

Vocational Training Vouchers in Kenya

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Background / Objectives

- **Youth unemployment** is one of the most pressing socioeconomic problems facing less developed countries today, and is particularly salient in Kenya.
- Young adults currently entering the labor force (individuals aged 15-29) account for 30% of the Kenyan population.
- The 2005 Kenya Integrated Household Budget Survey found that **21% of 15-29 year olds are unemployed**, and a further 25% are neither in school nor working.
- In addition to **economic costs**, high youth unemployment can have **negative social consequences**. The World Bank (2008) suggests that a majority of violent acts during the 2007 post election crisis were perpetrated by underemployed youth.

Methods

- This study utilizes a **randomized control trial** to evaluate a vocational training intervention among **2,163** youth aged **17-28**. Individuals were recruited from the Kenya Life Panel Survey (KLPS) sample.
- In late 2008, half of program applicants were randomly selected to receive a **voucher worth 35,000 KSh (about US \$460)** for use in vocational training institutions around Kenya. The other half, who did not receive a voucher, serve as the comparison group.
- Vouchers covered tuition, materials, uniforms, and trade test fees but did not support board, lunch, or transport costs.
- Most of the sponsored students completed training courses between 2009 and 2010.

Randomization Process for the Vocational Education Program



Results

- **Take-up:** Of the 1,055 individuals offered a voucher, 74% used the voucher for vocational training between 2009 and 2010. There are no statistically significant differences in take-up across gender, previous training, and years since last schooling.
- **Educational Attainment:** Those who were awarded a voucher completed .55 years more vocational education than those who did not receive a voucher.
- **Labor Market Impacts:** There is some evidence of an increase in earnings among voucher winners who have positive earnings and have been out of school longer. There is limited evidence of other effects of the voucher across a range of labor market outcomes.

Key Findings

- Evidence from the intervention suggests that vouchers are an effective way to encourage investment in vocational education in Kenya.
- Those who receive vouchers for vocational training are more likely to acquire vocational education, consistent to the idea that fees and credit constraints limit educational investments in this context.
- Suggestive evidence shows shifts out of agricultural employment and into wage employment, but limited evidence on improvements in well-being or human capital.
- Limited evidence is found on earnings, where only statistically significant results are found in wage increases among wage earners.

Further Reading:

Joan Hamory Hicks, Michael Kremer, Isaac Mbiti, and Edward Miguel (2015). "Vocational Education in Kenya – A Randomized Evaluation." Unpublished working paper.

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