



Policy Brief

Thinking Policy Together

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Assessing Labour Productivity for Lamu County

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Introduction

Lamu County is a member of the Jumuiya ya Kaunti za Pwani (JKP) Economic Bloc. The county is classified as a semi-arid county, experiencing 10-29 per cent aridity levels. Lamu County covers an area of 6,273 km² and has two sub-counties namely: Lamu East and Lamu West.

Key Highlights

The productivity of Lamu County is characterized by the following:

- (i) The service sector dominates the county's Gross Value Added (GVA) while the industry sector has the least share. Manufacturing has the highest share of the industry sector while transportation and storage services dominate the services sector.
- (ii) Quality of labour requires interventions to increase secondary school enrolment, reduce stunting and teenage pregnancy, and tackle food and child poverty.
- (iii) Essential infrastructure requires interventions to increase access to electricity and internet connectivity and improve rural roads.
- (iv) Agriculture is the highest employer. The majority of those working in manufacturing are in the manufacture of wood and textiles. The majority of those working in the services sector are in the wholesale and retail trade sub-sector with a concentration on other retail sales in specialized stores.
- (v) Labour productivity is highest in the services sector while agriculture has the lowest.

To enhance productivity, there is a need to:

- (i) Support setting up of the County Aggregation Industry Park to enhance the productivity of the MSMEs.

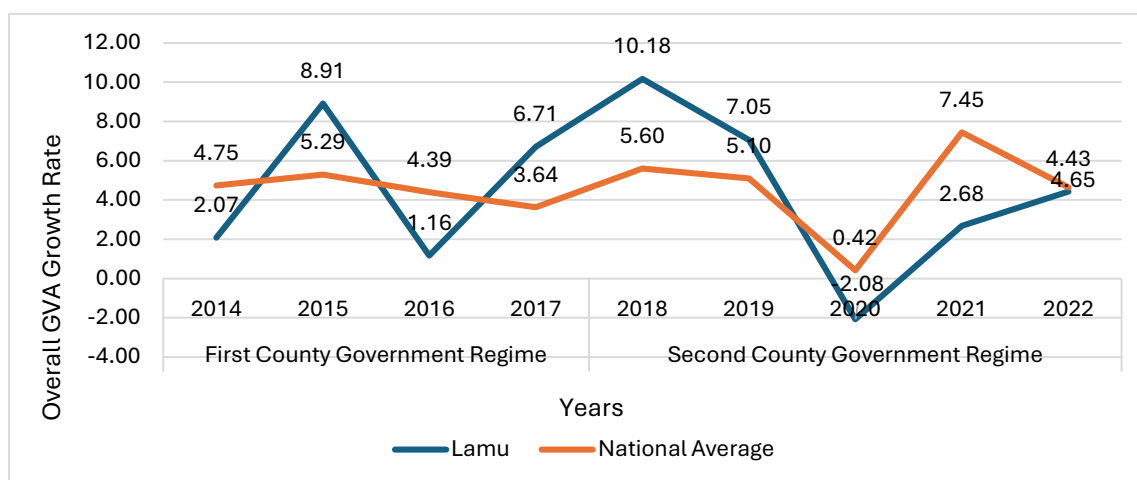
- (ii) Support livestock production by integrating into the dairy and poultry value chains and promote the production of coconut and cashew nuts.
- (iii) Secure the quality of future labour force with nutrition-sensitive social protection programmes, create awareness and support teenage mothers to go back to school, and target a 100 per cent secondary school transition rate.
- (iv) Create an enabling environment for private sector growth by investing in essential infrastructure to improve access to electricity, the internet, and rural roads.
- (v) Exploit the potential of the blue economy.

Lamu County Economic Performance

Lamu County contributes on average 0.3 per cent of the National Gross Value Added with an average GVA size of Ksh 24,205.5 million. The GVA per capita for Lamu County is Ksh 168,191.8619 with an average population growth of 4.0 per cent and overall poverty levels at 35.1 per cent.

Lamu County has shown steady growth in GVA with an average growth rate of 4.57 per cent from 2013-2022, which is higher than the national average growth of 4.37 per cent as shown in Figure 1. The highest growth rate was experienced in 2018 while the lowest growth rate was experienced in 2020.

Figure 1: Lamu County GVA growth rate

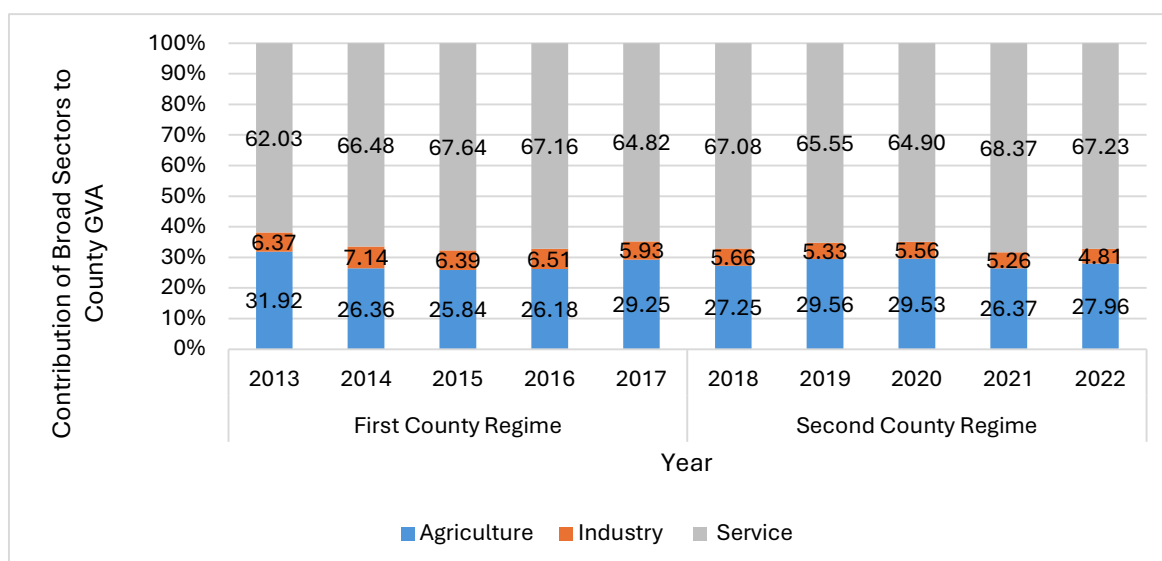


Data Source: KNBS 2023-Gross County Product

Sectoral Analysis of Lamu County GVA

The service sector is dominant in Lamu County with an average contribution to GVA of 66.13 per cent. The agriculture sector is second, contributing an average of 28.02 per cent to the GVA while the industry sector contributes about 5.90 per cent as shown in Figure 2.

Figure 2: Contribution of broad sectors to Lamu County GVA

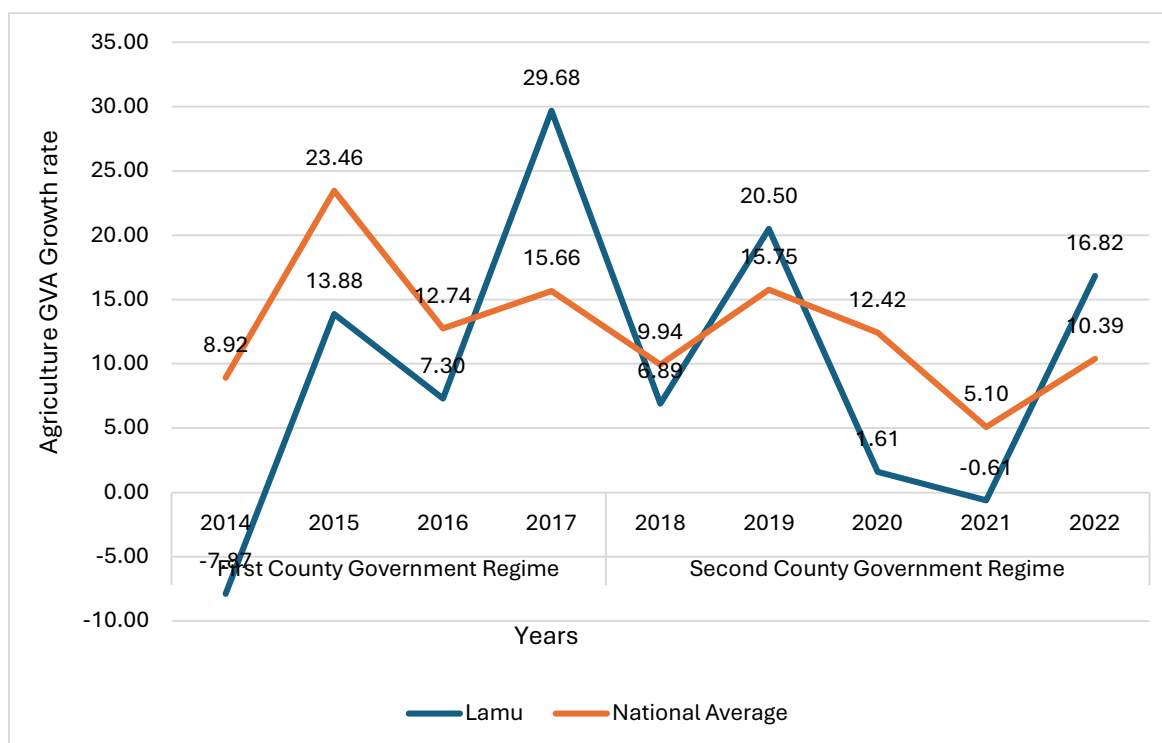


Data Source: KNBS 2023-Gross County Product

Agriculture Sector

The average agriculture GVA growth rate (2013-2022) for Lamu County is 9.80 per cent, which is below the national average of 12.71 per cent as shown in Figure 3.

Figure 3: Lamu County agriculture GVA growth rate

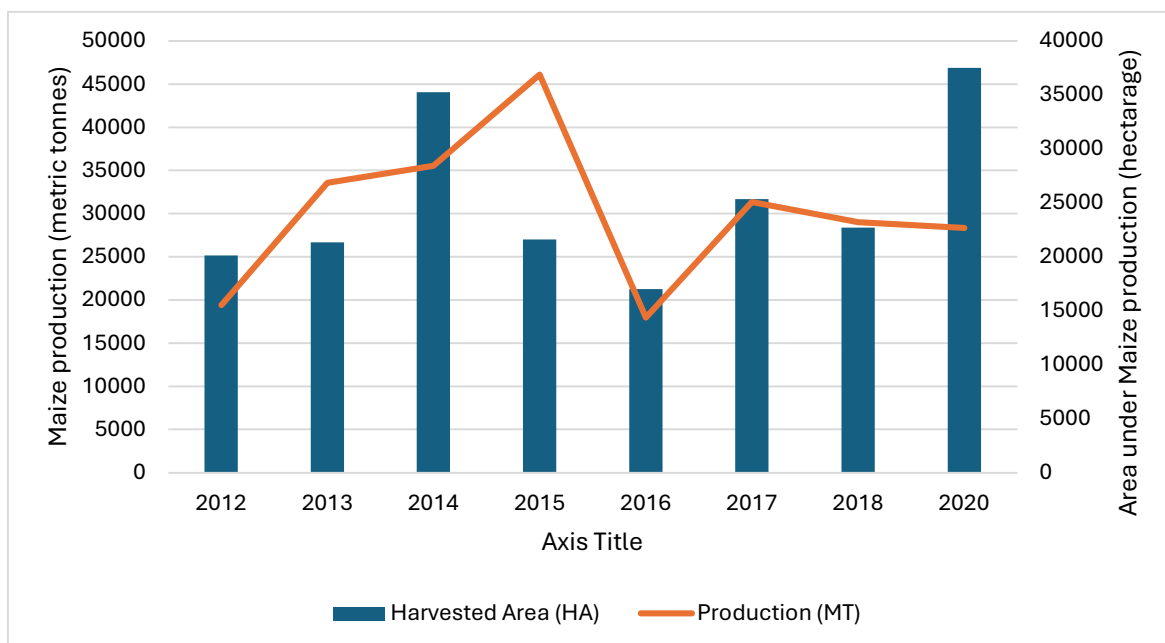


Data Source: KNBS 2023-Gross County Product

Mixed farming system dominates agriculture in Lamu County. The main food crops grown are maize, sorghum, cow peas, green grams, and cassava while the main cash crops

are cotton, sim-sim, coconut, cashew nuts, and bixa, among others. Maize, the main staple food in the country is also the main food crop produced in Lamu County. Both the area under maize production and maize production (metric tonnes) have been fluctuating over the years. Maize production generally shows a declining trend from the highest level in 2015 (Figure 4).

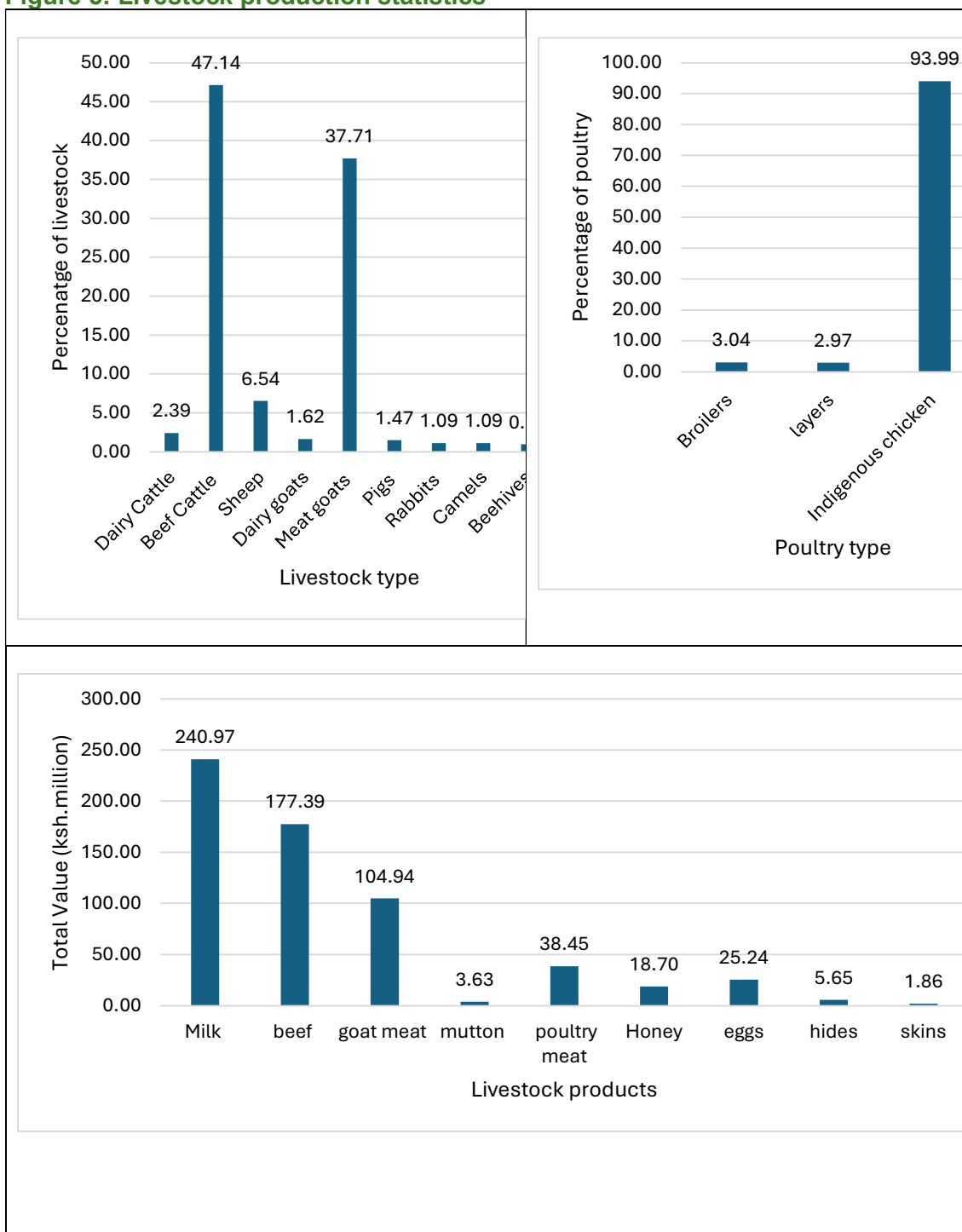
Figure 4: Maize production



Data source: National Information Platform for Food and Nutrition (NIPFN)

The most common types of livestock in the county are beef cattle and meat goats. Poultry production is also significantly high in the county with the most common type being indigenous chicken. The county has potential for dairy farming as milk has the highest economic value among the livestock products (Figure 5). Goat meat, beef, and poultry meat also have high economic values.

Figure 5: Livestock production statistics

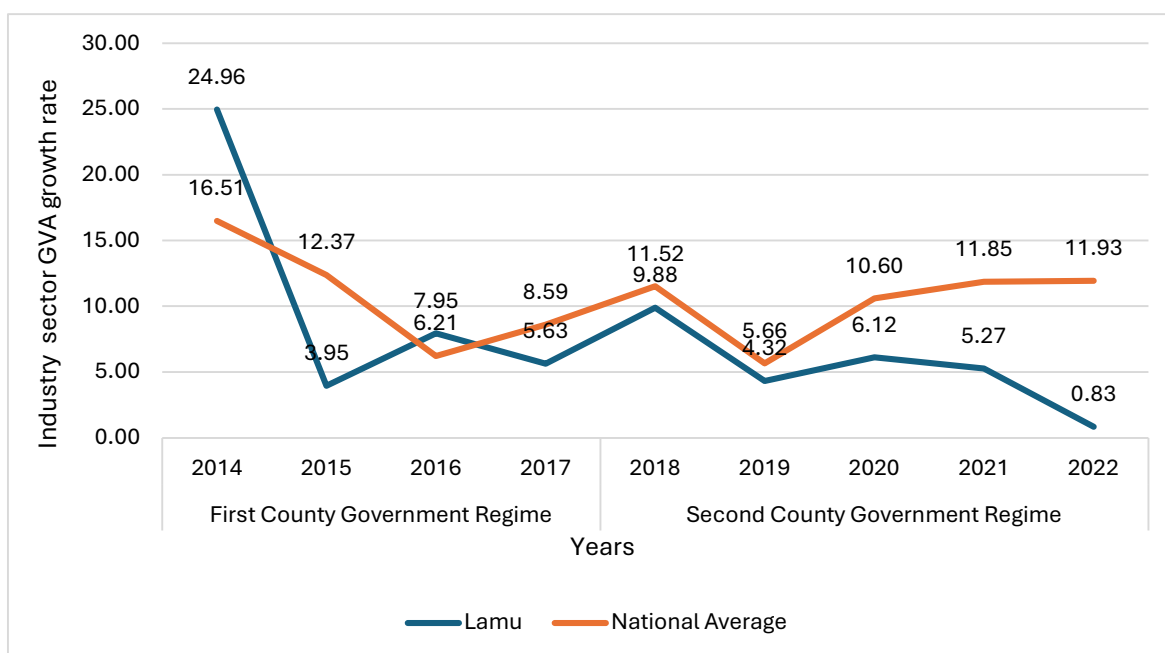


Data source: National Information Platform for Food and Nutrition (NIPFN)

Industry Sector

The average industry sector growth rate for Lamu County is 7.66 per cent, which is below the national average of 10.58 per cent as shown in Figure 6.

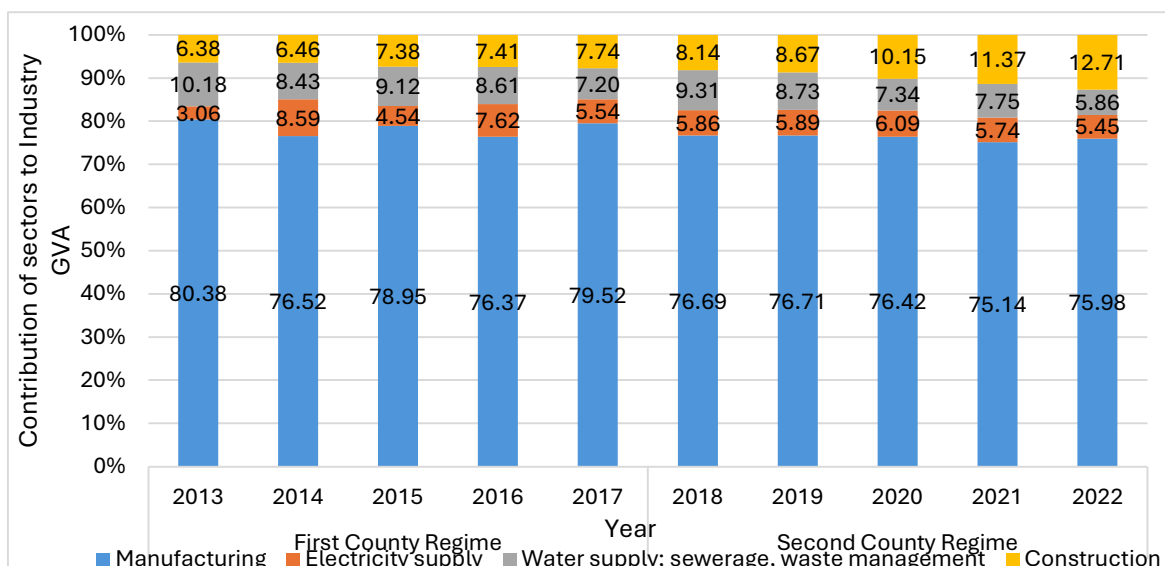
Figure 6: Lamu County Industry GVA growth rate



Data Source: KNBS 2023-Gross County Product

Manufacturing is another important sector in Lamu County as it dominates the industry sector as shown in Figure 7.

Figure 7 : Contribution of industry sub-sectors to the overall sector GVA

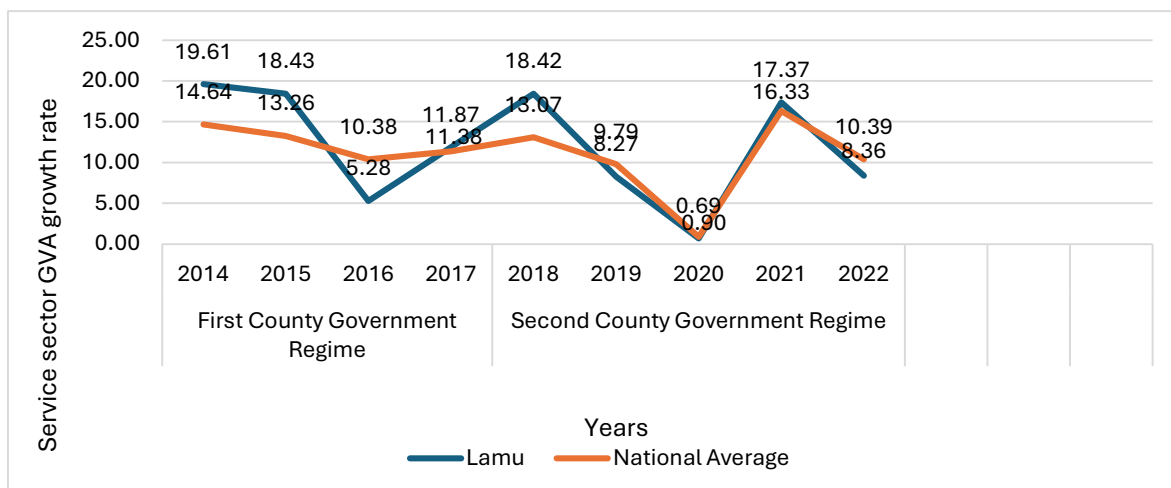


Data Source: KNBS 2023-Gross County Product

Services Sector

The average service sector growth rate is 8.73 per cent, which is below the national average of 11.13 per cent.

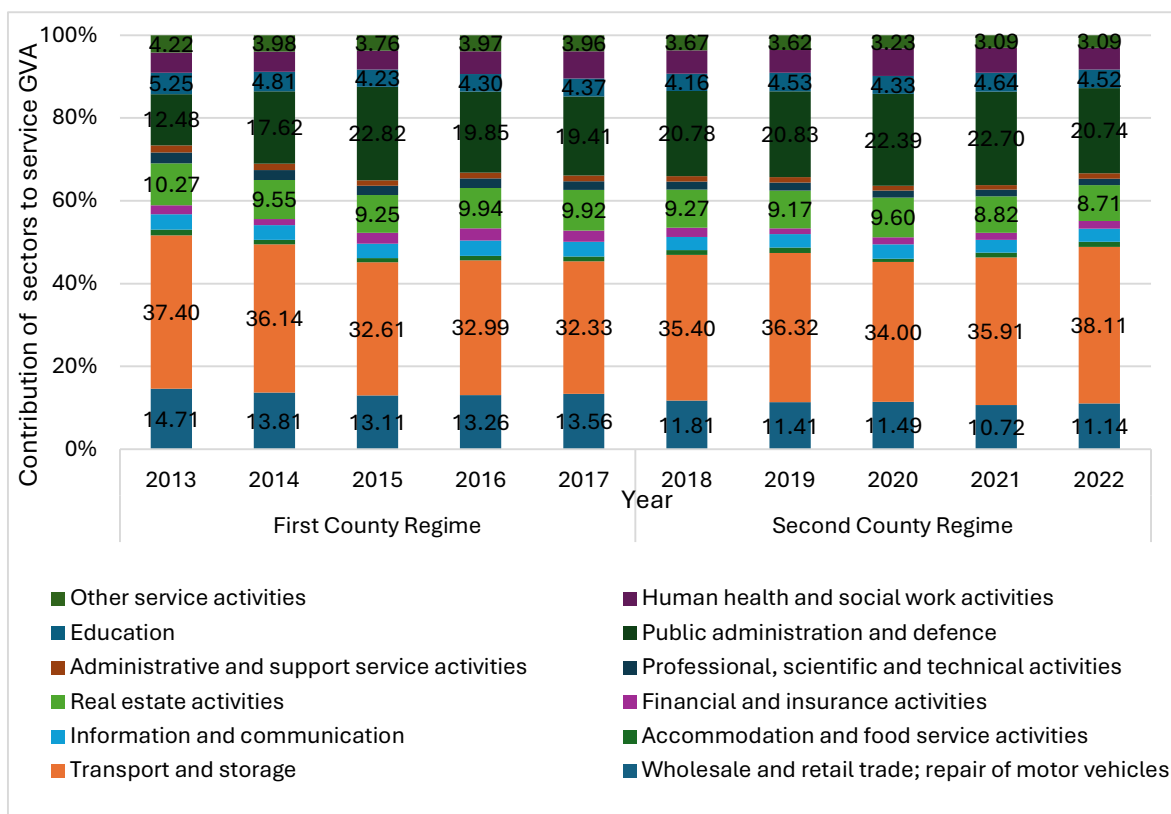
Figure 8: Lamu County Services sector GVA growth rate



Data Source: KNBS 2023-Gross County Product

The transportation and storage sub-sector dominates the services sector with the highest contribution to service GVA at 35.12 per cent. The public administration and defence sector is the second highest contributor to services GVA at 19.96 per cent. The wholesale and retail trade sub-sector is third at an average of 12.50 per cent as shown in Figure 9. Lamu County has comparative advantages in tourism, however, the accommodation and food services sub-sector contributes between 3-4 per cent to the services sector GVA.

Figure 9: Contribution of sub-sectors to service sector GVA



Data Source: KNBS 2023-Gross County Product

Quantity and Quality of Labour Force for Lamu County

Lamu County has a total working-age population of 82,250, which is about 57.15 per cent of the total county population. The majority of the working-age population is youthful (18-34 years) at 49.86 per cent as shown in Table 1.

Table 1: Distribution of the working-age population by age categories

Working population age	Male	Female	Total	Percentage of total working age population (%)
15-17	4,964	4,541	9,505	11.56
18 –24	10,093	8,724	18,817	22.88
25-34	12,227	9,965	22,192	26.98
35-64	17,295	14,441	31,736	38.58
Total	44,579	37,671	82,250	

Data Source: KNBS (2019), Kenya Population and Health Census - KPHC 2019

The majority of the population in Lamu sub-counties are persons in the working age categories. Lamu West has the highest percentage of persons of working age at 57.24 per cent as shown in Table 2.

Table 2: Sub-county distribution of working age population by age category

Sub-county	Total population	Working age population categories				Working age population (15-64) as a percentage of the total sub-county population
		15-17	18 –24	25 –34	35-64	
Lamu East	22,258	1,442 (11.44)	2,653 (21.04)	3,239 (25.69)	5,274 (41.83)	12,608 (56.64)
Lamu West	121,658	8,063 (11.58)	16,164 (23.21)	18,953 (27.21)	26,462 (38.00)	69,642 (57.24)

Data Source: KNBS (2019), Kenya Population and Health Census - KPHC 2019

Lamu County has high socioeconomic indicators that affect the quality of labour as shown in Table 3. However, interventions are required to increase secondary school enrolment and reduce stunting, teenage pregnancies, food, and child poverty.

Table 3: Human capital indicators

Human capital indicators	County	National average
Literacy rate	82.20	78.41
Pre-primary net enrolment rate (2019)	63.24	67.51
Primary school net enrolment rate (2020)	83.70	77.72
Secondary school net enrolment rate (2020)	35.40	54.18
Average years of schooling (2014)	7.10	7.78
Percentage of children (12 -23 months) fully vaccinated (%)	67.40	74.97
Percentage of stunted children	16.10	19.75
Percentage of teenage pregnancy	13.70	15.79
Primary to secondary transition rates (2020)	82.20	86.13
Pupil-teacher ratio (primary school)	21.00	28.28
Food poverty headcount (%)	30.90	33.63
Child Poverty Head count (%)	32.10	42.67

Data source: KDHS 2022, KPHC 2019, Basic Education Statistical Booklet, 2020, 2021 KNBS Kenya Poverty Report

Most of the essential infrastructure and capital indicators in Lamu County are higher than the national average (Table 4). However, interventions are required to increase electricity and internet connectivity and improve rural roads.

Table 4: Essential infrastructure and capital indicators

Essential infrastructure indicators	County	National average
Percentage of households with access to electricity (2019 Census)	43.20	38.52
Distribution of population using the internet (2019 Census)	19.40	18.69
Rural Access Index (2018)	13.43	63.72
Access to improved sanitation (2018)	70.00	59.04

Access to improved water (2018)	75.00	65.33
Financial inclusion level (2021)	84.20	81.01
The proportion of primary schools with internet	23.85	27.65
Proportion of secondary schools with functional internet	51.60	35.13
Percentage of households by housing material composite-finished materials(adequate) (2019)	57.62	51.71
Percentage of households using bank usage (overall)	41.70	38.18
Percentage of households using mobile money)	80.90	78.58

Data sources: KRB 2018, KPHC 2019, FinAccess 2021, KIHBS 2015/16, Basic Education Statistical Booklet, 2020

County Employment Statistics

The employment-to-population ratio is 64.67 per cent. The majority of those working is the youthful working population (18-34 years) at about 32.69 per cent while those between 35-64 years at 30.41 per cent as shown in Table 5. The percentage of the employed by gender is 45.28 for males and 37.70 for females. The unemployment rate is 8.06 per cent with unemployment being slightly higher for the youth (18-34 years) at 4.92 per cent and those between 35-64 years at 2.88 per cent. The percentage of persons of 5-17 years working is 7.58 per cent indicating that the county has low levels of child labour. The inactivity rate for the youth (15-24 years) is 17.68 per cent, which is expected as most of them are pursuing education while that of the prime age (25-64 years) is 7.70 per cent as shown in Table 5.

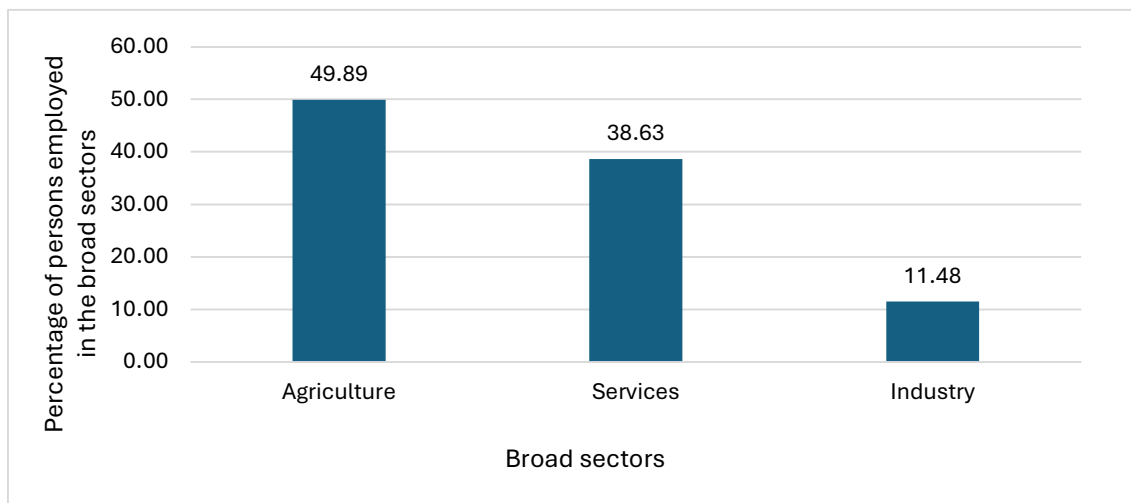
Table 5: Lamu County employment statistics

Employment statistics	Youth	Non-youth
Employment to population ratio (%)	32.69	30.41
Unemployment rate	4.92	2.88
Percentage of persons of 5-17 years old working	7.58	-
Inactivity rate	17.68	7.70

Data Source: KNBS (2019), Kenya Population and Health Census - KPHC 2019 **Sectoral Employment**

The agriculture sector is the highest employer in Lamu County at 49.89 per cent followed by the services sector at 38.63 per cent. The industry sector is third at 11.48 per cent as shown in Figure 10.

Figure 10: Percentage of persons employed in the broad sectors

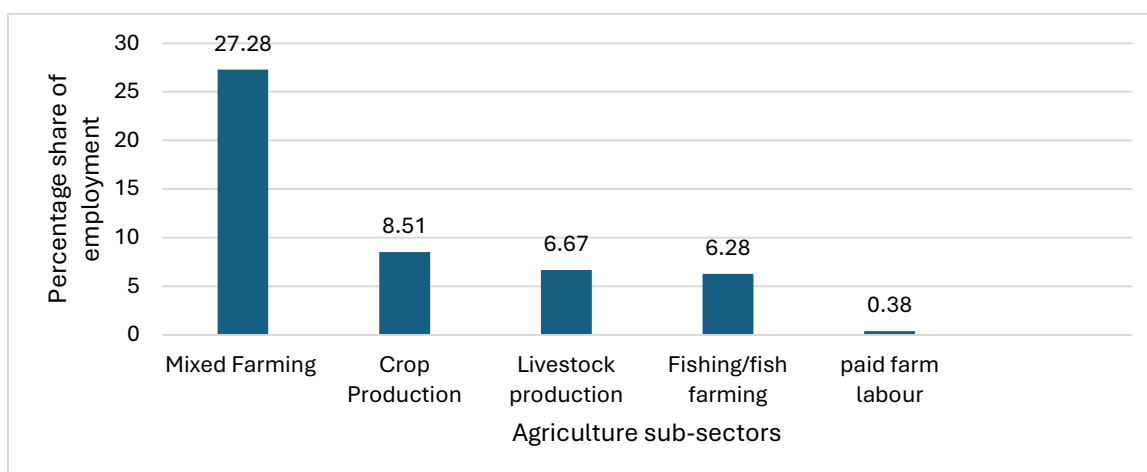


Data Source: KNBS 2021- Kenya Continuous Household Survey

Agriculture Sector

In agriculture, the majority are those practicing mixed farming as shown in Figure 11.

Figure 11: Percentage share of employment in agriculture sub-sectors

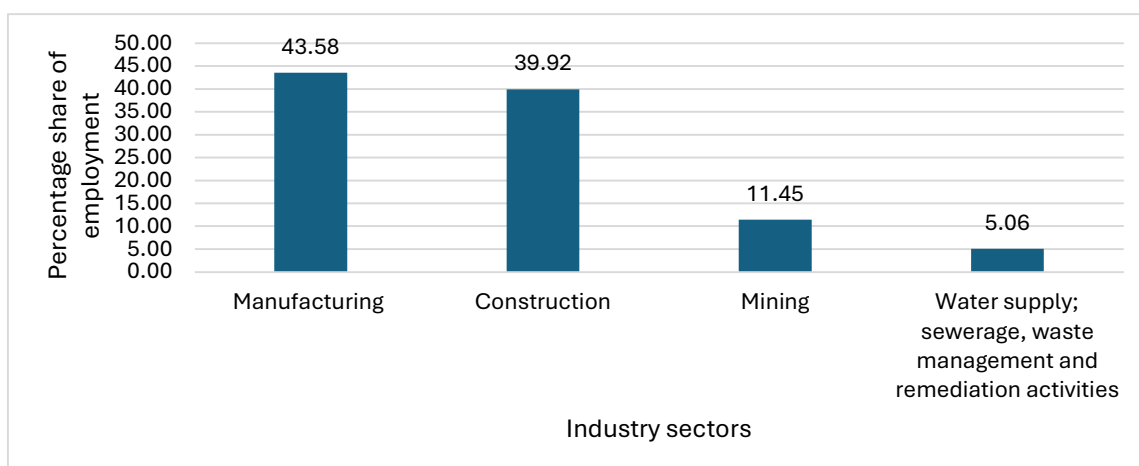


Data Source: KNBS 2021- Kenya Continuous Household Survey

Industry Sector

The majority of those working in the industry sub-sectors are in manufacturing. Mining is mainly quarrying of stones as shown in Figure 12.

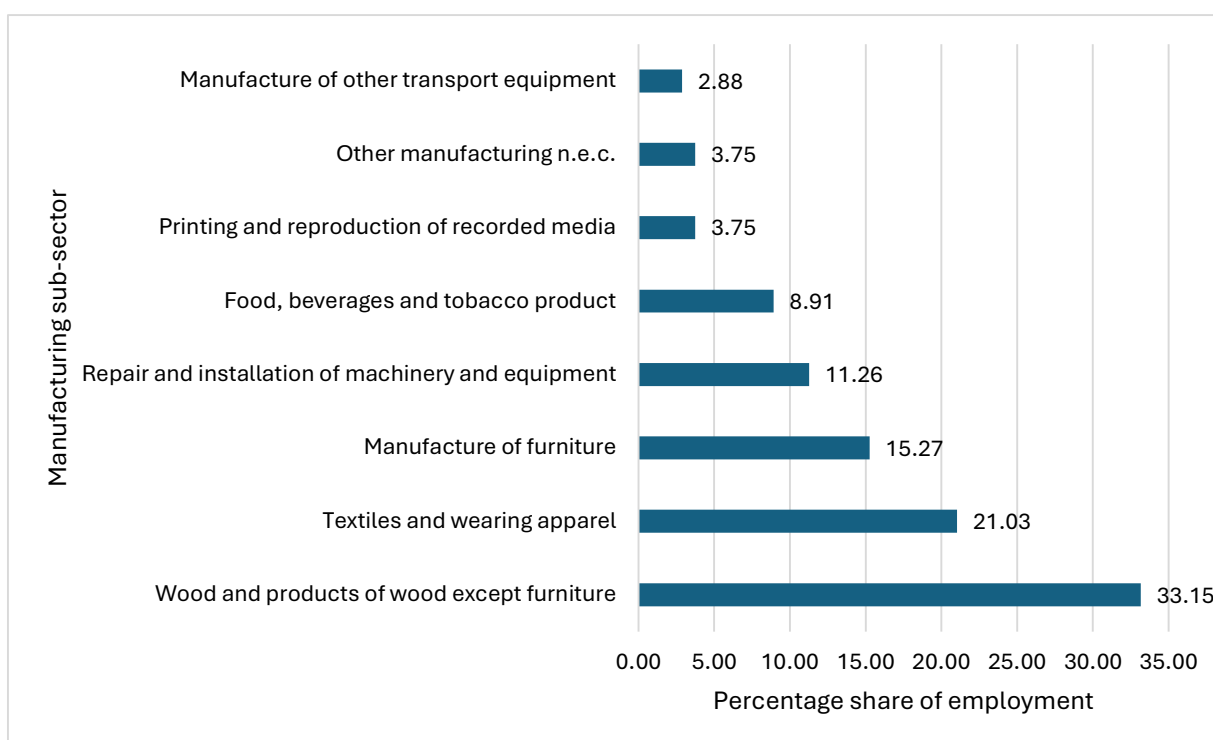
Figure 12: Percentage share of employment in the industry sub-sectors



Data Source: KNBS 2021- Kenya Continuous Household Survey

A disaggregation of employment in manufacturing shows that the majority of those employed in the sector work in low-technology manufacturing sub-sectors such as wood and textile industries as shown in Figure 13.

Figure 13: Percentage share of employment in manufacturing sub-sector

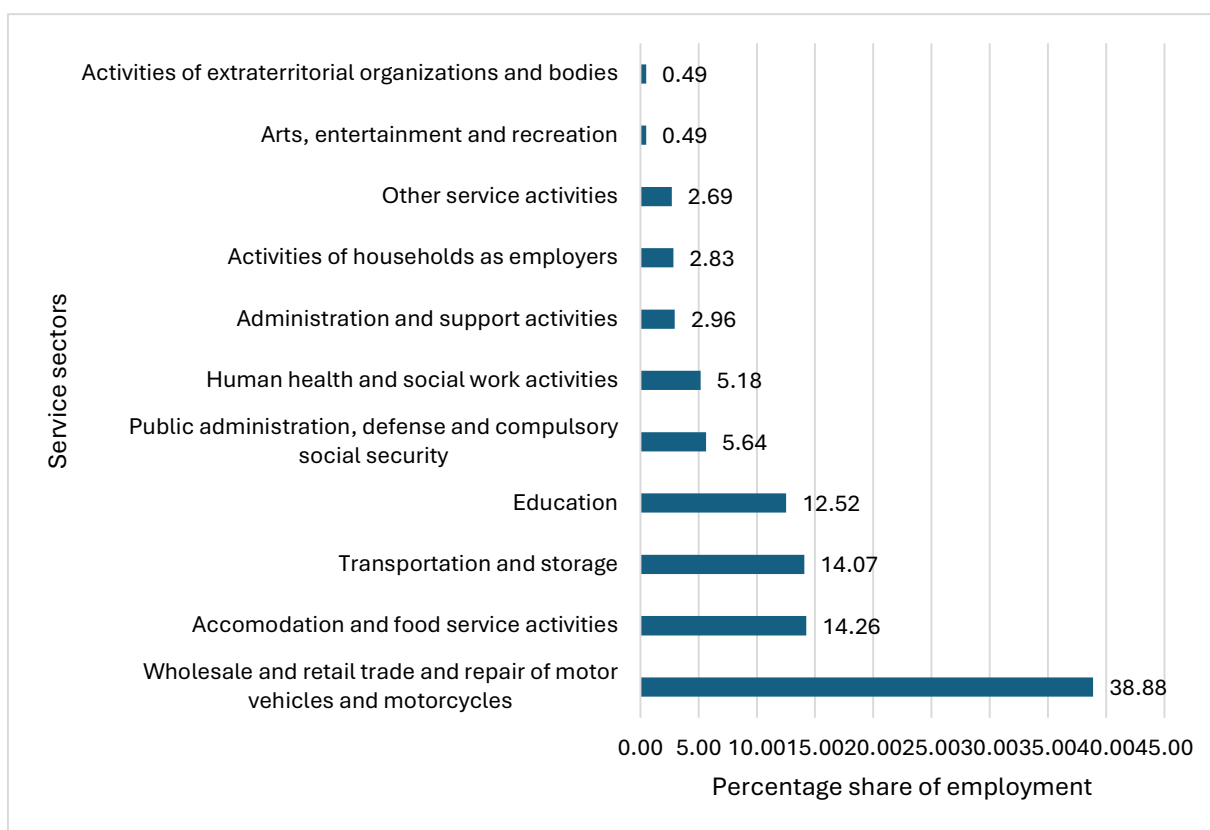


Data Source: KNBS 2021- Kenya Continuous Household Survey

Services Sector

The majority of those working in the services sector are in wholesale and retail trade, and repair of motor vehicles and motorcycles as shown in Figure 14.

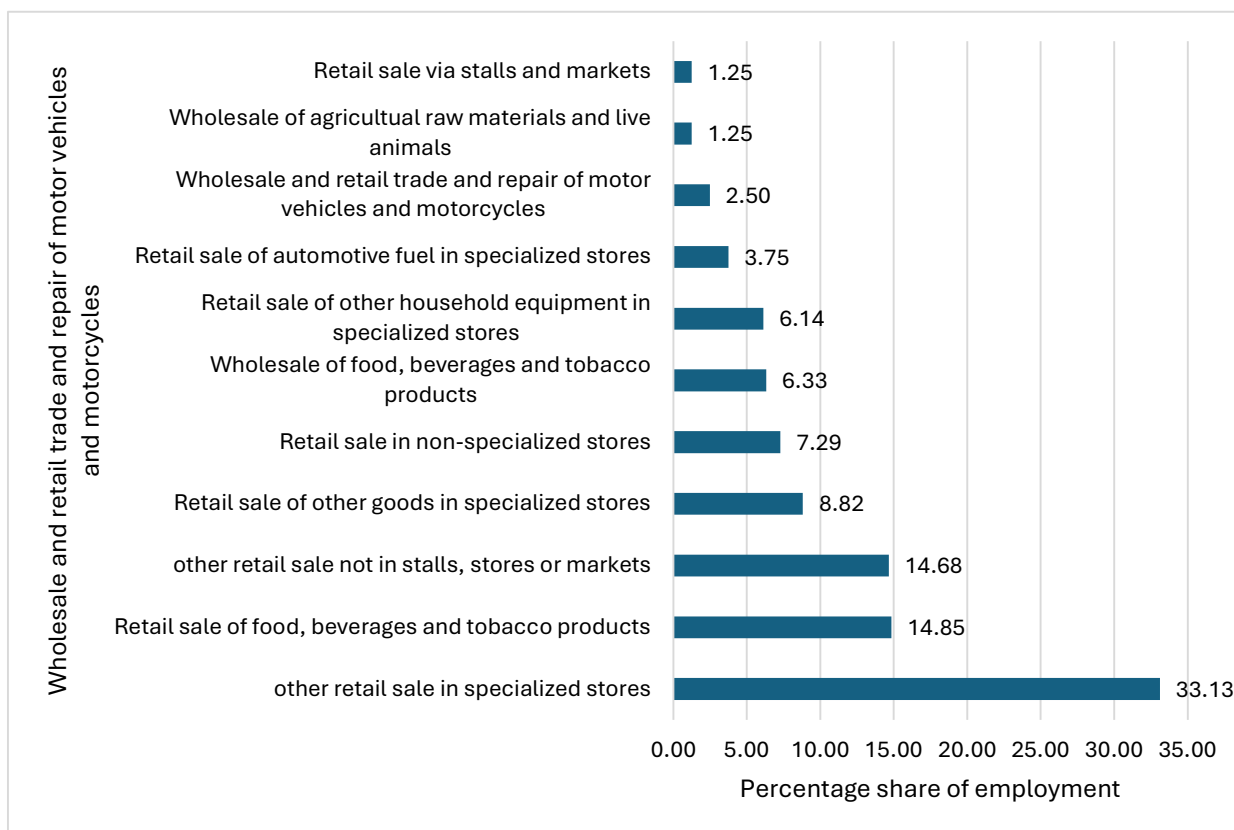
Figure 14: Percentage share of employment in the services sector



Data Source: KNBS 2021- Kenya Continuous Household Survey

In the wholesale and retail trade, and repair of motor vehicles and motorcycles sub-sectors, the majority of the people work in other retail sales in specialized stores as shown in Figure 15.

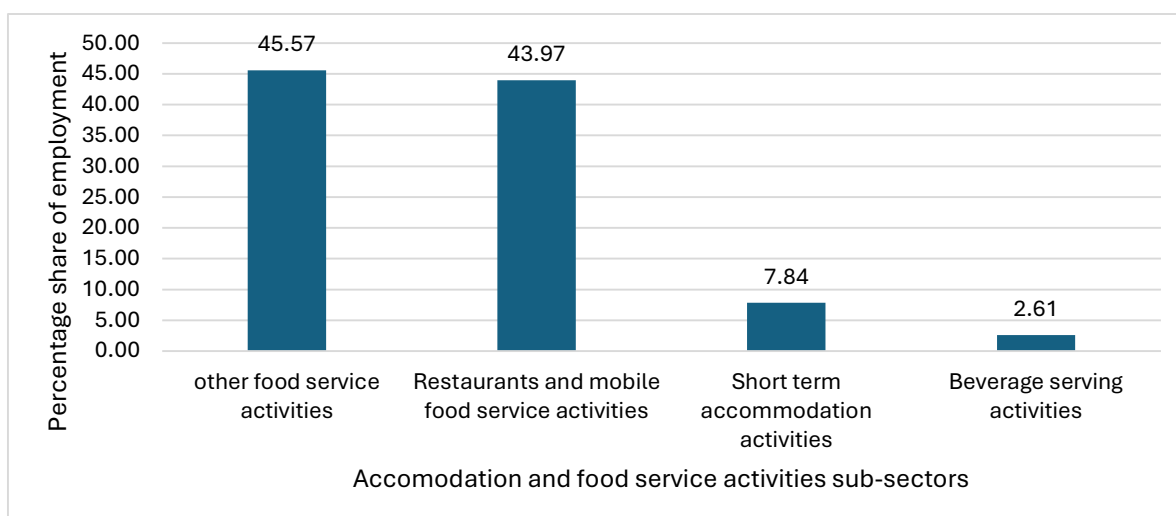
Figure 15: Percentage of persons employed in the wholesale and retail trade and repair of motor vehicle sub-sectors



Data Source: KNBS 2021- Kenya Continuous Household Survey

In the accommodation and food service *sub*-sector, the majority of those employed are in other food service activities as shown in Figure 16.

Figure 16: Percentage share of employment in the accommodation and food service activities sub-sectors

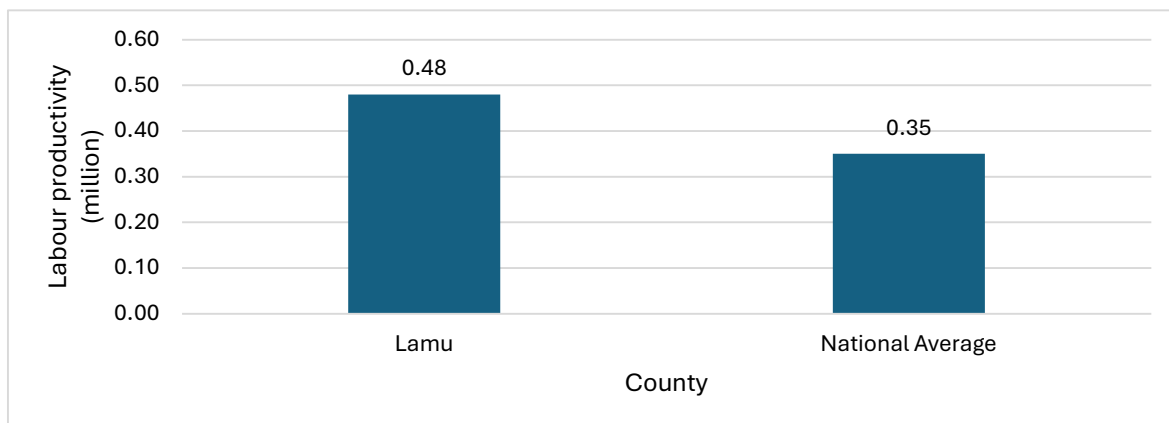


Data Source: KNBS 2021- Kenya Continuous Household Survey

Labour Productivity

Labour productivity¹ for Lamu County is above the national average labour (Figure 17).

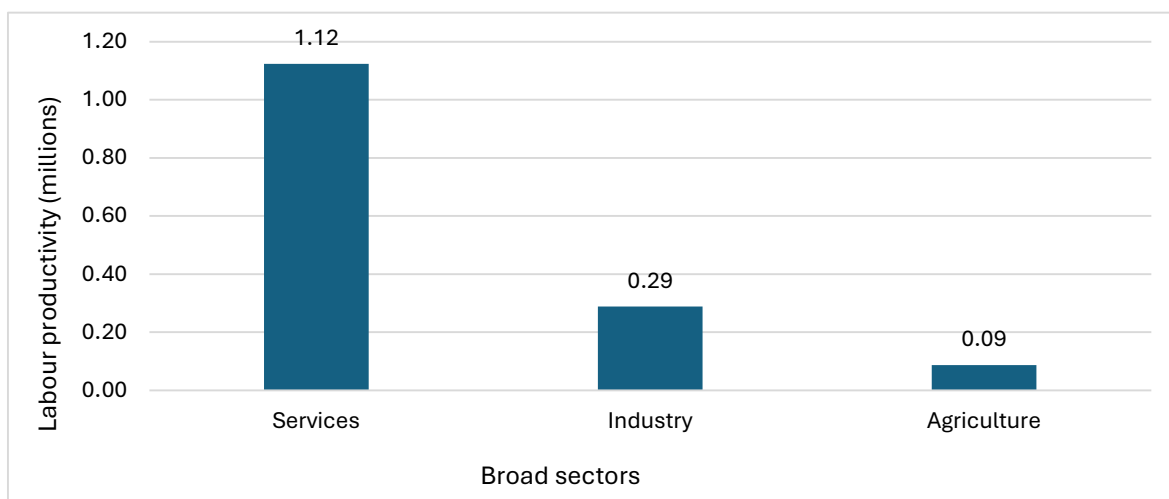
Figure 17: Labour productivity ratios (million)



Data source: Author's computation using KNBS GCP 2023 and KCHS 2021 data

The services sector had the highest productivity followed by the industry sector while the agriculture sector was the third with the lowest labour productivity (Figure 18).

Figure 18: Labour productivity by sectors



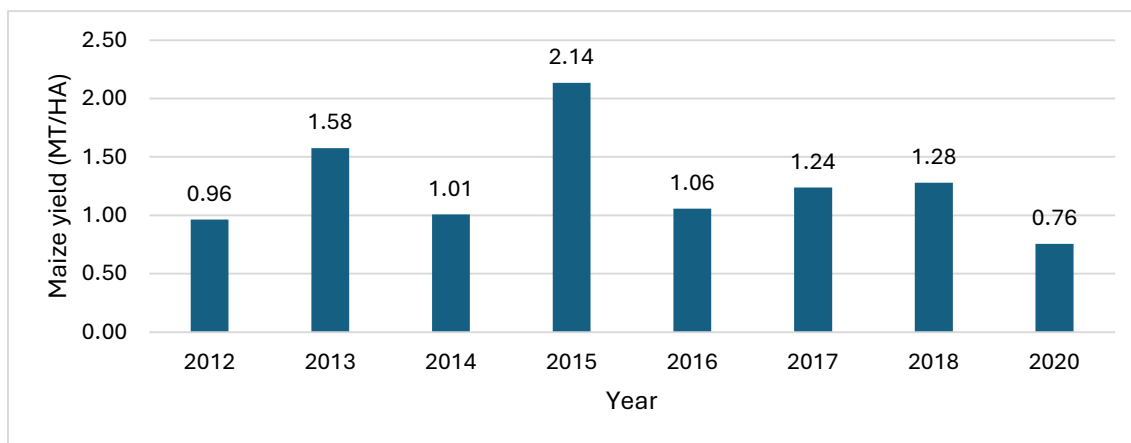
Data source: Author's computation using KNBS GCP 2023 and KCHS 2021 data

Agriculture Productivity

Maize productivity as measured by maize yield shows fluctuation over the years (Figure 19). The average yield for the eight (8) years under review is 1.25 MT/HA, which is lower than most counties within the aridity level.

¹The measure used is the apparent labour productivity measured as gross value added per person employed.

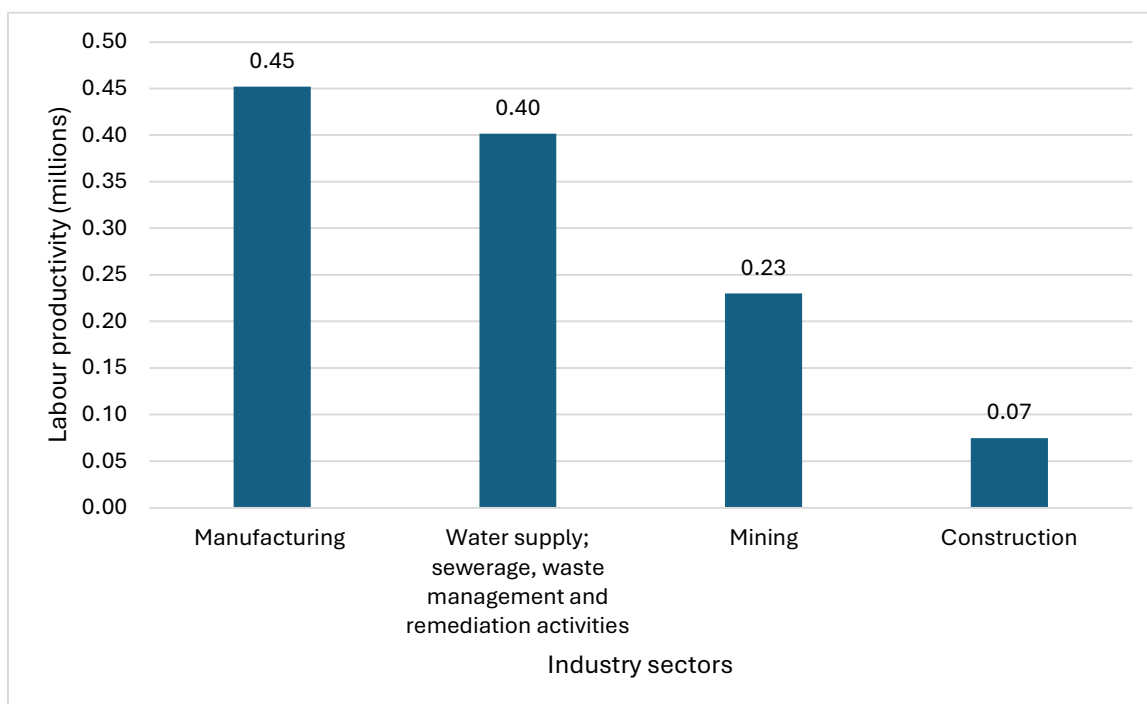
Figure 19: Maize yield (MT/HA)



Industry Sector

Manufacturing and water supply, sewerage, waste management, and remediation activities sectors had the highest labour productivity in the industry broad sector as shown in Figure 20.

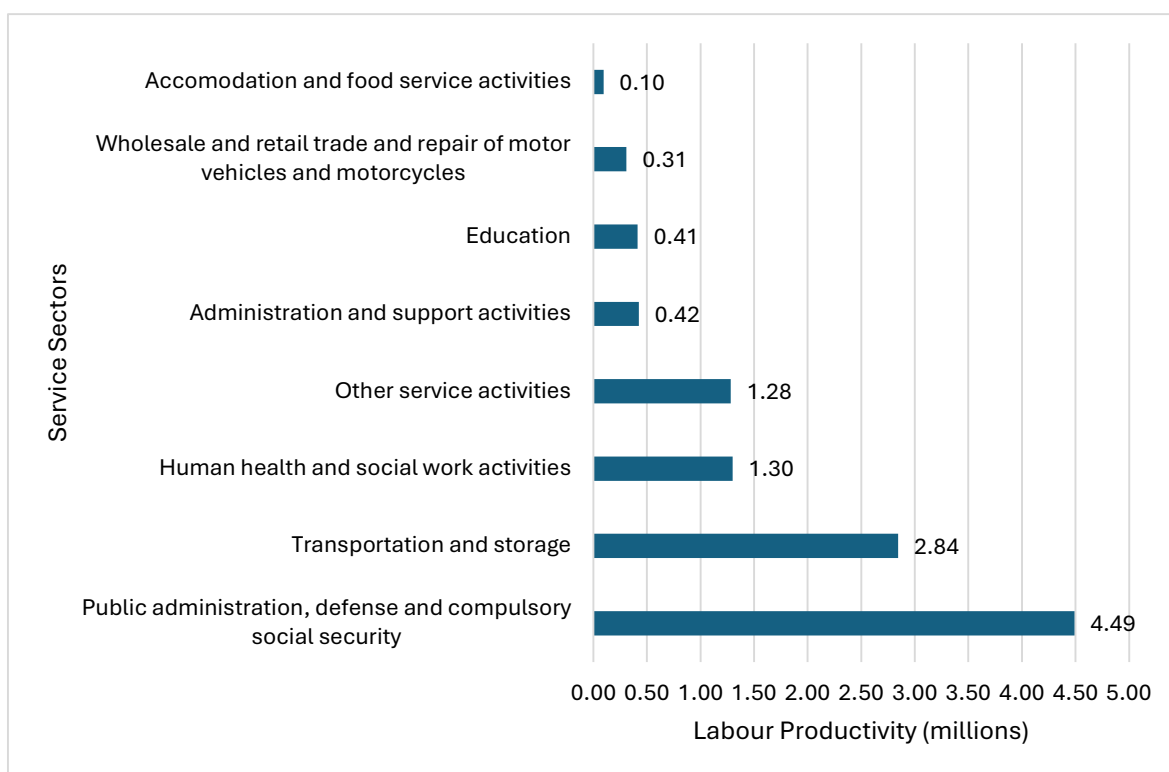
Figure 20: Labour productivity by industry sectors



Data source: Author's computation using KNBS GCP 2023 and KCHS 2021 data

Public administration, defence, and compulsory social security sub-sector had relatively higher labour productivity when compared with other sub-sectors within the services sector as shown in Figure 21.

Figure 21: Labour productivity in services sectors



Data source: Author's computation using KNBS GCP 2023 and KCHS 2021 data

Key Messages

- (i) The service sector is dominant in Lamu County GVA while the industry sector has the least share. Manufacturing has the highest share of industry GVA while transportation and storage services dominate the services sector.
- (ii) The indicators of the quality of labour are within national averages. However, interventions are required to increase secondary school enrolment, reduce stunting and teenage pregnancies, and tackle food and child poverty.
- (iii) Some of the essential infrastructure and capital indicators that support the production of county output are higher than the national average. However, interventions are required to increase access to electricity and internet connectivity and improve rural roads.
- (iv) The agriculture sector is the highest employer, with the majority practicing mixed farming. The majority of those working in the industry sector are in manufacturing, with employment concentrated in the manufacture of wood and textile sub-sectors. The majority of those working in the service sector work in the wholesale and retail trade sub-sector with employment concentrated in other retail sales in specialized stores.
- (v) Labour productivity is higher than the national average. The services sector has the highest labour productivity while the agriculture sector has the lowest labour productivity.

Policy Recommendations

- (i) Encourage investments in manufacturing to support the transformation of the agriculture sector by promoting agro-processing and supporting the County Aggregation Industry Park to enhance the productivity of the MSMEs. Further, there is a need to support livestock production by enhancing integration into the dairy chain. The poultry value chain also needs to be enhanced. Further, the production of coconut and cashew nuts should be promoted to grow agricultural output.
- (ii) Secure the quality of the future labour force by nutrition-sensitive social protection programmes that should target child poverty, food poverty, and stunting. Further, there is a need to reduce teenage pregnancies by creating awareness and supporting teenage mothers to continue with education. Also, implementing 100 per cent secondary school transition should be prioritized to enable the acquisition of skills.
- (iii) Create an enabling environment for private sector growth by investing in essential infrastructure to improve access to electricity and the internet. Further, prioritize rural road infrastructure.
- (iv) The county to exploit the blue economy to diversify sources of growth.

Acknowledgment

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