



Policy Brief

Thinking Policy Together

No. 76/2023-2024

Assessing Labour Productivity for Meru County

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Introduction

Meru County is a member of the Central Region and Economic Bloc (CEREB). The county is classified as a semi-arid county experiencing between 30-84 per cent aridity levels. The county land size is 7,006 km² and has thirteen Sub-Counties namely: Buuri East, Buuri West, Igembe Central, Igembe North, Igembe South, Imenti North, Imenti South, Meru Central, Tigania Central, Tigania East, Tigania West, Meru National Park, and Mt. Kenya Forest.

Key highlights

The productivity of Meru County is characterized by the following:

- (i) The agriculture sector has the highest share of Gross Value Added. Livestock products are dominated by milk and beef while opportunities for leather, apiculture, and poultry are yet to be fully exploited. The contribution of the industry sector is low but dominated by the manufacturing sector while the service sector is dominated by transportation and storage.
- (ii) Quality of labour requires interventions to reduce the percentage of stunted children and teenage pregnancy.
- (iii) Essential infrastructure requires a lot of investment in internet connectivity.

- (iv) Agriculture has the highest share of employment engaged in mixed farming and crop production and there is potential for fish farming. Construction has the highest share of employment in the industry sector, while in the manufacturing sector, repairs, and installation of machinery and equipment dominate with a potential for textiles in securing jobs. In the services sector, wholesale and retail trade has the highest share of employment.
- (v) Labour productivity is highest in the industry sector while the service sector is the lowest. In the industry sector, electricity, gas, steam, and air conditioning supply was the highest. In the services sector, human health and social work, and public administration have the highest productivity.

To enhance productivity. There is a need to:

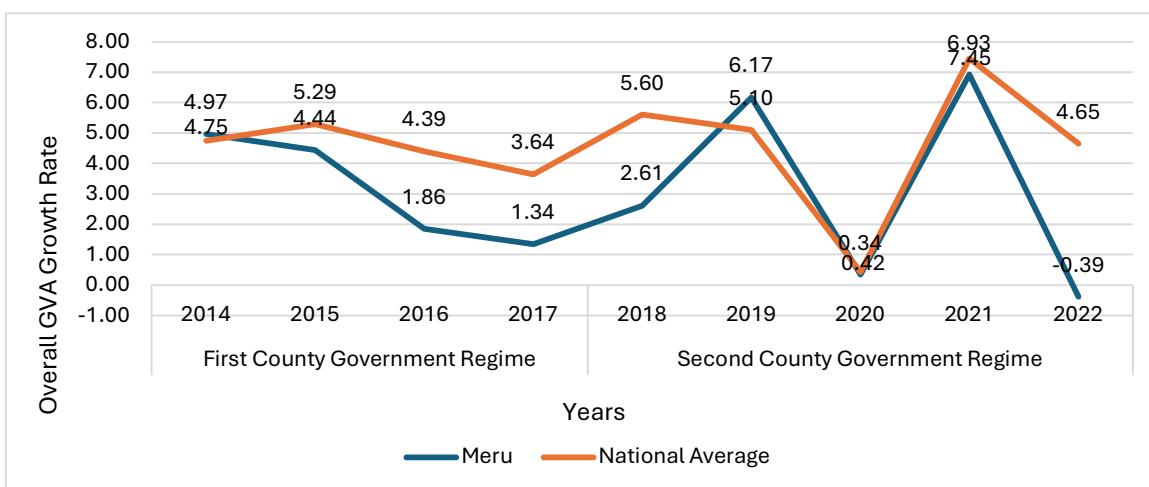
- (i) Improve the quality of labour by implementing nutrition interventions that reduce stunting among children, create awareness to reduce teenage pregnancies while supporting teenage mothers to go back to school, and increase the pupil-teacher ratio to improve education and training.
- (ii) Create an enabling environment for MSMEs to provide opportunities for decent jobs to the youth by working closely with the national government in implementing the county aggregate industrial parks, providing essential infrastructure including internet connectivity, and expanding their market access.
- (iii) Put in place an agricultural transformation plan to increase agriculture productivity. This includes enhancing the uptake of crop insurance to mitigate the effects of climate change, developing the livestock value chain to integrate small farmers into the dairy and leather value chain; and building skills for farmers to adopt technologies that improve productivity in crop production, apiculture, and poultry.

Meru County Economic Performance

Meru County contributes on average 3.2 per cent of the National Gross Value added with an average GVA size of Ksh 229, 3267 million. The GVA per capita for Meru County is Ksh 148,366 with an average population growth of 1.3 per cent and overall poverty levels of 26.3 per cent.

Meru County has shown steady growth in GVA with an average growth rate of 3.14 per cent from 2013-2022, which is lower than the national average growth of 4.37 per cent. The highest growth rate was experienced in 2021 while the lowest growth rate was experienced in 2022.

Figure 1: Meru County GVA growth rate

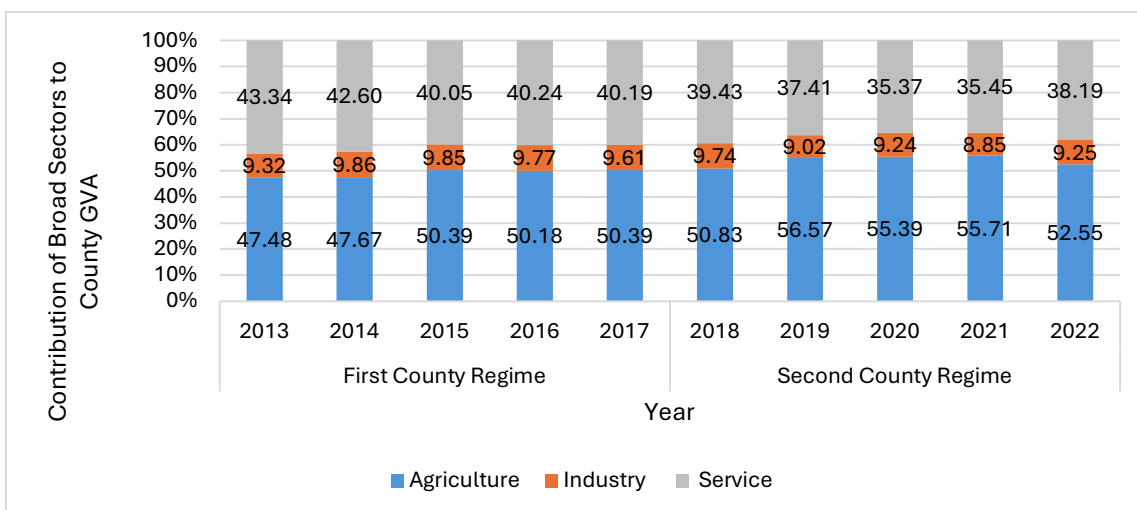


Data source: GCP 2023

Sectoral Contribution to County Gross Value Added

The agriculture sector is dominant in Meru County with an average contribution to GVA of 51.72 per cent. The service sector is second, contributing an average of 39.23 per cent to the GVA while the industry sector contributes about 9.45 per cent.

Figure 2: Contribution of Broad Sectors to Meru County GVA

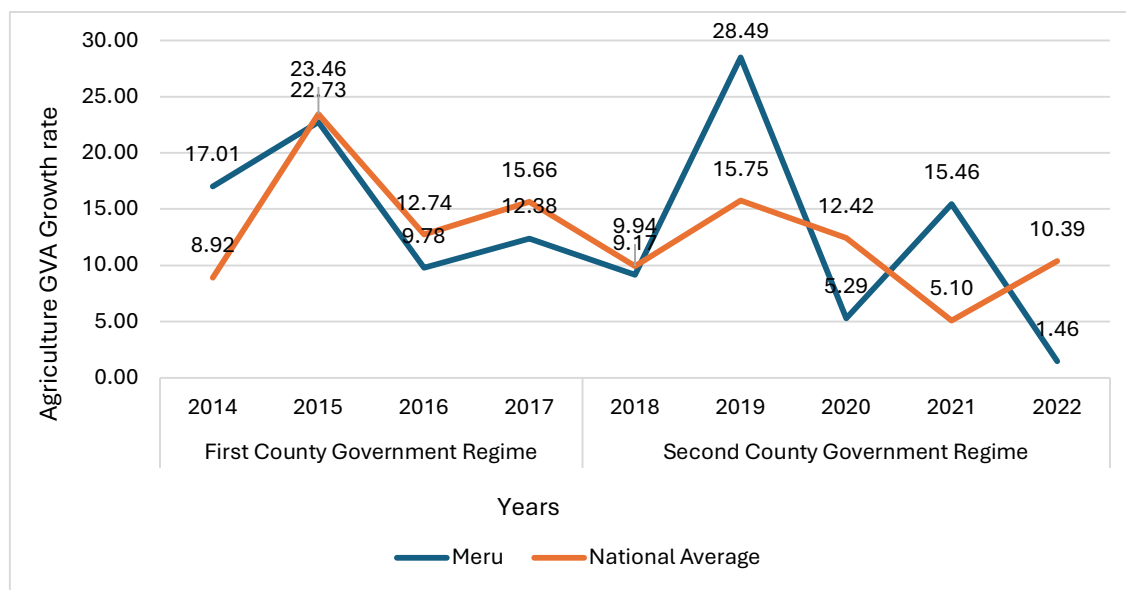


Data source: GCP 2023

Agriculture sector

The average agriculture GVA growth rate (2013-2022) for Meru County is 13.53 per cent, which is above the national average of 12.71 per cent. The highest growth rate was in 2019 at 28.49 per cent.

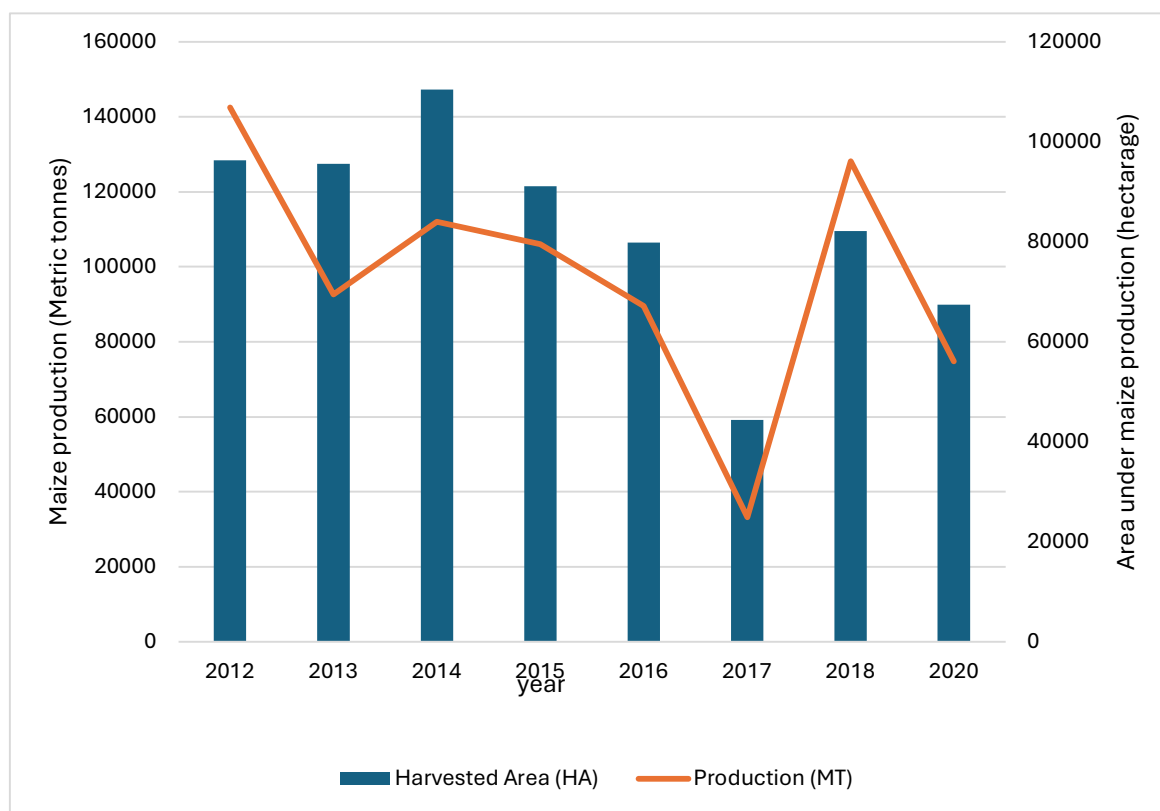
Figure 3 : Meru County Agriculture GVA growth rate



Data source: GCP 2023

Maize, the main staple food in the country, is also one of the main food crops produced in Meru County. Both the land under maize production and maize production (metric tonnes) have been declining over the years. The lowest declines were in 2017, which are attributed to the 2016/17 drought episode as well effects of the armyworm invasion in the African region in 2016. The rise in the production of maize for silage to support dairy production in the county could also be affecting the volume of maize grain production.

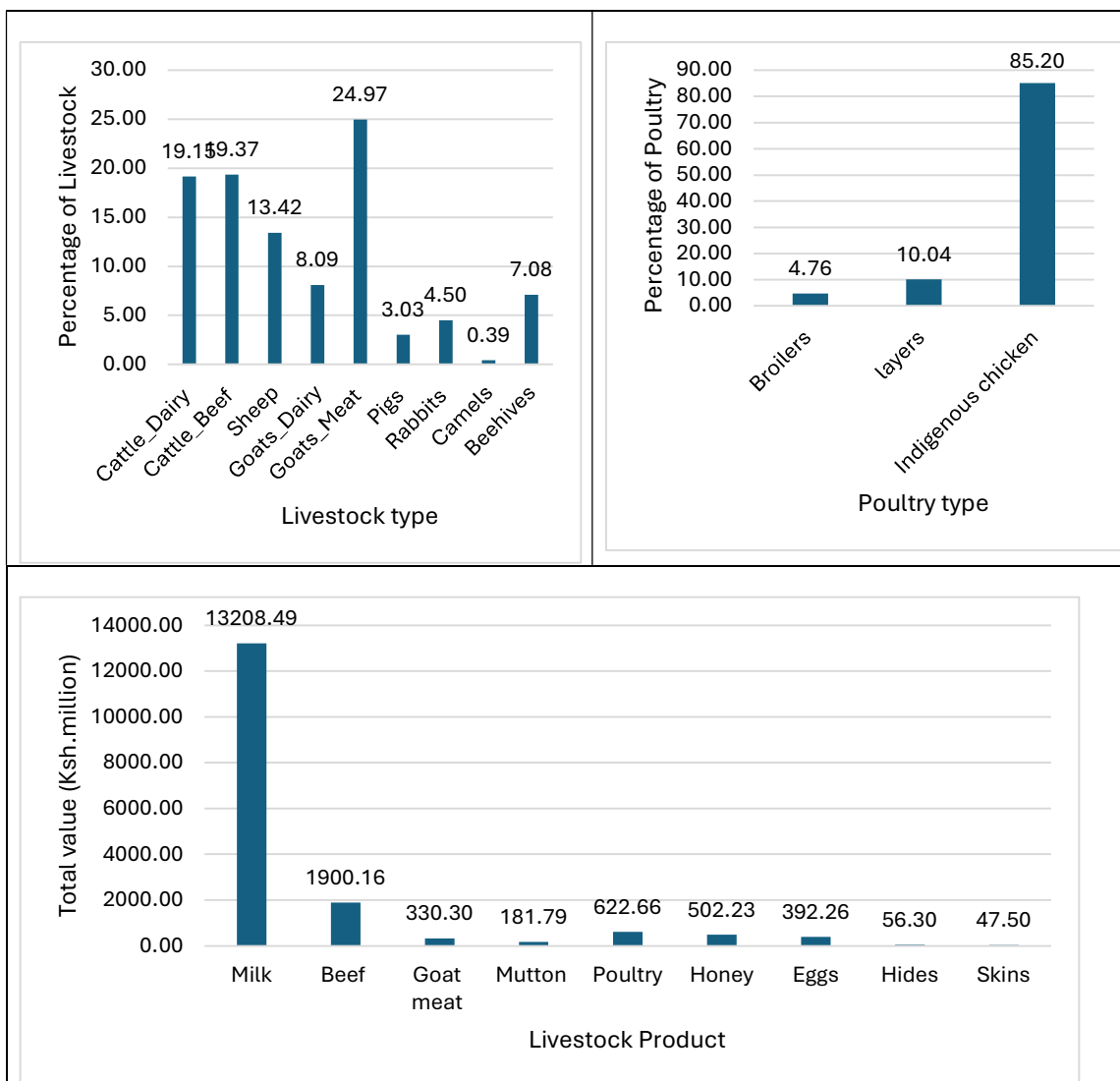
Figure 4: Maize production and area under maize production



Data source: NIPFN

Although overall livestock production in Meru County is on a smaller scale when compared to crop production, the county has a significant number of dairy cattle. Poultry production is also high in the county with the most common type being indigenous chicken. Meru County's comparative advantage in dairy farming is reflected in the high total value of milk, the high value in eggs also indicates the advantages the county has in poultry farming as shown in Figure 5.

Figure 5: Livestock production statistics

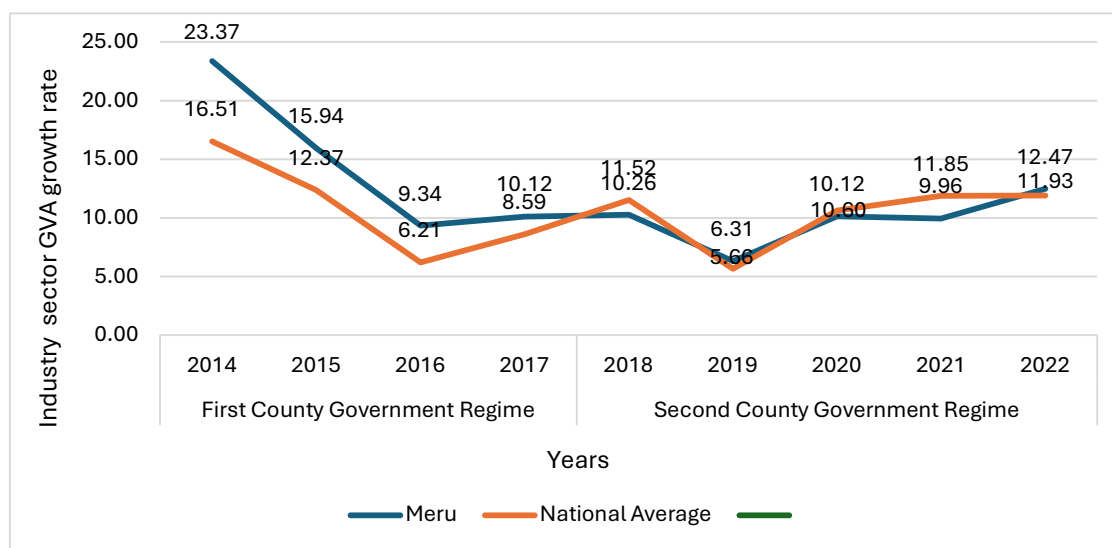


Data source: NIPFN

Industry Sector

The average industry sector growth rate for Meru County is 11.99 per cent, which is above the national average of 10.58 per cent.

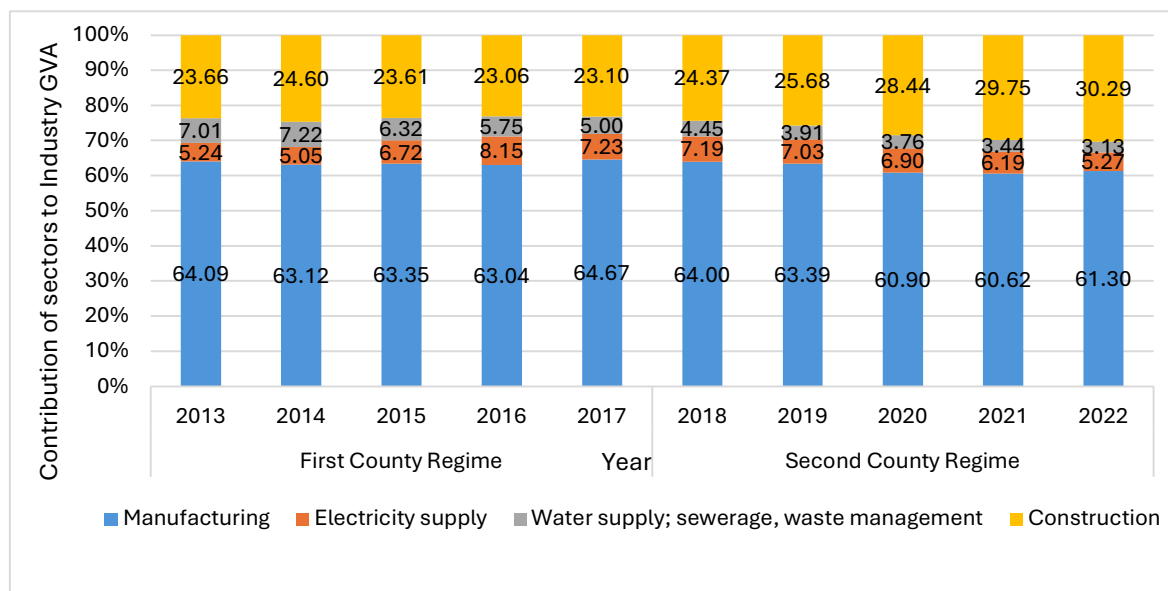
Figure 6: Garissa County industry GVA growth rate



Data source: GCP 2023

Manufacturing dominates the industry sector as shown in the figure below. Despite the dominance, the share of manufacturing has been decreasing over the years.

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

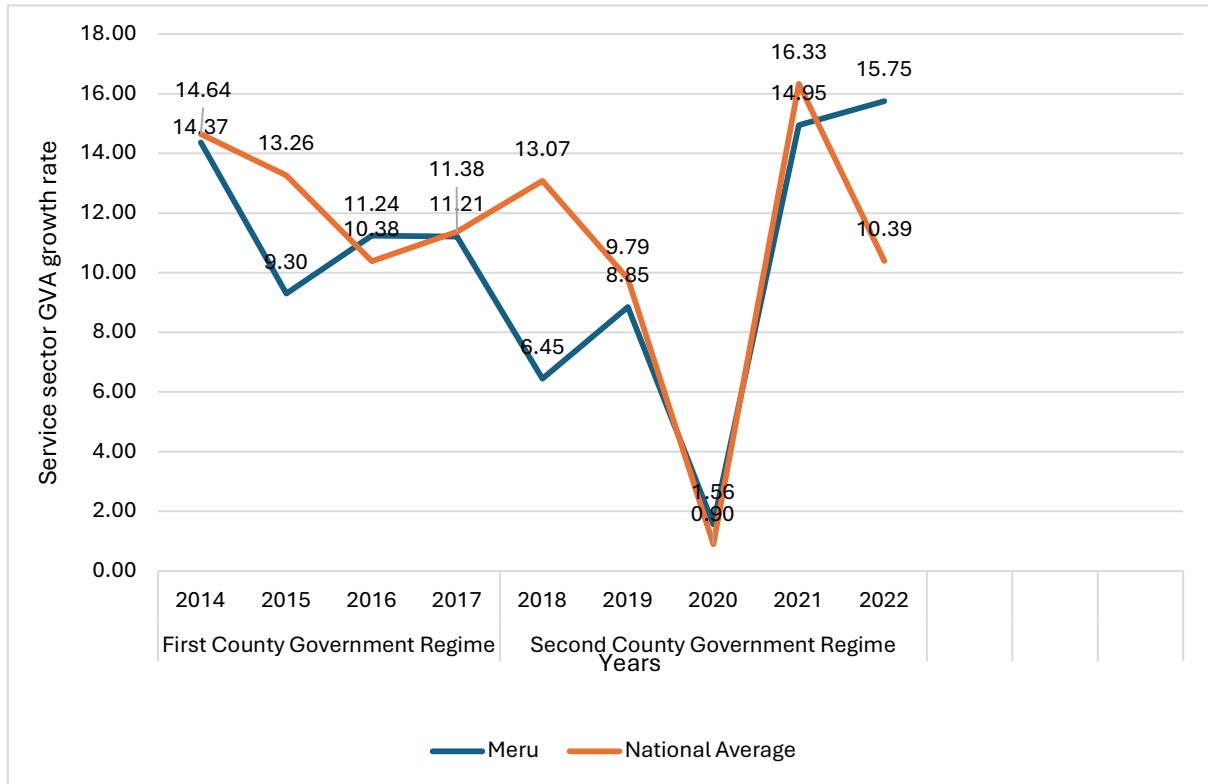


Data source: GCP 2023

Services Sector

The average service sector growth rate is 9.56 per cent, which is below the national average of 11.13 per cent.

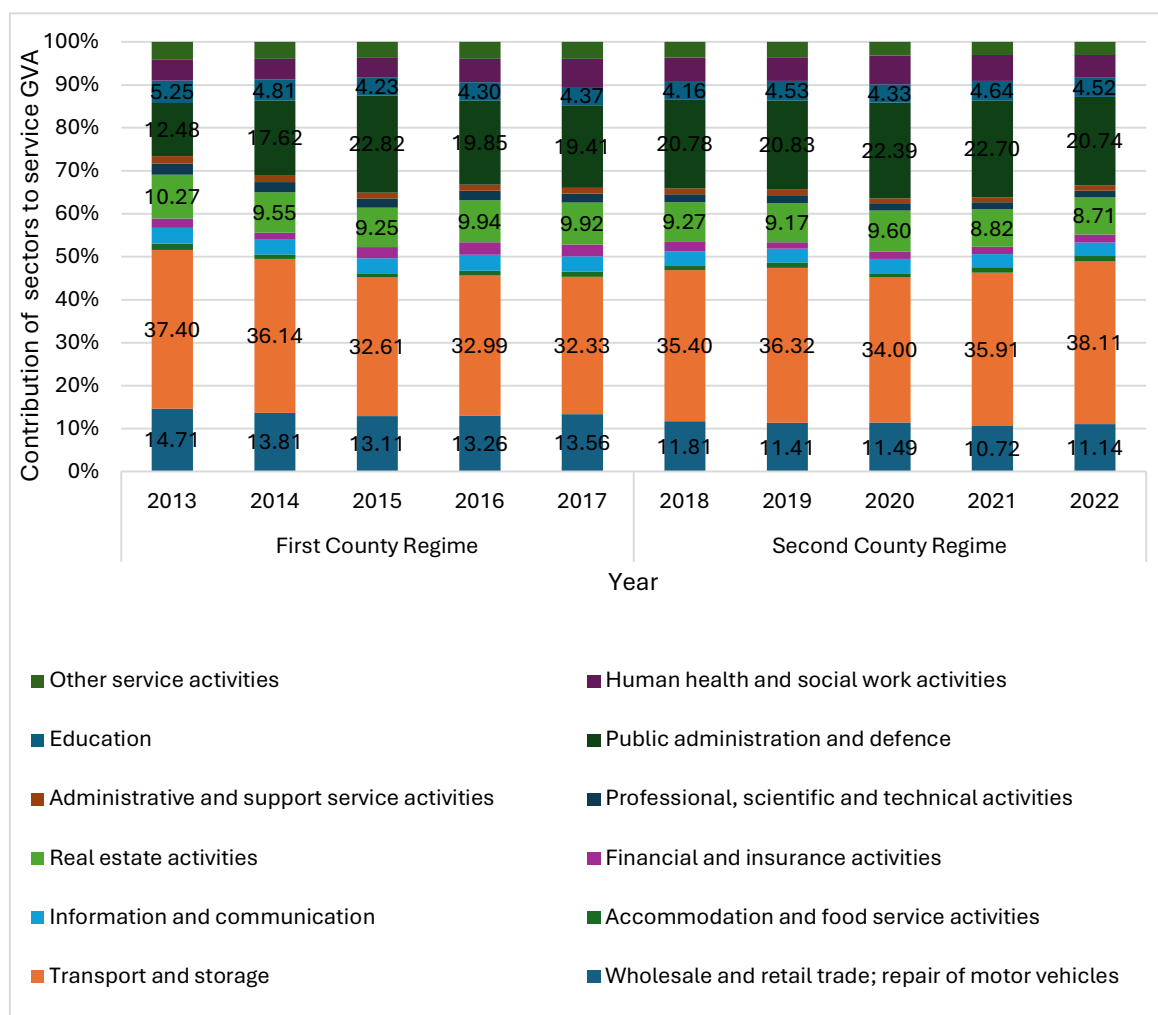
Figure 8: Meru County Services sector GVA growth rate



Data source: GCP 2023

The transport 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 sub-sector is the second highest contributor to services GVA at 19.96 per cent. The wholesale and retail trade sector is third with an average of 12.50 per cent.

Figure 9: Contribution of sectors to Service sector GVA



Data source: GCP 2023

Quantity and Quality of Labour Force in Meru County

Meru County has a total working-age population of 918,702 which is about 59.44 per cent of the total county population. The majority of the working-age population is youthful (18-34 years) at 46.03 percent.

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

Working age population	Male	Female	Total	Percentage of total working age population (%)
15-17	52,052	52,788	104,840	11.41
18 -24	94,748	97,773	192,521	20.96
25-34	113,450	116,890	230,340	25.07
35-64	198,233	192,768	391,001	42.56
Total	458,483	460,219	918,702	

Data source: KPHC 2019

The majority of the population in Meru sub-counties are persons in the working age categories. Imenti North has the highest percentage of working-age people at 65.78 per cent.

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

Sub-county	Total population	Working age population categories				Working age population (15-64 years) as a percentage of the total sub-county population
		15-17	18 –24	25 –34	35-64	
Buuri East	76,598	4,886 (10.22)	8,284 (17.32)	10,483 (21.92)	24,176 (50.55)	47,829 (62.44)

Buuri West	80,760	4,955 (9.55)	9,878 (19.04)	14,146 (27.27)	22,889 (44.13)	51,868 (64.22)
Igembe Central	221,408	16,519 (13.10)	29,278 (23.22)	32,020 (25.40)	48,253 (38.27)	126,070 (56.94)
Igembe North	169,313	13,071 (14.13)	21,714 (23.48)	23,013 (24.88)	34,700 (37.51)	92,498 (54.63)
Igembe South	161,638	11,022 (11.48)	22,933 (23.89)	26,728 (27.85)	35,299 (36.78)	95,982 (59.38)
Imenti North	177,562	9,631 (8.25)	24,417 (20.90)	32,372 (27.72)	50,383 (43.14)	116,803 (65.78)
Imenti South	206,500	12,041 (9.26)	23,615 (18.17)	32,185 (24.76)	62,146 (47.81)	129,987 (62.95)
Meru Central	133,814	8,114 (9.86)	14,774 (17.95)	19,188 (23.31)	40,246 (48.89)	82,322 (61.52)
Tigania Central	104,730	8,068 (13.91)	12,601 (21.72)	14,325 (24.70)	23,010 (39.67)	58,004 (55.38)
Tigania East	72,546	5,758 (15.16)	8,218 (21.63)	8,414 (22.15)	15,596 (41.06)	37,986 (52.36)
Tigania West	139,956	10,761 (13.69)	16,754 (21.31)	17,172 (21.84)	33,924 (43.15)	78,611 (56.17)

Data source: KPHC 2019

Most of the socioeconomic indicators that affect the quality of labour are higher than the national average for Meru County. However, interventions are required to reduce the percentage of stunted children and the percentage of teenage pregnancies (Table 3).

Table 3: Human capital indicators

Human capital indicators	County	National average
Literacy rate	78.30	78.41
Pre-primary net enrolment rate (2019)	78.62	67.51
Primary school net enrolment rate (2020)	81.70	77.72
Secondary school net enrolment rate (2020)	61.90	54.18
Average years of schooling (2014)	7.70	7.78
Percentage of children 12 -23 months fully vaccinated (%)	83.90	74.97
Percentage of stunted children	25	19.75
Percentage of teenage pregnancy	23.60	15.79
Primary to secondary transition rates (2020)	86.40	86.13
Pupil-teacher ratio (primary school)	27.00	28.28
Food poverty headcount (%)	23.40	33.63
Child poverty headcount (%)	27.00	42.67

Data source: KDHS 2022, KPHC 2019, Basic Education Statistical Booklet, 2020

Meru County has higher than the national average for most of the essential infrastructure indicators (Table 4). However, there is a need to increase internet access in schools, and financial inclusion through the use of banks and mobile money.

Table 4: Essential infrastructure and other resources indicators

Essential infrastructure indicators	County	National average
Percentage of households with access to electricity (2019 Census)	40.20	38.52
Distribution of population using the internet (2019 census)	19.30	18.69
Rural Access Index (2018)	78.35	63.72
Access to improved sanitation (2018)	86.00	59.04
Access to improved water (2018)	70.20	65.33
Financial inclusion level (2021)	81.00	81.01
The proportion of primary schools with internet	24.65	27.65
Proportion of secondary schools with functional internet	28.50	35.13
Percentage of households by housing material composite-finished materials(adequate) (2019)	90.11	51.71
Percentage of households using bank usage (overall)	31.40	38.18
Percentage of households using mobile money	77.60	78.58

Data sources: KRB 2018, KPHC 2019, FinAccess 2021, KIHBS 2015/16

County Employment Statistics

The employment to population ratio is 67.33 per cent, with most of the employed being the non-youth (35-64 years) at 36.41 per cent while the youth (18-34 years) at 29.60 per cent. The percentage of the employed by gender is 45.54 for males and 45.08 for females. The unemployment rate is at 8.07 per cent with unemployment being slightly higher for the youth (18-34 years) at 3.19 per cent and those between 35-64 years at 1.88 per cent.

The percentage of people aged 5-17 years working is 3.44 per cent indicating that the county has low levels of child labour. The inactivity rate is higher for the youth (15-24 years) at 18.18 per cent, which is expected as this age category is still schooling. While low for persons of prime age (25-64 years) at 5.53, which indicates high labour utilization.

Table 5: Meru County employment statistics

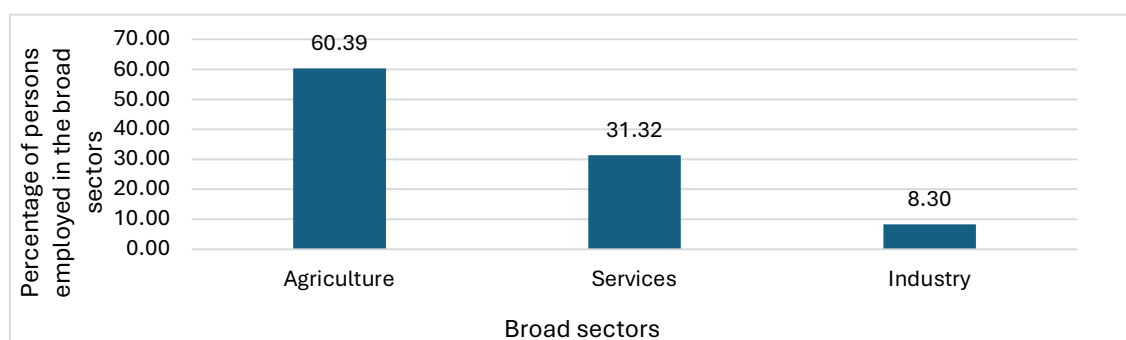
Employment statistics	Youth	Non-youth
Employment to population ratio (%)	29.60	36.41
Unemployment rate	3.19	1.88
Percentage of persons aged 5-17 years old working	3.44	-
Inactivity rate	18.18	5.53

Data source: KNBS KPHC 2019

Sectoral Employment

The agriculture sector is the highest employer in Meru County at 60.39 per cent followed by the services sector at 31.32 per cent. The industry sector is third at 8.30 per cent.

Figure 10: Percentage of persons employed in the broad sectors

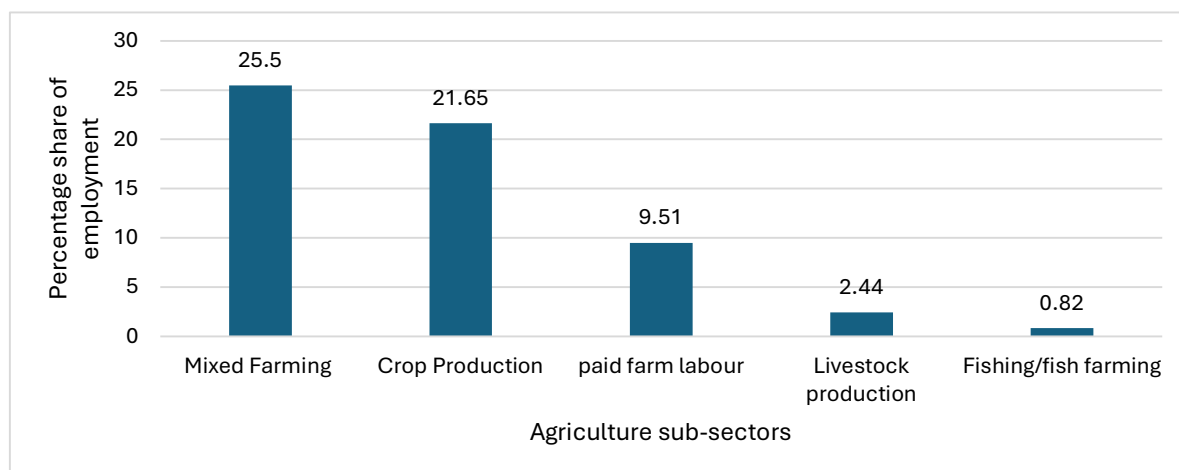


Data source: KCHS 2021

Agriculture Sector

Employment in agriculture is mainly in mixed farming, reflecting the advantages the county has in both crop production and dairy production.

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

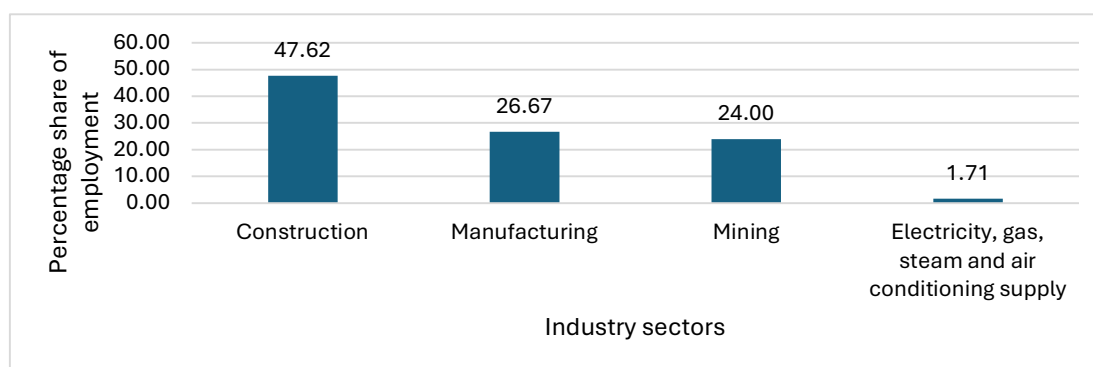


Data source: KCHS 2021

Industry Sector

The majority of those working in the industry sector are in the construction sub-sector (Figure 12). This mainly entails the construction of buildings while employment in mining was mainly the quarrying of stones.

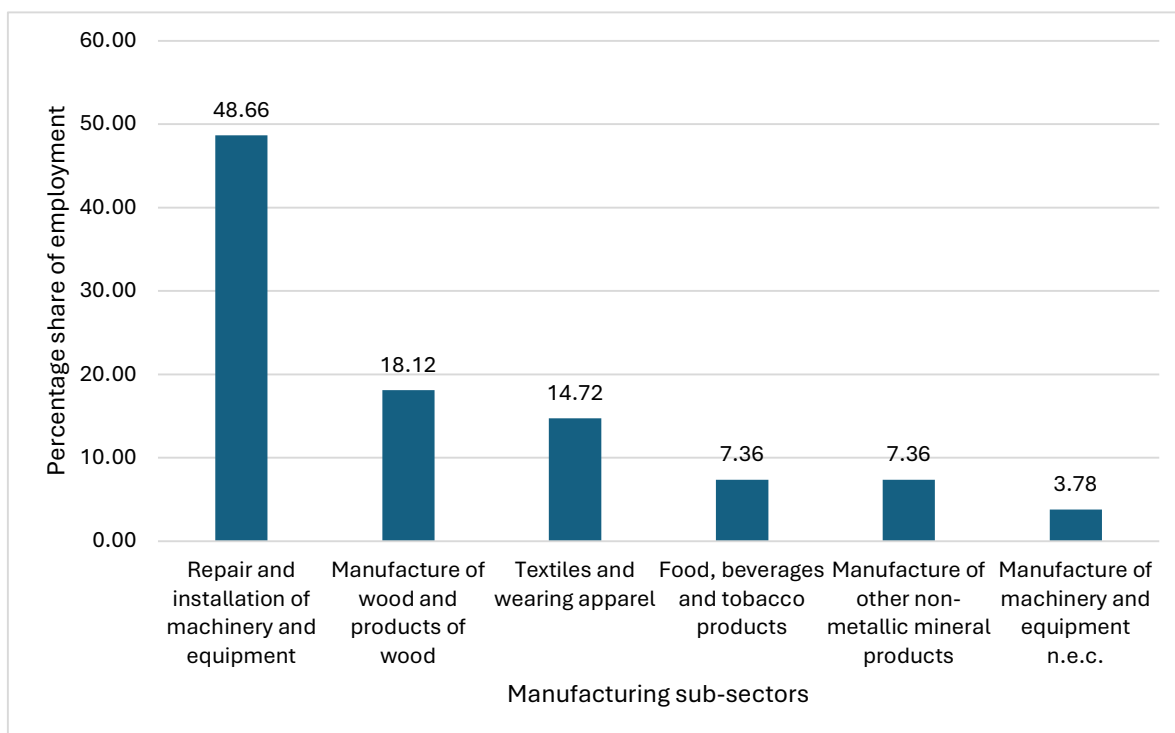
Figure 12: Percentage share of employment in the industry sectors



Data source: KCHS 2021

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 repair and installation of machinery and equipment and wood industries.

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

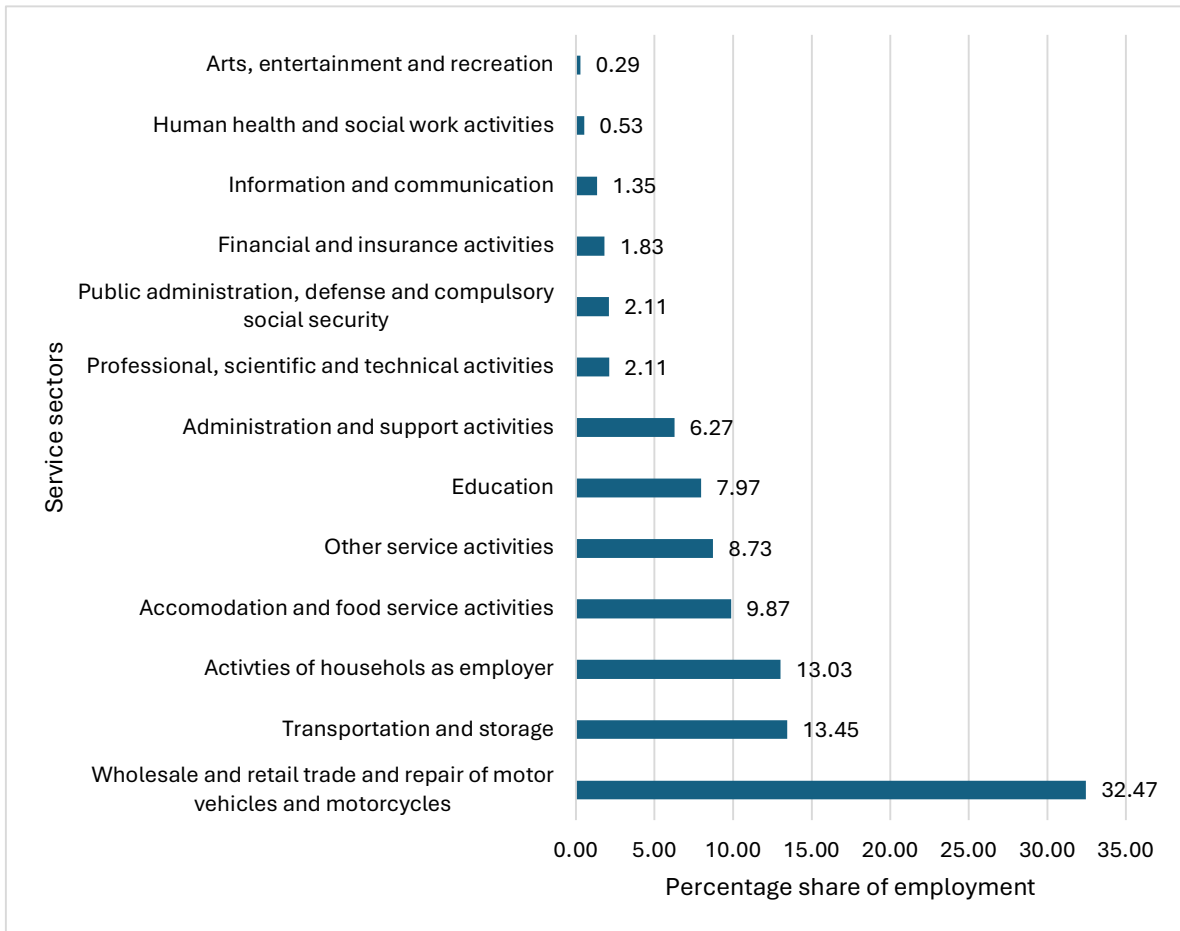


Data source: KCHS 2021

Services Sector

The majority of those working in the services sector are in wholesale and retail trade. Retailing and wholesaling industries represent the intermediate steps in the distribution of merchandise between producers and consumers of goods. Despite the higher share of employment in the services sector, the output of the sector remains low with the sector having high levels of informality.

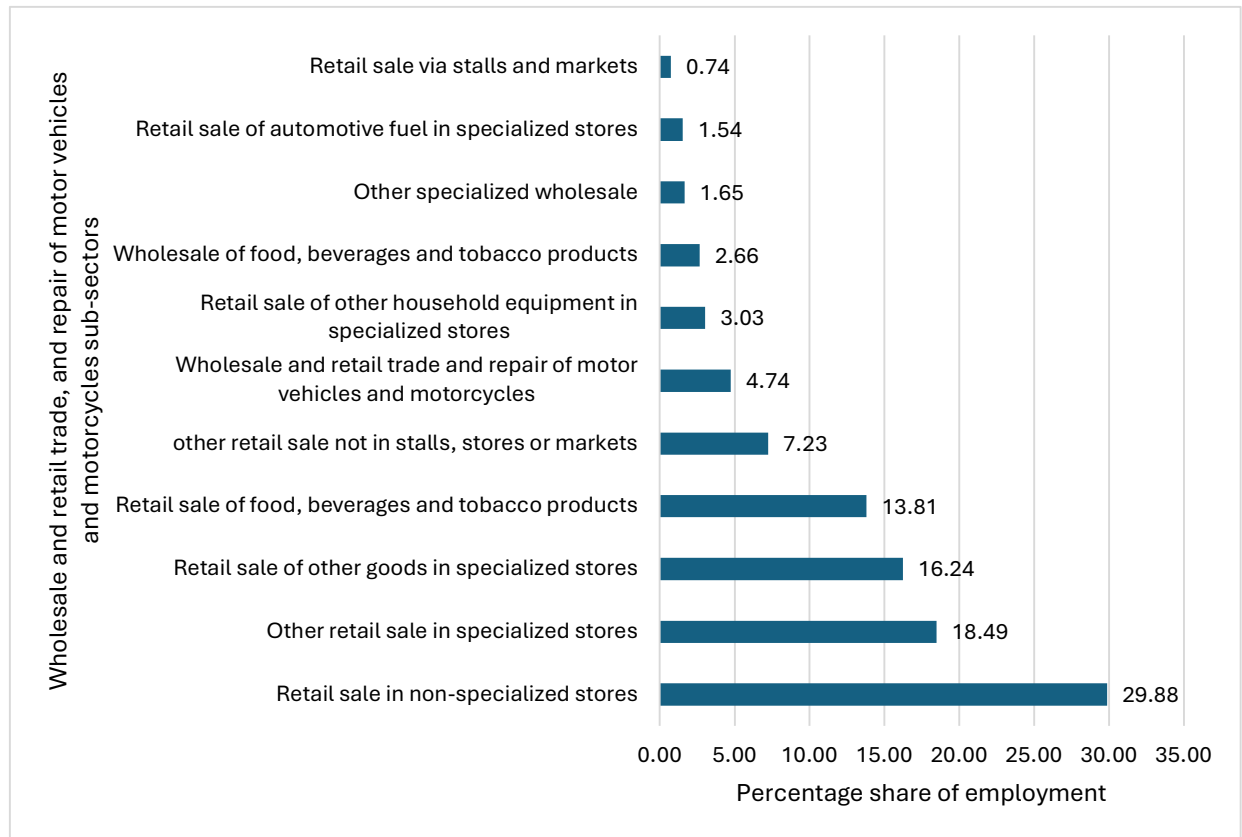
Figure 14: Percentage share of employment in the service sector



Data source: KCHS 2021

In the wholesale and retail trade, the majority work in retail sales in non-specialized stores.

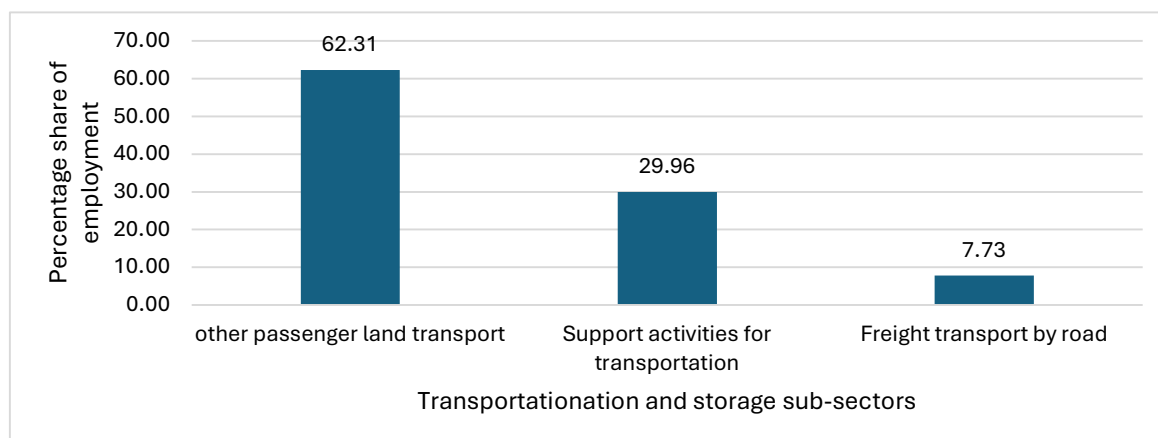
Figure 15: Percentage of people employed in the wholesale and retail trade, and repair of motor vehicle sub-sectors



Data source: KCHS 2021

In the transportation and storage sector, the majority of those employed are other passenger land transportation.

Figure 16: Percentage share of employment in the transportation and storage sub-sectors

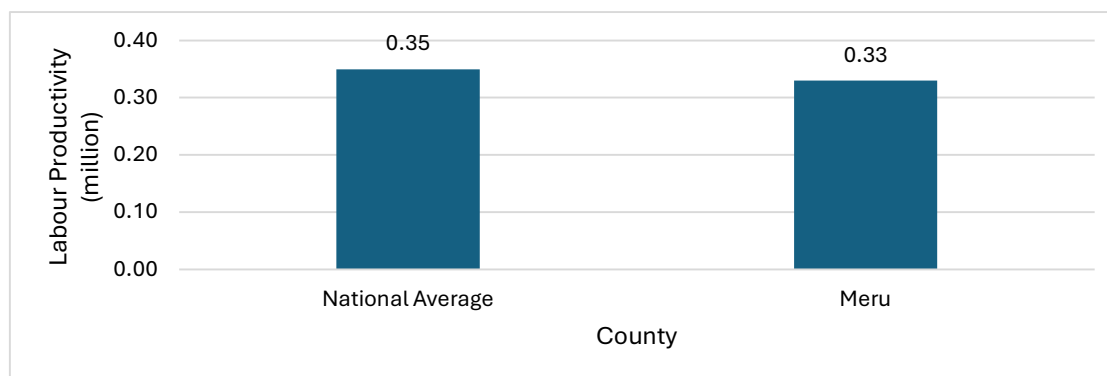


Data source: KCHS 2021

Labour Productivity

Labour productivity¹ for Meru County is below the national average labour productivity.

Figure 17: Labour productivity ratios (million)

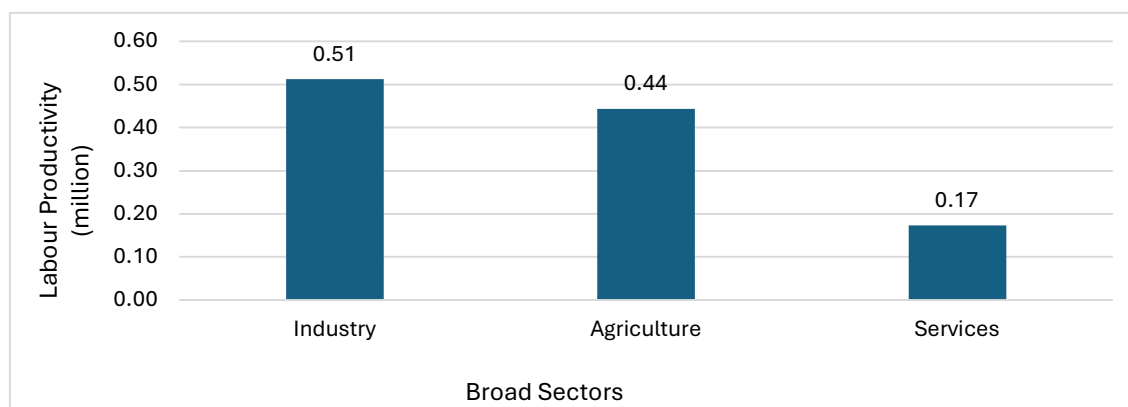


Data source: Author's computation using KNBS GCP 2023 and KCHS 2021 data

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

The industry sector had the highest productivity, followed by the agriculture sector while the services sector had the least labour productivity.

Figure 18: Labour productivity by sectors

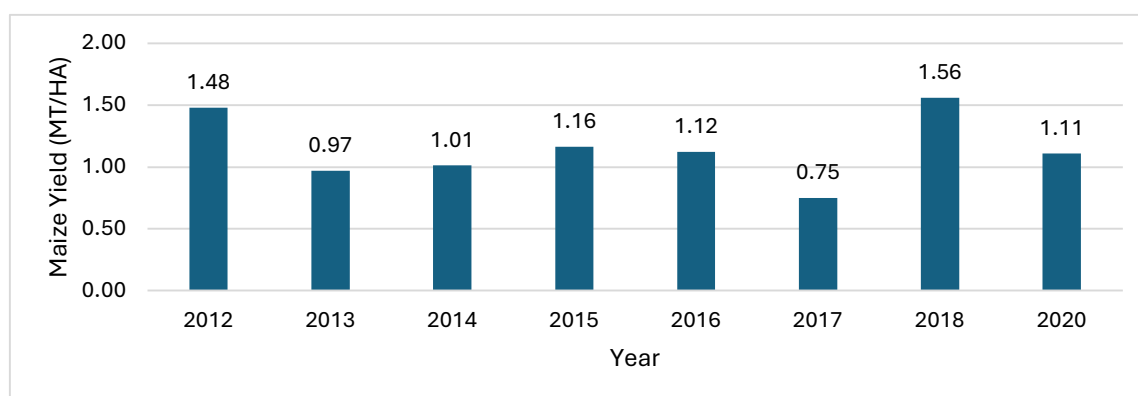


Data source: Author's computation using KNBS GCP 2023 and KCHS 2021 data

Agriculture Sector

In agriculture, despite the advantages in crop production, maize productivity in Meru County is low at an average of 1.14 MT/HA. It has been declining over the years, with the highest decline being in 2017.

Figure 19: Maize yield (MT/HA)

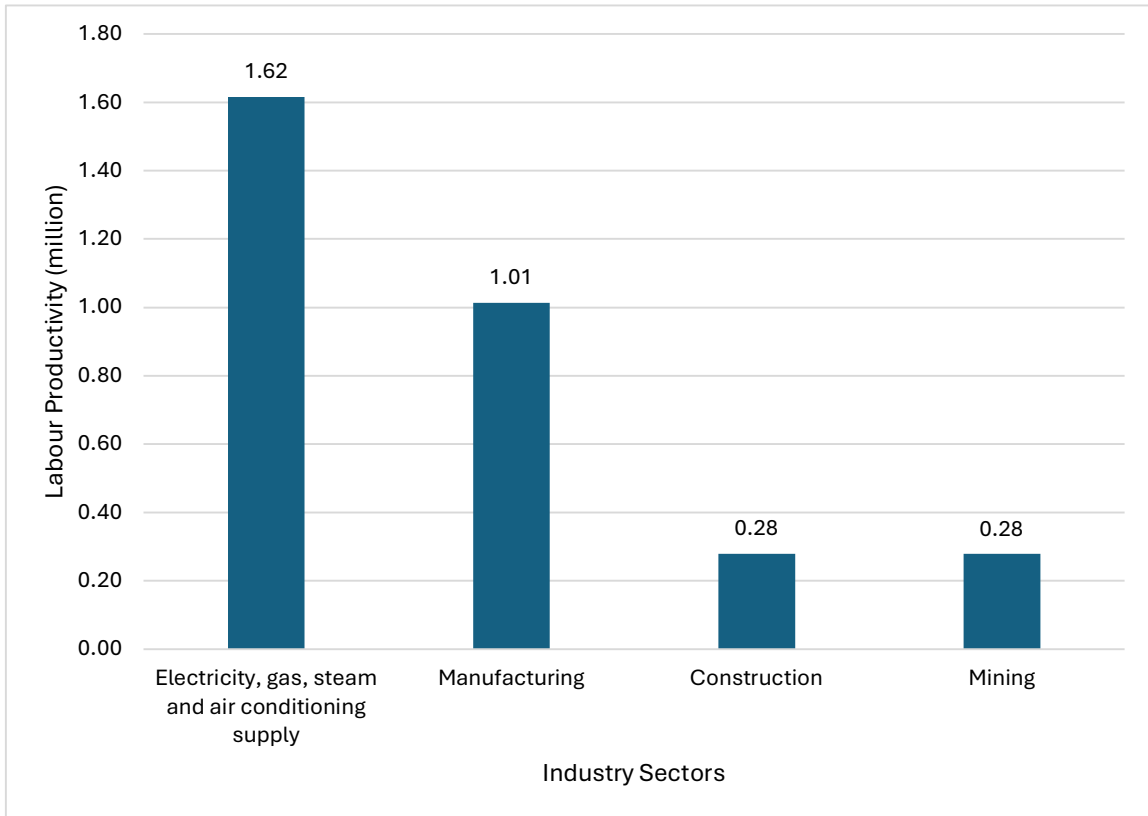


Data source: NIPFN

Industry Sector

Electricity, gas, steam, and air conditioning supply and manufacturing sectors had the highest labour productivity in the industry broad sector.

Figure 20: Labour productivity by industry sector

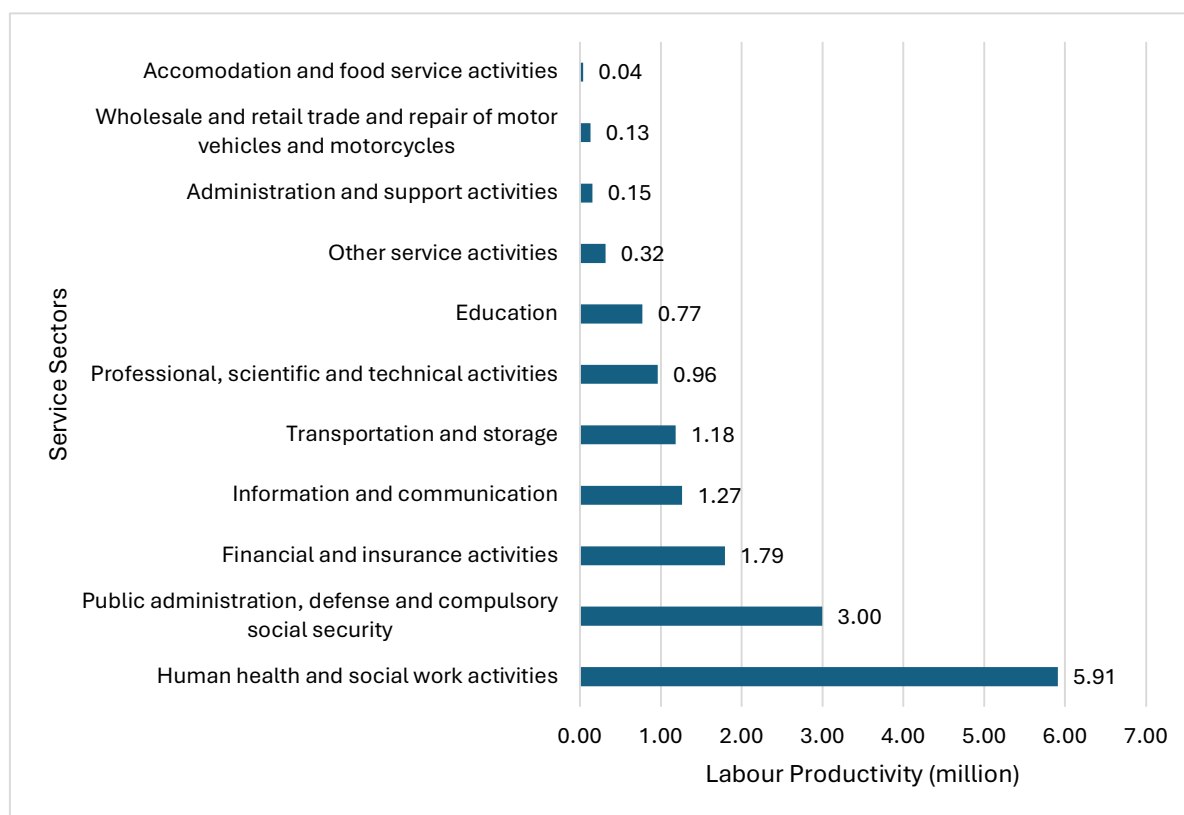


Data source: Author's computation using KNBS GCP 2023 and KCHS 2021 data

Services Sector

The human health and social work activities sub-sector had relatively higher labour productivity when compared with other sub-sectors within the services sector.

Figure 21: Labour productivity in services sectors



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

Key Messages

- (i) The agriculture sector has the highest share in GVA. Livestock is diversified with a mix of various products that are dominated by milk and beef while opportunities for leather, apiculture, and poultry are yet to be fully exploited. The contribution of the industry sector to GVA is low at less than 10 per cent dominated by the manufacturing sector. The service broad sector is dominated by the transportation and storage sub-sector.
- (ii) The indicators of quality of labour are within the national average. However, there is a need for interventions to reduce the percentage of stunted children and teenage pregnancies.
- (iii) The essential infrastructure indicators are within the national average. However, there is a lot of investment required in internet connectivity.
- (iv) Agriculture has the highest share of employment while industry has the lowest. In agriculture, mixed farming and crop production dominate and there is potential for fish farming. Construction has the highest share of employment in industry, while in

manufacturing, it is repairs and installation of machinery and equipment that dominate. There is potential for textiles in securing jobs. In the services sector, wholesale and retail trade has the highest share of employment.

- (v) Labour productivity is slightly lower than the national average. The industry sector has the highest productivity and the services sector the lowest. In industry, electricity, gas, steam, and air conditioning supply was the highest. In the services sector, human health, social work, and public administration have the highest productivity.

Policy Recommendations

- (i) Improve the quality of labour by implementing nutrition interventions that reduce the percentage of stunted children; create awareness to reduce teenage pregnancies while supporting teenage mothers to go back to school; and increase the pupil-teacher ratio to improve education and training.
- (ii) Create an enabling environment for MSMEs to especially provide opportunities for decent jobs to the youth with initiatives such as working closely with the national government in implementing the county aggregate industrial parks, providing essential infrastructure including internet connectivity, and expanding their market access.
- (iii) Put in place an agricultural transformation plan to increase agriculture productivity. This includes the uptake of crop insurance to mitigate the effects of climate change; develop the livestock value chain to integrate small farmers into the dairy and leather value chain; and building skills for farmers to uptake technologies that improve productivity in crop production, apiculture, and poultry.

Acknowledgment

The authors acknowledge the special contributions and guidance provided by Dr Rose Ngugi (Executive Director, KIPPRA) throughout the entire process of preparing the county brief. Appreciation also goes to Fridah Njiru for the assistance in compiling data for the brief.

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KIPPRA acknowledges generous support from the Government of Kenya, and development partners who have continued to support the Institute's activities over the years.

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