



Policy Brief

Thinking Policy Together

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Assessing Labour Productivity for Busia County

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Overview of the County

Busia County is a member of the Lake Region Economic Bloc (LREB) and is one of the six economic blocs. The county is a non-ASAL county with less than 10 per cent aridity. The county's land size stands at 1,628 km², making it one of the smallest counties in the country. Busia County has seven Sub-Counties, namely Bunyala, Butula, Nambale, Samia, Teso North, Teso South, and Busia.

Key Highlights

The productivity of Busia is characterized by the following:

- (i) The services sector has a dominant share of GVA while industry has continued to expand. In agriculture, beef cattle dominate while milk products and poultry meat dominate livestock products. Apiculture is an emerging sub-sector. Transport and storage dominate the services sector.
- (ii) The quality of labour in Busia County is moderate, with interventions required to increase the secondary school net enrolment rate and average years of schooling.
- (iii) The agriculture sector has the highest share of employment despite a lower share of County GVA compared to the services sector. This indicates a low transfer of labour from agriculture to other sectors. The majority of those employed in the manufacturing sector work in low-technology sub-sectors such as textile industries, furniture, and clay building materials.
- (iv) Busia County labour productivity is lower than the national average labour productivity of 0.35 per cent. Labour productivity in the agriculture sector is the lowest, which is explained by the dominance of subsistence, low-technology farming systems. Maize yields are low, and productivity has been fluctuating over the years. The construction and real estate sectors had relatively higher labour productivity. The wholesale and retail trade sub-sector which had the highest employment in the services sector had the lowest labour productivity.

To enhance productivity:

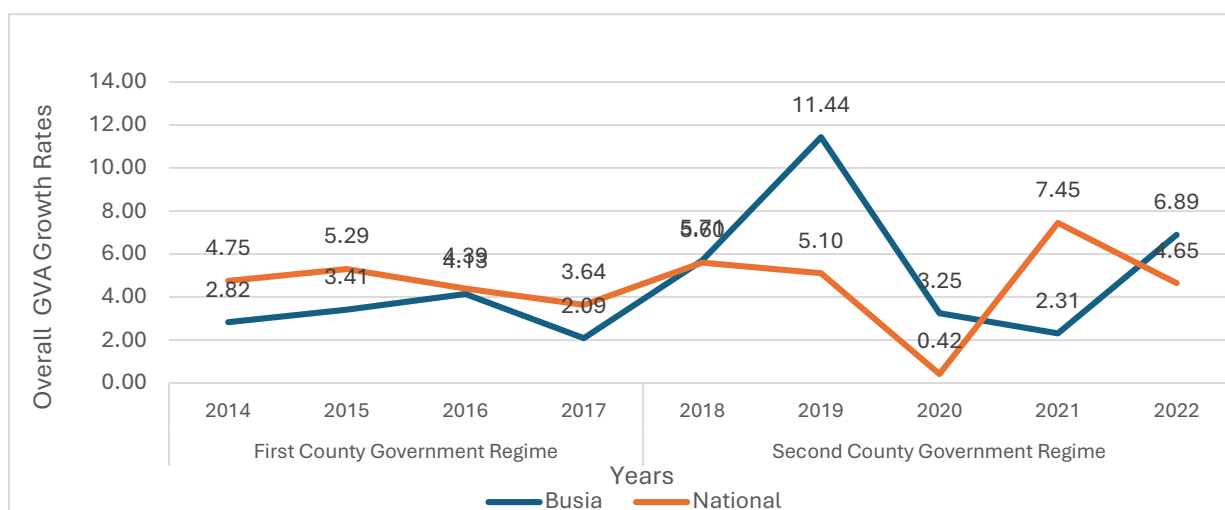
- (i) Improve the quality of labour, implement measures that increase secondary school net enrolment rate and average years of schooling.
- (ii) Implement initiatives and programmes that reduce youth unemployment and optimize productive utilization of the youthful workforce. This including diversifying the sources of growth, including enhancing mixed farming, commercializing mining, and support in improving the quality of products to be competitive with boarder trading.
- (iii) Create an enabling environment for MSMEs, which have the highest share of employment in the services sector. This includes providing essential infrastructure such as Internet and electricity to enable them to improve on their processes.
- (iv) Investment in the manufacturing sector with a focus on high technology manufacturing that enables competitiveness in the border market. Furthermore, there is opportunity to exploit fully the food, textile and furniture manufacturing.

Busia County Economy Economic Performance

Busia County contributes on average 0.8 per cent of the National Gross Value added with an average GVA of Ksh 62,8315 million. The GVA per capita for Busia County is Ksh 70,306 with an average population growth of 3.1 per cent and overall poverty levels at 58.3 per cent.

The average growth of GVA in 2013-2022 is 4.67 per cent slightly above the national average of 4.37 per cent. The highest growth rate was in 2019 at 11.44 per cent while the lowest growth rate was in 2017 at 2.09 per cent as shown in Figure 1.

Figure 1: Busia County GVA growth rate



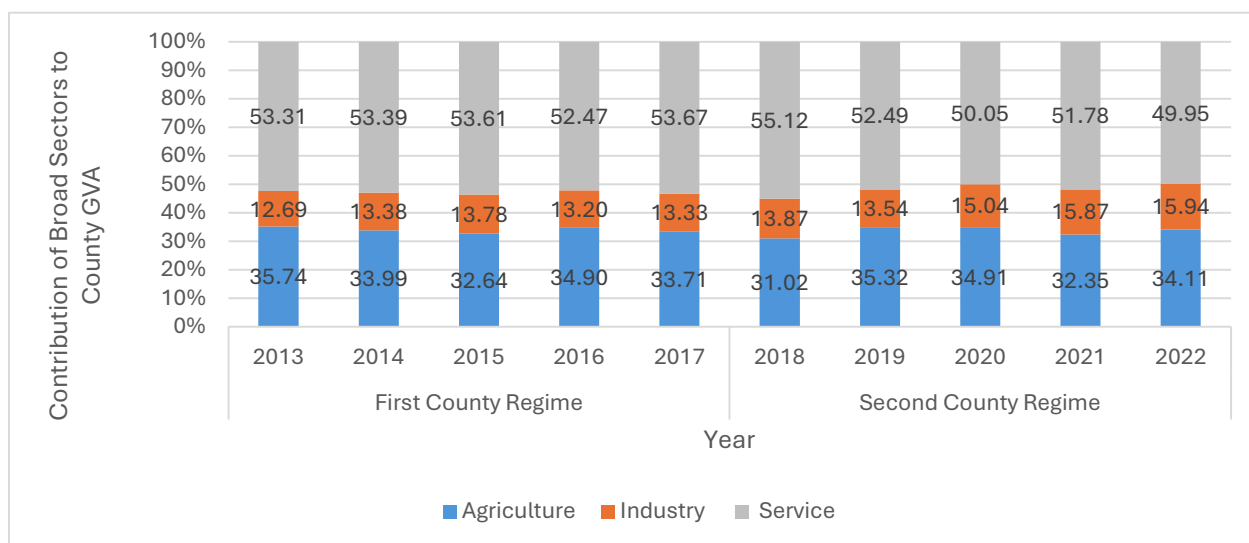
Data Source: KNBS 2023-Gross County Product

Sectoral Analysis of GVA

The services sector is dominant in Busia County with an average contribution to GVA of 52.58 per cent as shown in Figure 2. The agriculture sector is second, contributing an

average of 33.87 per cent to the GVA while the industry sector contributes only 14.06 per cent.

Figure 2 : Contribution of broad sectors to Busia County GVA

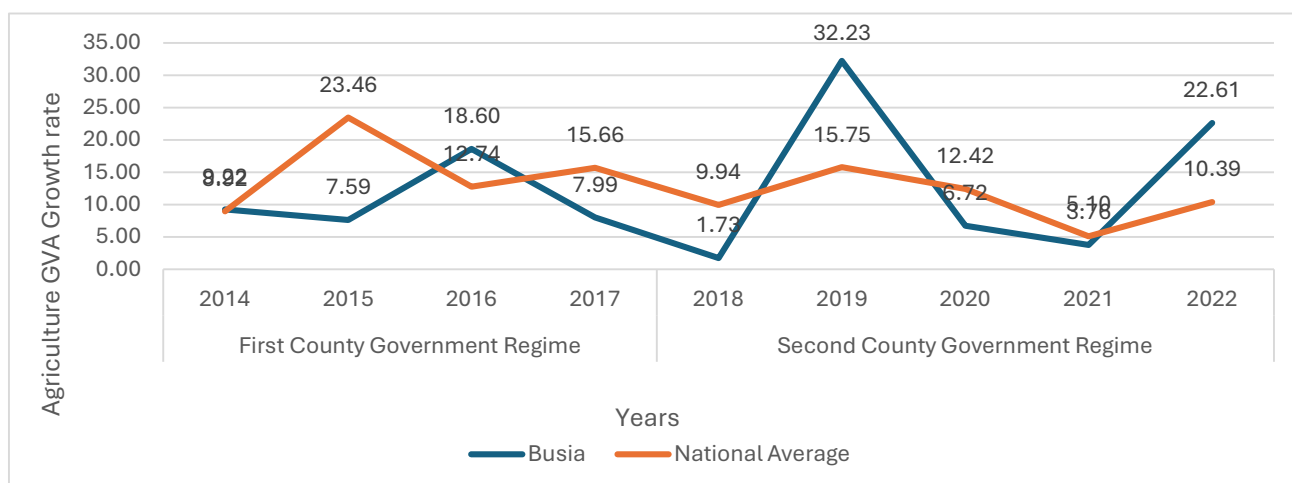


Data Source: KNBS 2023-Gross County Product

Agriculture Sector

The average growth rate of agriculture sector GVA in 2013-2022 is 12.27 per cent slightly below the national average of 12.7 per cent. The sector GVA growth rate has been mainly positive and steady, the highest growth rate was in 2019 at 32.23 per cent while the lowest growth rate was in 2018 at 1.75 per cent as shown in Figure 3.

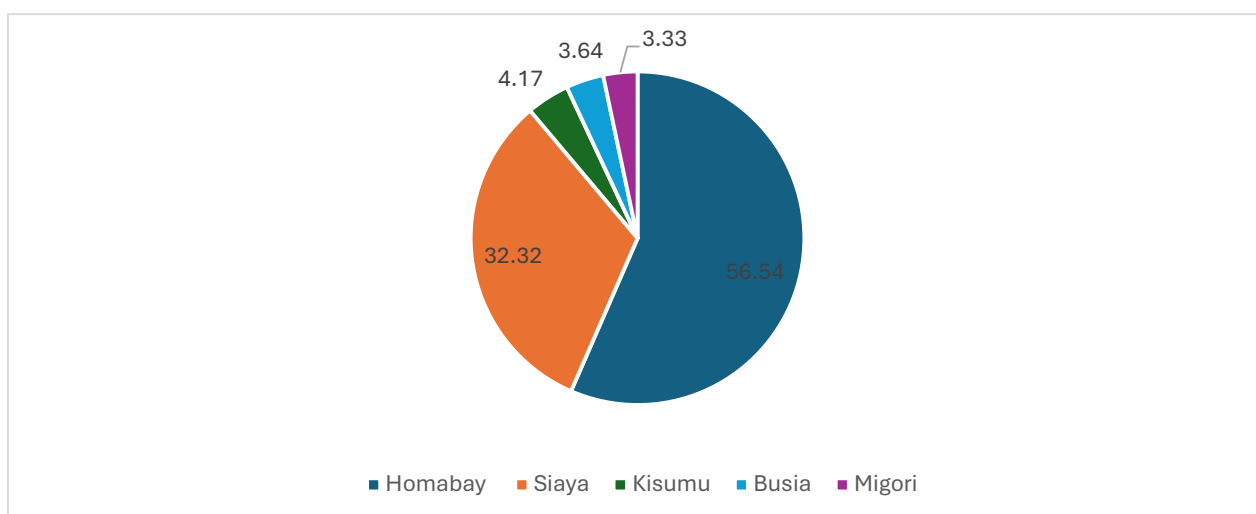
Figure 3: Busia County agriculture GVA growth rate



Data Source: KNBS 2023-Gross County Product

Crop production dominates the agricultural production as the county is largely rural. Fisheries is also an important source of livelihood as the county is among those along the Lake Victoria riparian. Available statistics on fisheries showed that Busia County contributed 3.64 per cent to the total weight of fish caught in Lake Victoria as shown in Figure 4.

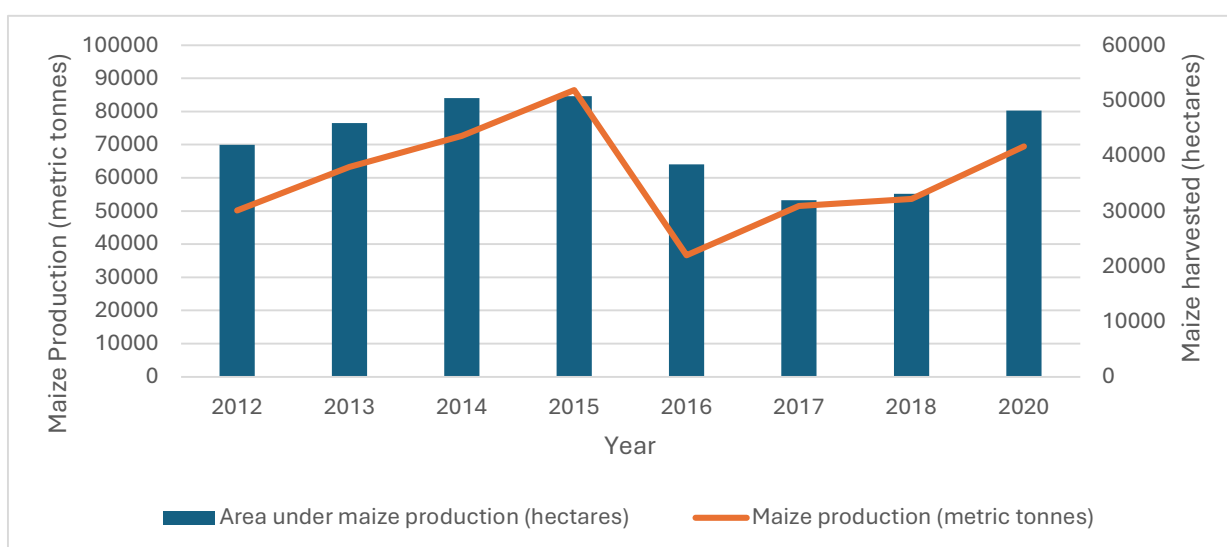
Figure 4: Fish weight caught per riparian county during 2021



Data source: State department for Fisheries (2021)

Maize is the most dominant food crop in Busia County. The hectarage of maize harvested increased from 2012 to 2015, which subsequently led to an increase in production and maize yield (Figure 5). A significant decline in maize production was experienced in 2016 due to an armyworm invasion in the African region.

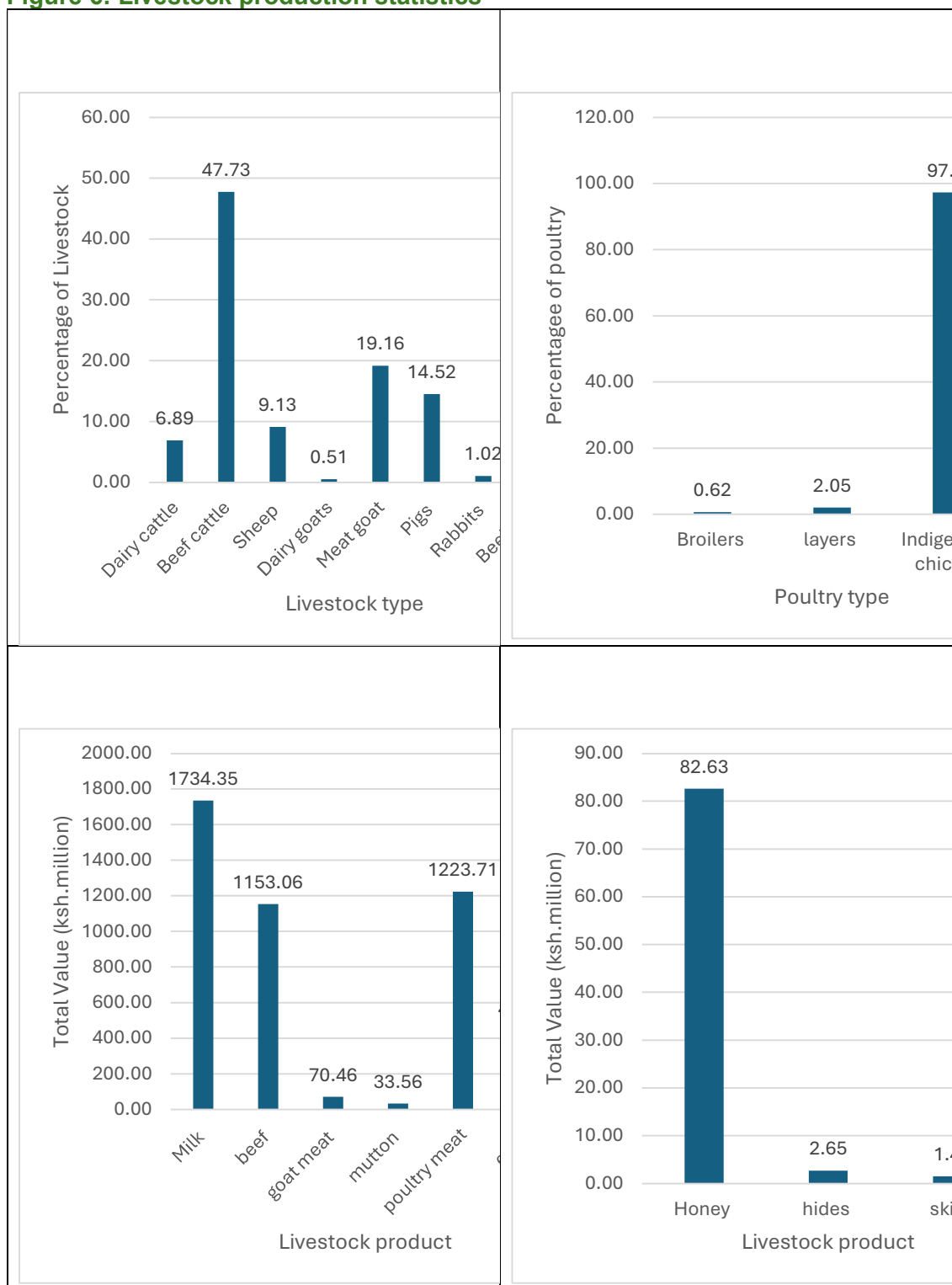
Figure 5: Maize production and area of maize harvested



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

Livestock production in Busia County is on a smaller scale compared to crop production (Figure 6). The most common type of livestock in the county are beef cattle and meat goat. Poultry production is also significantly high in the county, with the most common type being indigenous chicken. Despite having lower percentage of dairy cattle, milk has the highest total value in the county, beef and poultry meat also have relatively higher values. Goat meat has relatively lower value despite the higher percentage of goat meat kept indicating consumption preference factors.

Figure 6: Livestock production statistics

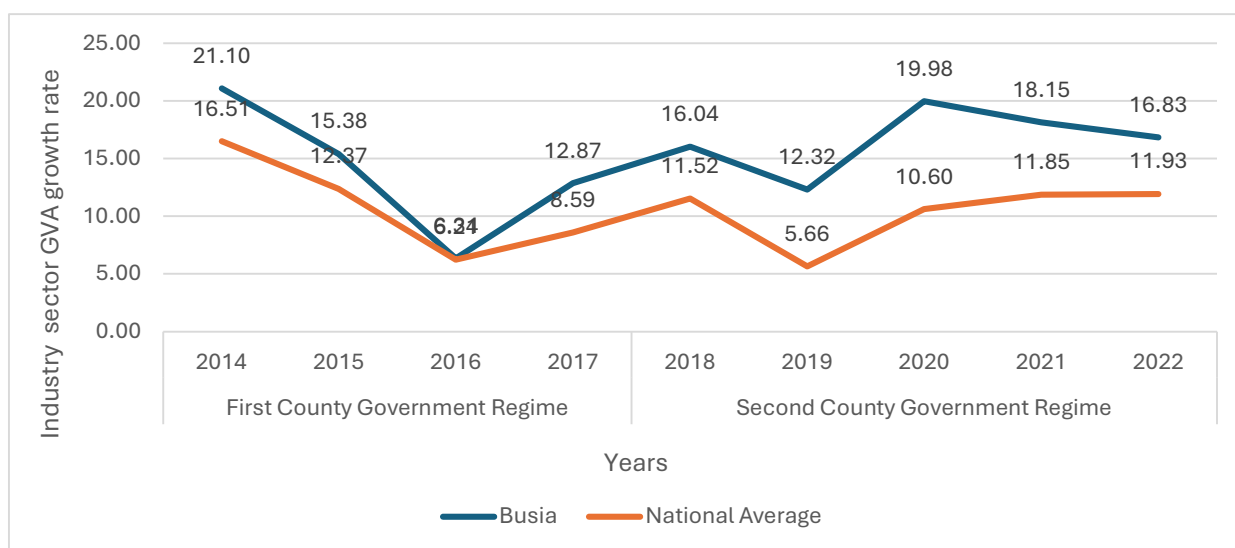


Data source: National Information Platform for Food and Nutrition (NIPFN)

Industry Sector

The average growth rate of industry sector is 15.44 per cent, which is above the national average of 10.58 per cent (Figure 7).

Figure 7: Busia County industry sector GVA growth rate

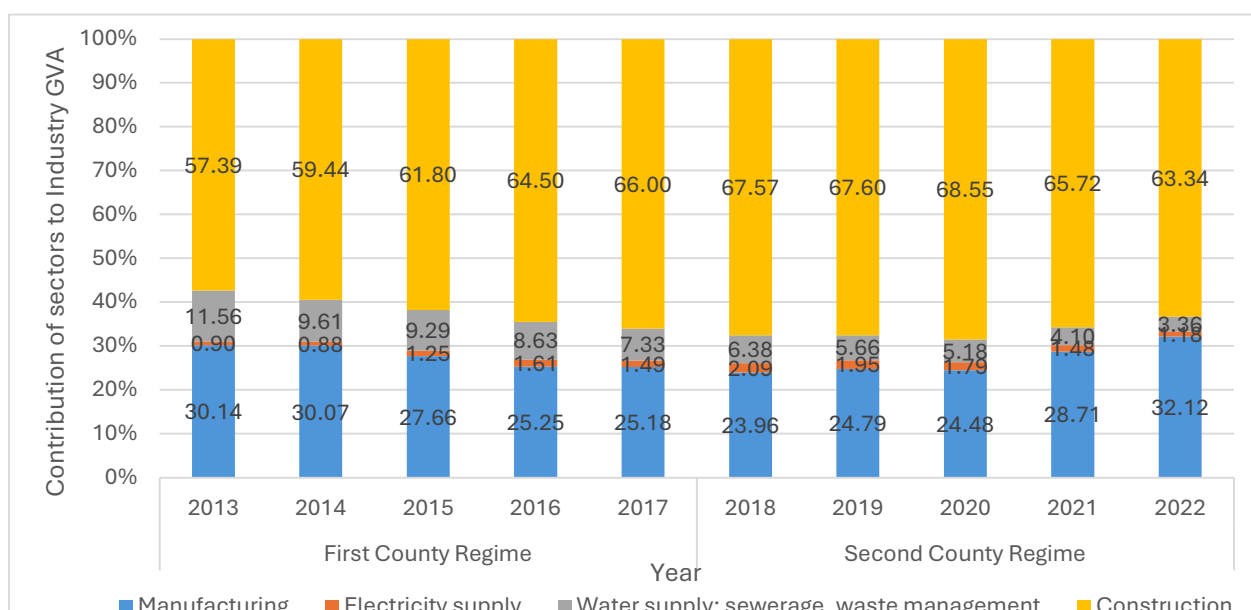


Data Source: KNBS 2023-Gross County Product

The construction sub-sector is a key sector in Busia County as it dominates the industry sector as shown in the Figure 8. This can be attributed to increased urbanization and investments in essential infrastructure such as roads and public buildings by both the National and County governments.

The growth of the manufacturing sector is vital as it has backward and forward linkages with other sectors such as agriculture, extractives, and trade and hence can spur overall economic growth. The low contribution of manufacturing to industry GVA can be attributed to the presence of few manufacturing firms. Currently, it has one sugar processing company while the county's first industrial park was launched in 2023.

Figure 8: Contribution of industry sub-sectors to the industry sector GVA

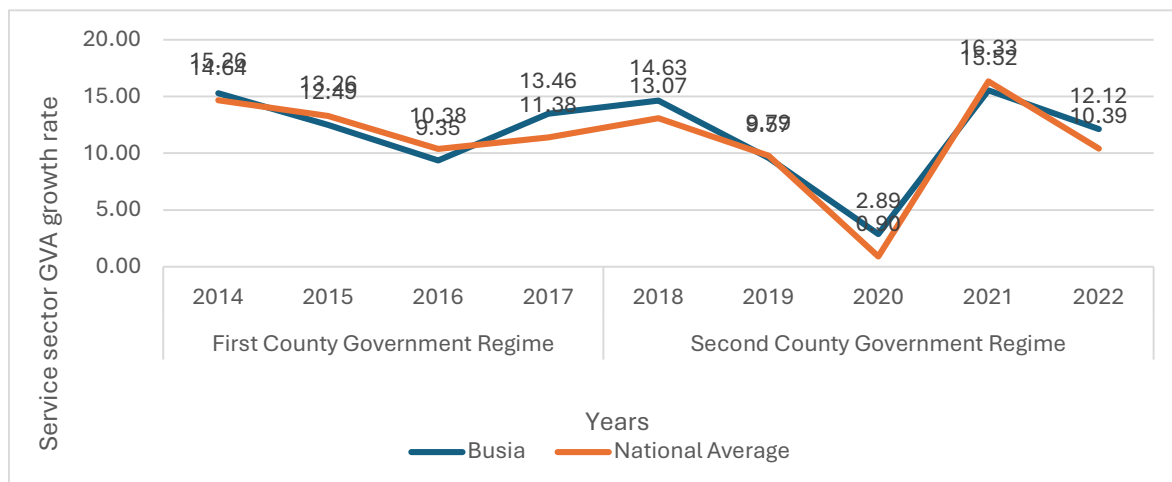


Data Source: KNBS 2023-Gross County Product

Services Sector

The average growth rate of service sector is 11.70 per cent, which is slightly above the national average of 11.13 per cent as shown in Figure 9.

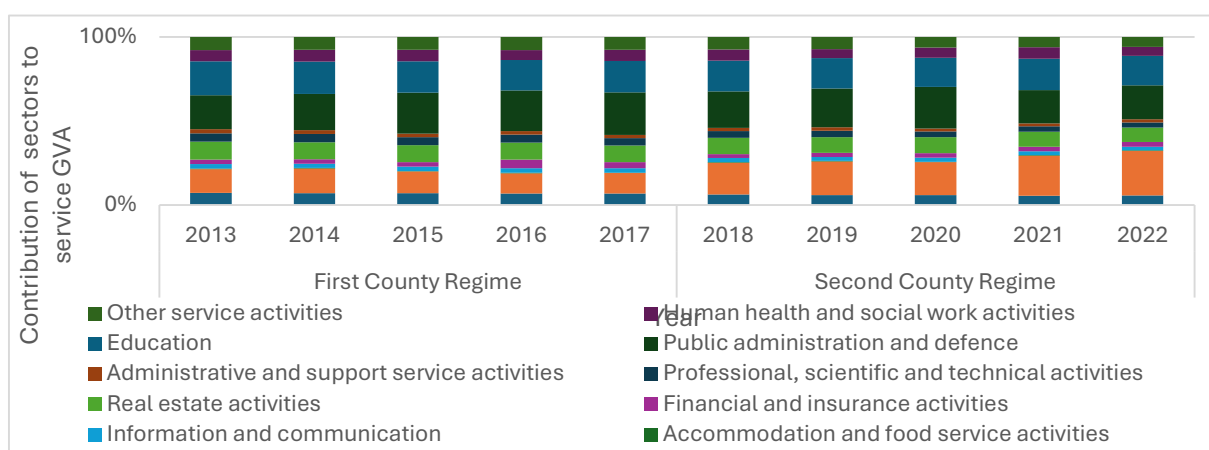
Figure 9: Busia County services sector GVA growth rate



Data Source: KNBS 2023-Gross County Product

The public administration and defence sub-sector, non-market services, dominate the services sector contributing the highest to the service GVA at an average of 23.49 per cent and 22.15 per cent in the first and second county regimes, respectively (Figure 10). The dominance of the non-market service can be explained by the border status of the county, which necessitates cross-border public service provision. Other key public services include the establishment of Small Claims Courts that have been established in all border towns, main towns cities in Kenya to enhance the ease of doing business for the Small and Medium Enterprises SMEs. The transport and storage sub-sector are the second highest contributor to county GVA and dominated the services sector in 2021 and 2022.

Figure 10: Contribution of sub-sectors to service sector GVA



Data Source: KNBS 2023-Gross County Product

Quantity and Quality of Labour Force for Busia County

The county has a total of 475,800 working-age population, which is about 53.24 per cent of the total county population. Most of the working-age population is youthful (18-34 years) at 48.73 per cent as shown in Table 1. This is indicative of a sufficient quantity of labour needed to grow county output.

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

Working age population	Male	Female	Total	Per centage of total working age population (%)
15-17	37,905	38,311	76,216	16.02
18 –24	106,340	125,519	231,859	24.77
25-34	56,381	61,465	117,846	23.96
35-64	78,104	89,621	167,725	35.25
Total	222,349	253,451	475,800	

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

Most of the population in Busia sub-counties are persons in the working age categories. Busia sub-county has the highest percentage of persons of working age at 56.13 per cent. In all the sub-counties of Busia County, the youthful (18-34 years) are the majority with those from Busia Sub-County dominating with the highest youthful working-age population at 51.12 per cent. Teso South and Teso North follow closely with 50.57 per cent and 50.02 per cent, respectively, 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 per centage of the total sub-county population
		15-17	18 –24	25-34	35-64	
Bunyala	85,976	7,016 (15.19)	11,090 (24.02)	11,754 (25.46)	16,315 (35.33)	46,175 (53.71)
Butula	140,331	12,668 (17.68)	16,723 (23.34)	15,385 (21.47)	26,886 (37.52)	71,662 (51.07)
Nambale	111,632	10,030 (17.26)	14,384 (24.76)	12,931 (22.26)	20,757 (35.73)	58,102 (52.05)
Samia	107,162	9,260 (16.45)	13,816 (24.55)	12,571 (22.34)	20,636 (36.66)	56,283 (52.52)
Teso North	138,031	11,530 (15.64)	18,861 (25.58)	18,024 (24.44)	25,327 (34.35)	73,742 (53.42)
Teso South	168,114	14,304 (15.91)	23,199 (25.81)	22,259 (24.76)	30,136 (33.52)	89,898 (53.47)
Busia	142,407	11,408 (14.27)	19,773 (24.74)	21,089 (26.38)	27,668 (34.61)	79,938 (56.13)

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

Busia County has high performance in socio-economic indicators that affect the quality of labour (Table 3). However, there is a need for interventions to increase the secondary school net enrolment rate and average years of schooling.

Table 3: Human capital indicators

Human capital indicators	County	National average
Literacy rate (2019)	83.00	78.41
Pre-primary net enrolment rate (2019)	71.40	67.51
Primary school net enrolment rate (2020)	81.20	77.72
Secondary school net enrolment rate (2020)	42.60	54.18
Average years of schooling (2014)	7.50	7.78
Per centage of children 12 -23 months fully vaccinated (2022)	80.40	74.97
Per centage of stunted children (2022)	15.00	19.75
Per centage of teenage pregnancy (2022)	18.30	15.79
Primary to secondary transition rates (2020)	87.10	86.13
Pupil-teacher ratio (primary school) (2020)	32.00	28.28
Food poverty head count (%) (2021)	49.00	33.63
Child poverty head count (%) (2021)	58.60	42.67

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

In Busia County, essential infrastructure and capital indicators that support the production of county output such as the Rural Road Access Index access to improved sanitation, and access to improved water percentage of households using banks performed higher than the national average as shown in Table 4. However, interventions are needed to increase access to electricity and the Internet, improve housing quality, and increase financial inclusion.

Table 4: Essential infrastructure and capital

Essential infrastructure indicators	County	National average
Per centage of households with access to electricity (2019)	26.10	38.52
Rural Access Index (2018)	88.95	63.72
Access to improved sanitation (2018)	62.00	59.04
Access to improved water (2018)	74.90	65.33
Distribution of population using the Internet (2019)	13.50	18.69
The proportion of primary schools with Internet (2020)	22.60	27.65
Proportion of secondary schools with functional internet (2020)	24.90	35.13
Per centage of households by housing material composite-finished materials(adequate) (2019)	25.79	51.71
Financial inclusion level (2021)	78.20	81.01
Per centage of households using bank usage (2021)	46.30	38.18
Per centage of households using mobile money (2021)	75.70	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 for Busia County is at 65 per cent, with both the youthful population (18-34 years) at about 31 per cent and those aged (35-64 years) at 31 per cent. The percentage of the employed by gender is 37.24 per cent for male and

41.22 per cent for female. The unemployment rate in Busia County is low at 4.57 per cent, with unemployment being slightly higher for the youth 18-34 years at 3 per cent as compared to the non-youth (35-64 years) at 1.45 per cent. The percentage of persons working aged 5-14 years and 15-17 years is 3.41 per cent and 2.41 per cent, respectively, indicating lower levels of child labour. The inactivity rate for the youth (15-24 years) is at 25.54 per cent, which is expected as most are pursuing education while that of the prime age (25-64 years) is at 4.01 per cent as shown in Table 5.

Table 5: Busia County employment statistics

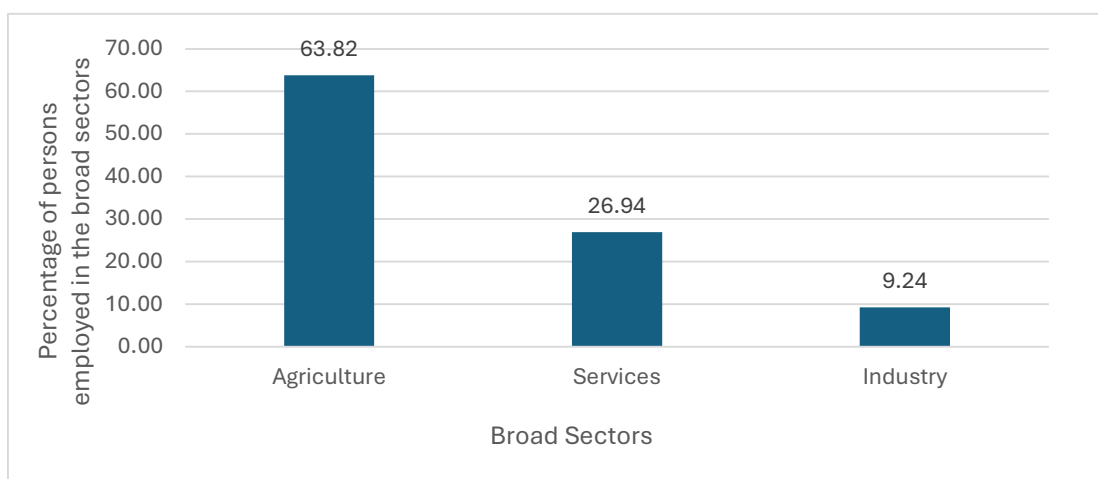
Employment statistics	Youth	Non youth
Employment to population ratio (%)	31	31
Unemployment rate	3	1.45
Per centage of persons 5–17 years old working	2.91	-
Inactivity rate	25.54	4.01

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

Sectoral Employment

The agriculture sector is the highest employer in Busia County at 63.82 per cent followed by the services sector at 24.94 per cent, while the industry sector employs only 9.24 per cent of the working population. The agriculture sector is often associated with low productivity and is seen as a reservoir of underemployed workers. The continued dominance of the agriculture sector in the share of employment also indicates a low transfer of labour out of agriculture into higher-productivity sectors such as industry and services as shown in Figure 11.

Figure 11: Percentage of persons employed in the broad sectors

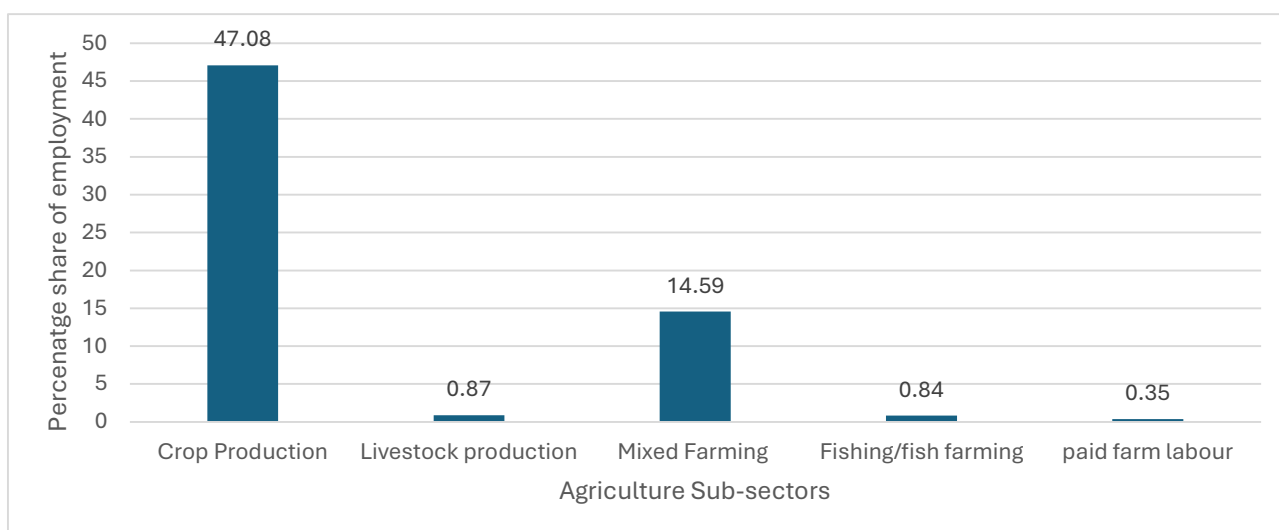


Data Source: KNBS 2021- Kenya Continuous Household Survey

Agriculture Sector Employment

In agriculture, crop production has the highest share of employment in Busia County (Figure 12). Maize, cassava, beans, sorghum, and ground nuts are some of the main crops that are grown in the county.

Figure 12: Percentage share of employment in agriculture sub-sectors

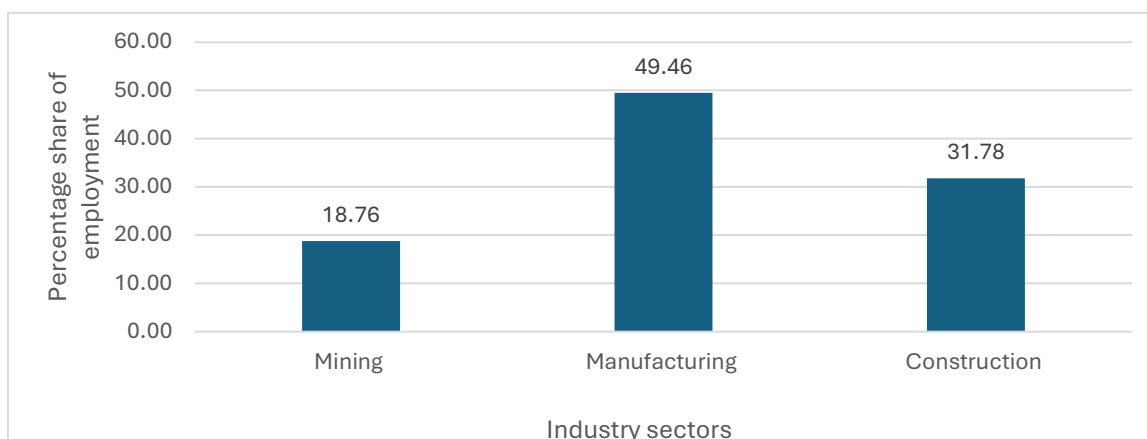


Data Source: KNBS 2021- Kenya Continuous Household Survey

Industry Sector Employment

In the industry sector, manufacturing employs comparatively more people compared to construction and mining (Figure 13). Employment is majorly in the quarrying of stones, while in construction, buildings have the highest share of employment.

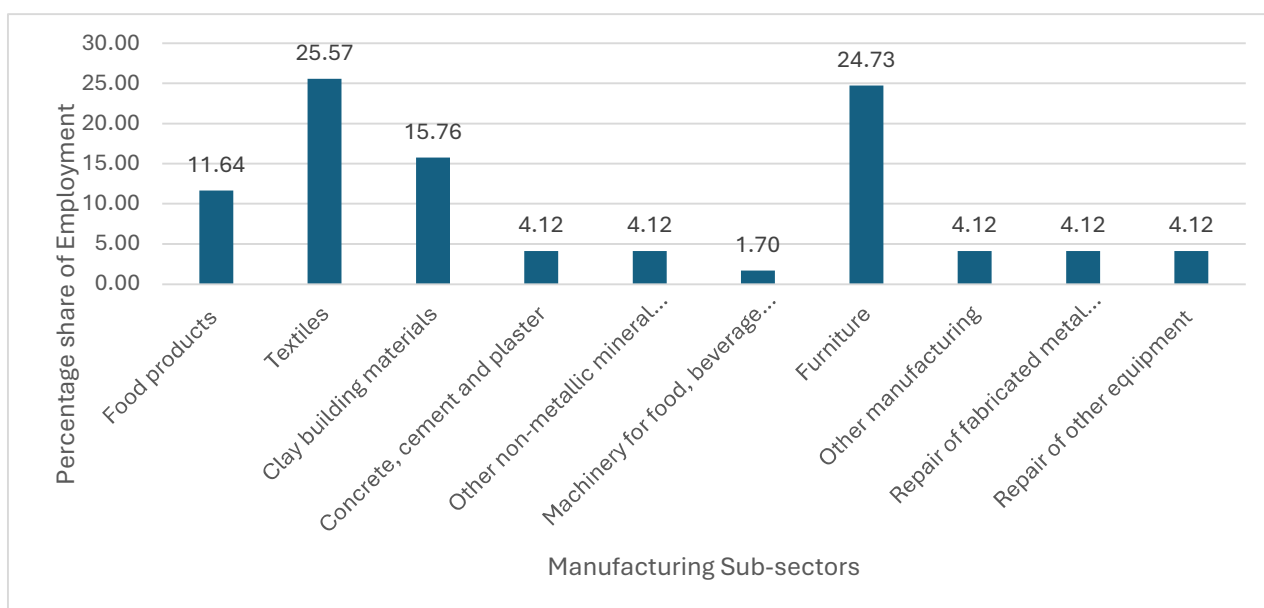
Figure 13: Percentage of persons employed in the industry sectors



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 sub-sectors such as textile industries, furniture, clay building materials and food products (Figure 14). Although currently, the textile sub-sector relies on imported raw materials, both the National and County governments are accelerating efforts in the local production of raw materials through biotechnology cotton production.

Figure 14: Per centage share of employment in manufacturing sub-sectors

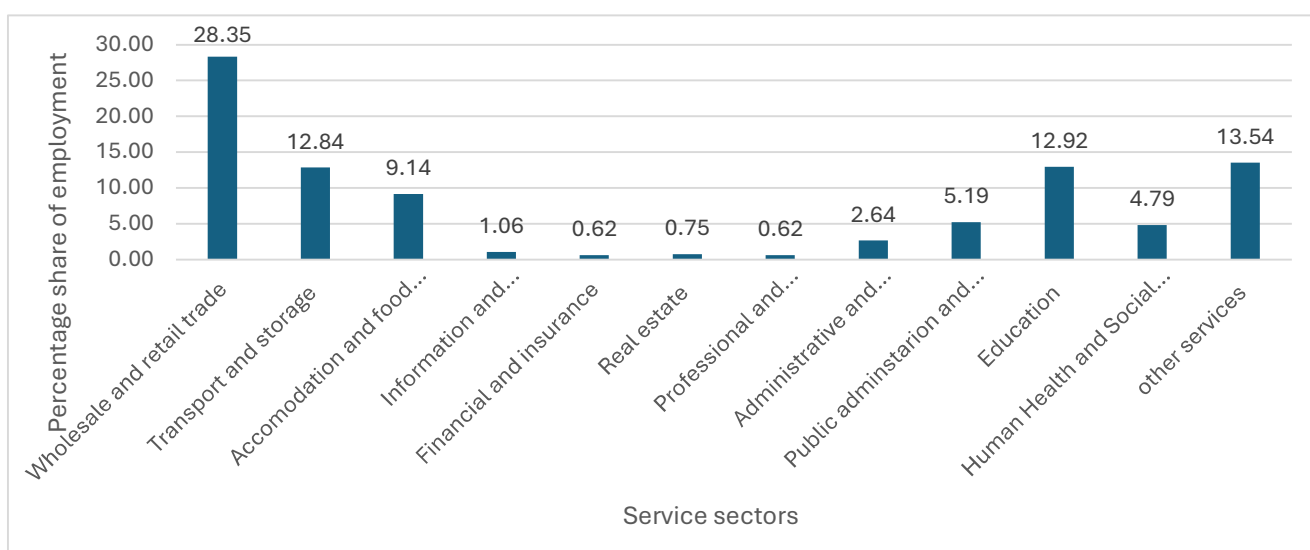


Data Source: KNBS 2021- Kenya Continuous Household Survey

Services Sector Employment

The majority of those working in the services sector work in wholesale and retail trade, followed by the education sector and transport and storage sector (Figure 15). Retailing and wholesaling industries represent the intermediate steps in the distribution of merchandise between producers and consumers of goods. Wholesale and retail trade services (commerce) are crucial to the efficient and effective flow of goods from producer to consumer. This sector is labour-intensive; hence it is among the largest employers the world over. 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 15: Percentage share of employment in the service sector



Data Source: KNBS 2021- Kenya Continuous Household Survey

Retail sale of food and beverages dominates employment in the wholesale and retail trade sector as shown in Figure 16. This indicates the linkages with the agriculture and manufacturing sectors as they serve as an intermediary between the sectors and the consumers.

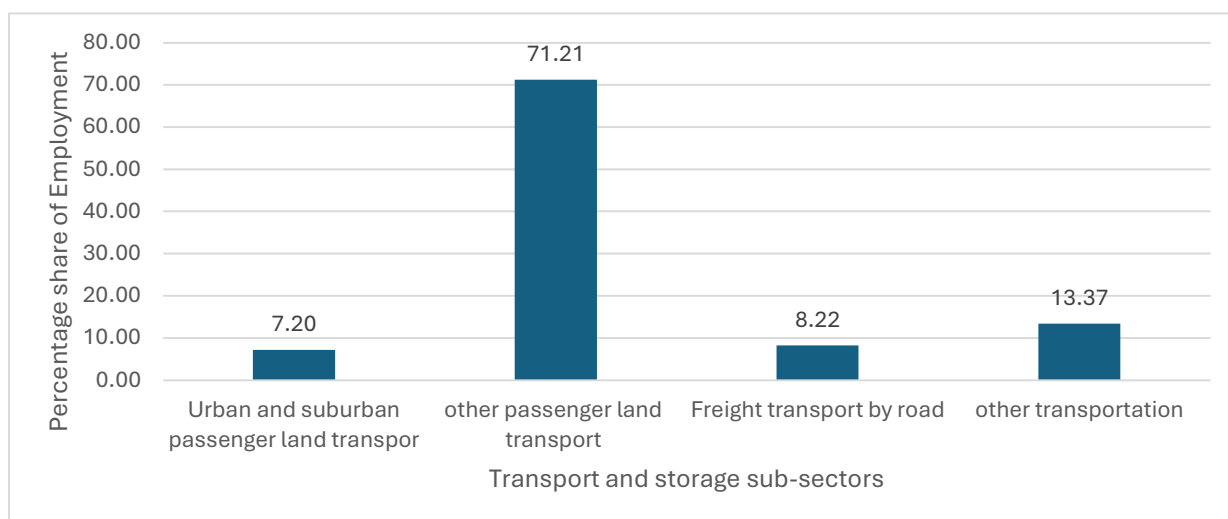
Figure 16: Percentage share of employment in the wholesale and retail trade, repair of motor vehicle sub-sectors



Data Source: KNBS 2021- Kenya Continuous Household Survey

In the transport and storage sector other passenger land transport that comprises of long-distance bus services and motorcycle and bicycle transportation employs more people compared with the other sub-sectors (Figure 17).

Figure 17: Percentage share of employment in the transport and storage sub-sectors

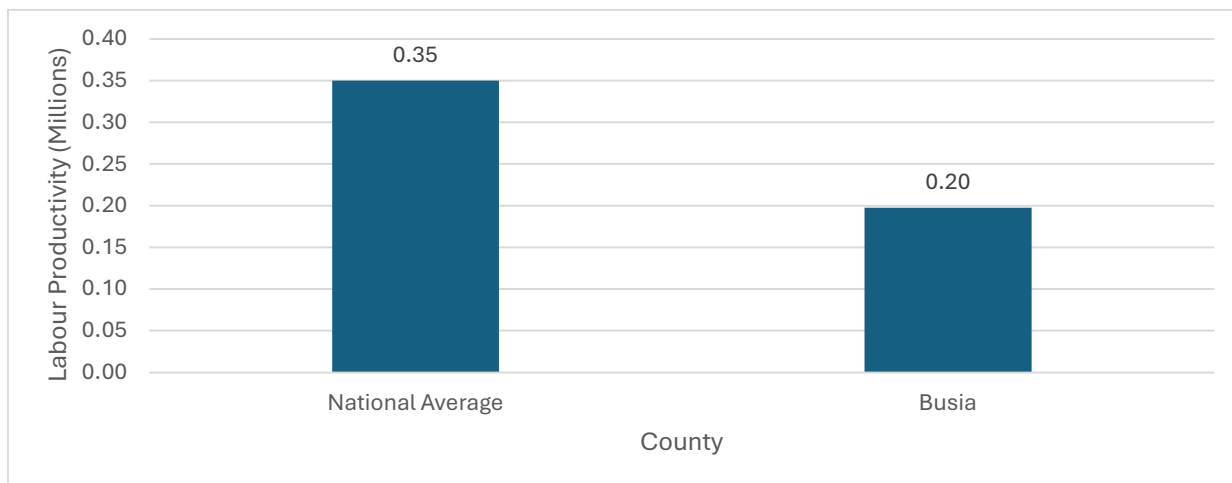


Data Source: KNBS 2021- Kenya Continuous Household Survey

Labour Productivity

Busia County labour productivity is 0.20 per cent, which is lower than the national average labour productivity of 0.35 per cent as shown in Figure 18. This can be explained by the concentration of employment in agriculture, which has lower share of GVA when compared with the services sector.

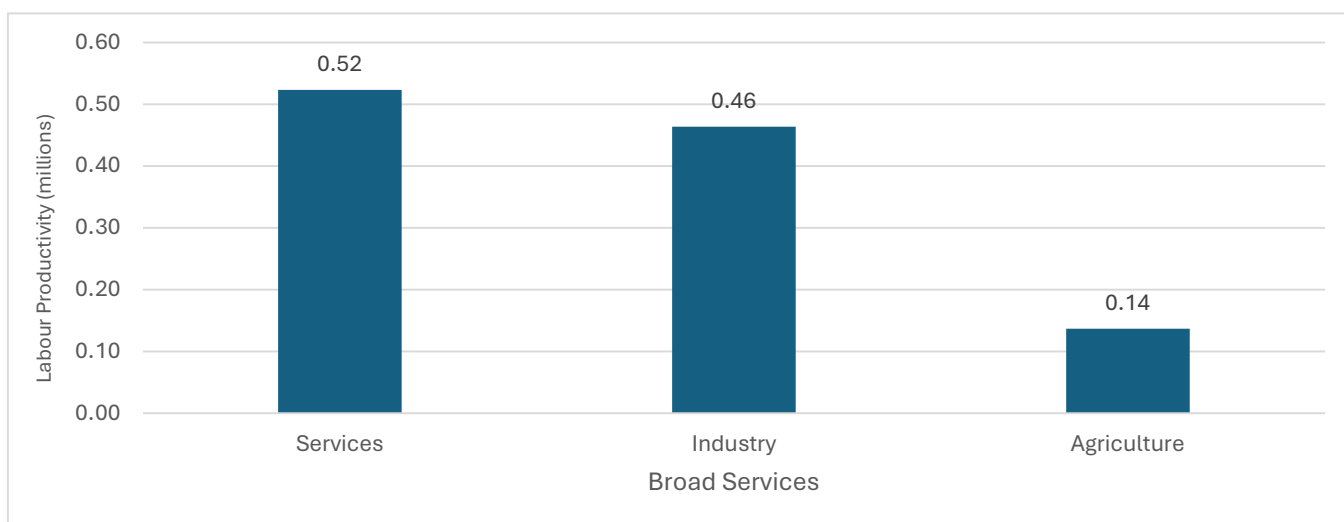
Figure 18: Labour productivity ratios (millions)



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

In Busia County, the services sector has the highest labour productivity at 0.52 per cent, followed by the industry sector at 0.46 per cent and the agriculture sector at 0.14 per cent (Figure 19).

Figure 19: Labour productivity by sectors

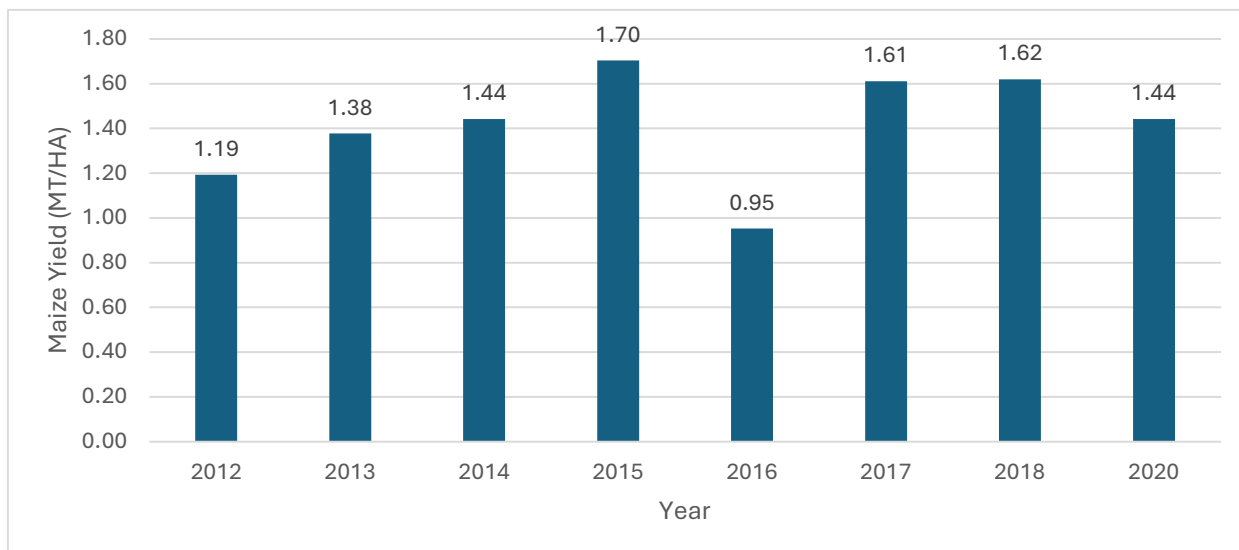


Data Source: Author's computation using KNBS 2023-Gross County Product and KNBS 2021- Kenya Continuous Household Survey

Agriculture Productivity

In agriculture sector, maize productivity has remained low at an average of 1.4 metric tonne per hectare and has been fluctuating over the years. The highest decline was in 2016, which is attributable to the fall armyworm invasion that affected the Africa as a region (Figure 20).

Figure 20: Maize yield (MT/HA)

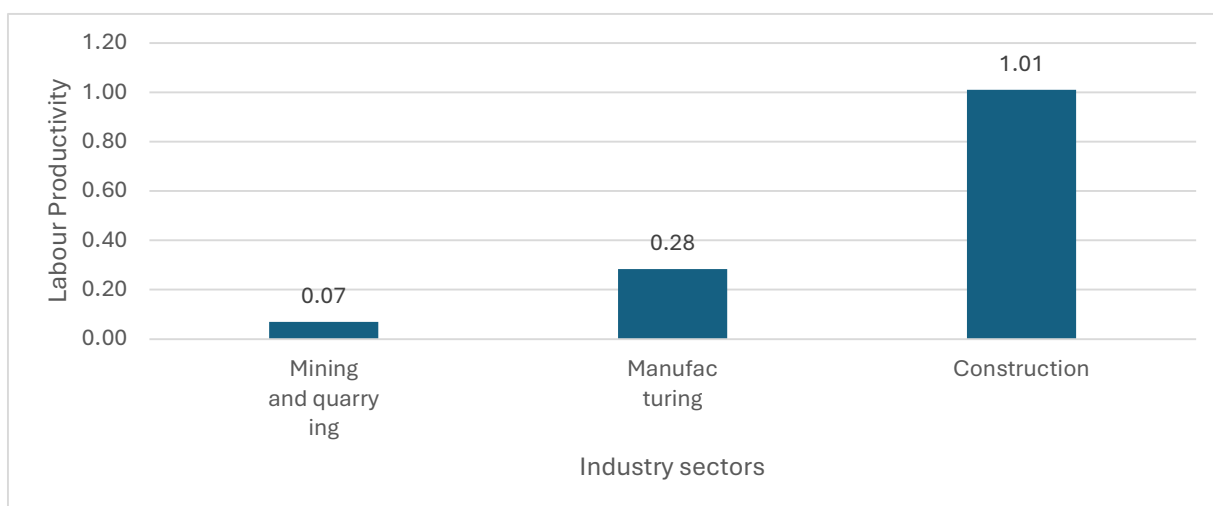


Data source: National Information Platform for Food and Nutrition (NIPFN)

Industry Sector Labour Productivity

A disaggregation of labour productivity in the industry sector reveals that in Busia County, the construction sector has relatively higher labour productivity (Figure 21).

Figure 21: Labour productivity in the industry sector

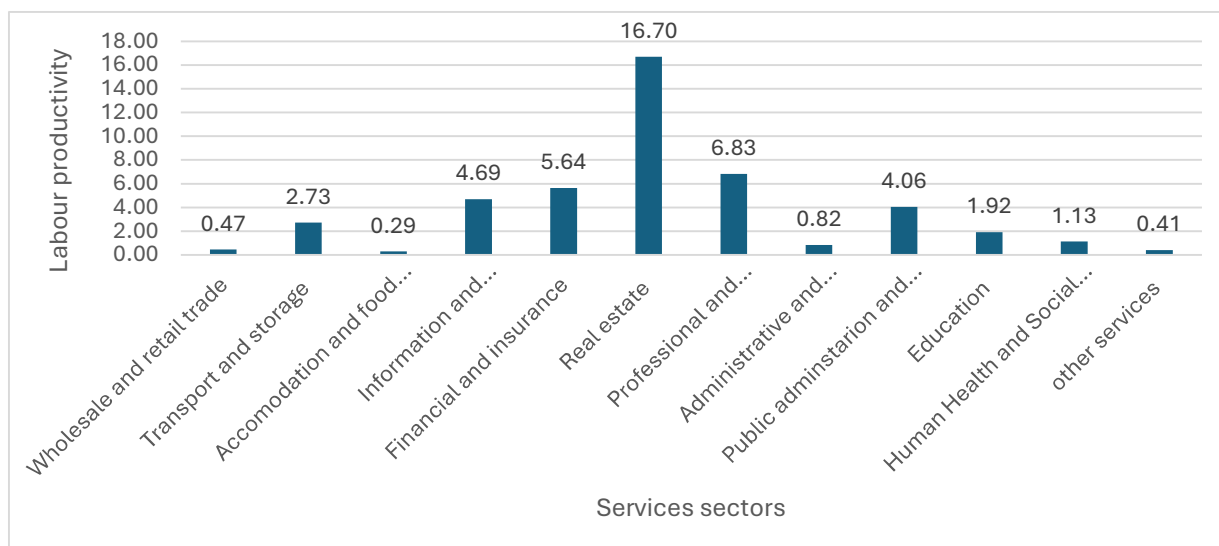


Data Source: Author's computation using KNBS 2023-Gross County Product and KNBS 2021- Kenya Continuous Household Survey

Services Sector Labour Productivity

In the services sector, the real estate sector had relatively higher labour productivity. The wholesale and retail trade sector, which had the highest employment in the services sector had the lowest labour productivity (Figure 22).

Figure 22: Labour productivity in the services sector



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

Key Messages

- (i) The share of manufacturing to county GVA is the lowest in the county at 14.06 per cent, indicating presence of few and low technology manufacturing firms. Retail trade of food and beverages dominates the wholesale and retail trade indicating linkages with agriculture and manufacturing.
- (ii) The quality of labour in Busia County is moderate. Interventions are required to increase the secondary school net enrolment rate and average years of schooling.
- (iii) Busia County has a youthful workforce, which if optimally utilized has the potential to grow the county GVA. Employment to population ratio for Busia County is at 65 per cent while unemployment is low at 4.57 per cent.
- (iv) The agriculture sector has the highest share of employment in Busia County despite a lower share of County GVA when compared to the services sector. This indicates a low transfer of labour from agriculture to the other sectors. The majority of those employed in the manufacturing sector work in low-technology sub-sectors such as textile industries, furniture, and clay building materials.
- (v) Busia County labour productivity is 0.20 per cent, which is lower than the national average labour productivity of 0.35 per cent. Labour productivity in the agriculture sector is the lowest, which can be explained by the dominance of subsistence, low-technology farming systems. Maize yields are low, and productivity has been fluctuating over the years.

- (vi) The construction and real estate sectors had relatively higher labour productivity. The wholesale and retail trade sector, which had the highest employment in the services sector, had the lowest labour productivity.

Policy Recommendations

- (i) Investment in the manufacturing sector with a focus on high technology manufacturing that enables competitiveness in the border market. Furthermore, there is opportunity to exploit fully the food, textile and furniture manufacturing.
- (ii) To improve quality of labour, implement measures that increase secondary school net enrolment rate and average years of schooling.
- (iii) Implement initiatives and programmes that reduce youth unemployment and optimize productive utilization of the youthful workforce. This including diversifying the sources of growth, including enhancing mixed farming, commercializing mining, and supporting to improve quality of products to be competitive with border trading.
- (iv) Create an enabling environment for MSMEs, which have the highest share of employment in the services sector. This including providing essential infrastructure such as Internet and electricity to enable them to improve on their processes.
- (v) Enhance agriculture productivity by providing agriculture extension services; subsidizing key farm inputs; and reviving cash crops such as cotton and sugar.

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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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