play a critical role in, for instance, mobilizing targeted skills to address sector shortages in: construction, agriculture, digital skills etc.¹⁰ In any case, where change has come in Kenya, the Private sector has often lead as early adopters (see: MPESA). If we want this plan to work, we should use the same script.

VI. TVET Score card: We suggest a system of measuring the benefits of these investments be designed and introduced from the start. This should begin with the TVET institutions themselves, which should be expected to go far beyond the limited teaching role they play today. A basic score card could include the following elements (training performance should be mandatory):

Indicator	Suggested Measurements
Training	Enrolls at least 500 youth annually - minimum 50% of them young women
Post Training	Transition <i>from learning to earning</i> rate of at least 60%
Commercial	Centre of excellence as production or service unit based on sector specialization, market etc.
Research and Innovation	Excellence in research and application of findings for community benefit
Special needs	Specialized in reaching and supporting special and/or excluded groups eg. Handicapped, refugees, remote communities, women
Community	Leadership in addressing shared community needs such as: food security, environment, peace and security

¹⁰ The nation of India has been able to massively ramp up job skills training by deliberately engaging private sector skills providers in developing and delivering skills for excluded youth targeting specific sectors (<https://nsdcindia.org/>). Kenya can do the same.

Such a score card system will provide a powerful signal for parents and youth as to the best places to invest their time, money and energy in the search for market ready skills. Over time, we believe, this will lead to a reversal of the pervasive **negative public perceptions** that Kenyans hold about TVET today.

VII. Celebration: The reverse side of compliance enforcement is celebration. Our people are very good at celebrating education performance. Let us apply this to TVET too. The Government should introduce a set of award systems that acknowledges '*watu wa mikono*' as well as our small business champions, many of whom get their start from TVET. The rewards should be significant enough as to create a desire in young people everywhere, even those in University, to consider TVET as an aspirational pathway. The Ministry of Education has recently launched a National Strategy for TVET Communication, which acknowledges this need for recognition. Let us make the creation of a TVET celebration system one of the priority projects for implementing this communications strategy and build from there.

VIII. Why this will work: Our constitution has given us the most powerful platform for delivering inclusive economic development; **devolution**. The same constitution has allocated 70% of TVET Capacity to County Government control. **Surely this is not a coincidence?**

Let us make devolution work; let us make TVET everywhere a value centre, rather than a cost centre; let us give our youth the chance to lift this nation out of deprivation into development and in the process, realize the massive *demographic divided* that our youthful population holds. **It can be done.**

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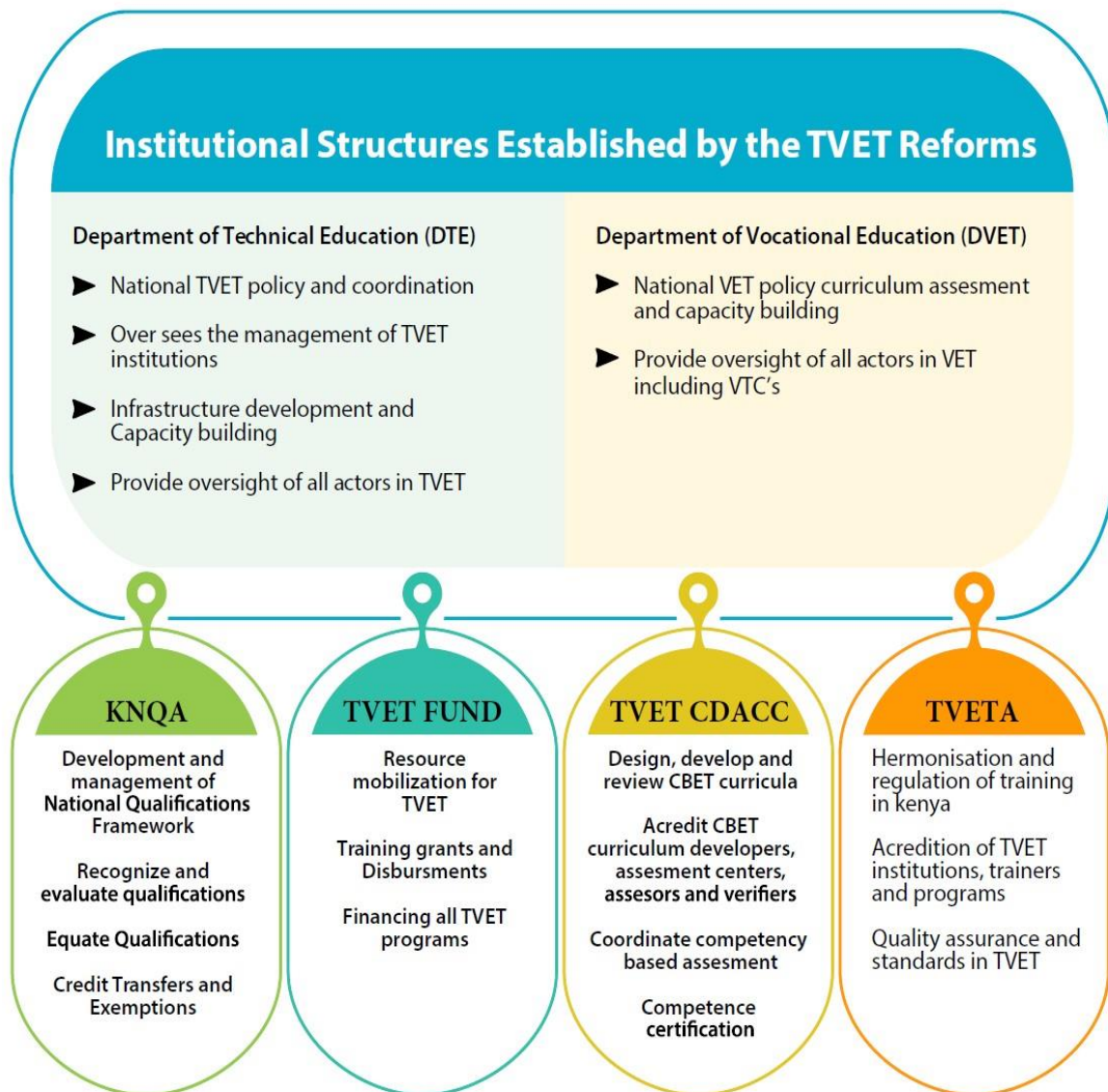
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Annex 1: The Structural contours of a Ministry of TVET are already in place



Annex 2: Quick Wins (Some ideas for Applying TVET Capacity to Solve Pressing Problems)

SECTOR	NARRATIVE	QUICK ACTIONS AND RETURNS
Agriculture	Kenya imported \$150M worth of food last year. The country loses approx. \$3M in economic productivity due to malnutrition. 38% of Kenyans are food insecure	Equip County VTC's to deliver Agribusiness training and support; introduce small scale mechanization and value addition, offer subsidized inputs etc. (Est: 1.5 million jobs)
Digital Sector	The provision of digital support services lifted many Asian economies. Today the labour price disadvantage in Asia is pushing much of this work overseas. Kenya has an advantage in terms of English language use, but we are not exploiting it.	Expand Ajira program to the remotest places enabled by Broadband and electricity connections. This will bring jobs to places where there are none, benefiting especially rural women (Est: 750,000 jobs)
Manufacturing (example, leather)	Kenya earns 10 billion shillings a year from the sale of raw leather. This amount can be doubled through value addition, again bringing opportunities to the driest and remote, pastoralist, Counties. The nation of Ethiopia has shown what is possible if we get organized.	Contract TVET centers to offer training and cottage industry set up for leather products manufacture like school shoes, jackets etc. (Est. Jobs: 500,000 jobs)
Services (<i>Boda Boda</i>)	<i>Boda Boda</i> has been the fastest growing sectors in Kenya, employing more than 600,000 youth directly. This growth has had little formal direction, largely exploiting latent entrepreneurial capacity of our youth. Yet it can be an enabler for high value businesses e.g., motor vehicle transport, enabling product development and last mile access for service delivery in food, education, health etc.	Create TVET based entrepreneurship programs for organizing, funding and supporting the growth of such post <i>Boda Boda</i> high value investments across the country. (Est: 250,000 SME starts annually, 750,000 jobs)
Infrastructure	Kenya has invested massive amounts in infrastructure projects as an enabler of economic development. Even if this pace of investment slows, it will not stop. Yet the value of such projects in stimulating markets and jobs has been poor at best.	Enjoin TVET's as participants in the design and commissioning of all mega projects in future, with a protected role as the primary work force solution providers to any contractors - enforce compliance.
implementation of Development Plans	County Governments are always under intense pressure to deliver concrete development to their citizens, which many struggle to do. Yet few Counties use the TVET system as a potential resource in enabling this development delivery work.	Provide technical support for Counties to orient TVET's towards the critical work of realizing CIDP's and other plans, even as they work to improve them *for some ideas see: <i>How to make TVET Work for Kenya</i> (Kahihu, Ondieki and Gangadharan).