



Blended webinar

Community of Practice on Digital Skills and Jobs in Kenya

- ▶ Official Launch
- ▶ First Thematic Discussion: Innovation, Job Creation & Entrepreneurship in the Digital Economy



EXTENDED REPORT

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Thematic Area: Innovation, job creation and entrepreneurship in the Kenyan digital economy

Sub-thematic areas: Fostering innovation; nurturing digital entrepreneurship; and job creation in the digital economy

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Objective

The blended event saw the launch of the CoP on digital skills and jobs in Kenya. It also collected insights and recommendations contributing to 'The Continuity Strategy for the development of a Digital Jobs and Skills Council'. The Strategy, informed by the event's recommendations, will outline a plan of action to promote digital skills, digital inclusion and education, while ensuring their sustainability and scalability.

Key points discussed

Fostering innovation

- ▶ **Digital innovation is enabling new forms of work and new ways of organizing work with the potential to increase employment opportunities.** These jobs differ from standard employment — understood as regular, full-time, and subject to labour law—. Still, innovation and new technology adoption is radically changing jobs. It is important to pursue a fair policy balance between harnessing the potential of technological advancements and ensuring the protection of workers adopting or impacted by those technologies, as many workers in new forms of work, especially in the platform economy may be affected by precarious employment.
- ▶ **A life-cycle approach to digital skills development can ensure continuous learning among online workers,** especially as they work to remain competitive in a rapidly evolving digital labour market where more specialized skillsets are in demand. The transformational potential of upskilling and reskilling can enable workers to remain agile and adaptable.
- ▶ **There is a need to navigate the short-term and long-term tradeoffs of innovation and digitalization** and treat disruptive innovations as an opportunity to holistically map out sector challenges, invest in prototyping and piloting of ideas, and fostering multi-stakeholder engagement to maximize productivity gains, without compromising inclusion and fairness as part of innovation and digitalization efforts.

Nurturing digital entrepreneurship

- ▶ **There is a need for a policy, regulatory and investment ecosystem**, recognizing the disruptive nature of digitalization and an expanding digital economy and that is conducive to digital entrepreneurial activity. Policies and regulations shall align with Kenya's evolving digital landscape. Addressing barriers to digital entrepreneurship requires adaptation and reform across a range of areas, including, taxation, regulation, education, access to finance, internationalization, and innovation. It is equally important to design, adapt, and/or expand existing labour regulations so they are adaptable, inclusive, and informed by the trends, opportunities, and challenges of a transnational digital labour market.

Job creation in the digital economy

- ▶ **The rise of the gig economy is reshaping traditional work models**, and policymaking efforts must balance the creation of a more conducive environment for digitally enabled work and entrepreneurship, while also adjusting or expanding labour policies and labour regulation mechanisms that ensure decent online work, based on labour standards, workers' rights protections, benefits, and income security.
- ▶ **Kenya stands to become a global technology talent hub** with a balanced policy, regulatory and investment mix in place to harness opportunities for employment and inclusion. The rise of remote work means that Kenya's highly skilled workforce stands to access new or complementary work opportunities facilitated by transnational labour markets.
- ▶ **Trends in transnational labour markets suggest it is possible to expand "borderless work" in Kenya.** This is, in light of the country's digitally skilled workforce and considering that some work opportunities are not available in national labour markets to begin with.
- ▶ **As the digital economy expands, occupational hazards, cybersafety risks, upskilling and reskilling, and employment-based protections need to be prioritized.** Addressing them together can help ensure that existing inequalities in terms of income, digital skills, and social inclusion are not exacerbated at the expense of a growing digital economy. A differentiated approach in response to the specific needs of different types of online workers is expected.

Summary of the discussion

Opening session

- ▶ **Caroline Njuki, ILO Chief Technical Advisor and ILO PROSPECTS Programme Manager**
 - *Digital jobs may provide new or complementary income-generating opportunities for many*, but these may come with inherent risks that must be addressed. It is risky to extend to transnational digital labour markets some of the challenges currently seen in traditional labour markets, including informality, low wages, lacking social protection, and low unionization rates.
 - There is a need to *remain cognizant of the inherent challenges of a future of work in the digital sphere*, reflecting on how best to prepare Kenya's digital economy so that it ensures safety and support for all actors involved.
 - *Working in siloes or duplicating assistance on the same topics to the same target groups should be avoided.*
 - *The CoP aims to foster collaboration*, exchange industry and sector insights, and address key challenges to drive forward sustainable and inclusive growth in Kenya's digital economy.
 - The national stakeholders making up the CoP should take national ownership of the CoP and its mandate, looking to ILO as an accompanying and advisory body. *National ownership* also means that moving forward the participating members of the CoP could provide an operating budget for the CoP's work.

- Kenya's youth, trainees, and other beneficiaries receiving digital trainings from the stakeholders making up the CoP should also be actively involved in the CoP's work.

CoP objectives and work programme

► Victor Kimanthi, ILO Consultant supporting the operationalization of the CoP.

- *The CoP will work to improve access to digital skills and jobs in the digital economy in Kenya, guided by its core objectives (i.e., identify and document policies across the CoP's five thematic areas of work, develop a strategic continuity plan for the CoP, and develop a multi-stakeholder advisory body on improving digital skills and jobs in the digital economy).*
- The five thematic areas the CoP prioritized are interconnected, to be pursued in parallel:
 - (i) innovation, job creation, and entrepreneurship;
 - (ii) digital skills, digital inclusion, and education;
 - (iii) e-commerce, digital financial services, and digital platforms;
 - (iv) digital infrastructure, digital inclusion, and access; and
 - (v) digital government, laws, regulations, and governance.

Keynote presentations: Setting the scene

► Eric Munyobi, Manager - Consulting Department, Federation of Kenya Employers.

- The CoP is a platform through which to help reset the collective aspirations of the Kenyan digital workforce, as workers find themselves at a crossroads of digital technologies reshaping the world of work.
- FKE is concerned of rising challenges inherent to digital work; embracing the changes brought about by digitalization means ensuring policies respond to these latest trends to unlock the full potential of a transnational digital economy.
- It is important to prioritize the active participation of workers and their voices as part of the work of the CoP.
- The Ministry of Labour and Social Protection shall remain mindful of the extent to which current policies are supporting or enabling the digital economy to create decent, dignified work, as opposed to ad hoc income-generating opportunities.
- There are tradeoffs behind regulating the digital economy, whereby the immediate knock-on effects may include entry barriers – at least in the short term – for workers looking to secure online work.

► Nusu Mwamanzi, Deputy Director, Ministry of Information Communication and Digital Economy.

- *Digital technologies are enablers of business innovation, expanders of consumer choice, and the creation of more flexible work practices. Digital services also point to increased flexibility, reliability, and cost-effectiveness.*
- *As part of the technological disruptions that come with innovation, history increased social protection coverage is crucial as part of any major technological transition.*
- Access to finance for smaller – and oftentimes more innovation-driven enterprises – is insufficient, hence the need to de-risk investment for smaller enterprises in the digital economy, including by reducing administrative costs associated with registering and operating start-up companies.

► **Peter Mutema, Senior Labour Officer, Ministry of Labour and Social Protection.**

- With the digital economy growing faster than other sectors in developing countries, especially driven by e-commerce and the Internet economy, it is important to understand the new labour market dynamics brought forward by the intermediation of labour by platforms.
- *One must recognize the importance of the informal sector to the Kenyan economy*, as it drives the production of many good and services and the main or only source of livelihood for many.
- *Young people are more likely to face unemployment* and that the majority of recently created jobs fall in the informal economy.

► **Bro. Benson Okwaro, Deputy Secretary-General, Central Organization of Trade Unions (COTU-K).**

- *The CoP allows to work for collective action by way of this collective platform*. It will facilitate moving forward enhanced multi-stakeholder coordination to harness the full potential of the digital economy from different policy angles.
- Through concerted and negotiated actions, the *CoP stands to build a more conducive environment* where the power of innovative thinking and new ideas can help digital jobs expand while also becoming better aligned with internationally recognized decent work principles.

Panel discussion 1 – Fostering innovation and entrepreneurship

► **Frida Mwangi, Board Secretary at IWORKERS**

- There is *absence of clear and easy-to-navigate dispute resolution mechanisms for online workers*, especially against a backdrop of online risks like online harassment, financial scams, and fraud.
- *Collaboration with digital labour platforms should be developed*, in addition to *developing mentorship initiatives* to raise awareness around online risks.
- There is also a need for different sources of financing for startups and small enterprises looking to innovate or create jobs in the digital economy.

► **Sheena Raikundalia, Director, UK-Kenya Tech Hub**

- *It is crucial to ensure that digital skills development and trainings are not working in siloes*, but instead leading to job placements and work opportunities that demand the very skills being taught in these trainings.
- *There is a rising need for on-the-job experience building and mentorship*. The UK-Kenya Tech Hub Digital Apprenticeship Programme, who helped connect young people with startup companies, is an example, where industry experts were also convened, to ensure that these young professionals also developed their soft skills – communication, leadership, and problem solving.
- *Demand-based approaches to skills development and skills-job matchmaking is key*, with many of these job opportunities coming from small and medium-sized enterprises. The No Code Project was discussed as a user-friendly innovation to carry out otherwise complex and specialized tasks. The project has helped youth and refugees through a training-of-trainers approach.

► **Rosemary Gatahi, UN World Food Programme (WFP) Innovation Unit**

- The role of digital innovation in humanitarian response must be recognized, with digital cash transfers using mobile money solutions offering some best practices.
- WFP has experience with seeking strategic partnerships to ensure their delivery of services was simplified and made accessible to those who need it most.

► **Josephine Ndambuki, Chief Manager of Business Development and Innovation at the Konza Technopolis Development Authority**

- It is important to *anticipate and respond to digital labour market needs* to remain competitive in the digital landscape.
- *Adopting a life-cycle approach to digital skills development to guarantee continuous learning* is key, especially if Kenya is to become a technology talent hub. This would enable online workers to remain agile in adapting to latest trends in terms of the most in-demand skills and profiles to strengthen a knowledge-based economy.
- *Centers of excellence for innovation* can showcase best practices and bring innovators together to co-create ideas that can be brought to market.

► **Esther Mkamori, Programme Director at United Disabled Persons of Kenya**

- There is a need to bridge existing divides and advocate for decent online work for all.
- Existing inequalities across income and gender lines can be further accentuated for persons with disabilities in the digital economy.
- Specific skilling may be necessary, accompanied with special tools, to tap into the dual nature of technological advancements, whereby they can expand the digital economy while also innovating the way we can support traditionally underserved groups.
- Industry-recognized IT courses are an important way to remove barriers around the recognition of qualifications for underserved groups looking to develop skills that will later be duly recognized by employers.

Panel discussion 2 – Nurturing digital entrepreneurship and job creation in the digital economy

► **Ehud Gachugu, HSC. Project Director, Ajira Digital Project at Kenya Private Sector Alliance**

- Estimates show that by 2050, *Africa may be the only region with an expanding working-age population*, which brings about demographic dividends that must be capitalized on, especially with growing demand for online workers, many of whom stand to be linked to or hired by SMEs, if given the appropriate opportunities.
- *Essential strategies to support startups are still needed*, including investment and support mechanisms that are demand-driven, that is, that they respond to rising needs and gaps in the digital economy.
- *Industry-wide associations can work as vehicles for bottleneck analyses and problem-solving sessions.*

► **Lillian Njuguna, Business Development Manager, Microsoft**

- *Microsoft provides advisory services to SMEs*, specifically around the digitalization and automation of internal processes that can lead to productivity gains.
- There are four areas of work commonly reported challenges among SMEs: (i) connectivity infrastructure; (ii) access to finance; (iii) skills development; and (iv) business solutions.
- *Facilitated knowledge exchange and advisory service platforms* for startups helps to leverage innovations into their business scalability plans.

► **Teresios Bundi, Gig and Data Economy Advisor at GIZ**

- *Employment classification of online workers has implications on rights at work and other protections for workers.*

- The fact that many online workers *not recognized as formal employees by digital labour platforms* means that many of them work in potentially precarious conditions, where fundamental rights at work and access to social protection are not guaranteed.
- The flexible working conditions afforded by the digital economy may be beneficial for many, but there are still lacking protections, including around helping online workers navigate online risks.
- *Cross-border data sharing practices* and data protection mechanisms are important factors to consider to facilitate collaboration and innovation and *to protect workers*.

► **Lynette Kinyua, an online freelancer and innovator working in the digital economy.**

- *From long working hours to the irregular flow of income and intermittent assignments* made available through digital labour platforms, the quality of online work can be improved.
- *There is an improved work-life balance obtained when working directly with clients* as opposed to using platform intermediaries.

► **Mercy Mugure, Chief Executive Officer, Adept Technologies.**

- Strategic partnerships allow for process outsourcing, which has opened up opportunities for digitally enabled work.
- *There is increasing competition seen in digital labour markets*, where minimum qualifications and skillsets are high, while training programmes to develop these skills are not inclusive enough of traditionally underserved and low-income groups.
- It is important to *take stock of the available skillsets* – and programmes to develop them – among the working-age population.
- *Enhanced job matching algorithms, stronger client-worker relations, and effective dispute resolution mechanisms* can also help ensure that Kenyans are afforded the right mix of incentives to wish and be able to pursue work in the digital economy.

Challenges identified and recommendations

Fostering innovation

- **Challenge:** Digital labour markets are quickly evolving and the profiles for online workers are becoming increasingly competitive and specialized.

Recommendation: Following a life-cycle approach to digital upskilling and reskilling initiatives can help ensure continuous learning and adaptation to the changing needs of competitive and transnational digital labour markets. Mentorships, apprenticeships, and other job placement schemes can help ensure that skills development efforts have a better chance at directly responding to demands of, and gaps in, the digital labour market.

- **Challenge:** Access to finance for smaller enterprises – many of which are pursuing innovations – is insufficient. Also, the irregularity of payments received from online does not align with the strict loan payment schedules offered by banks.

Recommendation: De-risking the profiles of smaller enterprises is key to harness the power of innovation and unlock local economic development multipliers. Reducing the administrative costs and bureaucratic hurdles facing start-ups may help incentivize innovation and financing for small-scale enterprises. Banks and financial institutions must therefore also be part of CoP discussions and deliberations around financing for innovation.

Nurturing digital entrepreneurship

- ▶ **Challenge:** There is ample supply of trainings and skills development to encourage innovation and entrepreneurship, but not all of them are recognized by the ICT industry. Online workers looking to develop their skills face challenges in choosing trainings wisely.

Recommendation: Industry-recognized training modalities and programmes will help to standardize credential and qualifications and inform trainees and students on which trainings to pursue, including technical and vocational and educational training.

- ▶ **Challenge:** Formal dispute resolution mechanisms are either absent or difficult to navigate for online workers victims of online risks such as online harassment, financial scams, and fraud, among others

Recommendation: There is an opportunity for digital labour platforms to work together to identify these risks, and develop guidance, mentorship, and awareness raising initiatives to inform online workers of inherent risks in the digital economy, together with strengthening dispute resolutions channels.

Job creation in the digital economy

- ▶ **Challenge:** Limited access to jobs and livelihoods in the digital economy for young people and other underserved groups, including those facing vulnerabilities in the labour market, especially refugees, is the product of a multi-layered divide. This involves elements of infrastructure, connectivity, regulation and digital skills demand, which are closely intertwined. The risk of increasing inequalities and digital divides can significantly slow down the expansion of a web-based economy.

Recommendation: Enhanced social dialogue can play a central role in addressing both the innovation potential of the digital economy, and in particular, the online platform economy. Social dialogue can also respond to the challenges associated with governance, working conditions, and labour market access for all, including for traditionally unserved groups, such as refugees. This first national dialogue offers a forum to find common ground and stimulate social dialogue on how to drive a digital transformation that is truly inclusive, tapping into existing opportunities and minimizing risks specific to the policy enabling environment and socioeconomic reality of Kenya.

- ▶ **Challenge:** There is insufficient coherency between labour market regulations, digital skills development initiatives, protections and rights at work, and the expansion of ICT infrastructure and services, with different instruments sometimes working in siloes.

Recommendation: To ensure that existing divides across digital literacy, income, gender, and disability status are not exacerbated by a transnational digital labour market, there is a need to align actions, investment and outcomes across initiatives on innovation, skills development, job creation and entrepreneurship, including through establishing coordination and advisory bodies like the CoP.

- ▶ **Challenge:** The employment classification of online workers – in particular workers securing jobs mediated by digital labour platforms – means they are seldomly recognized as formal employees. This limits the enjoyment of essential rights at work and employment-based protections, including social protection.

Recommendation: It is important to assess how new policies, investments and incentives to enter the digital economy are not simply transferring informal, precarious labour from the traditional labour market onto the digital labour market. Digital labour platforms stand to work together to create minimum protections for online workers, including employment-based benefits that directly respond to the occupational risks that online workers face. Labour regulation should also be updated and balanced with flexibility to safeguard labour standards, workers' protection and income security in the digital economy.

- ▶ **Challenge:** There is a need to identify the key trends and hazards of outsourcing work, including online web-based work and work mediated by digital labour platforms, to assess the need for new or revamped labour policy, updated regulation and protection measures that are responsive to a changing world of digitally enabled work.

Recommendation: The voices and first-hand accounts of workers is therefore crucial as part of any policymaking and coordination efforts led by or supported by the CoP. Formal feedback and rating mechanisms to rate or comment on the quality of working conditions afforded by certain clients or digital labour platforms can help online workers make more informed decisions around the quality of work they can expect.

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