



Policy Brief

Thinking Policy Together

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Assessing Labour Productivity for Nakuru County

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Overview of the County

Nakuru County is a member of Central Region and Economic Bloc (CEREB). The county is a semi-arid county that experiences between 10-29 per cent aridity levels. The county land size is 7,510 km² and has eleven Sub-Counties namely: Gilgil, Kuresoi North, Kuresoi South, Molo, Naivasha, Nakuru East, Nakuru North, Nakuru West, Njoro, Rongai, and Subukia. The county hosts one of the four cities in the country.

Key Highlights

The productivity of Nakuru County is characterized by the following:

- (i) The services sector has a substantive share of the gross value added. Electricity supply dominates the industry sector, and manufacturing has fluctuated over time as construction has generally increased its share over the years.
- (ii) The quality of labour calls for interventions to reduce stunting, and teenage pregnancy, reduce child and food poverty.
- (iii) The essential infrastructure requires increased access to the internet, improved sanitation and water, and rural access.
- (iv) Agriculture has the highest share of employment engaged in crop production and fish farming. Manufacturing employs the highest in the industry sector with the manufacture of non-metallic products. In the service sector, wholesale and retail trade dominates with retail sales in specialized stores.
- (v) Labour productivity is highest in industry sector with a significant share in electricity, gas, steam, and air conditioning supply. Manufacturing has a low productivity despite dominating the industry sector employment. In the service sector, it is the real estate activities that have higher productivity.

To enhance productivity, there is a need to:

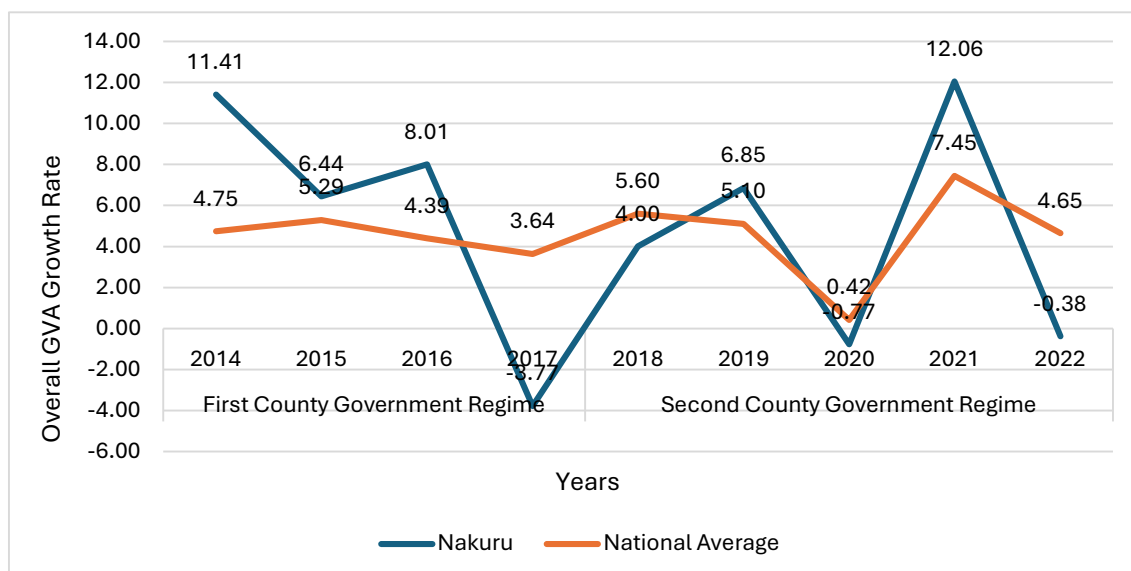
- (i) Transform agriculture by improving the dairy value chain; promote value addition of agriculture produce; build skills for farmers to uptake technologies and increase extension services and provision of subsidized high-quality inputs.

- (ii) Improve the quality of labour by implementing nutrition interventions, creating awareness to reduce teenage pregnancies while supporting the teenage mother to go back to school, and encouraging enrolment in secondary school.
- (iii) Create an enabling environment for private investment by working closely with the national government to implement the county aggregate industrial parks, providing essential infrastructure including internet connectivity, and expanding their market access.

Nakuru County Economic Performance

Nakuru County contributes on average 5.0 per cent of the National Gross Value added with an average GVA of Ksh. 367,7487 million. The GVA per capita for Nakuru County is Ksh. 170,088.1131 which is lower than GVA growth with an average population growth of 3.4 per cent and overall poverty levels at 39.4 per cent. Nakuru County has shown a steady growth in GVA with an average growth rate of 4.87 per cent in 2013-2022, which is higher than the national average growth of 4.37 per cent. The highest growth rate was in 2021 and a contraction in 2017.

Figure 1: Nakuru County GVA growth rate

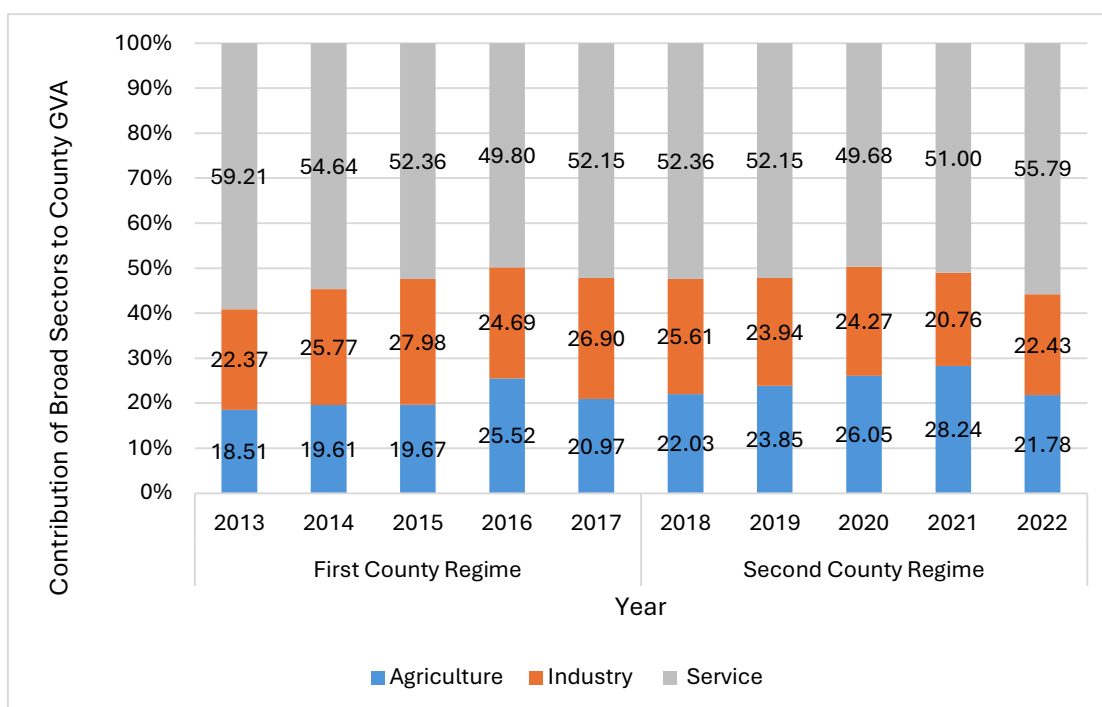


Data source: KNBS 2023-Gross County Product

Sectoral Analysis of GVA

The services sector is dominant in Nakuru County with an average contribution to GVA of 52.91 per cent. The industry sector is second, contributing an average of 24.47 per cent to the GVA while agriculture contributes about 22.62 per cent as shown in Figure 2.

Figure 2: Contribution of broad sectors to Nakuru County GVA

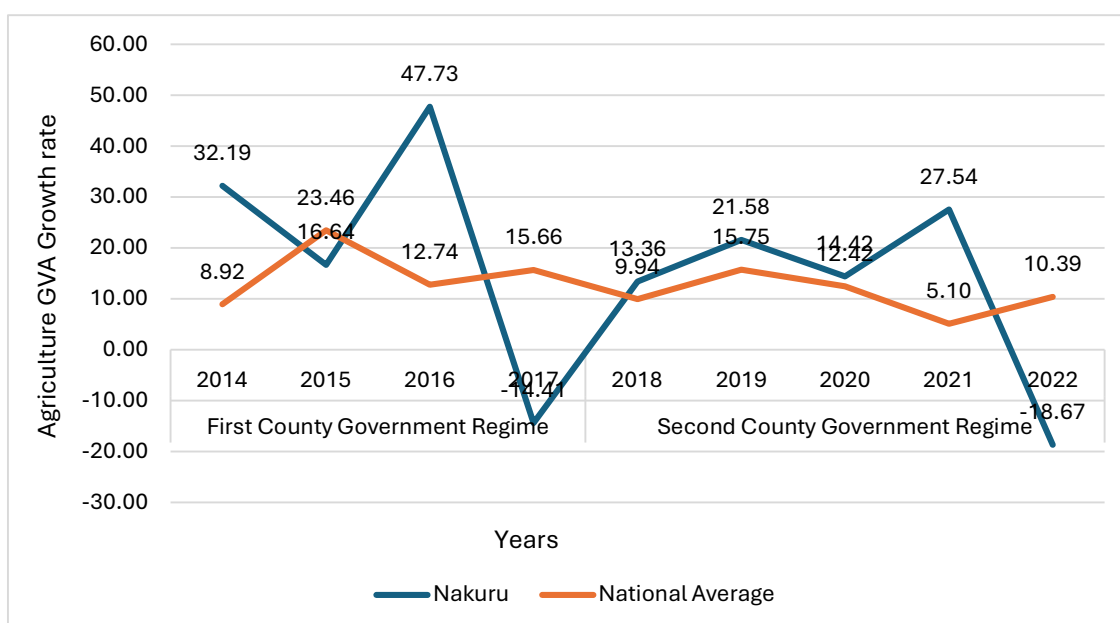


Data source: KNBS 2023-Gross County Product

Agriculture Sector

The average growth rate of agriculture sector GVA in 2013-2022 is 15.60 per cent, which is above the national average of 12.71 per cent (Figure 3).

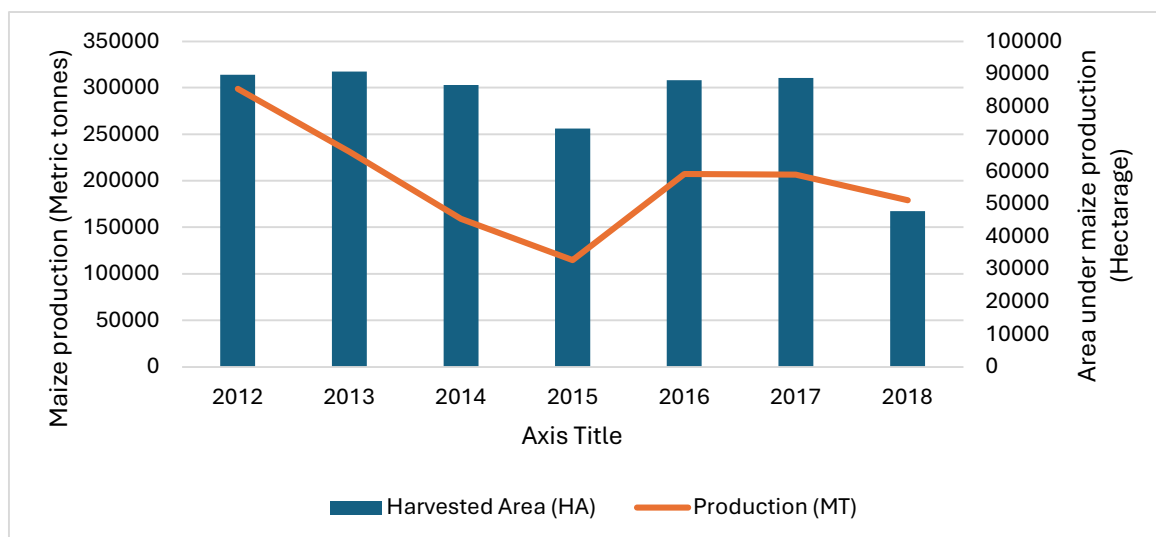
Figure 3 : Nakuru County agriculture GVA growth rate



Data source: KNBS 2023-Gross County Product

Despite agriculture having the least share of county GVA, the county has significant numbers of large-scale commercialized farms involved in cereal farming and horticulture. Additionally, the county is a leading producer of cut flowers in the country significantly contributing to earning foreign exchange. Apart from crop and livestock production, the fisheries sub-sector is also significant, this is majorly inland capture in Lake Naivasha. Maize, the main staple food in the country is also the main food crop produced in Nakuru County. The area under maize production has largely been constant except for 2015 and 2018, while maize production (metric tonnes) has been declining (Figure 4).

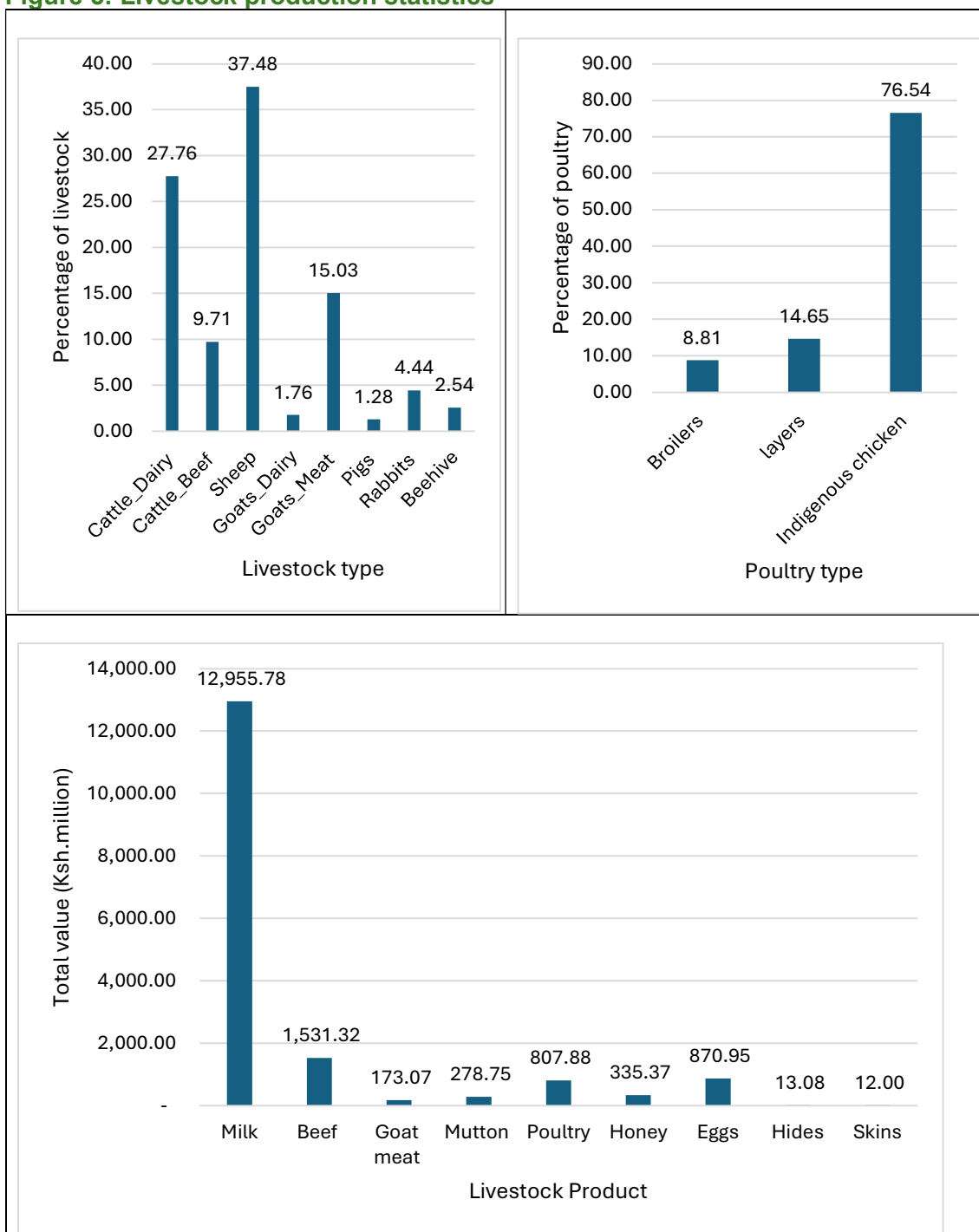
Figure 4: Maize production and area under maize production



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

Although livestock production in Nakuru County is on a smaller scale, the county has one of the highest numbers of dairy cattle in the country. The county is also known for wool sheep rearing. Poultry production is also high in the county with the most common type being indigenous chicken. Nakuru County comparative advantage is in dairy farming as reflected in the high economic value of milk (Figure 5).

Figure 5: Livestock production statistics

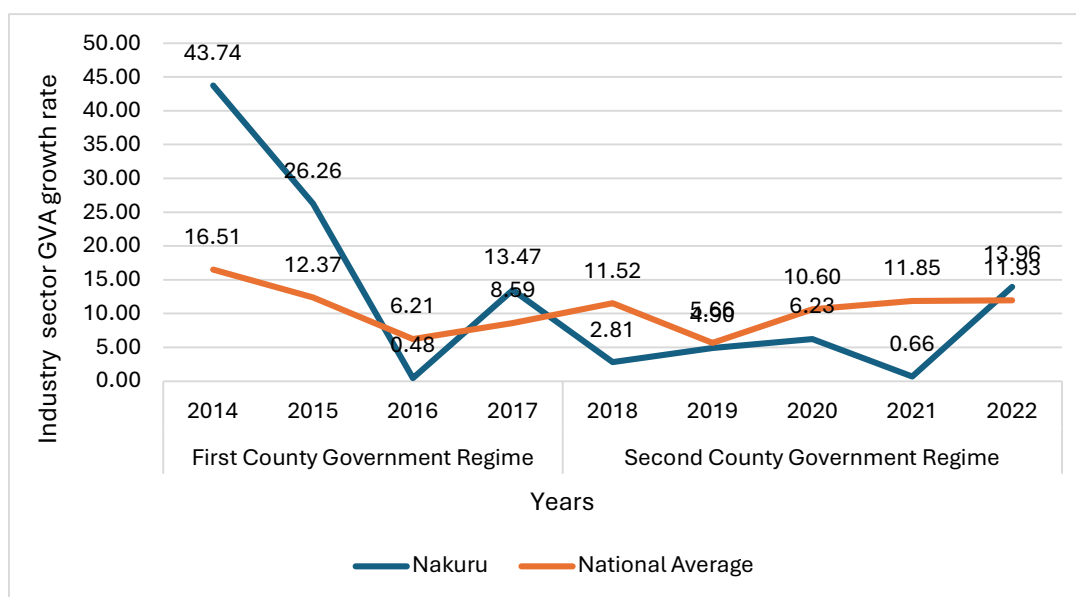


Data source: National Information Platform for Food and Nutrition (NIPFN)

Industry Sector

The average growth rate in the industry sector is 12.50 per cent, which is above the national average of 10.58 per cent (Figure 6).

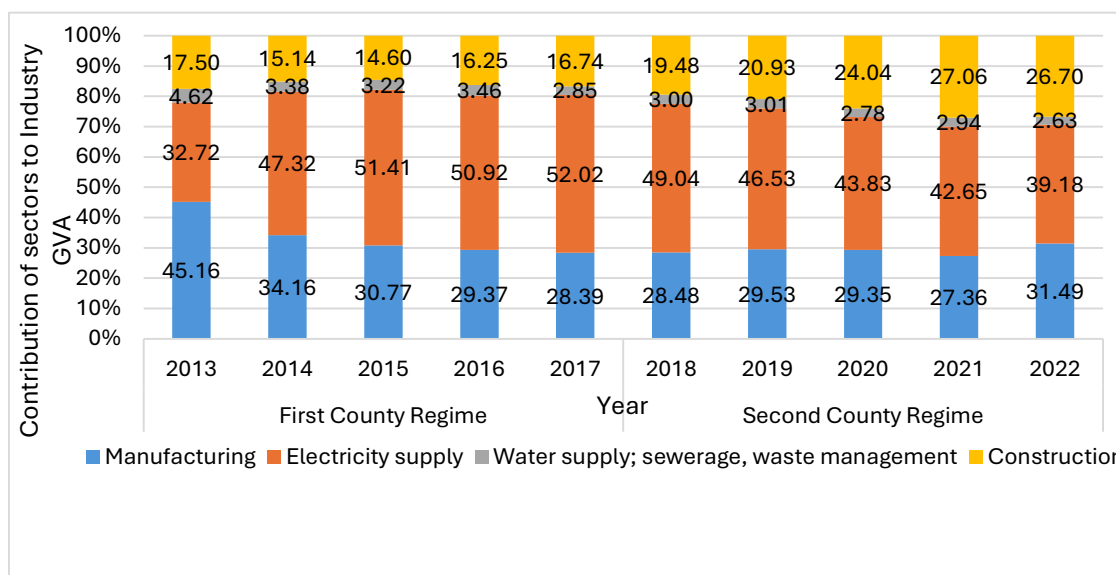
Figure 6: Nakuru County industry GVA growth rate



Data source: KNBS 2023-Gross County Product

Electricity supply dominates the industry sector in Nakuru County as shown in Figure 7. Electricity supply in the county is mainly from the geothermal plants from Menengai and Olkaria. This sector has been particularly dominant between 2014 to 2018. The share of manufacturing has declined while the share of the construction sector has been increasing since 2018.

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

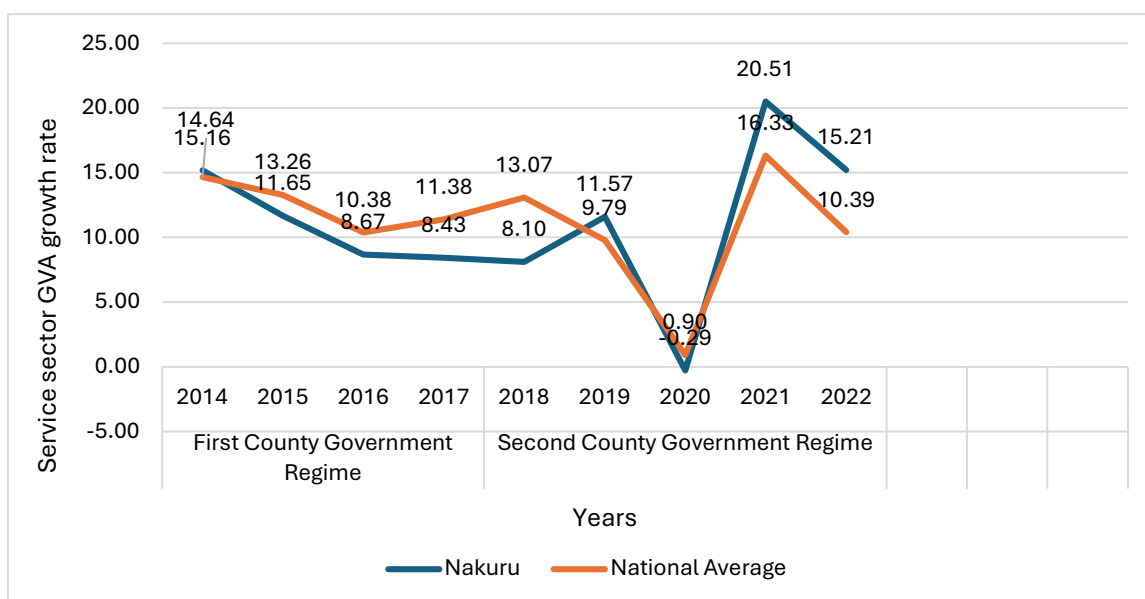


Data source: KNBS 2023-Gross County Product

Services Sector

The average growth rate of the services sector is 9.48 per cent, which is below the national average of 11.13 per cent (Figure 8).

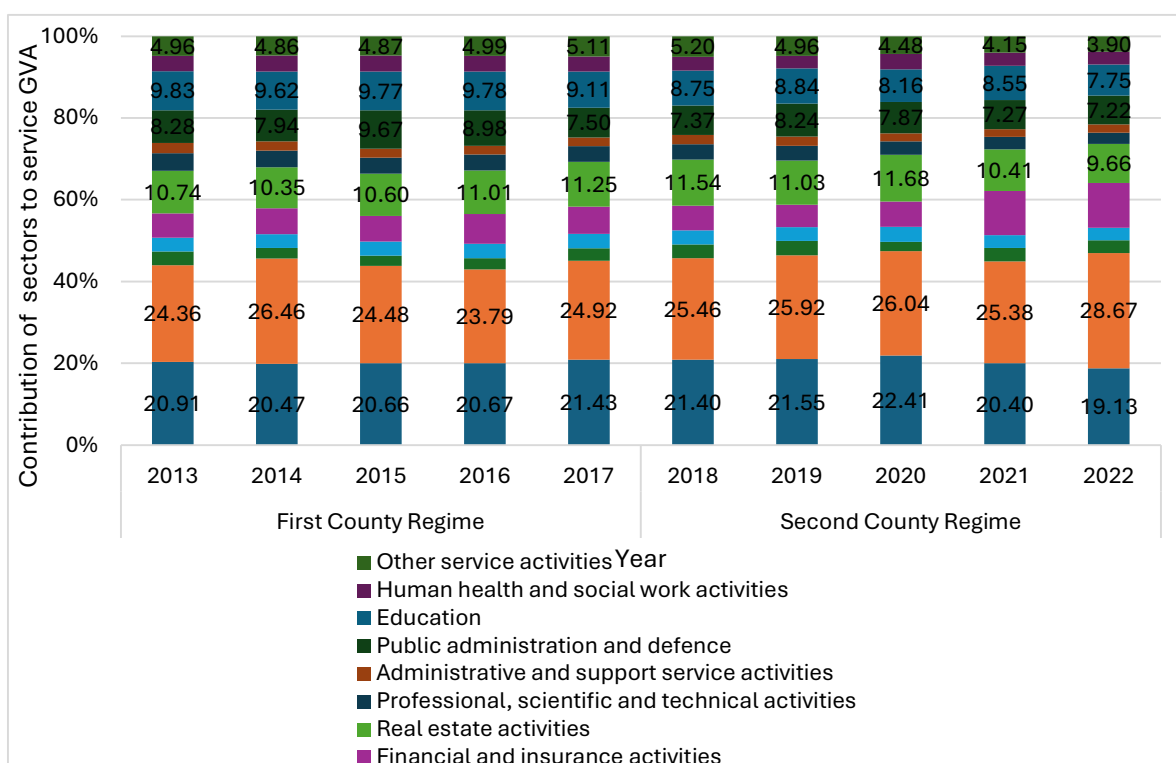
Figure 7: Nakuru County services sector GVA growth rate



Data source: KNBS 2023-Gross County Product

The transport and storage sub-sector dominate the services sector with the highest contribution to service GVA at 25.55 per cent. The wholesale and retail trade sub-sector is the second at 20.90 per cent. The real estate activities sector is third at an average of 10.83 per cent as shown in Figure 9.

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



Data Source: KNBS 2023-Gross County Product

Quantity and Quality of Labour Force in Nakuru County

Nakuru County has a total of 1,273,239 working-age population, which is about 58.89 per cent of the total county population (Table 1). Most of the working-age population is youthful (18-34 years) at 51.04 per cent.

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	75,795	73,659	149,454	11.74
18 –24	146,811	151,449	298,260	23.43
25-34	167,781	183,813	351,594	27.61
35-64	241,513	232,418	473,931	37.22
Total	631,900	641,339	1,273,239	

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

Most of the population in Nakuru sub-counties are persons in the working age categories. Nakuru East has the highest percentage of persons of working age at 65.20 per cent (Table 2).

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) as a percentage of the total sub-county population
		15-17	18 –24	25 –34	35-64	
Gilgil	185,202	12,695 (11.57)	29,440 (26.83)	26,956 (24.57)	40,640 (37.04)	109,731 (59.25)
Kuresoi North	175,071	13,959 (15.17)	21,215 (23.06)	23,559 (25.61)	33,255 (36.15)	91,988 (52.54)
Kuresoi South	155,321	11,877 (14.51)	19,841 (24.24)	21,875 (26.73)	28,246 (34.51)	81,839 (52.69)
Molo	156,727	12,218	19,062	22,370	34,889	88,539

		(13.80)	(21.53)	(25.27)	(39.41)	(56.49)
Naivasha	355,354	20,830 (9.40)	52,228 (23.56)	66,298 (29.91)	82,320 (37.14)	221,676 (62.38)
Nakuru East	193,916	11,822 (9.35)	29,274 (23.15)	38,586 (30.52)	46,753 (36.98)	126,435 (65.20)
Nakuru North	218,035	15,236 (11.71)	28,054 (21.56)	34,521 (26.53)	52,313 (40.20)	130,124 (59.68)
Nakuru West	198,651	11,153 (8.68)	32,295 (25.12)	44,077 (34.29)	41,035 (31.92)	128,560 (64.72)
Njoro	238,769	18,239 (13.95)	29,336 (22.44)	32,889 (25.16)	50,241 (38.44)	130,705 (54.74)
Rongai	199,898	14,337 (12.26)	27,804 (23.77)	30,932 (26.44)	43,898 (37.53)	116,971 (58.52)
Subukia	85,163	7,088 (15.19)	9,711 (20.81)	9,531 (20.42)	20,341 (43.58)	46,671 (54.80)

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

Nakuru County performed well in socioeconomic indicators that affect the quality of labour. However, interventions are needed to reduce the percentage of teenage pregnancies and stunting (Table 3).

Table 3: Human capital indicators

Human capital indicators	County	National average
Literacy rate	91.50	78.41
Pre-primary net enrolment rate (2019)	80.80	67.51
Primary school net enrolment rate (2020)	85.40	77.72
Secondary school net enrolment rate (2020)	59.20	54.18
Average years of schooling (2014)	8.80	7.78
Percentage of children 12 -23 months fully vaccinated (%)	74.70	74.97
Percentage of stunted children	18.5	19.75

Percentage of teenage pregnancy	17.30	15.79
Primary to secondary transition rates (2020)	87.50	86.13
Pupil-teacher ratio (primary school)	30.00	28.28
Food poverty head count (%)	20.70	33.63
Child poverty head count (%)	41.90	42.67

Data source: KNBS (2022), Kenya Demographic and Health Survey - KDHS 2022; KNBS (2019), Kenya Population and Health Census - KPHC 2019; Ministry of Education (2020; 2021 Basic Education Statistical Booklet; KNBS 2021-Kenya Poverty Report

Nakuru County performed higher than the national average for essential infrastructure indicators (Table 4).

Table 4: Essential infrastructure and other resources indicators

Essential infrastructure indicators	County	National average
Percentage of households with access to electricity (2019 Census)	64.40	38.52
Distribution of population using the Internet (2019 census)	26.80	18.69
Rural Access Index (2018)	60.86	63.72
Access to improved sanitation (2018)	62.00	59.04
Access to improved water (2018)	72.30	65.33
Financial inclusion level (2021)	87.80	81.01
The proportion of primary schools with internet	47.70	27.65
Proportion of secondary schools with functional internet	38.70	35.13
Percentage of households by housing material composite-finished materials(adequate) (2019)	61.64	51.71
Percentage of households using bank usage (overall)	46.90	38.18
Percentage of households using mobile money	85.90	78.58

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

County Employment Statistics

The employment-to-population ratio is at 65.62 per cent. Most of those working are the youthful population (18-34 years) at about 32.52 percent while those 35-64 years are at 32.21 per cent.

The percentage of the employed by gender is 42.76 for males and 41.39 for females. The unemployment rate is at 7.34 per cent with unemployment with a slightly higher rate for the youth (18-34 years) at 4.93 per cent and those between 35-64 years at 2.27 per cent.

The percentage of persons 5–17 years old working is 2.65 per cent indicating that the county has low levels of child labour (Table 5). The inactivity rates are higher for the youth category (15-24 years) at 20.72 per cent which is expected as they are pursuing schooling while low for the persons of prime age (25-64 years) at 5.09 per cent.

Table 2: Nakuru County employment statistics

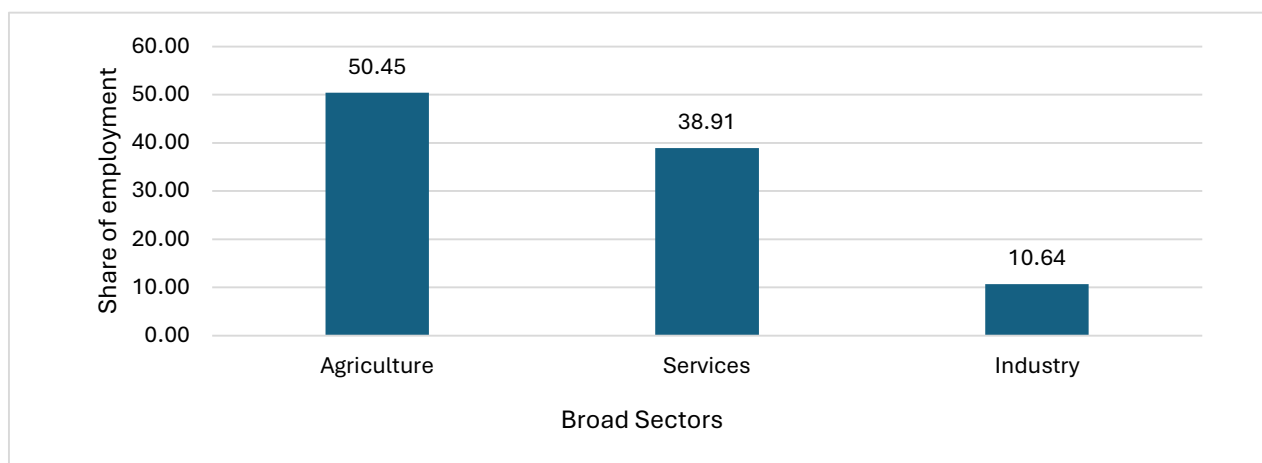
Employment statistics	Youth	Non-youth
Employment to population ratio (%)	32.52	32.21
Unemployment rate	4.93	2.27
Percentage of persons aged 5–17 years working	2.65	-
Inactivity rate	20.72	5.09

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

Sectoral Employment

The agriculture sector is the highest employer in Nakuru County at 50.45 per cent followed by the services sector at 38.91 per cent. The industry sector is third at 10.64 per cent (Figure 10).

Figure 10: Percentage of persons employed in the broad sectors

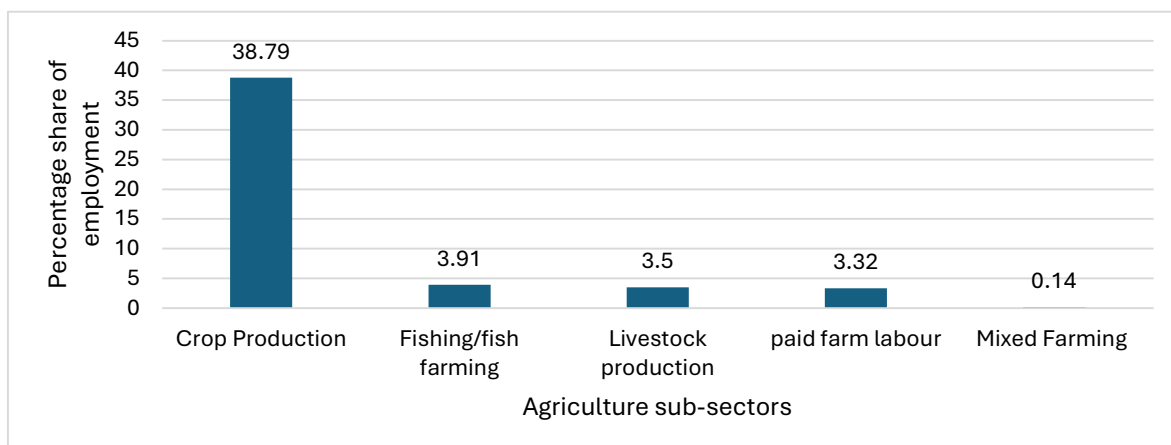


Data source: KNBS 2021- Kenya Continuous Household Survey

Agriculture Sector

In agriculture, the majority are those practicing crop production (Figure 11).

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

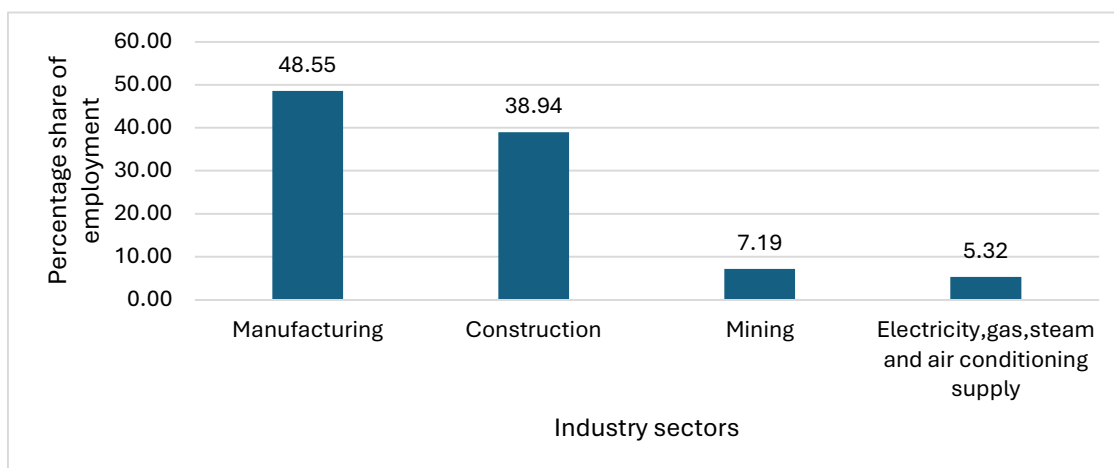


Data source: KNBS 2021- Kenya Continuous Household Survey

Industry Sector

The majority of those working in the industry sectors are in manufacturing. The construction also has a high share of employment (Figure 12).

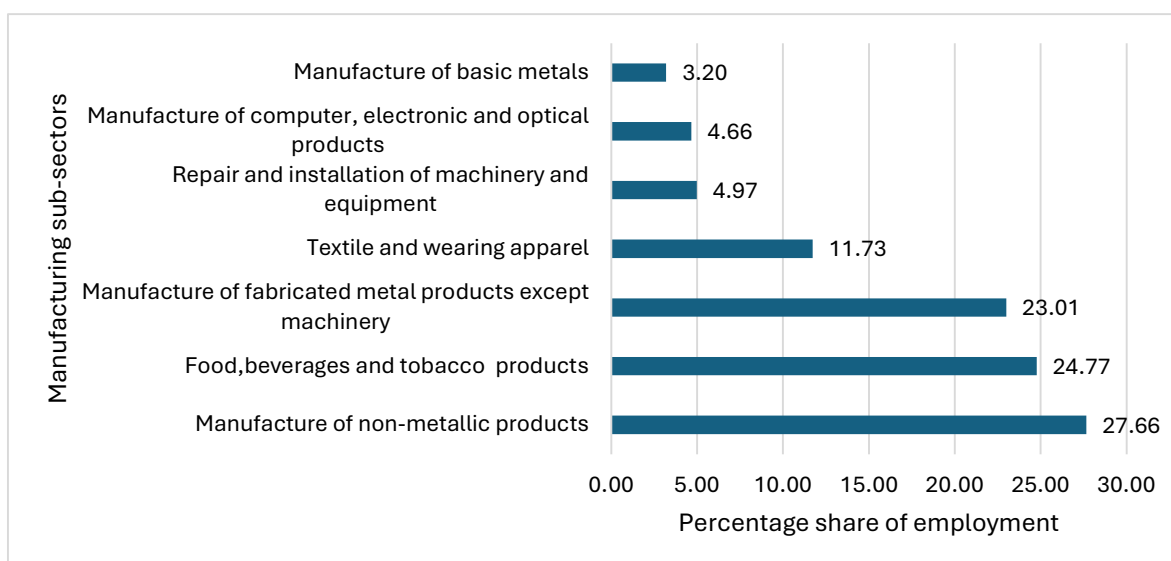
Figure 12: Percentage share of employment in the industry sectors



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 non-metallic products and agro-processing industries (Figure 13).

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

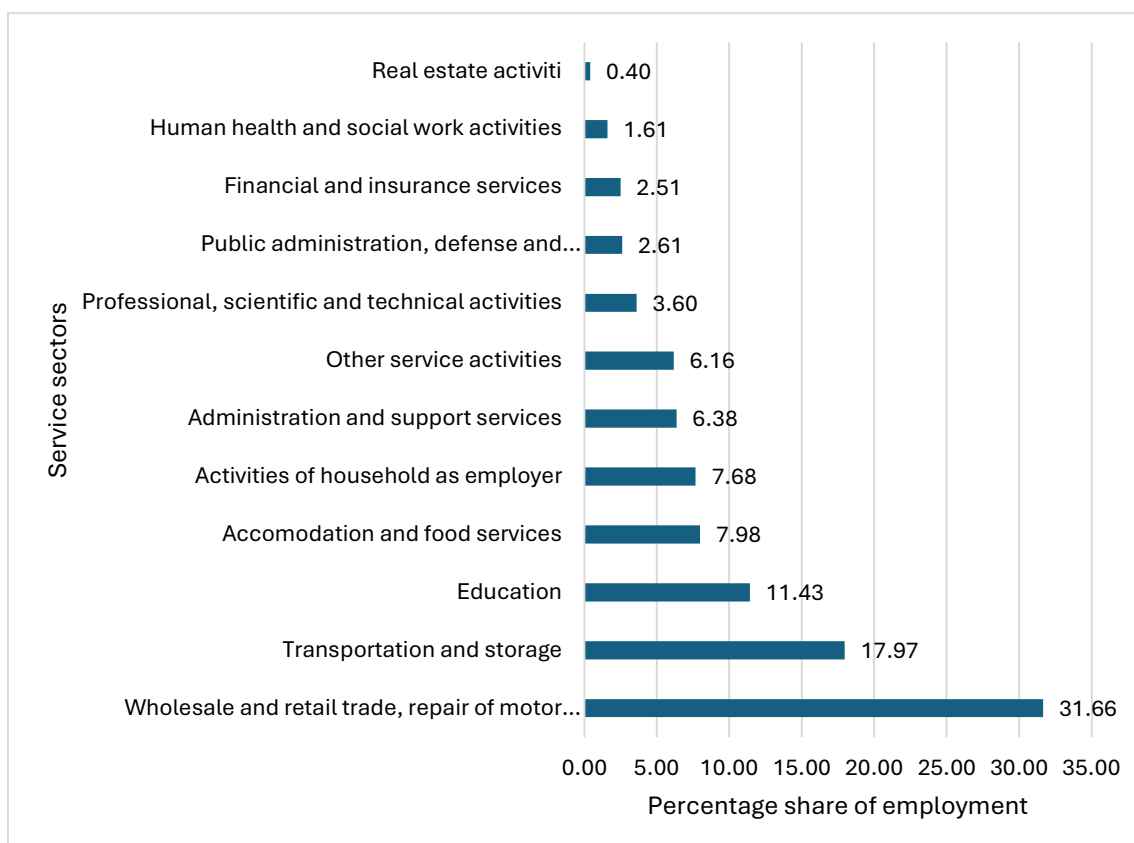


Data source: KNBS 2021- Kenya Continuous Household Survey

Services Sector

The majority of those working in the service sector are in wholesale and retail trade, and repair of motor vehicles and motorcycles (Figure 14).

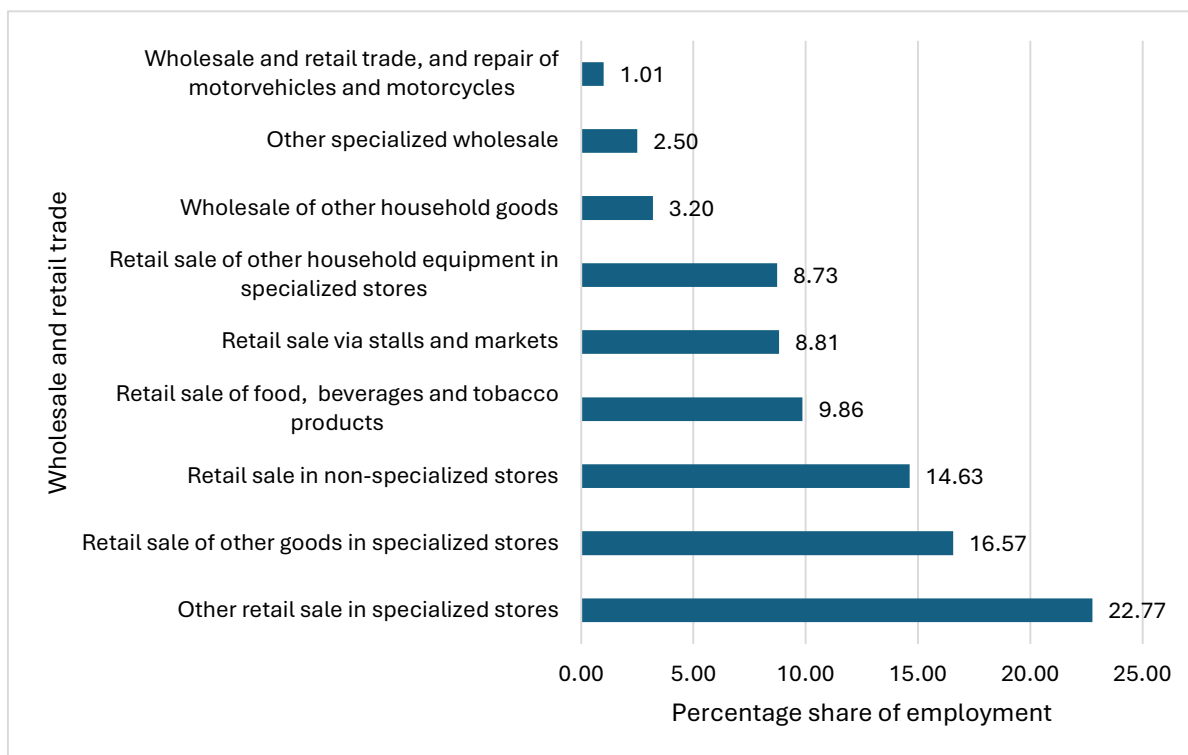
Figure 14: Percentage share of employment in the service sector



Data source: KNBS 2021- Kenya Continuous Household Survey

In the wholesale and retail trade sector, the majority work in other retail sale in specialized stores (Figure 15).

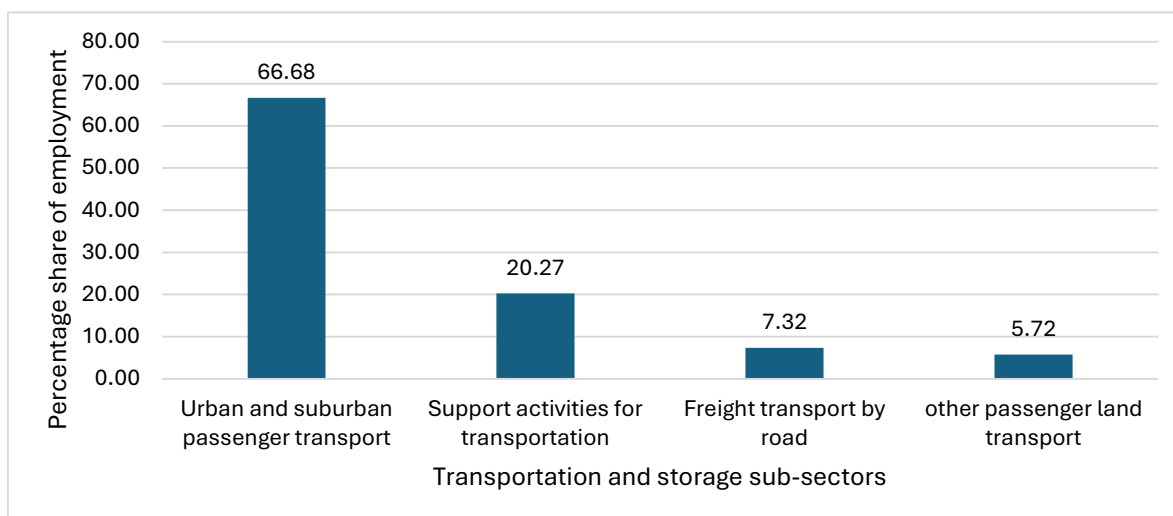
Figure 15: Percentage of persons employed in the wholesale and retail trade; repair of motor vehicle sub-sectors



Data source: KNBS 2021- Kenya Continuous Household Survey

In the transportation and storage sector, the majority of those employed are in the urban and suburban passenger land transport (Figure 16).

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

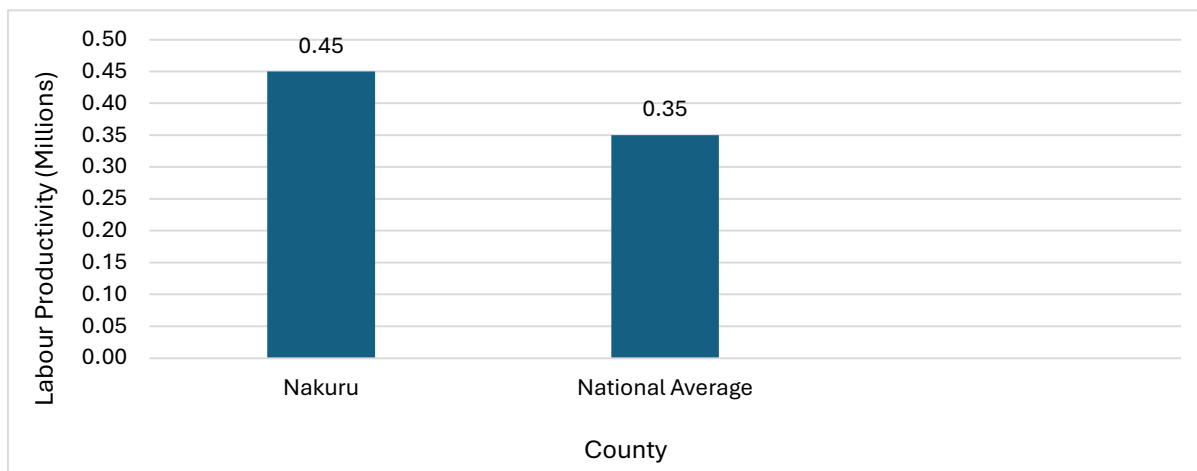


Data source: KNBS 2021- Kenya Continuous Household Survey

Labour Productivity

Labour productivity¹ for Nakuru County is higher than the national average labour productivity (Figure 17).

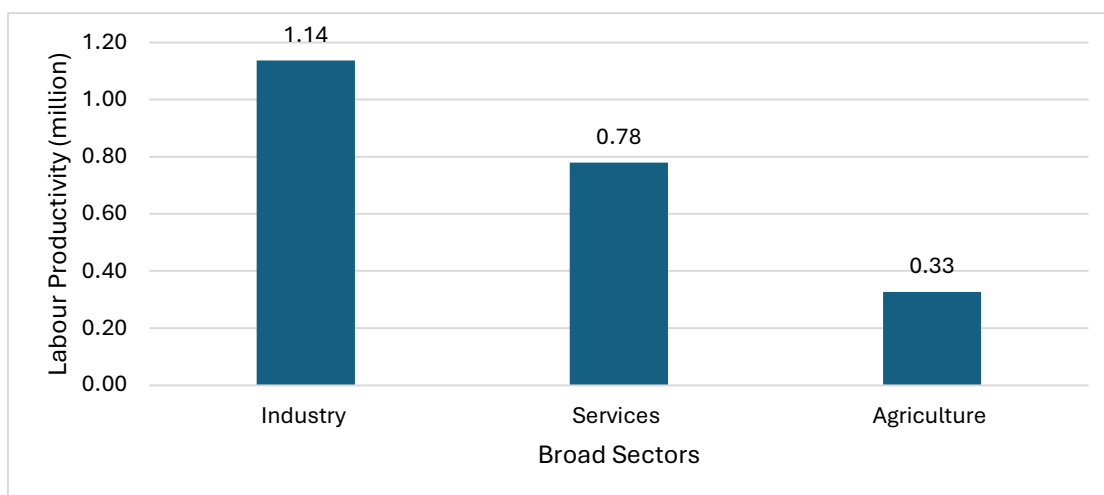
Figure 17: Labour productivity ratios (million)



Data source: Author's computation using KNBS 2023-Gross County Product and KNBS 2021- Kenya Continuous Household Survey

The industry sector has the highest productivity followed by the services sector while the agriculture sector has the least labour productivity among the broad sectors (Figure 18).

Figure 18: Labour productivity by sectors



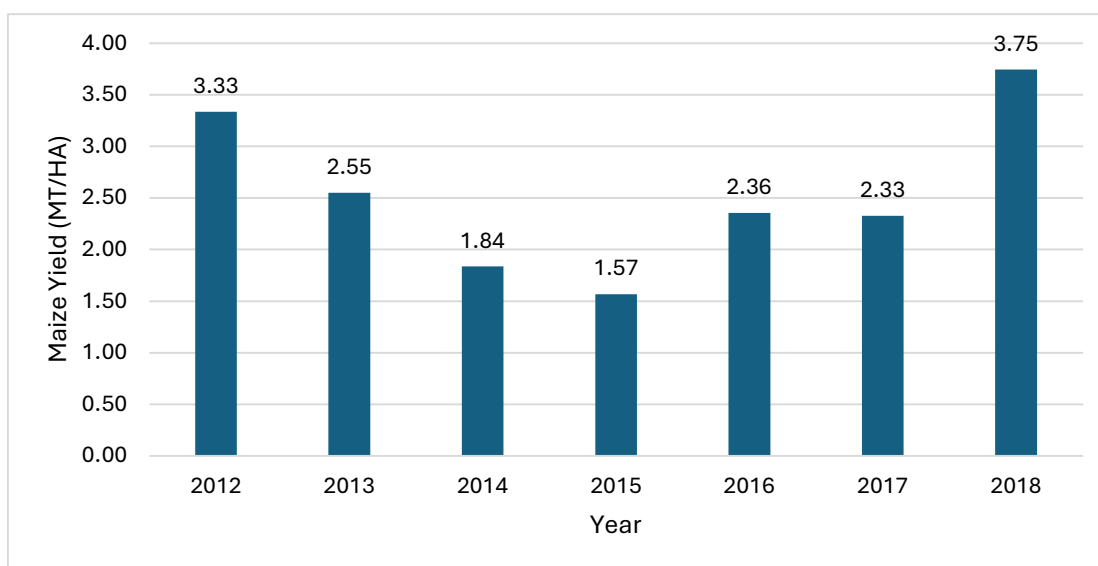
Data source: Author's computation using KNBS 2023-Gross County Product and KNBS 2021- Kenya Continuous Household Survey

Agriculture Sector

In agriculture, maize productivity has remained fluctuated over the years with an average yield of 2.53 MT/HA. The lowest yields were in 2014 and 2015 (Figure 19).

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

Figure 19: Maize yield (MT/HA)

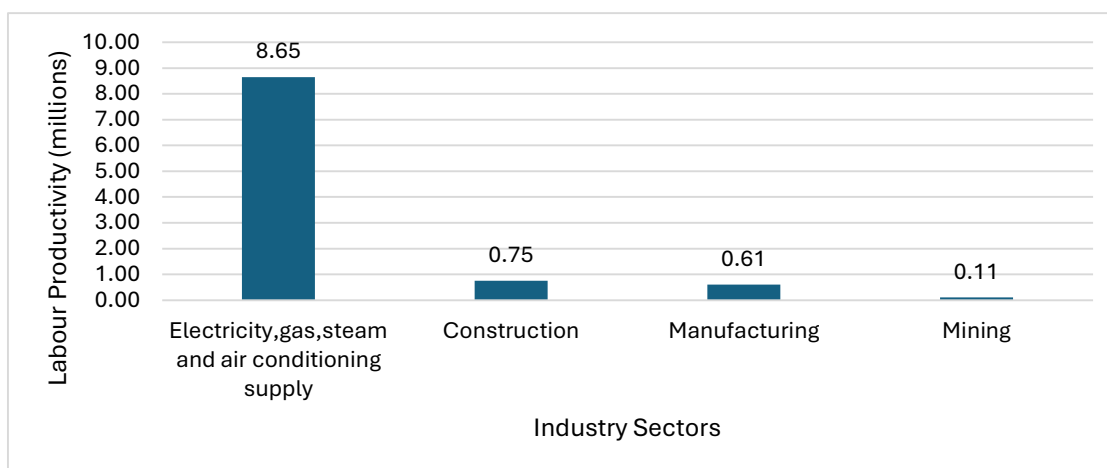


Data source: National Information Platform for Food and Nutrition (NIPFN)

Industry Sector

Electricity, gas, steam, and air conditioning supply and construction sectors had the highest labour productivity in the industry sector (Figure 20).

Figure 20: Labour productivity by industry sectors

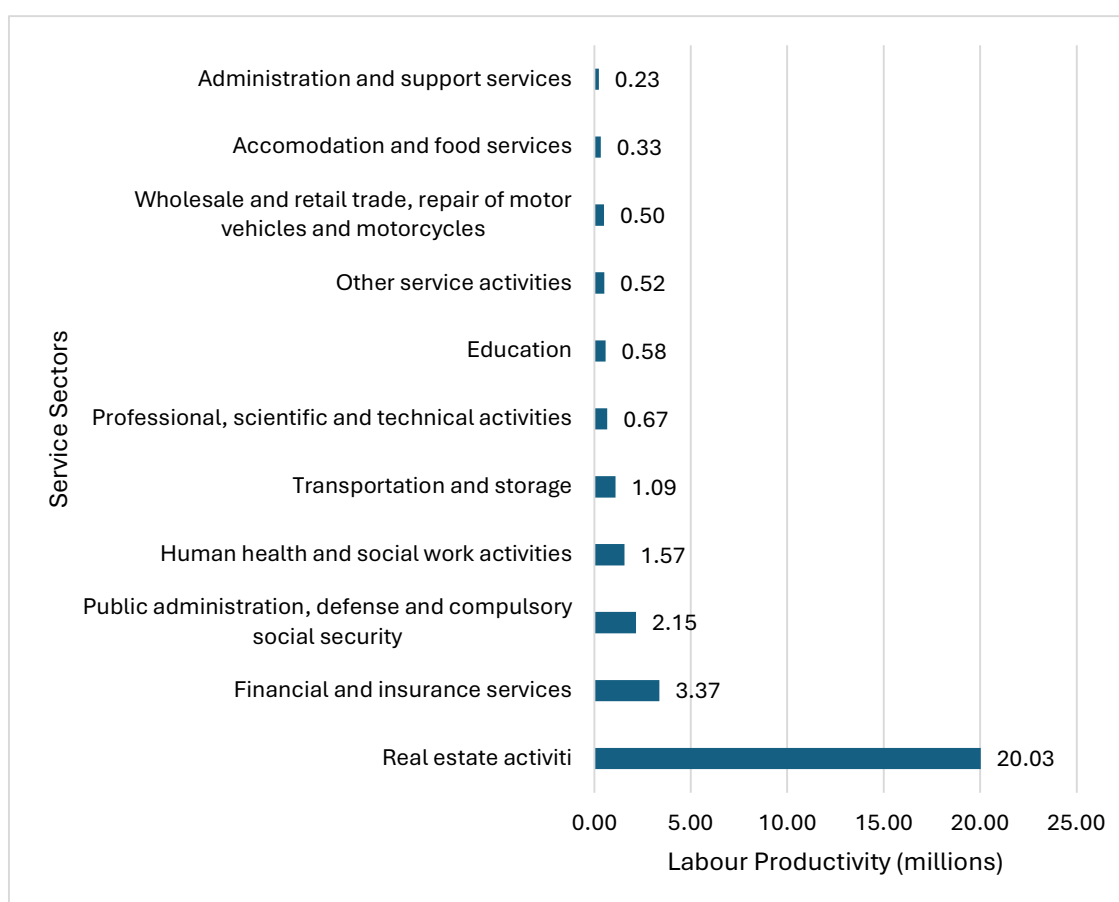


Data source: Author's computation using KNBS 2023-Gross County Product and KNBS 2021- Kenya Continuous Household Survey

Services Sector

The real estate sub-sector had relatively higher labour productivity when compared with other sub-sectors within the services sector (Figure 21).

Figure 21: Labour productivity in services sectors



Data source: Author's computation using KNBS 2023-Gross County Product and KNBS 2021- Kenya Continuous Household Survey

Key Messages

- (i) The services sector has a substantive share of the gross value added. Despite the importance of agriculture, it has the least share of GVA. Electricity supply dominates the industry sector GVA, while manufacturing has fluctuated over time as construction has generally declined its share over the years.
- (ii) The indicators of quality of labour are higher than the national average. Interventions are required to reduce the percentage of stunted children and teenage pregnancy. Also critical is to reduce child and food poverty.
- (iii) The essential infrastructure indicators are higher than the national average. However, there is a need to increase internet access, improved sanitation and water, and rural access.
- (iv) Agriculture has the highest share of employment despite its low share of GVA. A significant proportion are engaged in crop production and fishing. Although farmers engage in livestock production, employment is low.
- (v) Manufacturing dominates employment in the industry sector with manufacture of non-metallic products and manufacture of food products being dominant. In the services, the wholesale and retail trade dominate with retail sales in specialized stores being dominant.

- (vi) Labour productivity is higher than the national average. The industry sector has the highest labour productivity with a significant share in electricity, gas, steam, and air conditioning supply. Manufacturing has a low productivity despite dominating the industry sector. In the services sector, it is the real estate activities that have higher productivity reflecting the rapid urbanization in the county.

Policy Recommendations

- (i) Put in place an agricultural transformation plan to increase agriculture productivity. This can include strategies that would improve the dairy value chain; promote value addition of agricultural produce; and build skills for farmers to uptake technologies that improve productivity. Increasing extension services and provision of subsidized high-quality inputs would help the county exploit crop production including maize production potential.
- (ii) Improve the quality of labour by implementing nutrition interventions that reduce the percentage of stunted children and child poverty and create awareness to reduce teenage pregnancies while supporting the teenage mother to go back to school. Further, encourage enrolment in secondary school to support in upgrading skills development.
- (iii) Create an enabling environment for the private sector to invest in the county. This includes working closely with the national government in implementing the county aggregate industrial parks, providing essential infrastructure including internet connectivity, and expanding their market access. Further, is exploiting the link between mining and manufacturing to grow the manufacturing sector.

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KIPPRA Policy Briefs are aimed at a wide dissemination of the Institute's policy research findings. The findings are expected to stimulate discussion and also build capacity in the public policy making process in Kenya.

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