



# Policy Brief

*Thinking Policy Together*

**No. 39/2023-2024**

## **Assessing Labour Productivity for Homa Bay County**

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### **Overview of the County**

Homa Bay is a member of the Lake Region Economic Bloc (LREB) and is one of the six economic Blocs. The county is classified as a semi-arid county experiencing between 10-29 per cent aridity levels. About 80% of Kenya's Lake Victoria is in the county that also has 16 islands. The county land size stands at 3,155 km<sup>2</sup>. Homa Bay County has eight Sub-Counties namely: Homa Bay, Ndhiwa, Rachuonyo North, Rachuonyo East, Rachuonyo South, Rangwe, Suba North, and Suba South.

### **Key Highlights**

The productivity of Homabay County is characterised by the following:

- (i) The agriculture sector share in gross value addition has almost been constant since 2013. The industry sector is very small (less than 10 per cent) and is dominated by manufacturing while in the services sector transport and storage share is the highest.
- (ii) Although the indicators of quality of labour performed above the national average to secure future quality of labour it is important to prioritize reducing teenage pregnancies and vaccination of children.
- (iii) For essential infrastructure and capital, a lot more is required including enhanced access to electricity, improved water and sanitation, and increased internet connectivity.
- (iv) Agriculture employs the largest share of workforce with majority in crop production and fishing farming has potential to create jobs. The industry sector has the lowest share of workforce with a significant share in construction. Mining is an emerging sector while manufacturing is dominated by textile. Services sector is dominated by wholesale and retail.
- (v) Labour productivity is lower than the national average. Services sector has the highest productivity with information and communication taking a lead. Agriculture has the lowest while for the industrial sector, the highest productivity is in manufacturing.

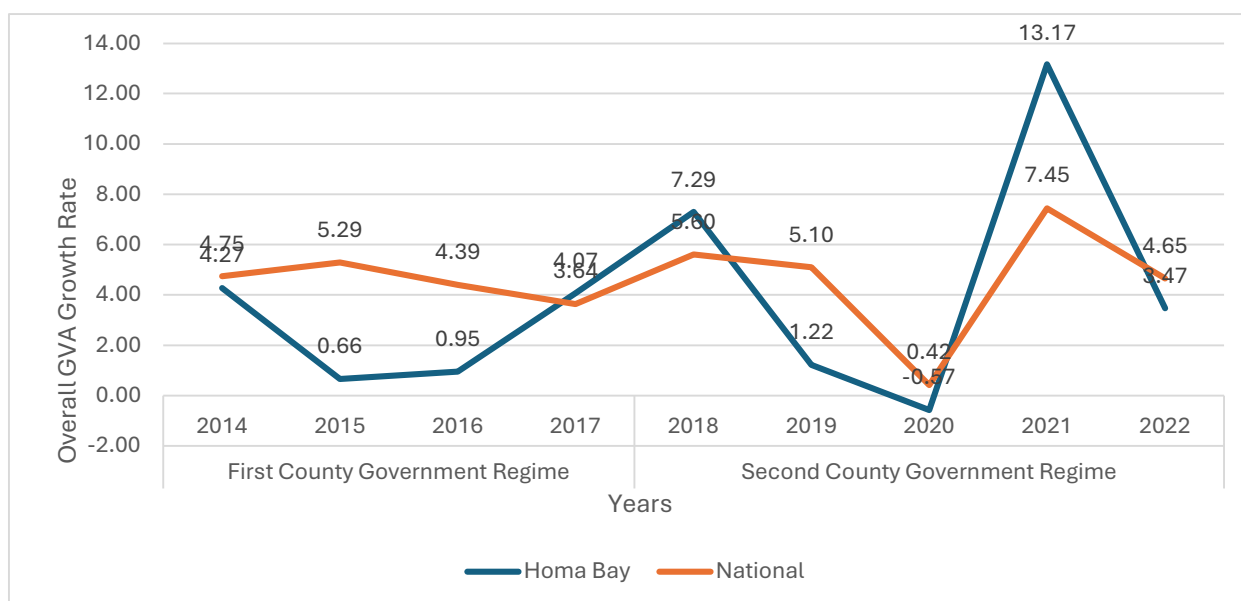
To enhance productivity:

- (i) Create an enabling environment to increase investments in all sectors. This including improving access to electricity, improve water and sanitation, and internet connectivity. Mining is an emerging sector that would benefit with significant investments.
- (ii) Secure the future quality of labour by reduce the percentage of teenage pregnancies and increase immunization rates.
- (iii) Enhance agriculture productivity by unlocking the potential for maize production and fisheries, integrating poultry to the value chain, and integrating cattle farming to leather and dairy value chain.
- (iv) Integrate textile in manufacturing into the textile value chain.

### Homa Bay County Economic Performance

Homa Bay County contributes on average to 1.3 per cent of the National Gross Value added with an average GVA of Ksh 90,5787 million. The GVA per capita for Homa Bay County is Ksh 80,020 with an average population growth of 2.2 per cent and overall poverty levels at 26.6 per cent. Homa Bay County has shown steady growth in GVA with an average growth rate of 3.84 per cent in 2013-2022 which is slightly lower than the national average growth of 4.37 per cent as shown in Figure 1. The highest growth rate was in 2021 after the recovery from the COVID-19 pandemic. The lowest growth rate was in 2020 due to the COVID-19 pandemic.

**Figure 1: Homa Bay County GVA growth rate**



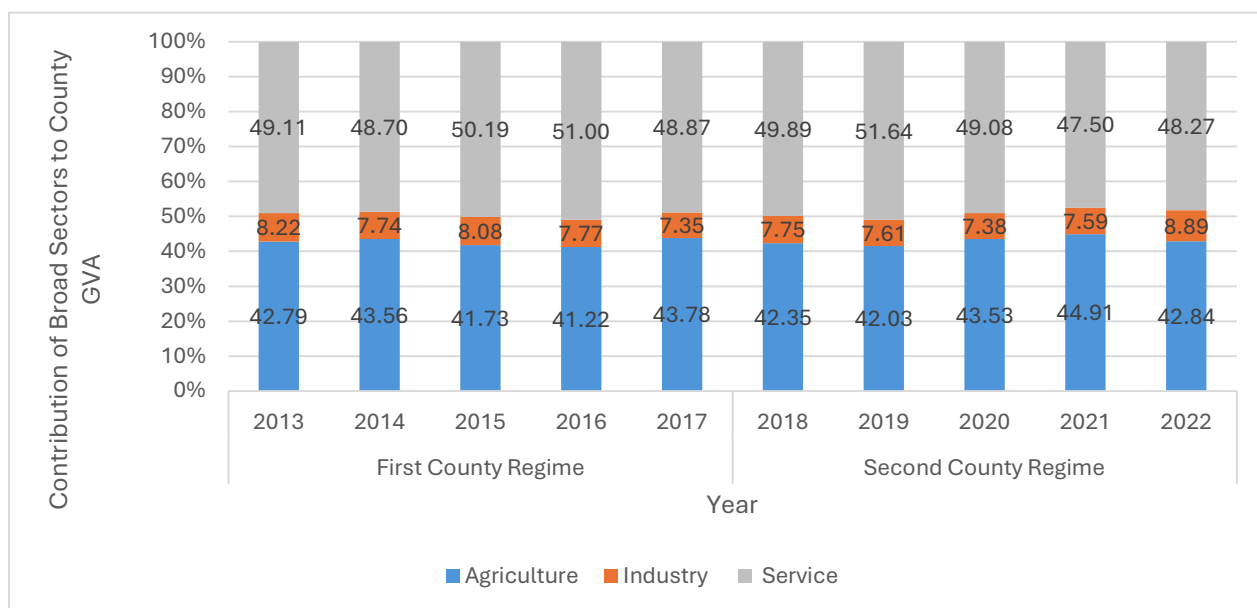
Data Source: KNBS 2023-Gross County Product

### Sectoral Analysis of GVA

The services sector is dominant in Homa Bay County with an average contribution to GVA of 49.43 per cent. The agriculture sector follows closely, contributing an average of 42.88 per cent to the county GVA as seen in Figure 2. The contribution of the industry

sector is relatively very low at 7.84 per cent indicating low investments in manufacturing and construction sub-sectors in the county as shown in Figure 2.

**Figure 2: Contribution of broad sectors to Homa Bay County GVA**

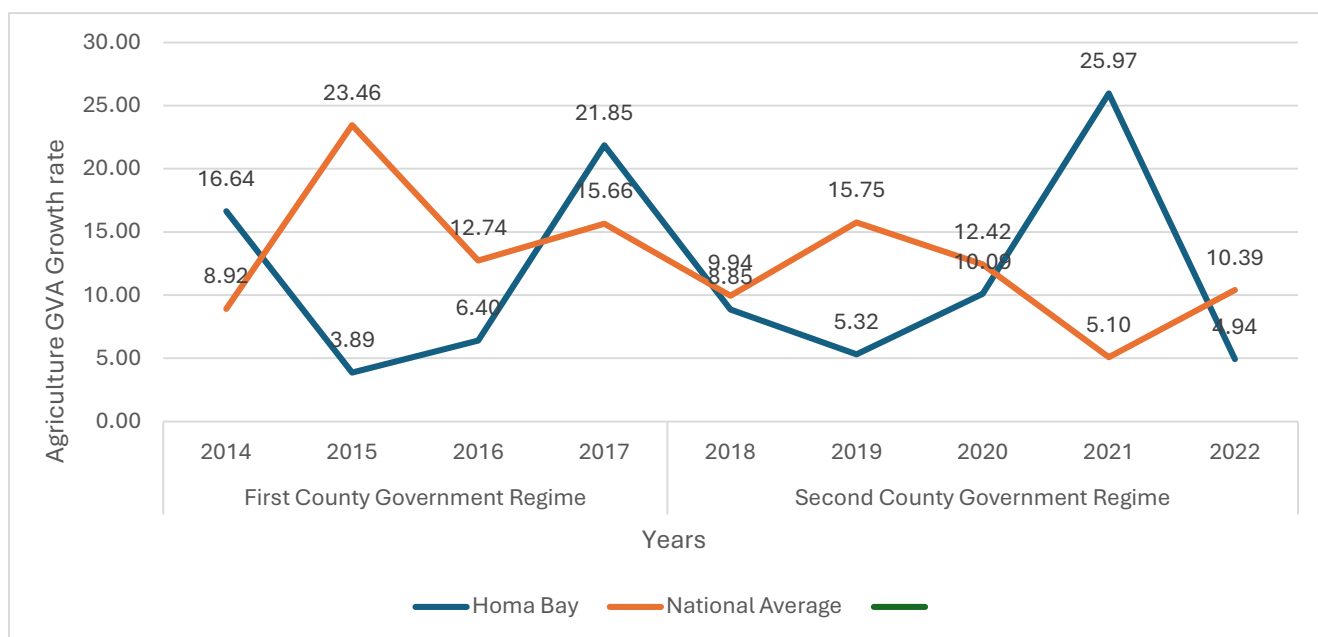


Data Source: KNBS 2023-Gross County Product

### Agriculture Sector

The average growth rate in agriculture sector GVA in 2013-2022 is 11.55 per cent, which is below the national average of 12.71 per cent as shown in Figure 3. The sector GVA growth rate has been mainly positive and steady, the highest growth rate was in 2021 at 25.97 per cent while the lowest growth rate was in 2015 at 3.89 per cent.

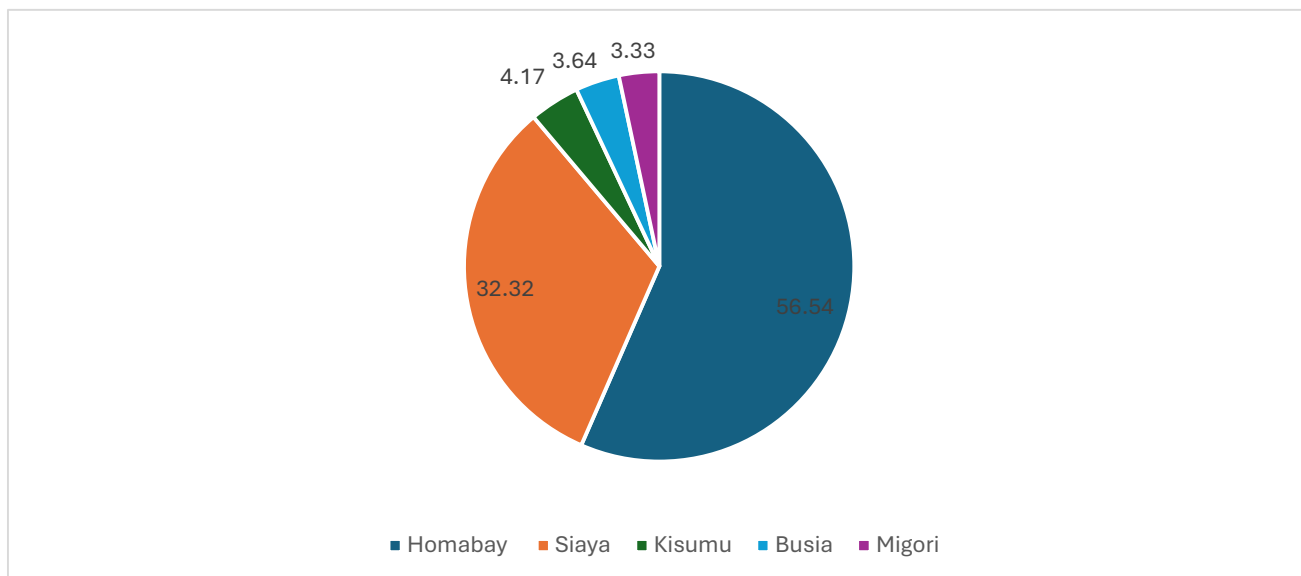
**Figure 3: Homa Bay County agriculture GVA growth rate**



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 show that Homa Bay county accounted for most of the total weight of fish caught in Lake Victoria at 56.54 per cent as shown in Figure 4.

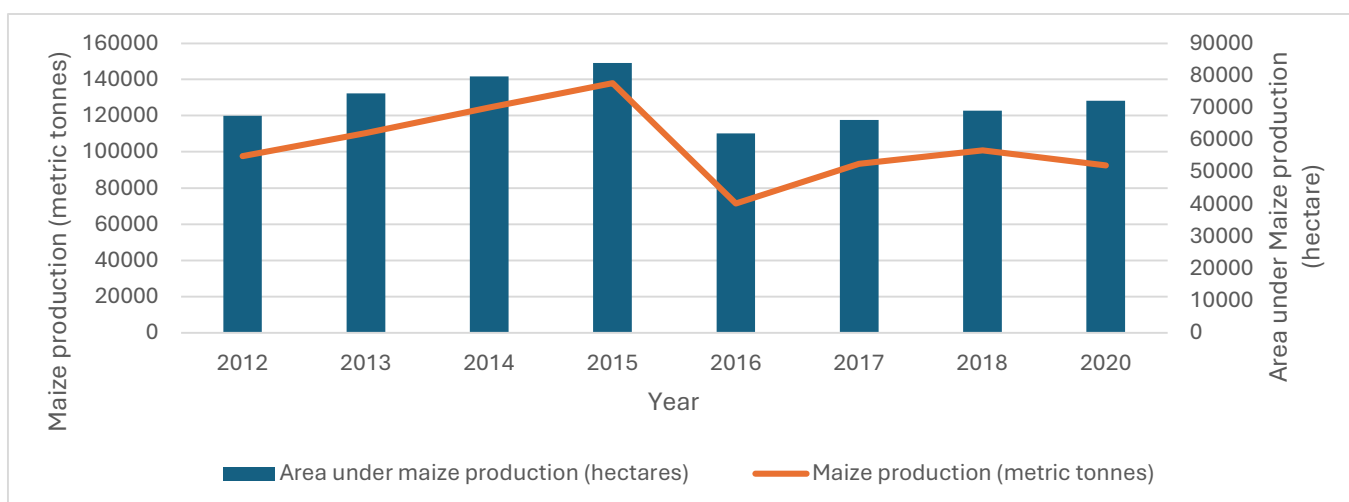
**Figure 4: Fish weight caught per riparian county during 2021**



Data source: State Department for Fisheries (2021)

Maize is the most dominant food crop in Homa Bay County. The hectareage of maize harvested increased from 2012 to 2015 which subsequently led to an increase in production and maize yield. A significant decline in maize production was in 2016 due to an armyworm invasion in the African region. There has been a slow recovery in both maize production and area under-harvested maize since that sharp decline as seen in Figure 5.

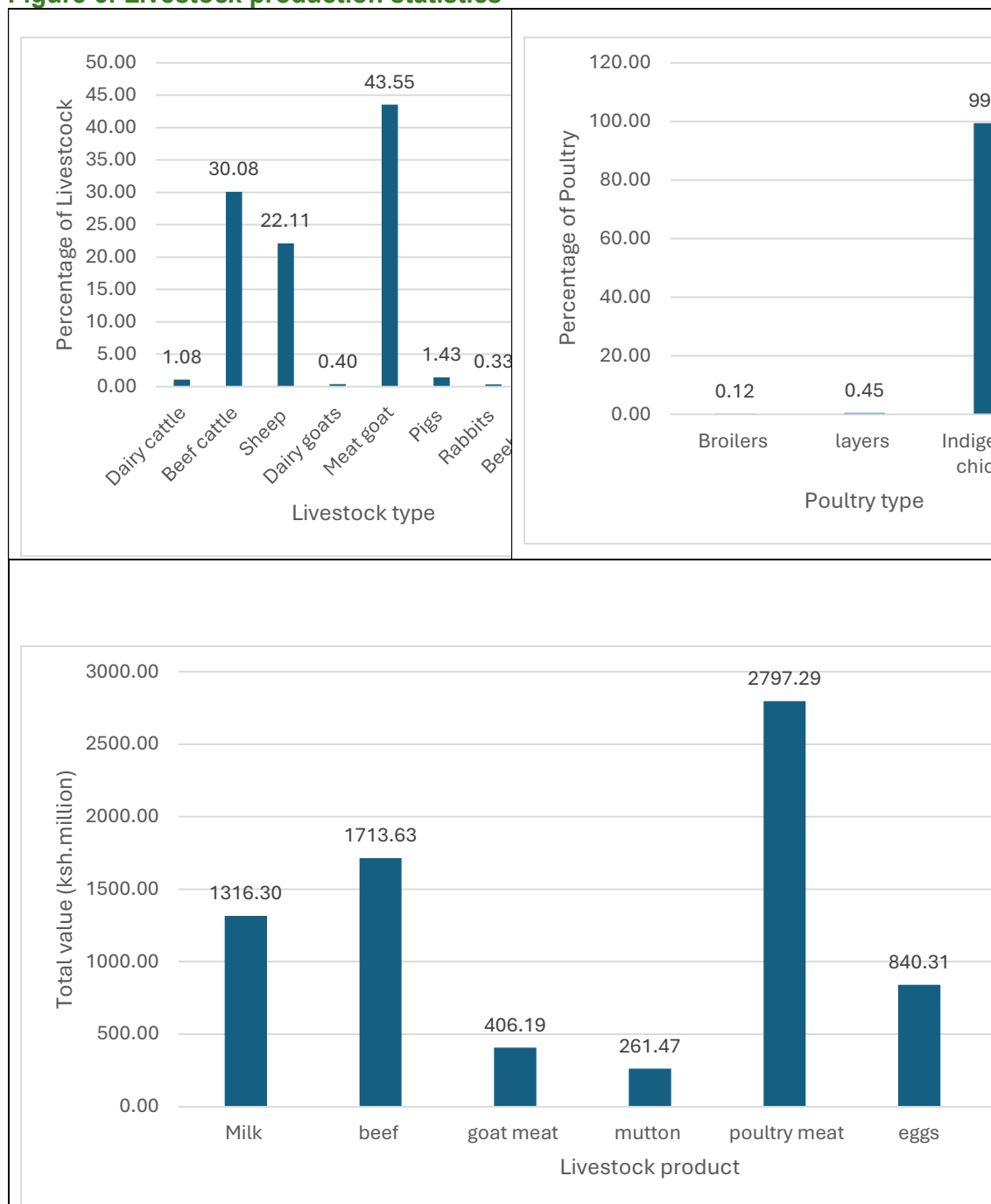
**Figure 5 : Maize production and area of maize production**



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

Livestock production in Homa Bay county is on a smaller scale compared to crop production. 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. Poultry meat has the highest total value in the county, indicating the significance of poultry production to the agriculture sector GVA as shown in Figure 6. The county does not have marketed value for hides and skins, which is attributable to the lower livestock production.

**Figure 6: Livestock production statistics**

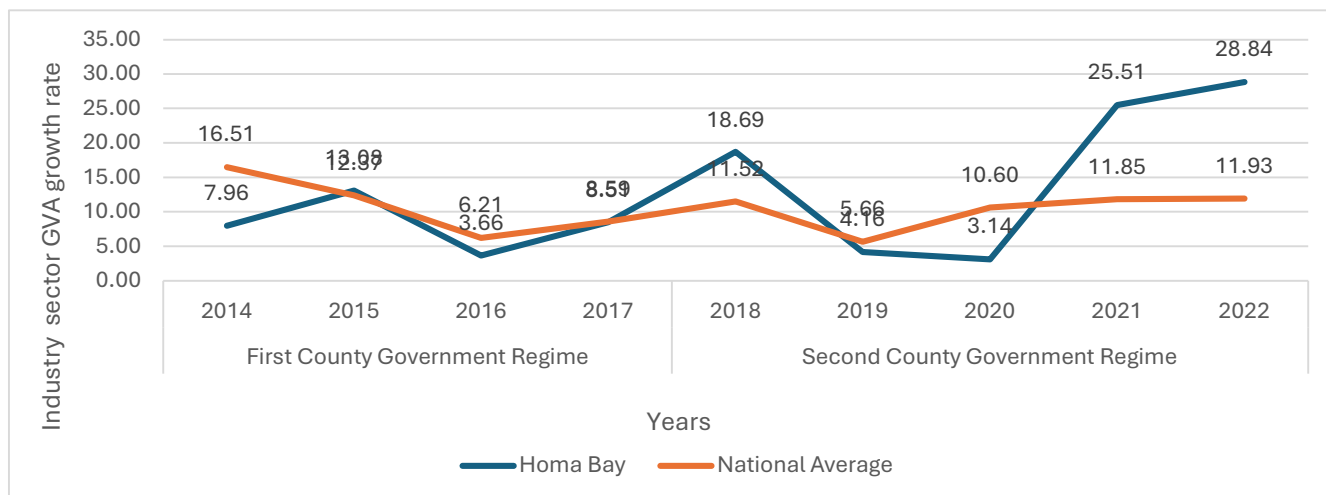


Data source: National Information Platform for Food and Nutrition (NIPFN)

## Industry Sector

The average growth rate of industry sector is 12.62 per cent, which is above the national average of 10.58 per cent as shown in Figure 7.

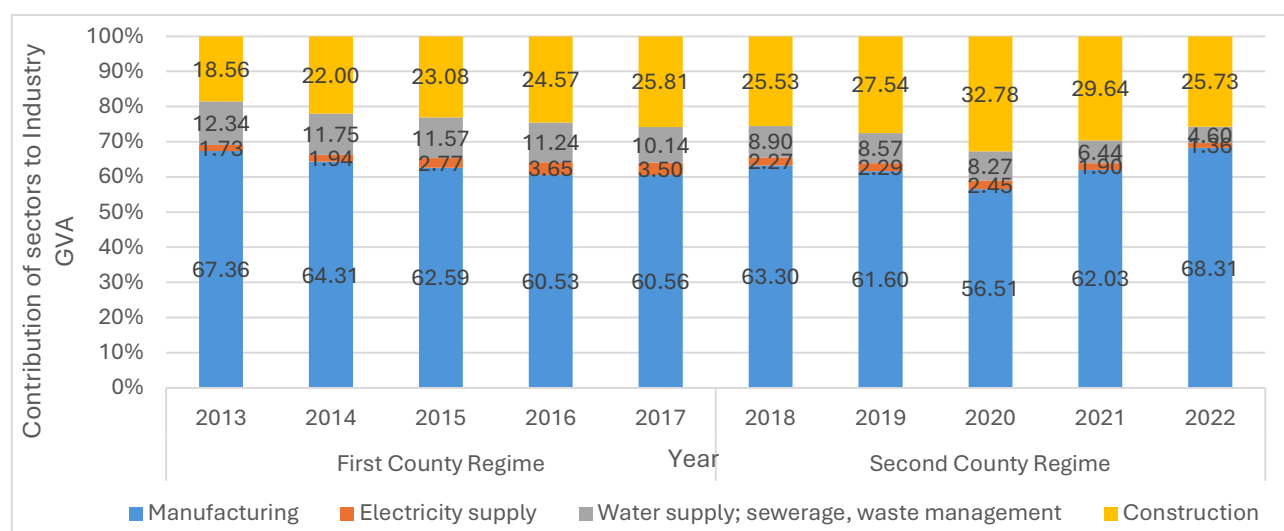
**Figure 7: Homa Bay County industry GVA growth rate**



Data Source: KNBS 2023-Gross County Product

Manufacturing dominates the industry sector in both the first and second county government regimes as shown in Figure 8. Key manufacturing industries in Homabay include those involved in fish processing for export. The informal manufacturing, popularly known as the *Jua Kali*, is the main source of self-employment in the manufacturing sub-sector. Industries in the county that closed include cotton ginneries that used to process cotton which used to be an important cash crop for the county. The revival of the cotton industries provides the potential for the county to increase its share of manufacturing.

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

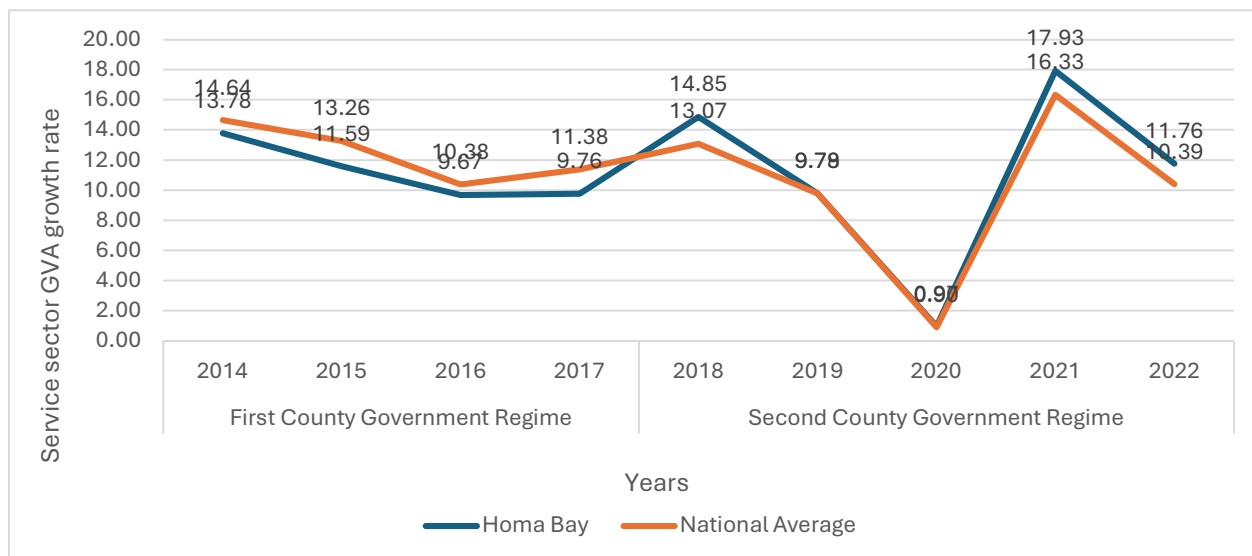


Data Source: KNBS 2023-Gross County Product

## Services Sector

The average growth rate in services sector is 9.90 per cent, which is below the national average of 11.13 per cent as seen in Figure 9.

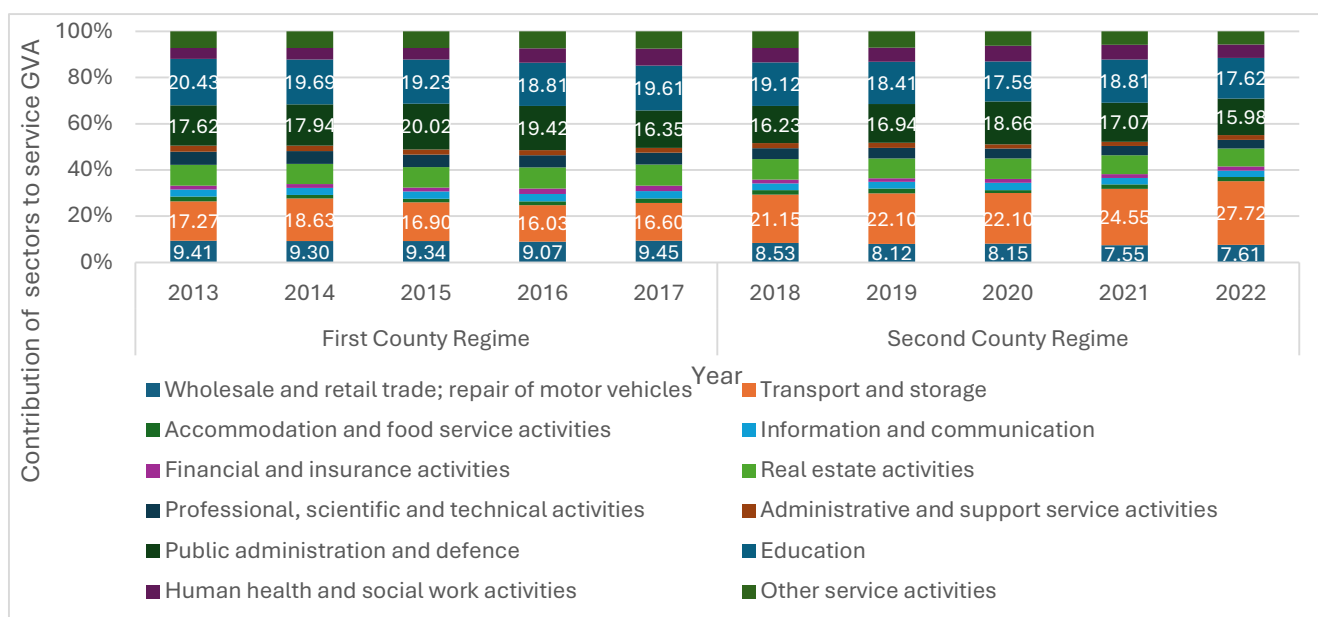
**Figure 9 : Homa Bay County services sector GVA growth rate**



Data Source: KNBS 2023-Gross County Product

The transport and storage services dominate the services sector with the highest contribution to services sector GVA at an average of 20.31 per cent. Education is the second highest contributor to services GVA at an average of 18.93 per cent (Figure 10). Public administration and defence sub-sector is third at 17.62 per cent.

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



Data Source: KNBS 2023-Gross County Product

## Quantity and Quality of Labour

Homa Bay County has a total of 578,549 working-age population, which is about 51.11 per cent of the total county population. Most of the working-age population is youthful (18-34 years) at 50.51 per cent as in Table 1.

**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	45,626	44,751	90,377	15.62
18 –24	66,641	75,761	142,402	24.61
25-34	64,440	85,367	149,807	25.89
35-64	90,903	105,060	195,963	33.87
<b>Total</b>	<b>267,610</b>	<b>310,939</b>	<b>578,549</b>	

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

Most of the population in Homa Bay sub-counties are persons in the working age categories. Homa Bay sub-county has the highest per centage of persons of working age at 54.96 per cent. In all the sub-counties of Homa Bay County, the youthful working ages 18-34 are the majority as shown in Table 2.

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

Sub-County	Total population	Working age population				Working age population (15-64) as a per centage of the total sub-county population
		15-17	18 –24	25 –34	35-64	
Homa Bay	117,437	8,984 (13.92)	16,864 (26.13)	18,703 (28.98)	19,989 (30.97)	64,540 (54.96)
Ndhiwa	218,128	17,027 (16.14)	26,658 (25.27)	27,609 (26.17)	34,203 (32.42)	105,497 (48.36)
Rachuonyo North	178,682	14,521 (15.73)	22,460 (24.33)	22,202 (24.05)	33,141 (35.90)	92,324 (51.67)
Rachuonyo East	121,820	10,536 (17.22)	14,313 (23.39)	14,499 (23.70)	21,841 (35.69)	61,189 (50.23)
Rachuonyo South	130,814	10,663 (15.68)	16,563 (24.35)	17,289 (25.42)	23,494 (34.55)	68,009 (51.99)
Rangwe	117,729	9,626 (16.52)	14,109 (24.21)	14,207 (24.38)	20,327 (34.88)	58,269 (49.49)
Suba North	124,936	9,602 (14.42)	15,766 (23.67)	18,603 (27.93)	22,628 (33.98)	66,599 (53.31)
Suba South	22,381	9,418 (15.16)	15,669 (25.22)	16,695 (26.87)	20,340 (32.74)	62,122 (50.76)

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



Homa Bay County has high socioeconomic indicators that affect the quality of labour. However, interventions are needed to reduce the percentage of teenage pregnancy and to increase immunization rates as shown in Table 3.

**Table 3: Human capital indicators**

Human capital indicators	County	National average
Literacy rate (2019)	86.40	78.41
Pre-primary net enrolment rate (2019)	82.53	67.51
Primary school net enrolment rate (2020)	88.80	77.72
Secondary school net enrolment rate (2020)	64.70	54.18
Average years of schooling (2014)	7.70	7.78
Percentage of children 12 -23 months fully vaccinated (2022)	64.40	74.97
Percentage of stunted children (2022)	12.50	19.75
Percentage of teenage pregnancy (2022)	23.20	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)	23.80	33.63
Child poverty head count (%) (2021)	25.60	42.67

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

Homa Bay County performs higher than the national average for essential infrastructure and capital indicators that support the production of county output. However, interventions are needed to increase access to electricity, access to improved sanitation, and improved water, internet, and housing quality as shown in Table 4.

**Table 4: Essential infrastructure and other resources indicators**

Essential infrastructure indicators	County	National average
Per centage of households with access to electricity (2019)	18.40	38.52
Rural Access Index (2018)	72.14	63.72
Access to improved sanitation (2018)	25.00	59.04
Access to improved water (2018)	33.90	65.33
Distribution of population using the Internet (2019)	15.20	18.69
The proportion of primary Schools with Internet (2020)	23.90	27.65
Proportion of secondary schools with functional internet (2020)	25.00	35.13
Per centage of households by housing material composite-finished materials(adequate) (2019)	31.15	51.71
Financial inclusion level (2021)	81.80	81.01
Per centage of households using bank usage(overall)	38.80	38.18
Per centage of Households using mobile money	79.20	78.58

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

### County Employment Status

Employment to population ratio is at 63.90 per cent. Most of those working is the youthful population (18-34 years) at about 32.40 per cent while those 35-64 at 30.40 per cent as

shown in Table 5. The percentage of the employed by gender is 34.33 for male and 39.48 for female. The unemployment rate is at 4.61 per cent with unemployment being slightly higher for the youth (18-34 years) at 3.13 per cent and those between 35-64 years at 1.38 per cent. The per centage of persons 5–17 years old working is 3.78 per cent indicating that the county has low levels of child labour. The inactivity rate for the youth (15-24) is at 26.32 per cent while for those in the prime age (25-64 years) is at 4.37 per cent as shown in table 5 below.

**Table 5: Homa Bay County employment statistics**

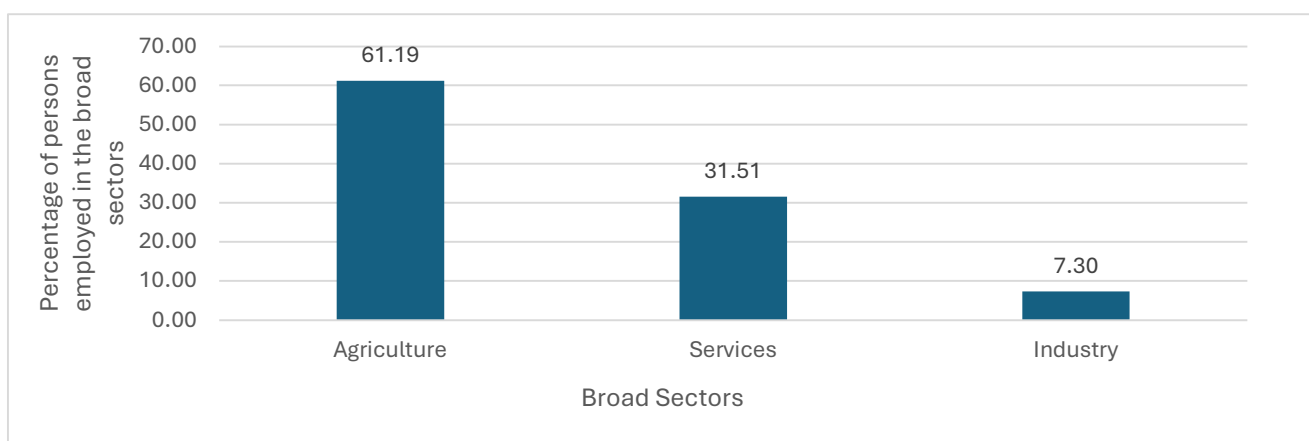
Employment statistics	Youth	Non youth
Employment to population ratio (%)	32.40	30.40
Unemployment rate	3.13	1.38
Percentage of persons 5–17 years old working	3.78	-
Inactivity rate	26.32	4.37

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

### Sectoral Employment

The agriculture sector is the highest employer in Homa Bay County at 61.19 per cent followed by the services sector at 31.51 per cent while the industry sector is third at 7.30 per cent as shown in Figure 11. The agriculture sector is often associated with low productivity and seen as a reservoir of underemployed workers. The continued dominance of the agriculture sector in share of employment also indicates low transfer of labour out of agriculture into higher- productivity sectors such as industry and services.

**Figure 11: Percentage of persons employed in the broad sectors**

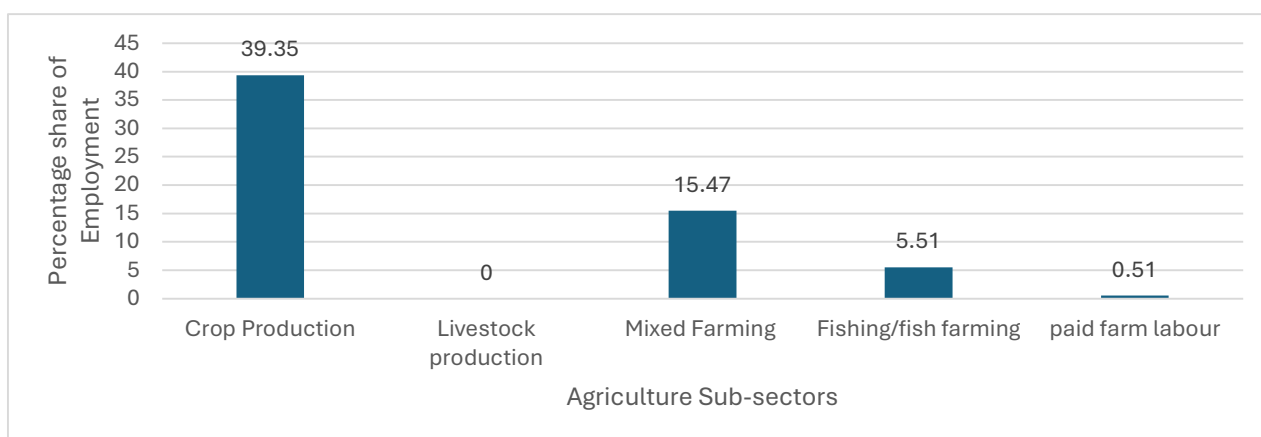


*Data Source: KNBS 2021- Kenya Continuous Household Survey*

### Agriculture Sector Employment

Employment in agriculture sector is mainly in crop production, mixed farming has the second highest employment share indicating the importance of poultry farming in the county. Fishing employs a significantly higher number of people compared to other counties which is indicative of the endowment in the county as seen in Figure 12.

**Figure 12: percentage share of employment in agriculture sub-sectors**

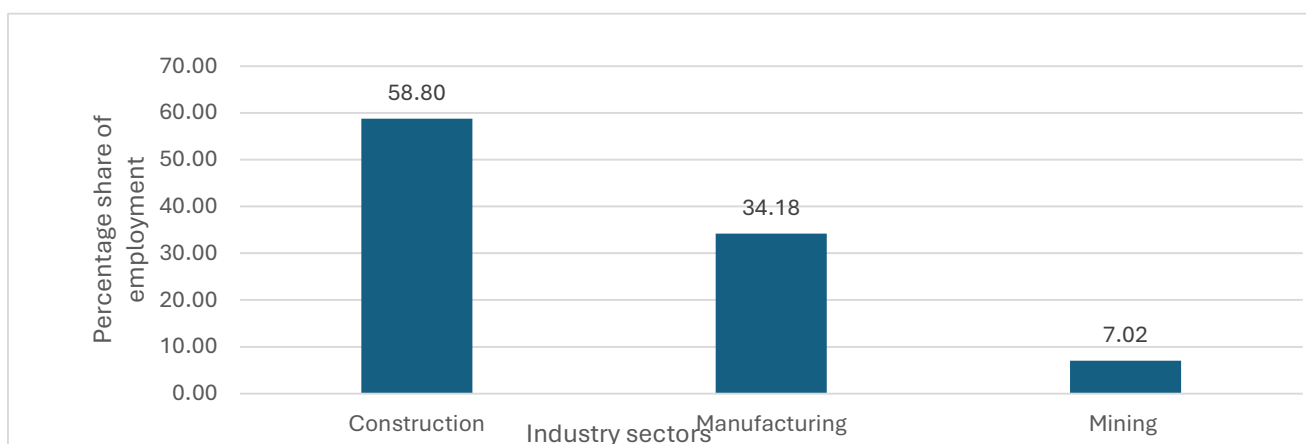


Data Source: KNBS 2021- Kenya Continuous Household Survey

### Industry Sector Employment

The majority of those working in industry sector are in construction with a majority being in the construction of buildings. Employment in the mining was mostly in the quarrying of stones as shown in Figure 13.

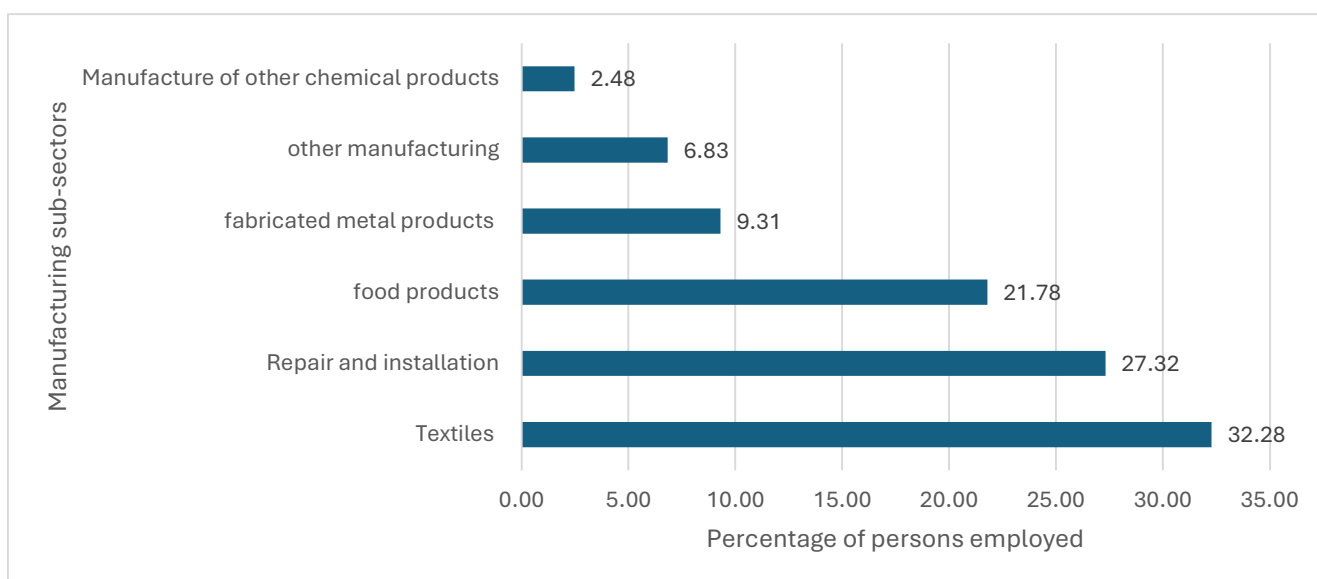
**Figure 13: Percentage share of employment in the industry sectors**



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 textile and repairs and installation of machinery and equipment industries as shown in Figure 14.

**Figure 14: Percentage share of employment in manufacturing sub-sectors**

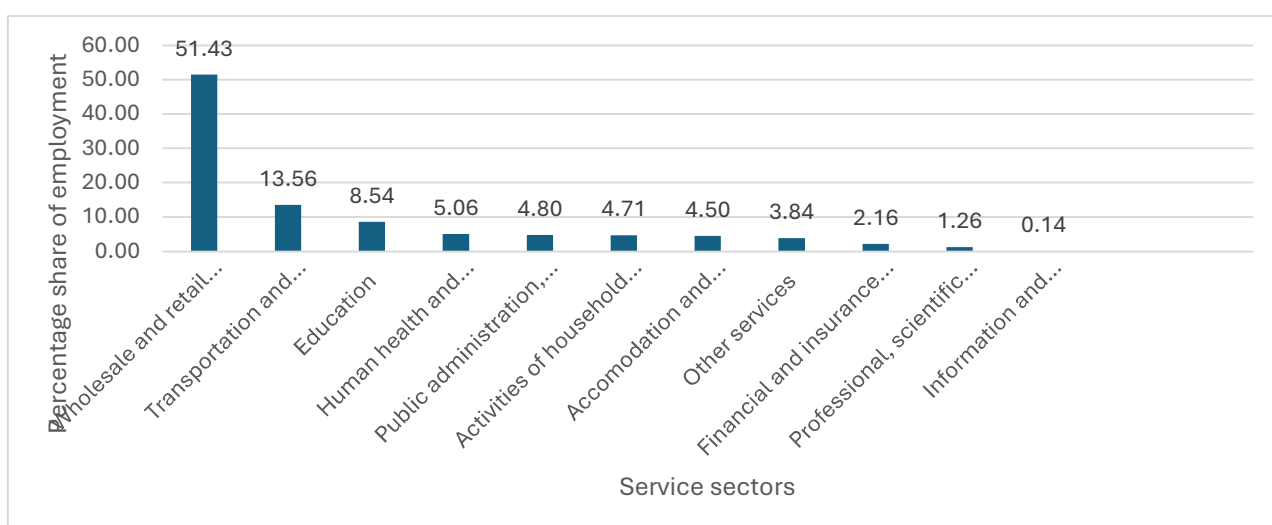


Data Source: KNBS 2021- Kenya Continuous Household Survey

### Services Sector Employment

The majority of those working in the services sector are in the wholesale and retail trade sub-sector, followed by the transport and storage sub-sector as shown in 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. In Kenya, the wholesale and retail trade sector has been identified as a contributor to the achievement of the Kenya Vision 2030 through job creation. 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 services sector**



Data Source: KNBS 2021- Kenya Continuous Household Survey

In the wholesale and retail trade, and repair of motor vehicle sub-sector, the majority work in other retail sales not in stores, stalls, or markets as observed in Figure 16. This comprises small-scale informal retailers mainly involved in the hawking of goods and other trade that does not take place in formal markets or stalls. In the case of Homa Bay County, this largely comprises trade between fishermen and middlemen that happens on the lakeshores and hawking.

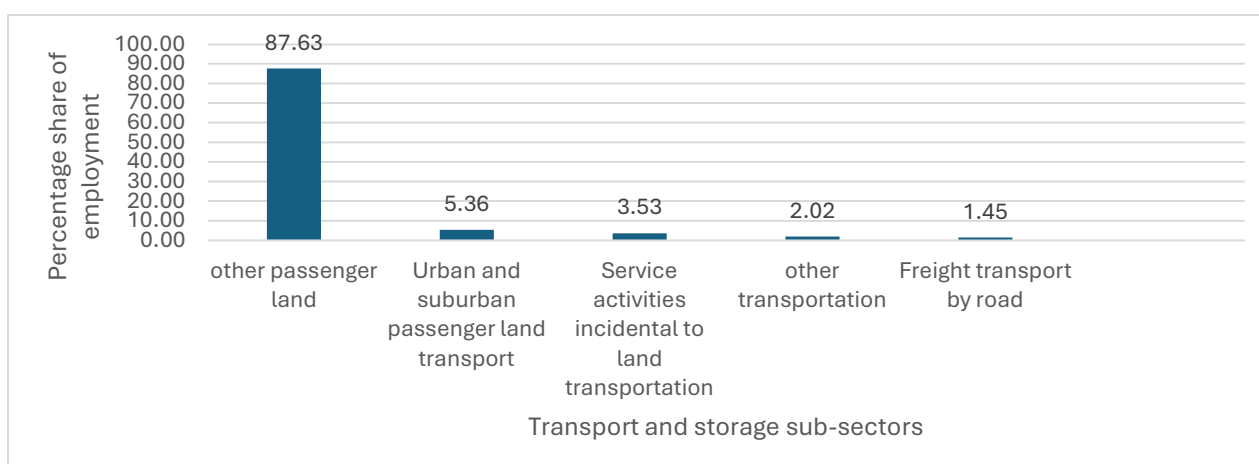
**Figure 16: Percentage of persons employed in the wholesale and retail trade; repair of motor vehicle sub-sectors**



Data Source: KNBS 2021- Kenya Continuous Household Survey

In the transport and storage sector, the majority of those employed are in other passenger land transport as shown in Figure 17. This is mainly composed of long-distance bus services and motorcycle and bicycle transportation.

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

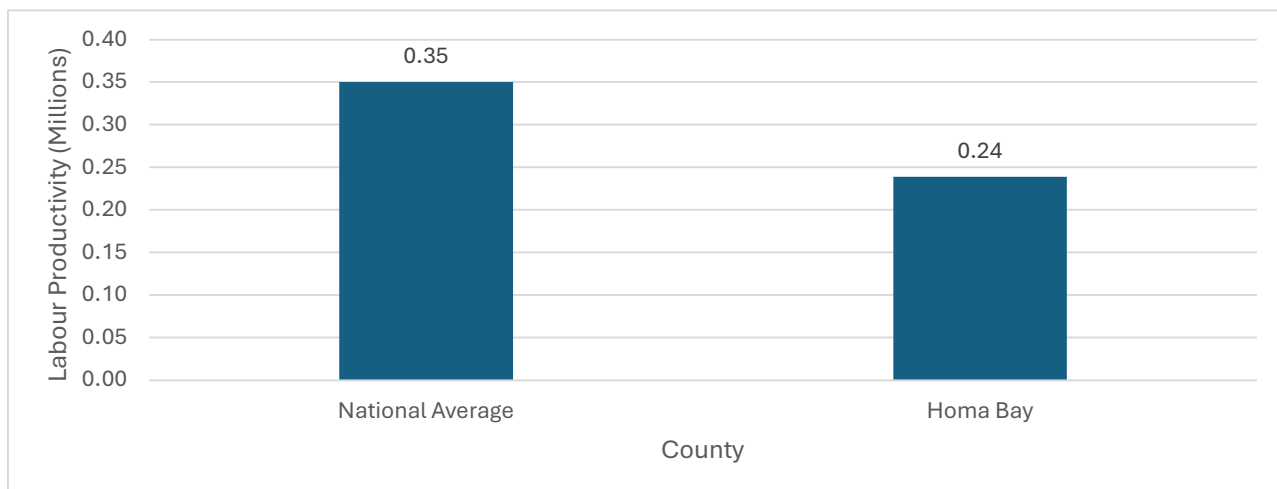


Data Source: KNBS 2021- Kenya Continuous Household Survey

## Labour Productivity

Labour productivity for Homa Bay County is 0.24 per cent which is lower than the national average labour productivity of 0.35 per cent as shown in Figure 18.

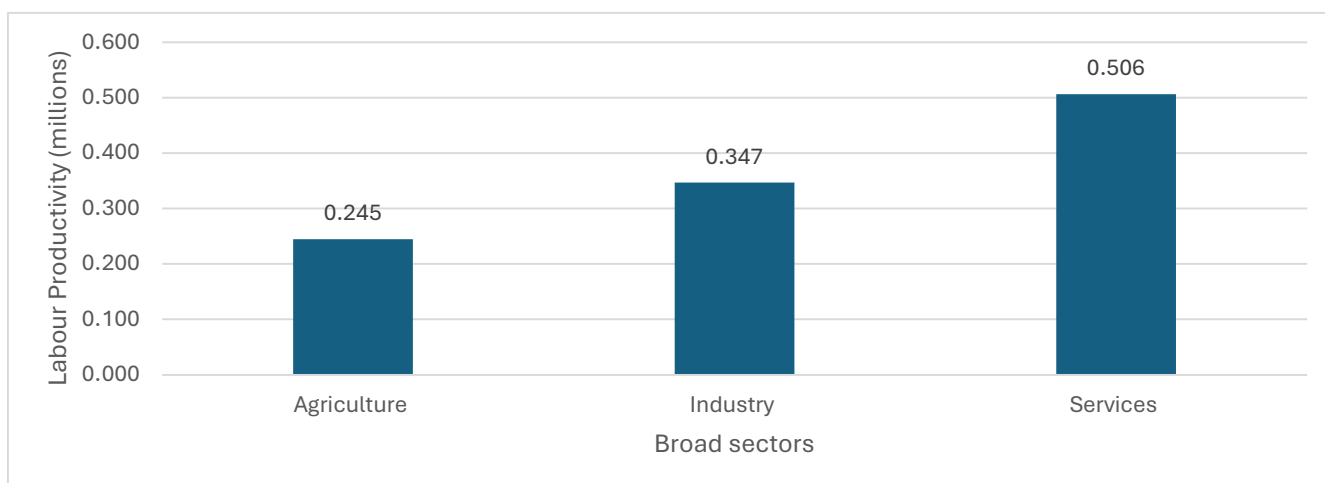
**Figure 18: Labour productivity ratios (millions)**



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

The services sector has the highest labour productivity 0.506 per cent followed by industry sector at 0.35 per cent as shown in Figure 19. The agriculture sector has the lowest productivity despite having the highest share of employment.

**Figure 19: Labour productivity by sectors**

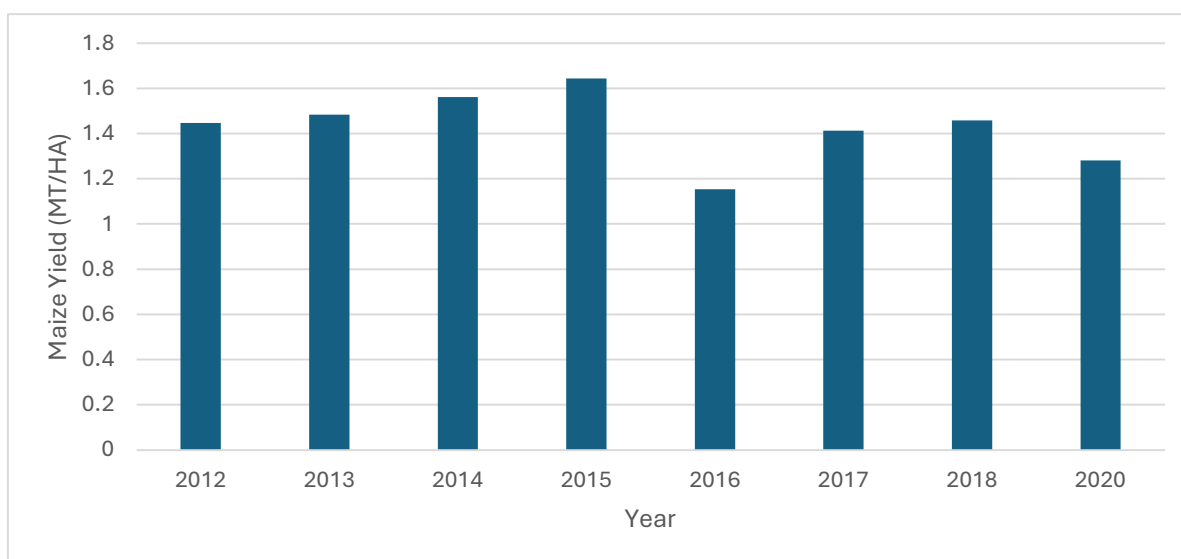


*Data Source: Author's computation using KNBS 2023-Gross County Product and KNBS 2021- Kenya Continuous Household Survey*

## Agriculture Productivity

Maize productivity increased from 2012 to 2015 with the increase in the area under maize harvested as shown in Figure 20. However, the 2016 decline that was caused by the invasion of the fall armyworm, slowed down the productivity growth.

**Figure 20: Maize yield (MT/HA)**

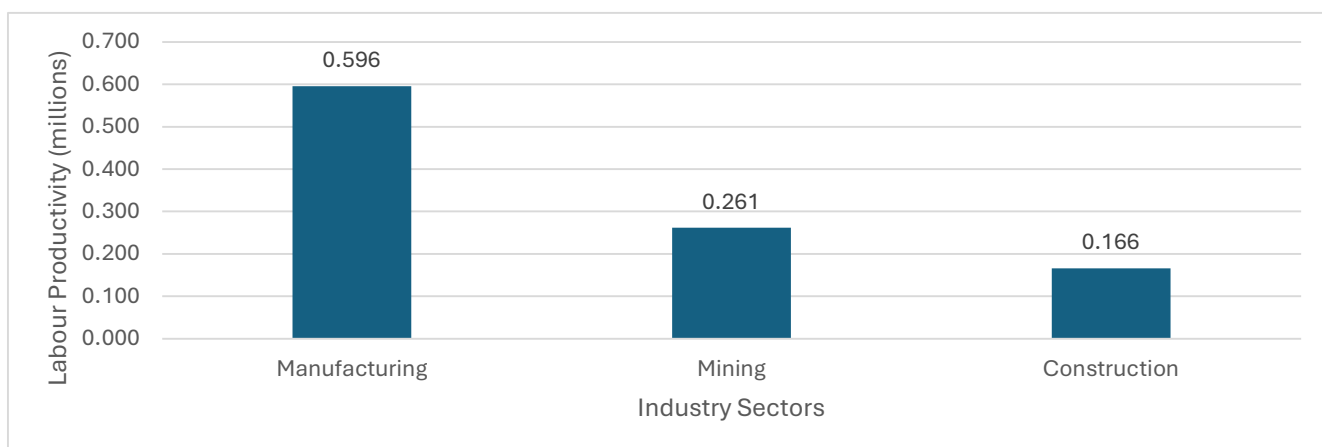


Data source: National Information Platform for Food and Nutrition (NIPFN)

### Industry Sector Labour Productivity

A disaggregation of labour productivity in the industry sector reveals that in Homa Bay County, the manufacturing sub-sector had relatively higher labour productivity as shown in Figure 21.

**Figure 21: Labour productivity by industry sub-sectors**

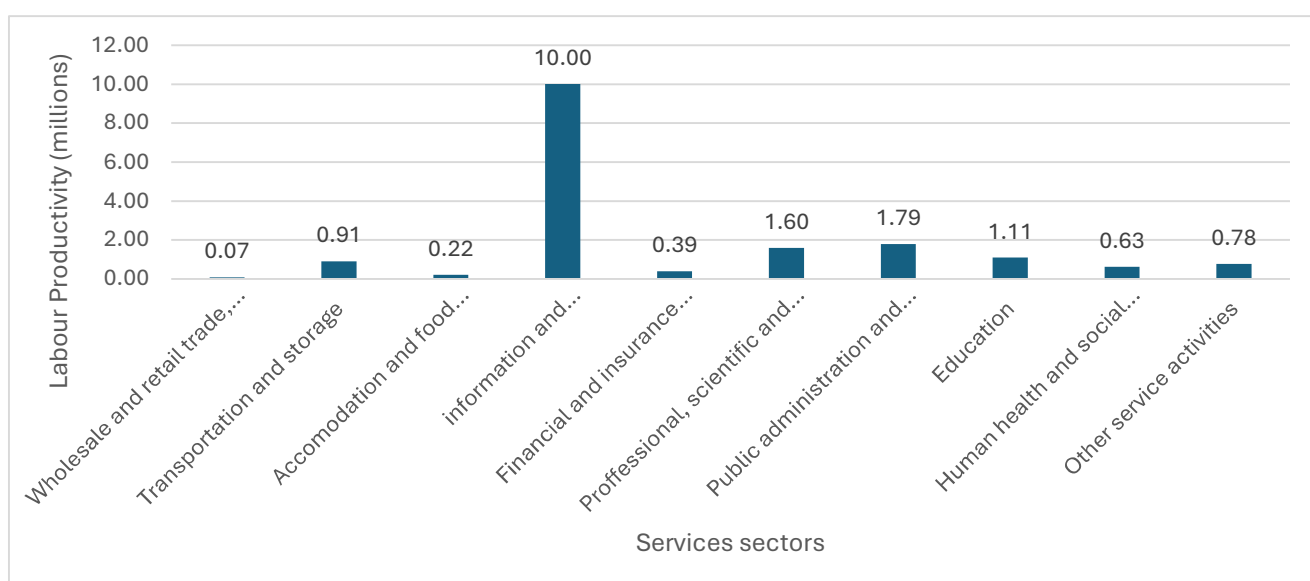


Data Source: Author's computation using KNBS 2023-Gross County Product and KNBS 2021- Kenya Continuous Household Survey

### Services Sector Labour Productivity

In the services sector, the information and communication sector had relatively higher labour productivity as observed in Figure 22. The wholesale and retail trade sector which had the highest employment in the services sector had the lowest labour productivity.

**Figure 22: 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 agriculture sector share in GVA has remained almost constant since 2013. Industry sector is very small less than 10 per cent of total GVA. The agriculture sector is characterised by poultry meat, maize production which is yet to get back to 2015 levels, and fisheries. Manufacturing dominates the industry sector while services sector is dominated by transport and storage.
- (ii) Although the indicators of quality of labour performed above the national average. Securing the ongoing interventions is a priority but with more focus on reducing teenage pregnancy.
- (iii) Most of the indicators of essential infrastructure and capital performed above the national average. However, a lot of effort is required in improving access to electricity, improve water and sanitation, and internet connectivity.
- (iv) The agriculture sector employs most of the workforce mainly in crop production. Manufacturing is the second in the share of employment in industry sector, with textiles taking the highest share. In services sector, wholesale and retail trade dominates.
- (v) Labour productivity is lower than the national average. Services sector has the highest productivity while agriculture sector has the lowest. In agriculture, the potential for maize is yet to be exploited. In industrial sector, the highest productivity is in manufacturing sub sector. In services broad sector, the information and communication sub-sector has the highest.

### Policy Recommendations

- (i) Create an enabling environment to increase investments in all sectors. This including improving access to electricity, improve water and sanitation, and internet connectivity.



- (ii) To secure the future quality of labour, reduce the percentage of teenage pregnancy and increase immunization rates.
- (iii) Enhancing agriculture productivity is critical given the contribution to total output. This can be achieved by unlocking the potential for maize production and fisheries, integrating poultry to the value chain, and cattle farming to leather and dairy value chain.

## Acknowledgement

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### About KIPPRA Policy Briefs

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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