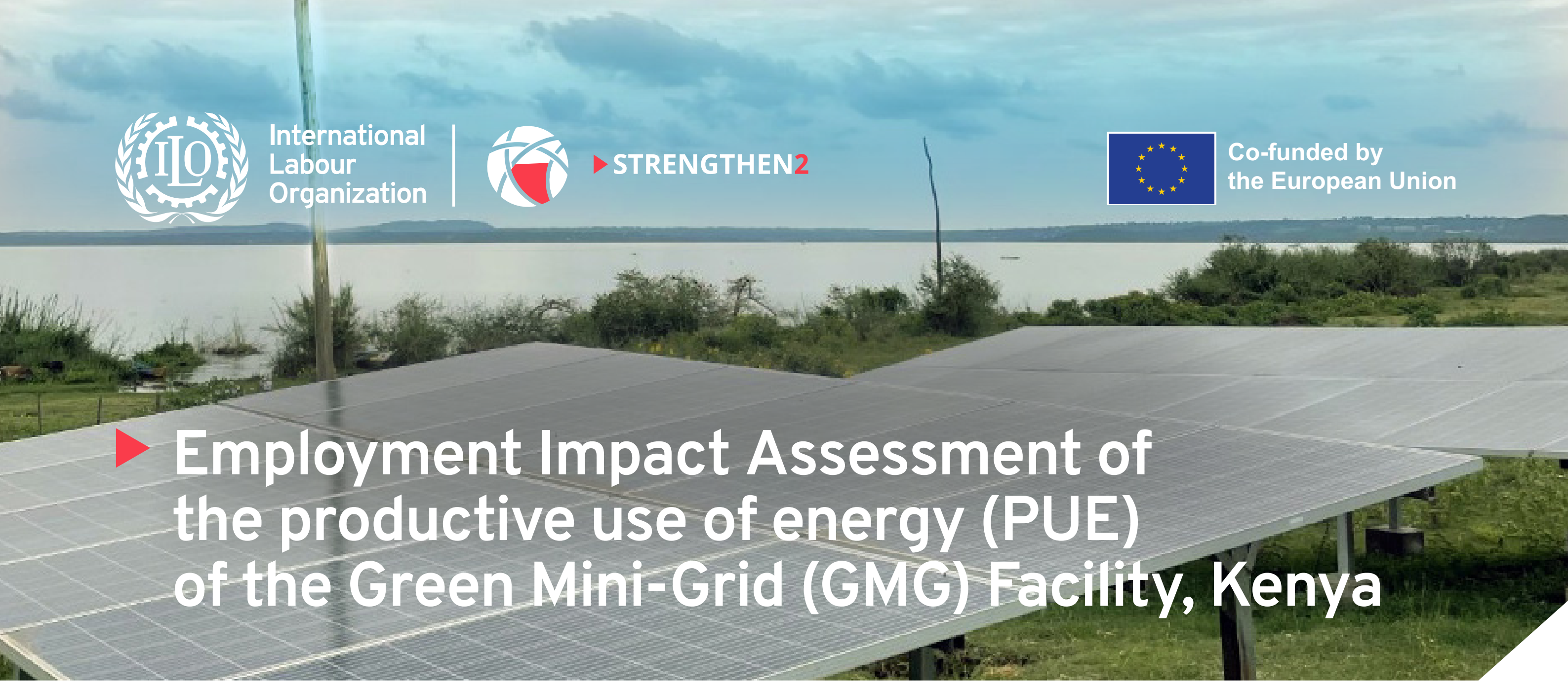

International Labour Organization | STRENGTHEN2

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# Employment Impact Assessment of the productive use of energy (PUE) of the Green Mini-Grid (GMG) Facility, Kenya

## Background

The Green Mini Grid (GMG) programme aims to improve access to energy for people in Kenya through grants and technical assistance to promote renewable energy-based mini-grid development. The programme's second phase, funded by the European Union (EU), envisages the construction of 33 mini-grid sites split across two developers. Twenty of these sites are still under construction in Turkana county.

**STRENGTHEN2** is a joint initiative of the EU and the International Labour Organization with the overall objective of leveraging employment impact assessments to promote the creation of more and better jobs in sub-Saharan Africa. This brief outlines the results of the long-term employment and livelihood impact assessment of the productive use of energy (PUE) by businesses created as a result of access to the mini-grids' electricity.

### Sector

**Energy**

### Source of finance

**5.65 million euros**

**EU**

**between 2018 and 2024**

### Objectives

1. Promote economic development and social impact in rural areas, improving the standard of living for those communities.
2. Provide access to reliable green energy for 75000 – 100000 Kenyans.
3. Achieve an estimated 19000-25000 new connections.
4. Provide grants and technical assistance to 8-10 private operators to construct and operate mini-grids in Kenya.

## Methodology

Three developers were included in the assessment, two from the EU-funded second phase of the project (GMG2) and one from the previous phase (GMG1) funded by the Foreign Commonwealth and Development Office (FCDO). Quantitative and qualitative data were collected from a survey of 94 small and medium-sized enterprises (SMEs) as well as focus group discussions across twelve sites and analyzed in a mixed-method approach. Results were disaggregated by gender, skill level, and employment type. The objective was to uncover how mini-grids contribute to job creation in the long-term by exploring the types of jobs created and factors influencing employment outcomes.

## Results

### Employment creation

**9.8** jobs (FTE) created per site (on average)

**2.1** jobs (FTE) jobs created per SME (on average)

**69%** of the workforce are are skilled labourers

**68%** of contracts of paid workforce are informal*
* 2/3 of workers are family members

**48%** female **52%** male

**83%** youth **17%** adults

Average daily wages*
* The national daily minimum wage is 690 KES

**260** KES women

**350** KES men

### Impact on SMEs

**69%** of SMEs transitioned from being **unemployed** to being **employed.**

**66%** of SMEs reported that **they expanded their PUE business** since they had access to the mini-grid energy.

**84%** of SMEs reported **increased revenue** from access to mini-grid electricity.

### Main drivers of employment creation

- Access to finance
- Reliability of energy
- Access to PUE appliances

## Recommendations

- To promote the growth of value-added businesses and expand access to electricity, developers should offer tiers of PUE appliance financing. These appliances should be made available with attractive and affordable credit terms, aligned with rural customers' ability to pay. Collaborating with NGOs or impact investors can help alleviate the burden of managing appliance financing.
- Lowering mini-grid token rates will generate more jobs and improve incomes, as it will encourage greater participation in PUE SME businesses. To achieve lower token rates and tariffs, donors can do more to help developers enhance the sustainability and profitability of their operations. This requires shifting the focus from solely capital expenditures to addressing operational costs as well.
- To attract greater private investment in the sector, further efforts are needed to reduce business risks and increase sustainability. This would enable power to be provided at a more cost-competitive level compared to the national grid.

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Full report