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United Nations Development Programme

DRAFT Country Initiation Plan

Project Title: The Next Generation Transformation and Acceleration Initiative (NextGen.Ke)

Expected UNSDCF CPD/Outcome(s): Outcome 2.1 – By 2026, all people of Kenya at risk of being left behind – particularly all women and girls, all youth and children, all in the ASAL counties and all in the informal urban settlements – benefit from inclusive, sustainable, diversified and environmentally/climate sensitive quality livelihoods with decent work in the sector economies and realise growth that is resilient, green and equitable.

Expected CPD Output(s): 2.1: Inclusive and resilient green growth policies, financing and practises across key growth sectors enhanced.

2.3: Capacities to promote innovation in existing and emerging markets enhanced across productive sectors for youth, women and MSMEs.

Initiation Plan Start/End Dates: 1st March 2026 – 31st December 2026

Implementing Partner: UNDP

Brief Description

The Kenya Next Generation Transformation and Acceleration Initiative (NextGen.Ke) is designed to address Kenya's urgent youth unemployment challenge by creating sustainable employment opportunities for Kenyan youth while reducing regional inequalities through an integrated approach. It combines (i) paid job placements in the private sector and (ii) labor-intensive public works in left behind counties, and (iii) youth entrepreneurship and green enterprise development (green economy pilot). Together, these pathways are designed to deliver immediate employment impacts, build relevant skills, and support a more inclusive and sustainable transition of young people into the labour market.

Programme Period:	_____
Quantum Project Number:	_____
Quantum Output Number:	_____
Gender Marker:	2

Total resources required	_____
Total allocated resources:	_____
• Regular	**$1,350,000**
• Other:	
○ Donor	_____
○ Donor	_____
○ Government	_____
Unfunded budget:	_____
In-kind Contributions	_____

Agreed by UNDP: Signé par : Jean-luc Stalon 28A8A1C0505041E...

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I. PURPOSE AND EXPECTED OUTPUT

A short description justifying the need for an Initiation Plan for this project and the expected output.

Background and Objective:
Kenya is classified as a lower-middle-income country with a diversified and growing economy, recording a GDP of approximately USD 110–115 billion in recent years and average annual growth of around 5%, driven largely by services, agriculture, and construction. Despite this progress, development outcomes remain uneven. Kenya is ranked 150 out of 193 countries on the Human Development Index (HDI), reflecting persistent challenges in income inequality, access to quality services, and employment—particularly for youth and populations in underserved regions. While poverty rates have declined nationally, an estimated one-third of the population still lives below the national poverty line, with significantly higher rates in Arid and Semi-Arid Lands (ASALs). Each year, nearly one million young people enter Kenya's labour market, yet job creation has persistently failed to keep pace with this rapid demographic expansion, resulting in critically high levels of youth unemployment. With young people aged 18 to 34 forming about 32% of the Kenyan population, yet experiencing high unemployment rates (67%), well above the national average (12.7%), the country risks losing the potential of its demographic dividend. If left unaddressed, this underutilized "youth bulge" risks entrenching poverty, exacerbating social tensions, and undermining the country's long-term development prospects with impacts most severe in Arid and Semi-Arid Lands (ASAL) counties where structural deprivation persists. Regional disparities are stark: poverty incidence exceeds 75% in Turkana (≈79%), Mandera (≈78%), and Samburu (≈76%), compared to below 20% in counties such as Nairobi and Kiambu, underscoring how lagging development indicators in ASAL regions sharply constrain opportunities for young people.

These challenges are occurring against a backdrop of **tightening fiscal space, rising debt-service obligations, and declining access to concessional financing**, which severely constrain the state's ability to expand employment opportunities. In the absence of a **catalytic, systems-level intervention** that operationalizes youth centric employment, transition pathways and scales labour-intensive service delivery through domestically led models, Kenya risks entrenching long-term youth exclusion, deepening regional inequalities, and heightening socio-economic and crisis-related vulnerabilities.

NextGen.KE introduces an integrated model of inclusive growth that invests simultaneously in human capital and associated community infrastructure. It combines paid graduate internship placements for graduates and diploma holders in the private sector with labour-intensive public works targeting unskilled youth in underserved counties.

Ultimately, the programme represents a decisive step toward unlocking Kenya's demographic dividend through innovation, skills, and community transformation. In doing so, the initiative stands as a flagship model for inclusive development—demonstrating how strategic partnerships can convert national aspirations into tangible, life-changing results. While the Government already operates a Public Sector Graduate Internship Programme, its absorption capacity is limited to approximately 2,000 graduates annually, leaving most of the qualified youth without structured work experience. By paying at least a minimum wage, the programme injects income directly into households, generating strong multiplier effects expected to support the livelihoods of up to 1.5 million additional people, particularly in marginalized ASAL counties.

NextGen.KE is expected to be a flagship delivery vehicle for the UNDP Kenya Country Programme Document (CPD 2022–2027), directly operationalizing CPD Outcome 2 on inclusive, sustainable livelihoods and decent work for youth and women, particularly in ASAL counties and informal urban settlements using a portfolio-based approach. Consistent with Kenya's Medium-Term Plan IV (2023–2027)**,** which prioritizes large-scale job creation, skills development, and private-sector-led growth, the programme provides a structured pathway to expand youth and women's employment while reducing regional disparities.

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Through the planned scaling of employment opportunities in marginalized counties, NextGen.KE is intended to promote **Prosperity for All** and strengthen peace, social cohesion, and crisis resilience in aligning with the goals of the new SP. Co-designed with government, counties, the private sector, and youth, and guided by principles of national ownership, inclusivity, transparency, and effective partnerships, the initiative aligns with national youth and skills policies, **Africa Agenda 2063**, and **SDGs 1, 5, 8, 9 and 10**. By combining structured school-to-work pathways, labour-intensive public works aligned to County Integrated Development Plans, and digital platforms for transparent matching, monitoring, and labour-market intelligence, NextGen.KE is intended to operationalize UNDP's role as a trusted integrator and lay the foundation for sustainable, long-term impact at scale.

Overall, the programme has three key result areas:

1. **Graduate Internship Pathway:** Place 15,000 graduates (at least 50% women and 10% people with disabilities) in 12-month paid internship placements with private sector firms across key industries, over a 3-year period. These placements aim to provide practical, hands-on experience, strengthen job readiness, and improve employability. Participating companies will commit to youth employment targets, including measurable increases in youth representation within their workforce, contributing to longer-term sustainability in youth employment beyond the internship period.
2. **Public Works and Skills Pathway:** Employ about 30,000 young people through a labor-intensive public works programme such as the flagship government 'Affordable Housing' program and other strategic county programmes in underserved counties, particularly in ASAL regions. This pathway will generate immediate, short-term jobs while improving access to basic services and providing on-the-job training, enabling participants to acquire transferable skills that enhance future employment prospects.
3. **Youth Entrepreneurship and Green Enterprise Development (Circular Economy Pilot):** This will entail buy back and equipment support for youth groups and enterprise training digital training and management support for youth circular economy enterprises.

Together, these pathways are designed to deliver immediate employment impacts, build relevant skills, and support a more inclusive and sustainable transition of young people into the labour market.

TRAC 2 funding will play a catalytic role in launching the programme by supporting the development of core digital infrastructure and training modules, as well as stakeholder mapping required to ensure programme readiness for immediate implementation once additional financing is mobilized. In addition, TRAC 2 resources will enable a pilot phase of internship placements and pilot of the youth entrepreneurship and green enterprise development (circular economy pilot), generating lessons learned to inform programme refinement and scale-up. Activities under Results Area 2 on Labour Intensive works at the County level will be reviewed and determined during implementation of the PIP.

Expected Results:

Result 1: Graduate Internship Pathway: Increased Employability and Economic Empowerment of Youth through enhanced work experience and labour market-relevant skills

- **Activity 1.1:** Design and deploy an end-to-end digital platform that leverages Artificial Intelligence to serve as a centralized hub for intern recruitment, matching, placement management, and engagement with host organizations.
- **Activity 1.2:** Develop and pilot training modules on career readiness and life skills, including CV and interview preparation, workplace ethics, financial literacy, digital skills, and professional conduct.
- **Activity 1.3:** Implement a pilot phase of the internship programme with an initial cohort of 50 graduates, generating evidence to inform scale-up and programme refinement.
- **Activity 1.4**: Establish core programme management and learning systems, including stakeholder coordination, capacity development, technical assistance, performance tracking, and evidence generation to support adaptive delivery, policy dialogue, and scale-up.

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Result 3: Youth Entrepreneurship and Green Enterprise Development (Circular Economy Pilot)

- **Activity 3.1:** Buy-back and recycling centers. Equipment support for youth groups and internships, enterprise training digital trancing and enterprise management support for youth circular economy enterprises.

Cross-Cutting / Enabling Activities

- **Activity 4.1:** Develop and roll out communications and outreach strategy to build awareness of the programme, mobilize youth participation, and engage public and private sector partners.

Project Budget:
The total budget for the Project is **US$1,350,000** summarized below:

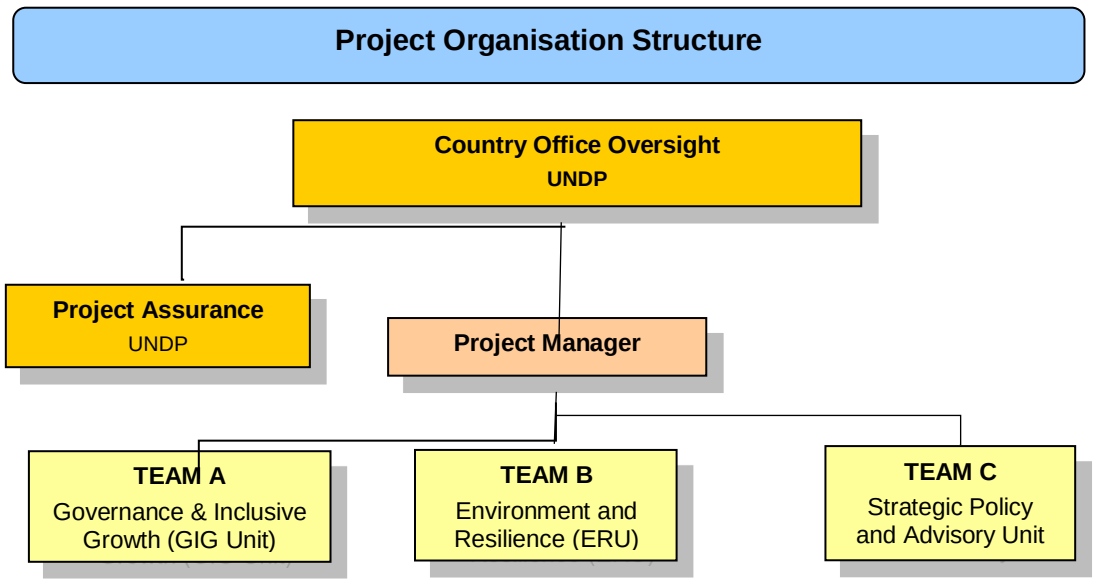
	Key Result Area	**US$**
1	Graduate Internship pathway: Increased Employability and Economic Empowerment of Youth through enhanced work experience and labour market-relevant skills	1,150,000
2	Public Works and Skills pathway: Improved Local Infrastructure and Services in target Counties through labour intensive public works programmes for youth	0
3	Circular Economy Pilot: Youth Entrepreneurship and Green Enterprise Development	150,000
4	Cross-Cutting /Enabling Activities	50,000
	TOTAL	**1,350,000**

II. MANAGEMENT ARRANGEMENTS

The project with implemented through the Direct Implementation (DIM) modality whereby UNDP takes on the role of Implementing Partner. UNDP will assume the responsibility for mobilizing and applying effectively the required inputs to reach the expected outputs.

UNDP Kenya Country Team will have the overall lead in the project design process, manage the development of portfolio documents as well as ensure that the deliverables outlined in this PIP are completed on time, in line with UNDP POPP requirements.

The Project Manager will coordinate implementation of the PIP as well as lead on the development of the portfolio document, with support from the Governance & Inclusive growth, Environment and Strategic Policy Advisory Unit (SPAU) teams in the country office.



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KEY PROJECT PARTNERS:

The Government of Kenya will be a central partner, serving as the co-creator of the programme. UNDP has been working closely with government technical focal points, under the leadership of the National Treasury, to co-develop the programme document, ensuring that the programme is strategically aligned with national development priorities, existing policy and budgetary frameworks, and ongoing initiatives. During implementation, UNDP will work with the National Treasury and relevant line ministries to ensure a whole-of-government approach.

Private sector partners will play a key role by hosting 12-month internship placements and providing professional development opportunities to participants. Host organizations will be identified through a structured mapping and sector segmentation process, leveraging the convening power of the Kenya Private Sector Alliance (KEPSA), Kenya Association of Manufacturers (KAM), the Federation of Kenyan Employers (FKE), and the Kenya National Chamber of Commerce and Industry (KNCCI). A Private Sector Reference Group will be established to provide strategic guidance for programme implementation. In addition, private firms will support the public works component by offering short-term employment opportunities in underserved counties. Participating firms will commit to youth employment targets, including measurable increases in youth participation within their workforce.

Development Partners, Foundations, and Investors: The programme will also engage a broad range of partners beyond government, including bilateral donors, international financial institutions, philanthropic foundations, and individual contributors, to support operational costs, internship stipends, and programme scale-up.

III. MONITORING

A description of the monitoring requirements for the Initiation Plan.

UNDP Kenya will implement a robust monitoring and learning framework to track progress, measure impact, and support adaptive management. This system will utilize regular data collection against key performance indicators, with a specific focus on gender-disaggregated data to track the progress of our gender equality goals. To foster a culture of continuous improvement, we will document successes, challenges, and lessons learned, sharing these insights with partners to refine our collective approach.

Reporting and Financial Accountability: UNDP will provide comprehensive reporting in full alignment with its standard accounting and transparency procedures. This will include final narrative and financial reports at the end of the year.

The project workplan is presented below:

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IV. WORK PLAN

Period[1]: March -December 2026

EXPECTED OUTPUTS *And baseline, indicators including annual targets*	PLANNED ACTIVITIES *List activity results and associated actions*	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount
Output 1: Increased Employability and Economic Empowerment of Youth through enhanced work experience and labour market-relevant skills	1.1 Design and pilot AI enabled digital platform that leverages Artificial Intelligence to serve as a centralized hub for intern recruitment, matching, placement management, and engagement with host organizations.					UNDP	UNDP		10,000
	1.2 Develop and deliver standardized training modules on career readiness and life skills, including CV and interview preparation, workplace ethics, financial literacy, digital skills, and professional conduct.					UNDP	UNDP		40,000
	1.3. Implement a pilot phase of the internship programme with an initial cohort of 50 graduates, generating evidence to inform scale-up and programme refinement.					UNDP	UNDP		700,000
	1.4 Establish core programme management and learning systems, including stakeholder coordination, capacity development, technical assistance, performance tracking, and evidence generation to support adaptive delivery, policy dialogue, and scale-up.					UNDP	UNDP		400,000
Sub total									**1,150,000**
Output 3: Circular Economy Pilot	3.1 Buy Back and Recycling Centres: Equipment support for youth groups and internship, enterprise training, digital tracking and enterprise management support for youth circular enterprises.					UNDP	UNDP		150,000
Sub total									**150,000**
Output 4: Cross-Cutting / Enabling Activities	3.1: Develop and roll out communications and outreach strategy to build awareness of the programme, mobilize youth participation, and engage public and private sector partners.					UNDP	UNDP		50,000
Sub total									**50,000**
TOTAL									**1,350,000**

[1] Maximum 18 months

Initial