

Kenya

July 2023

Scoping Report ANNEX

CHALLENGE
FUND
FOR
YOUTH
EMPLOYMENT

Contents

Kenya Round 3 Call for Solutions	3
1. Agro-Processing & Agro-Logistics including Cold-Chain Transport	3
2. Renewable Energy	5
3. E-Health	7
4. Key Stakeholders Consulted	9

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Kenya Round 3 | Call for Solutions

Purpose of this Document

This document is a summary of the findings from the scoping work conducted in Kenya in the period of May and June 2023. The information will be used to update the existing scoping research report in line with the specific focus of Call 6 (in line with the Embassy of the Netherlands combination tracks) in Kenya. The data was collected through a process of mapping relevant

stakeholders, including private sector entities, conducting semi-structured interviews with them, and analysing the insights.

The insights in this report have been shared with the Kenya CFYE team and will be adopted to update the existing scoping research report.

Priority Windows

CFYE wants to co-invest in innovative private sector-led initiatives that provide businesses with access to suitably skilled personnel and realise decent employment for youth in the following sectors: green jobs, agri-business,

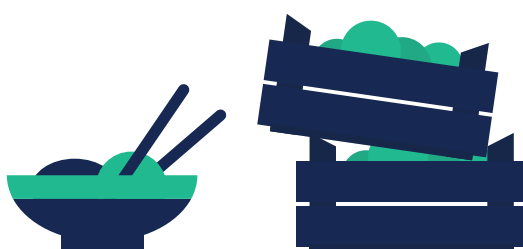
renewable energy, e-processing, agro-logistics, and e-health. This scoping work will focus on the new areas of e-processing, agro-logistics and e-health.

1. Agro-Processing & Agro-Logistics including Cold-Chain Transport

Most firms in this sector are in the agri-business export sector, tapping into the demand for fruits and vegetables in the European, South American, and Asian markets. In recent years, there have been new entrants in this market, including foreign firms or local start-ups mostly run by young people. The demand for fruits and vegetables significantly went up in 2019/20 during the COVID-19 pandemic as global eating trends shifted significantly towards healthier diets.

The area of agro-logistics has few players in Kenya, with most firms in agro-processing handling their own transport. Most of them attested that agro-logistics is capital intensive due to the purchase or lease of vehicles and is the most challenging in terms of fleet management.

On the next page is a summary per section:



Observation

Opportunities

	Observation	Opportunities
Labor Demand	<ul style="list-style-type: none"> ▶ Jobs could be permanent or casual, depending on the size of the organization. They mostly require unskilled or semi-skilled young people, with limited opportunities for women. ▶ The processing sector is growing rapidly, with most start-ups being run by young people, both male and female. ▶ Most of the employees in these enterprises are youth, but the supply-end, mainly comprising farmers, is dominated by the older generation. ▶ Many organizations are solving the problem of local supply and increased export demands, and have established digital platforms to run their businesses, which increases the demand for tech jobs but reduces the number of jobs required in the value chain. ▶ The logistics sector, however, remains largely untapped. Most organizations in the sector are small-scale and invest heavily in this area, including purchase of vehicles and storage facilities. 	<ul style="list-style-type: none"> ▶ Supporting partnerships along the value chain, especially partnerships with agro-logistics. ▶ Large-scale agro-processing involving large-scale agricultural activity to increase impact. ▶ Digital platforms on agro-logistics
Labor Supply and Skills Development	<ul style="list-style-type: none"> ▶ The sector has varied skill demands depending on the specific needs, but the majority of jobs are low to middle skilled. ▶ However, business owners require a range of skills, including business management. ▶ Labour with the necessary skill set is available and remains untapped. 	<ul style="list-style-type: none"> ▶ Working with TVETs to train skilled labour for work in the processing units. ▶ Young people in the digital space to provide innovative solutions.
Business Support & Access to Finance	<ul style="list-style-type: none"> ▶ Youth entering the agro-logistics sector often face difficulties in accessing the necessary resources such as land, capital, and technology. ▶ The lack of financial support or collateral can hinder their ability to invest in vehicles, storage facilities, or modern logistics equipment. ▶ Young agro-logistics entrepreneurs often struggle to access markets due to limited networks and a lack of market information. ▶ They may face difficulties in identifying buyers, negotiating fair prices, and understanding market trends and demands. ▶ This lack of market access and information can hinder their ability to scale their businesses and achieve profitability. 	<ul style="list-style-type: none"> ▶ Investing in the agro-logistics sector. ▶ Knowledge sharing platforms
Culture & Social Norms	<ul style="list-style-type: none"> ▶ The sector is mostly male-dominated, but there are opportunities for women, especially in the agro-processing space. 	
Decency of work	<ul style="list-style-type: none"> ▶ Most employers pay the minimum wage for permanent positions. ▶ The majority of jobs (75%) are on a casual basis due to fluctuations of supply in the market as they rely on harvest seasons. 	<ul style="list-style-type: none"> ▶ The growth of a business would make jobs more sustainable, shifting from seasonal casual to permanent or full-time positions.

2. Renewable Energy

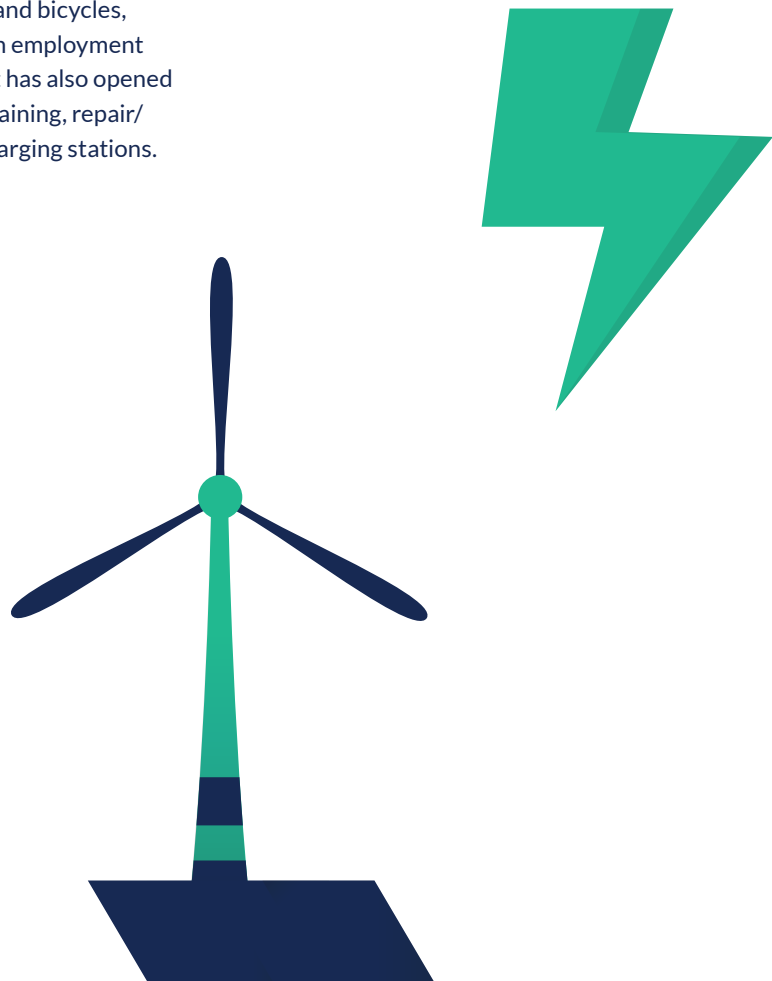
The sector has several players in the country, including solar, hydroelectric, biomass, and geo-thermal energy. The sector has experienced significant growth in recent years due to the government's efforts to achieve 100% clean energy for electricity generation by 2030. The focus is on wind, solar, geothermal, and hydroelectric sources, driven by the increased costs of electricity and the need for cheaper alternatives for individuals and firms.

However, the renewable energy sector as a business is capital-intensive as it requires substantial investments in equipment, advanced technology, and skilled human resources. There are numerous opportunities for young people to establish their own renewable energy startups, offering innovative solutions and technologies. Other opportunities lie in the areas of support, such as energy auditing services or creating software solutions for energy management.

With the introduction of electric transport in Kenya, including electric buses, motor bicycles, and bicycles, there are also many opportunities in both employment and entrepreneurship. This development has also opened opportunities in production/assembly, training, repair/maintenance, and service, including recharging stations.

Other opportunities are in solar product sector (assembly, distribution, and maintenance) and cooking technologies (design, manufacturing, distribution and maintenance).

See the table next page.



Observation

Opportunities

Labor Demand	<ul style="list-style-type: none">▶ Skill requirements vary depending on the product, but the majority are semi-skilled to highly skilled.▶ The majority of the labour force in this sector is composed of male and young people▶ The main types of labour in this sector include assembly, sales, installation, and maintenance, as most products are imported.▶ The majority of job opportunities in this sector are available to young people.	<ul style="list-style-type: none">▶ Contribute to the growth of existing enterprises in this sector to generate more jobs.▶ Investment in production to reduce importation and foster the growth of local skills.▶ There are opportunities available for innovative ventures and start-ups.
Labor Supply and Skills Development	<ul style="list-style-type: none">▶ The sector has diverse skill requirements depending on specific needs, but the majority of positions require semi-skilled or highly skilled individuals.▶ Many organizations provide customized training after recruitment due to the unique nature of the products.	<ul style="list-style-type: none">▶ Working with TVETs to acquire skilled labour for assembly/production and installation processes.
Business Support & Access to Finance	<ul style="list-style-type: none">▶ The sector is capital intensive and requires significant capital investment for equipment purchase and/or of the establishment of production or assembly plants.▶ Foreign investors dominate the sector, either through product supply or by benefiting from credit facilities offered for products.	<ul style="list-style-type: none">▶ Investment in production or supply.
Culture & Social Norms	<ul style="list-style-type: none">▶ The sector includes both genders, but technical roles are mostly male-dominated, while women are more prevalent in sales departments.	
Decency of work	<ul style="list-style-type: none">▶ About 70% of the jobs in this sector are casual or performance-based, while the remaining 30% are permanent, especially for high-skilled positions.	<ul style="list-style-type: none">▶ The growth of a business would make jobs more sustainable, shifting from seasonal casual positions to permanent or full-time casual positions and providing opportunities for skilled youth to find relevant job opportunities.

3. E-Health

There has been a technological shift resulting in the widespread use of mobile devices such as smartphones and tablets, coupled with easy access to mobile data, contributing significantly to improved access to healthcare information. Additionally, the Covid-19 pandemic acted as a catalyst for the creation and adoption of digital health solutions, as the general population has developed an increased appetite for quality healthcare access and delivery with minimal physical contact.

While most organizations in the e-health space have their offices in Nairobi and its surroundings, their services are benefiting populations across the country, particularly in online medical consultancies, medical prescriptions, and general information.

Job opportunities are available for high-skilled young people, such as doctors, nurses, lab technicians, and pharmacists, as well as semi-skilled individuals, and store keepers. These opportunities are open to both men and women. Additionally, this technological shift has led to business growth for pharmacists and chemist shops, as clients can purchase prescribed drugs from them rather than at the hospitals after physical visits. Insurance companies have taken advantage of this shift and most users can now access both the digital medical services and prescribed drugs using their medical insurance covers, further contributing to increased usage.

See the table next page.



Observation

Opportunities

Labor Demand

- ▶ Most jobs in the sector are permanent, including positions for doctors, nurses, pharmacists, lab technicians, etc.
- ▶ Some opportunities in the sector also offer part-time positions, providing additional income to young professionals.
- ▶ There are job opportunities for IT specialists involved in designing, implementing, and maintaining the platforms used in e-health services.
- ▶ The sector has created opportunities for drivers and riders who support the system through the supply of drugs and the delivery of laboratory specimens, among other tasks.

- ▶ The sector offers employment opportunities across the country through a single business model that encompasses the supply of medical services. Partnerships within the sector involve various stakeholders, including pharmacies for drug supply and services such as laboratory testing and X-rays with presence in multiple counties.

Labor Supply and Skills Development

- ▶ The majority of professionals in the health and IT sectors are highly skilled.
- ▶ There are also opportunities for semi-skilled or low-skilled individuals who provide support in logistics and delivery.

- ▶ There is a need to support the IT space to develop innovative solutions in the health sector, enabling advancements and improvements in digital healthcare services

Business Support & Access to Finance

- ▶ Capital is mostly required for the registration process, setting up digital platforms, and marketing.
- ▶ In the initial stages, a significant portion of the finances goes towards labour costs, even with low business.

Culture & Social Norms

- ▶ The sector has equal opportunities for both male and female individuals. While nursing was traditionally seen as a female-dominated position, this perception is shifting.
- ▶ There is a trend towards accessing digital health services as physical check-ups were previously considered essential.

Decency of work

- ▶ Most employers in the sector pay above the minimum wage for permanent positions or on a contractual basis.



4. Key Stakeholders Consulted

Name Interviewee	Position	Name of Organization	Type of Organization
Jackson Mutonga	Department Lead	GIZ Kenya	NGO
Brett	COO	Solar Panda	Private Sector: Renewable Energy
Moses	Logistics Head	BasiGo	Private Sector: Electrical Transport
Chrysoin Afifu	Researcher	Women in Manufacturing	Research
Alex Munene	Founder and Lead Expert	Advanced Mobility Centre	Private Sector: Electrical Transport
Hezbon Mose; Brady	MD	Ampersand Emobility	Private Sector: Electrical Transport
Anthony Kimani		E4Impact	NGO
Steve Adudans	Co-Founder	ANACOVA	Private Sector: E-Health
Laban Hihu	MD	Jitegemea	Private Sector: Agro-Processing
Samuel Mbui	Purchase Specialist	Equatorial Food Processors	Private Sector: Agro-Processing
Cyrus Kago	Expert	Zawadi dairies	Private Sector: Agro-Processing
Margaret Komen	Founder and CEO	Mace foods	Private Sector: Agro-Processing
Pauline	Founder	Azaavi	Private Sector: Agro-Processing
Valeria Santoro	Founder and Director	Lightup Impact	NGO

Name Interviewee	Position	Name of Organization	Type of Organization
Dominique Kavuisya	CEO and Co-Founder	Taimba	Private Sector: Agro-Processing/Logistics
Jackson Masesi	Founder and CEO	Beecare	Private Sector: Agro-Processing/Logistics
Francis Nderitu	Founder, MD	Keep It Cool	Private Sector: Agro-Processing/Logistics
Shantha Bloemen	Managing Director & Founder	Mobility for Africa	Private Sector: Logistics
Peter Mutegi		Tegemeo	Private Sector: Agro-Processing
Joyce Kamande	CO- founder and operations manager	Safi Organics	Private Sector: Agro-Processing
Naom Monari	Founder	Bena Care	Private Sector: E-Health