



Policy Brief

Thinking Policy Together

No. 65/2023-2024

Assessing Labour Productivity for Kwale County

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Overview of the county

Kwale County is a member of the Jumuiya ya Kaunti za Pwani (JKP) Economic Bloc. The county is classified as an arid county, experiencing 85-100 per cent aridity levels. Kwale County covers an area of 8,270 km² and has four sub-counties namely: Kinango, Lunga Lunga, Matuga, and Msambweni.

Key Highlights

- (i) The service sector dominates the gross value added. The manufacturing share is declining as the share of the construction sub-sector expands. While crop production dominates agriculture, the frequency of drought is hindering the realization of its full potential.
- (ii) The quality of labour requires increasing literacy rates, secondary school enrolment rates, and reducing stunting, and teenage pregnancies. A high proportion of the working population aged 5-17 years is a challenge in acquiring formal skills.
- (iii) Essential infrastructure requires increasing access to improved water, internet, rural access, and financial inclusion.
- (iv) The agriculture sector is the highest employer. In manufacturing employment, the manufacture of wood and wood products, and textile and wearing apparel dominate. The wholesale and retail trade dominates the services sector, with the majority of the population working in other retail sales in specialized stores.
- (v) Labour productivity is highest in the services sector and lowest in the agriculture sector. In the industry sector, mining has high productivity while manufacturing has the lowest.

To enhance productivity, there is a need to:

- (i) Improve the quality of labour with nutritional programmes, promote the transition from primary to secondary school, and encourage participation in adult education programmes.

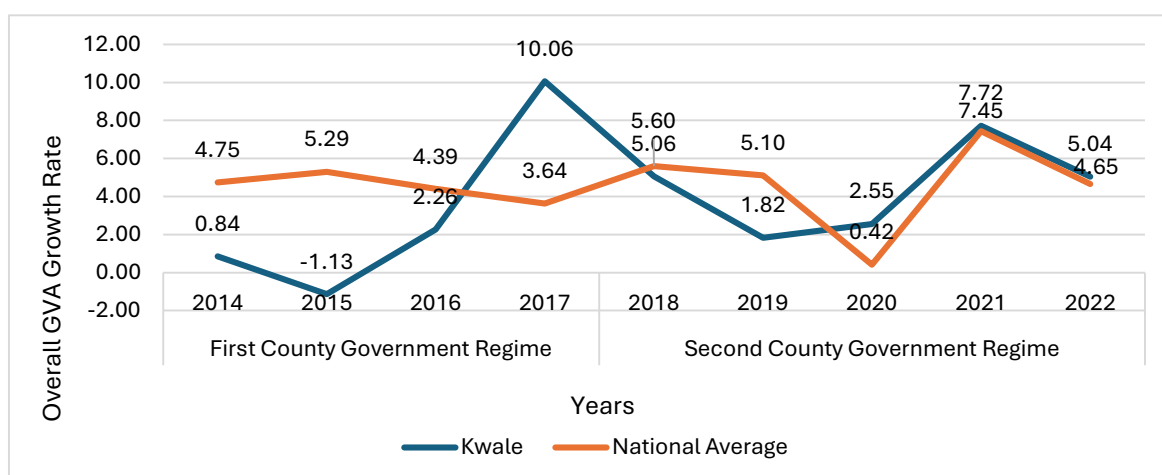
- (ii) Invest in the provision of essential infrastructure including access to electricity, improved water and sanitation, financial inclusion, and internet connectivity.
- (iii) Building climate resilience in agriculture by encouraging the growing of drought-resistant and fast-maturing crops, facilitating the uptake of crop insurance, and using information from the drought early warning systems to inform crop production.

Kwale County Economic Performance

Kwale County contributes on average 1.2 per cent of the National Gross Value Added with an average GVA size of Ksh 86,3028 million. The GVA per capita for Kwale County is Ksh 99,564.61 with an average population growth of 2.9 per cent and overall poverty levels at 50.5 per cent.

Kwale County has shown a growth in GVA with an average growth rate of 3.80 per cent from 2013-2022, which is lower than the national average growth of 4.37 per cent as shown in Figure 1. The highest growth rate was experienced in 2017. The lowest growth rate was experienced in 2015.

Figure 1: Kwale County GVA growth rate

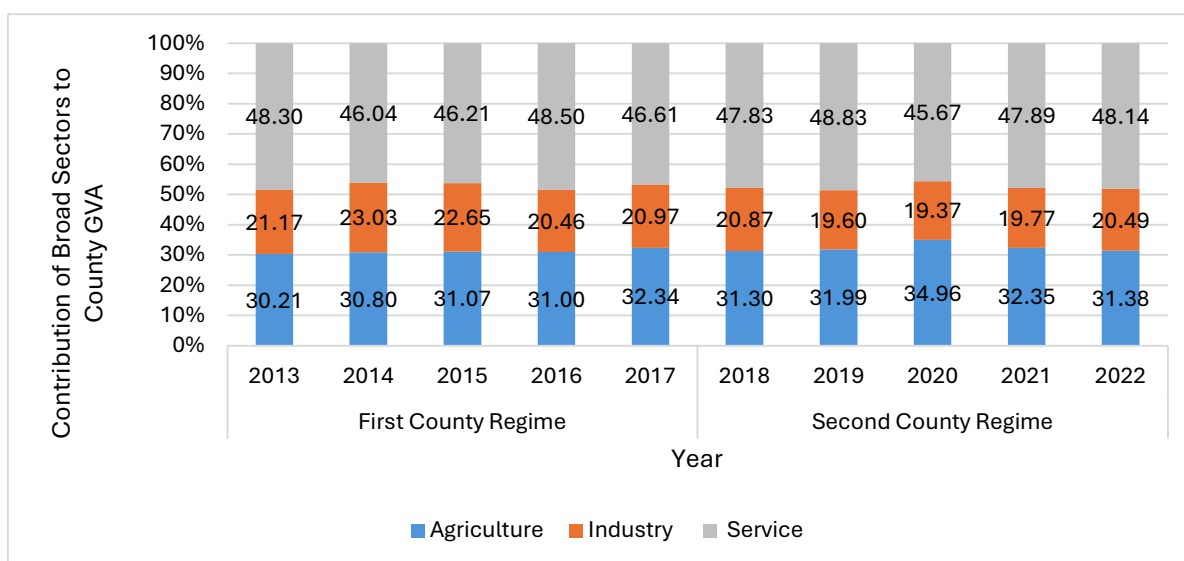


Data Source: KNBS 2023-Gross County Product

Sectoral Analysis of Kwale County GVA

The service sector is dominant in Kwale County with an average contribution to GVA of 47.40 per cent. The agriculture sector is second, contributing an average of 31.74 per cent to the GVA while the industry sector contribution to county GVA is 20.84 per cent as shown in Figure 2.

Figure 2: Contribution of broad sectors to Kwale County GVA

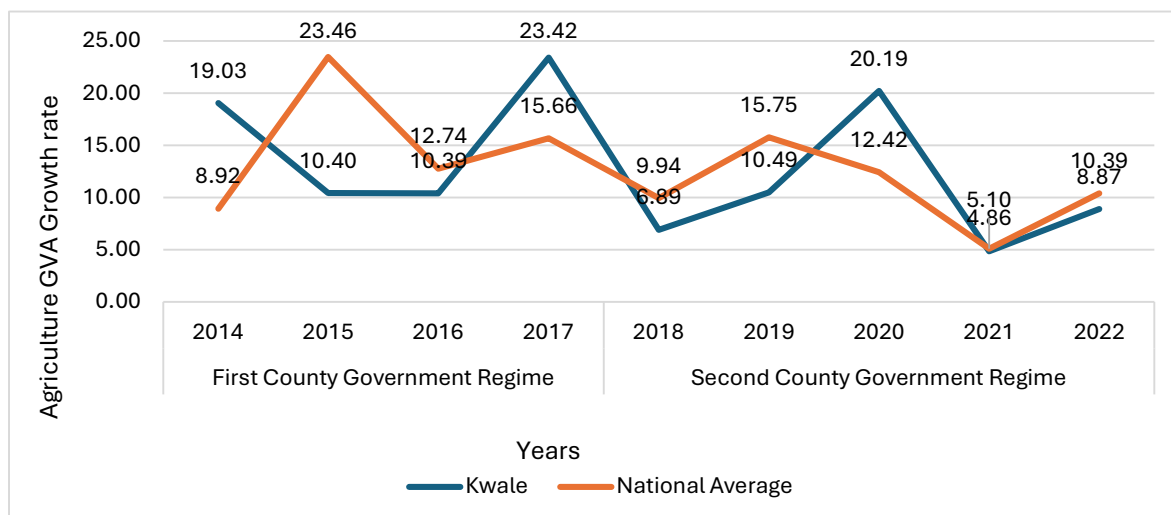


Data Source: KNBS 2023-Gross County Product

Agriculture Sector

The average agriculture GVA growth rate (2013-2022) for Kwale County is 12.73 per cent, which is slightly above the national average of 12.71 per cent as shown in Figure 3.

Figure 3: Agriculture GVA growth rate

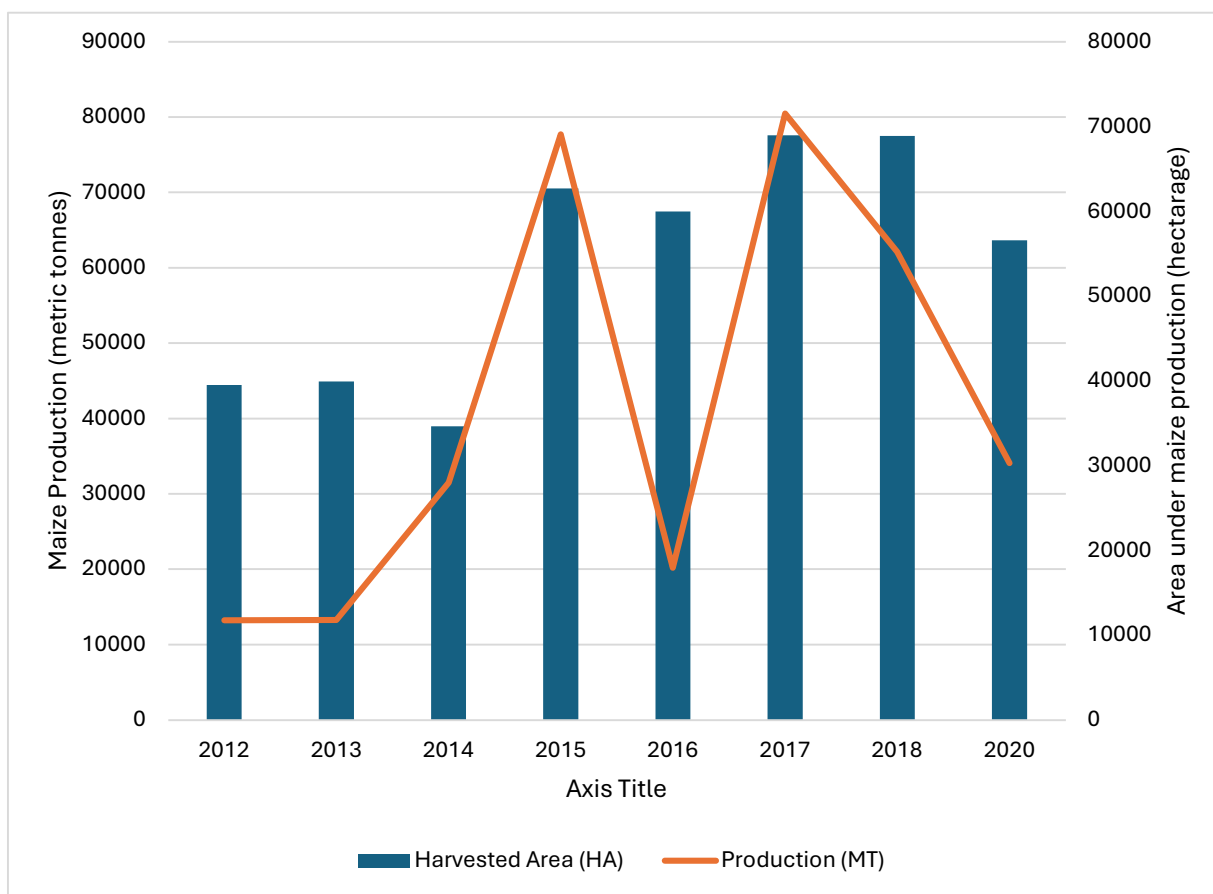


Data Source: KNBS 2023-Gross County Product

Maize, the main staple food in the country is also the main food crop produced in Kwale County. The area of maize production has been increasing over the years. Similarly, maize production has been increasing although there was a sharp decline in 2016 and

a gradual decline from 2018-2020 (Figure 4). The higher aridity levels and frequent droughts are hindering the full potential of the county in maize production.

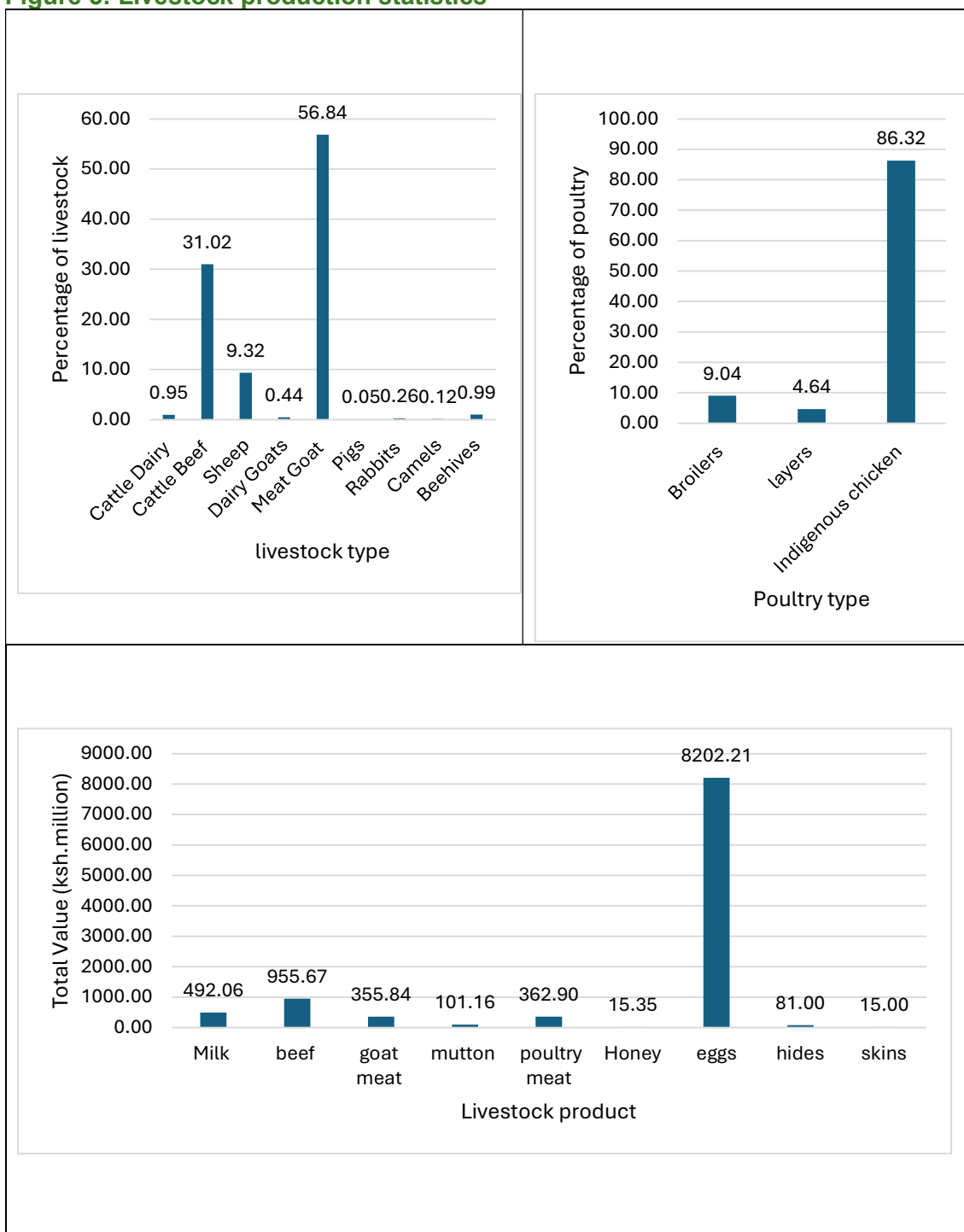
Figure 4: Maize production



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

Although livestock production in Kwale County is on a smaller scale when compared to crop production, it is an equally important sub-sector. The most common types of livestock in the county are meat goats and beef cattle. Poultry production is also significantly high in the county with the most common type being indigenous chicken. Eggs have the highest economic value among livestock products (Figure 5).

Figure 5: Livestock production statistics

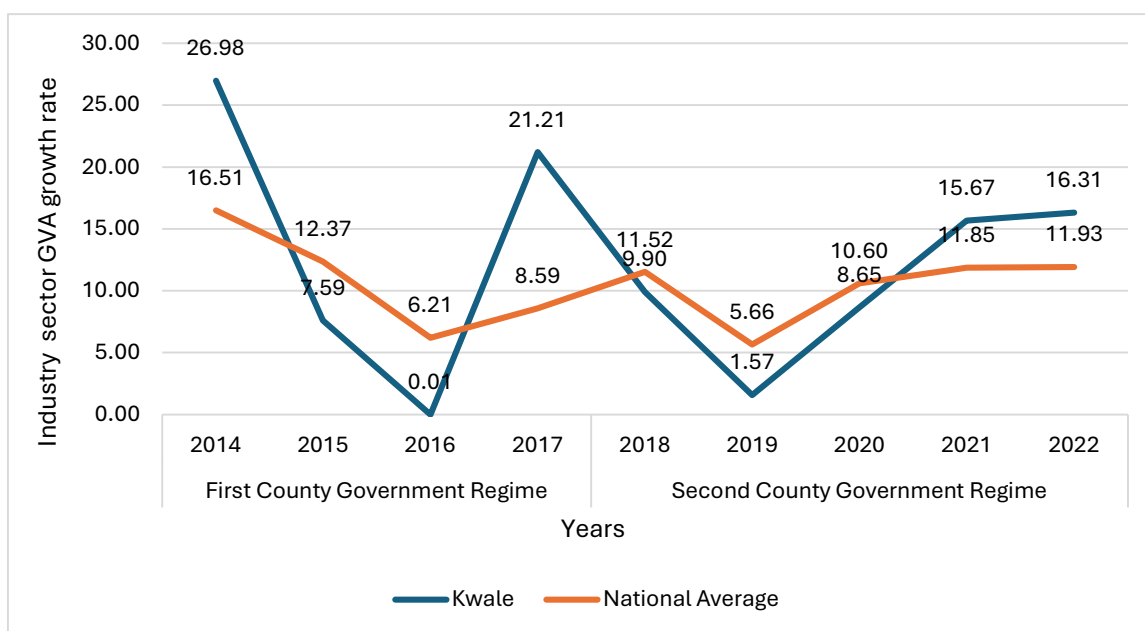


Data source: National Information Platform for Food and Nutrition (NIPFN)

Industry Sector

The average industry sector growth rate for Kwale County is 11.99 per cent, which is above the national average of 10.58 per cent as shown in Figure 6.

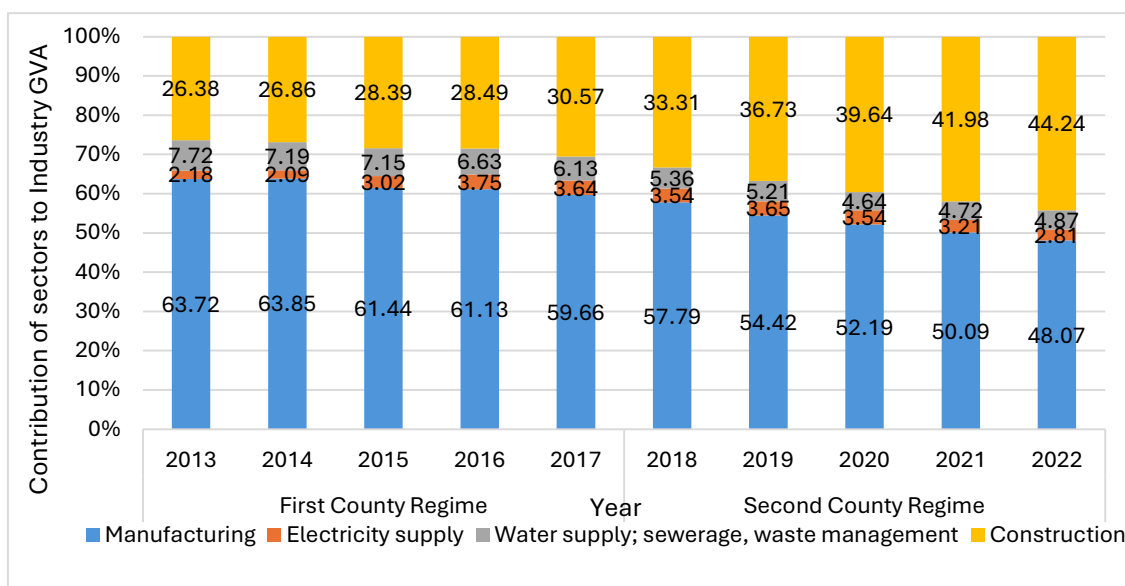
Figure 6: Kwale County industry GVA growth rate



Data Source: KNBS 2023-Gross County Product

Manufacturing dominates the industry sector as shown in Figure 7. Despite the dominance, the share of manufacturing has been declining as the share of the construction sub-sector expands.

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

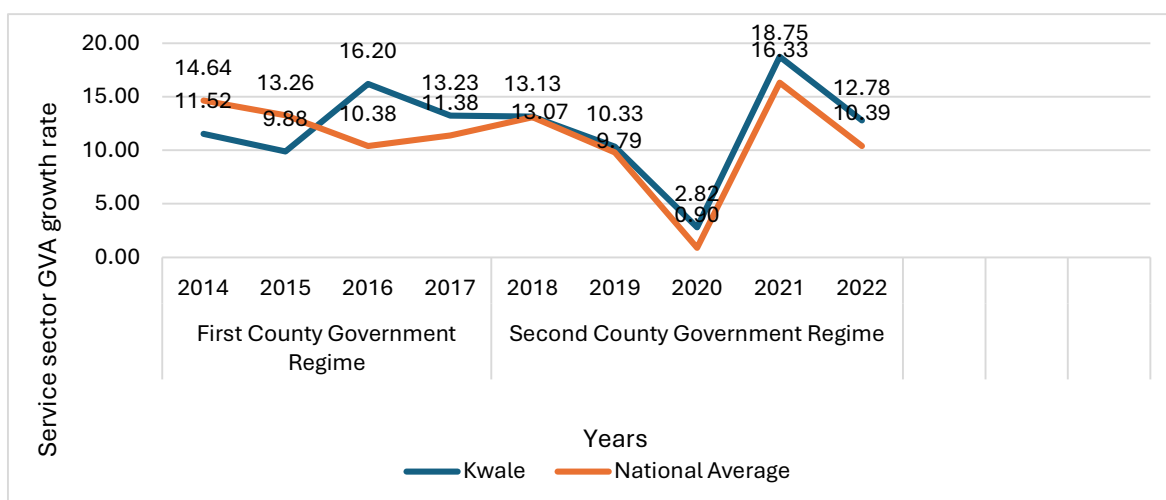


Data Source: KNBS 2023-Gross County Product

Services Sector

The average services sector growth rate is 9.09 per cent, which is below the national average of 11.13 per cent as shown in Figure 8.

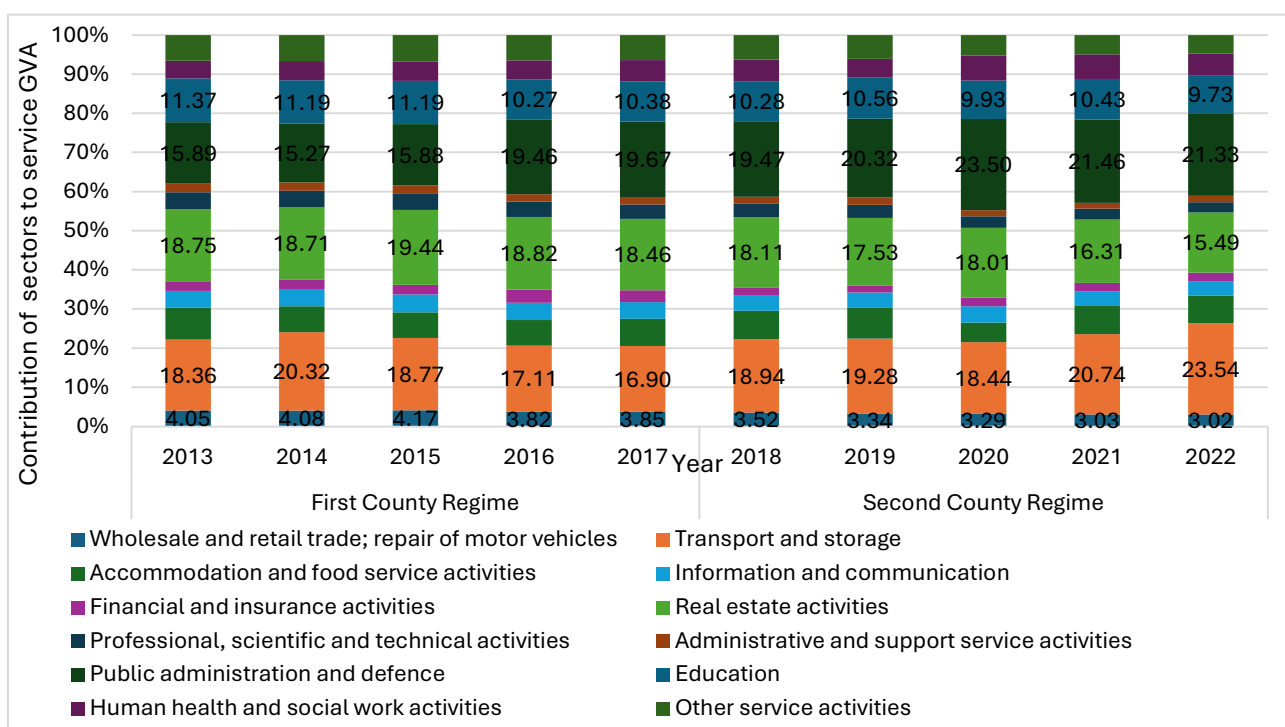
Figure 8: Kwale County services sector GVA growth rate



Data Source: KNBS 2023-Gross County Product

The transportation and storage sub-sector dominates the services sector with the highest contribution to service GVA at 19.24 per cent. The public administration and defence sub-sector is the second highest contributor to services GVA at 19.23 per cent. The real estate activities sub-sector is third with an average of 17.96 per cent as shown in Figure 9.

Figure 9: Contribution of services sub-sectors to the overall sector GVA



Data Source: KNBS 2023-Gross County Product

Quantity and Quality of Labour Force for Kwale County

Kwale County has a total working-age population of 866,802, which is about 51.50 per cent of the total county population. The majority of the working-age population is youthful (18-34 years) at 50.62 per cent as shown in Table 1.

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	31,312	29,762	61,074	13.68
18 –24	50,807	57,018	107,825	24.15
25-34	53,040	65,103	118,143	26.46
35-64	79,241	80,151	159,392	35.70
Total	425,121	441,681	866,802	

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

The majority of the population in Kwale sub-counties are persons in the working age categories. Msambweni Sub-county has the highest percentage of persons of working age at 60.14 per cent as shown in Table 2.

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

Sub-county	Total population	Working age population categories				Working age population (15-64) as a percentage of the total sub-county population
		15-17	18 –24	25 –34	35-64	
Kinango	94,219	7,217 (16.73)	10,683 (24.76)	10,630 (24.64)	14,615 (33.87)	43,145 (45.79)
Lunga Lunga	198,419	14,608 (15.42)	22,716 (23.99)	22,776 (24.05)	34,604 (36.54)	94,704 (47.73)
Matuga	194,250	14,126 (13.54)	24,706 (23.68)	26,239 (25.15)	39,247 (37.62)	104,318 (53.70)
Msambweni	177,686	10,640 (9.96)	25,123 (23.51)	32,094 (30.03)	39,007 (36.50)	106,864 (60.14)

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

Most of the socioeconomic indicators that affect the quality of labour are lower than the national average for Kwale County (Table 3). Interventions are especially required to increase literacy rates, secondary school enrolment rates, and reduce the percentage of stunted children.

Table 3: Human capital Indicators

Human capital indicators	County	National average
Literacy rate	67.70	78.41
Pre-primary net enrolment rate (2019)	59.36	67.51
Primary school net enrolment rate (2020)	79.00	77.72
Secondary school net enrolment rate (2020)	26.50	54.18
Average years of schooling (2014)	6.40	7.78
Percentage of children 12-23 months fully vaccinated (%)	84.50	74.97
Percentage of stunted children	22.70	19.75
Percentage of teenage pregnancy	14.80	15.79
Primary to secondary transition rates (2020)	79.40	86.13

Pupil-teacher ratio (primary school)	34.00	28.28
Food poverty headcount (%)	35.80	33.63
Child poverty headcount (%)	54.30	42.67

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

For Kwale County majority of the essential infrastructure and capital indicators that support production of county output are lower than the national averages as indicated in Table 4. There is a need for interventions are especially needed to increase access to improved water, and internet and improve financial inclusion.

Table 4: Essential infrastructure and capital indicators

Essential infrastructure indicators	County	National average
Percentage of households with access to electricity (2019 Census)	31.50	38.52
Distribution of population using the internet (2019 census)	12.40	18.69
Rural Access Index (2018)	63.25	63.72
Access to improved sanitation (2018)	34.00	59.04
Access to improved water (2018)	60.60	65.33
Financial inclusion level (2021)	72.90	81.01
The proportion of primary schools with internet	32.30	27.65
Proportion of secondary schools with functional internet	61.40	35.13
Percentage of households by housing material composite-finished materials(adequate) (2019)	41.79	51.71
Percentage of Households using Bank usage (Overall)	28.80	38.18
Percentage of Households using Mobile Money)	72.10	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 at 63.40 per cent the majority of those working is the youthful working population 18- 34 at about 32.36 per cent while those 35-64 at 29.05 per cent as shown in Table 5 below. The percentage of the employed by gender is 37.12 for males and 39.79 for females. The unemployment rate is at 9.57 per cent with unemployment being slightly higher for the youth (18-34 years) at 5.96 per cent and those between 35-64 years at 3.29 per cent.

The percentage of persons 5–17 years old working is 9.86 per cent indicating that the county has low levels of child labour. The inactivity rates are higher for the youth category (15-24 years) at 20.18v per cent which is expected as they are pursuing schooling while low for the persons of prime age (25-64 years) at 5.43 per cent.

Table 5: Kwale County employment statistics

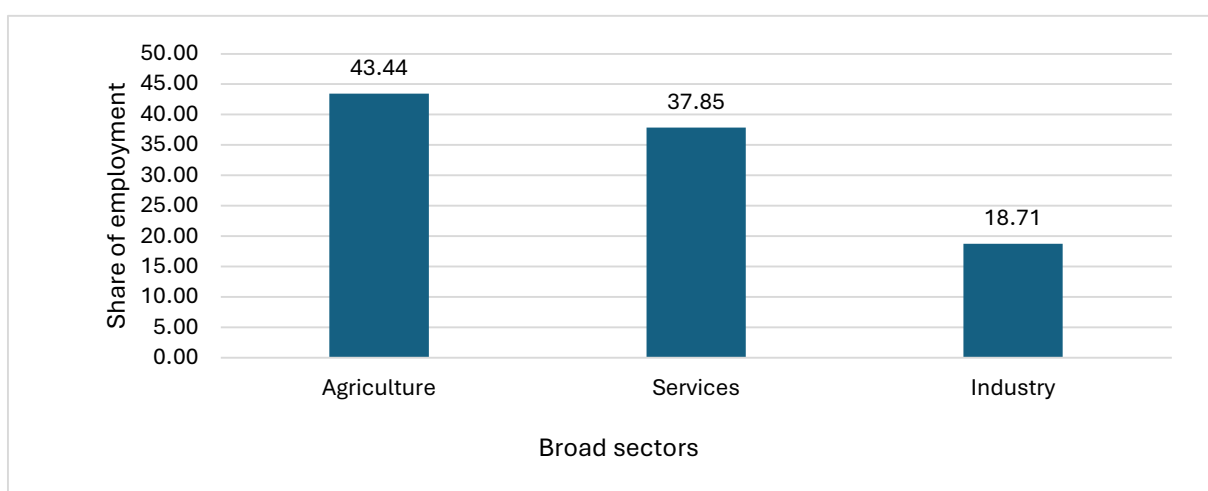
Employment statistics	Youth	Non-youth
Employment to population ratio (%)	32.36	29.05
Unemployment rate	5.96	3.29
Percentage of persons 5–17 years old working	9.86	-
Inactivity rate	20.18	5.43

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

Sectoral Employment

The agriculture sector is the highest employer in Kwale County at 43.44 per cent followed by the services sector at 37.85 per cent. The industry sector is third at 18.71 per cent as shown in Figure 10.

Figure 10: Percentage of persons employed in the broad sectors

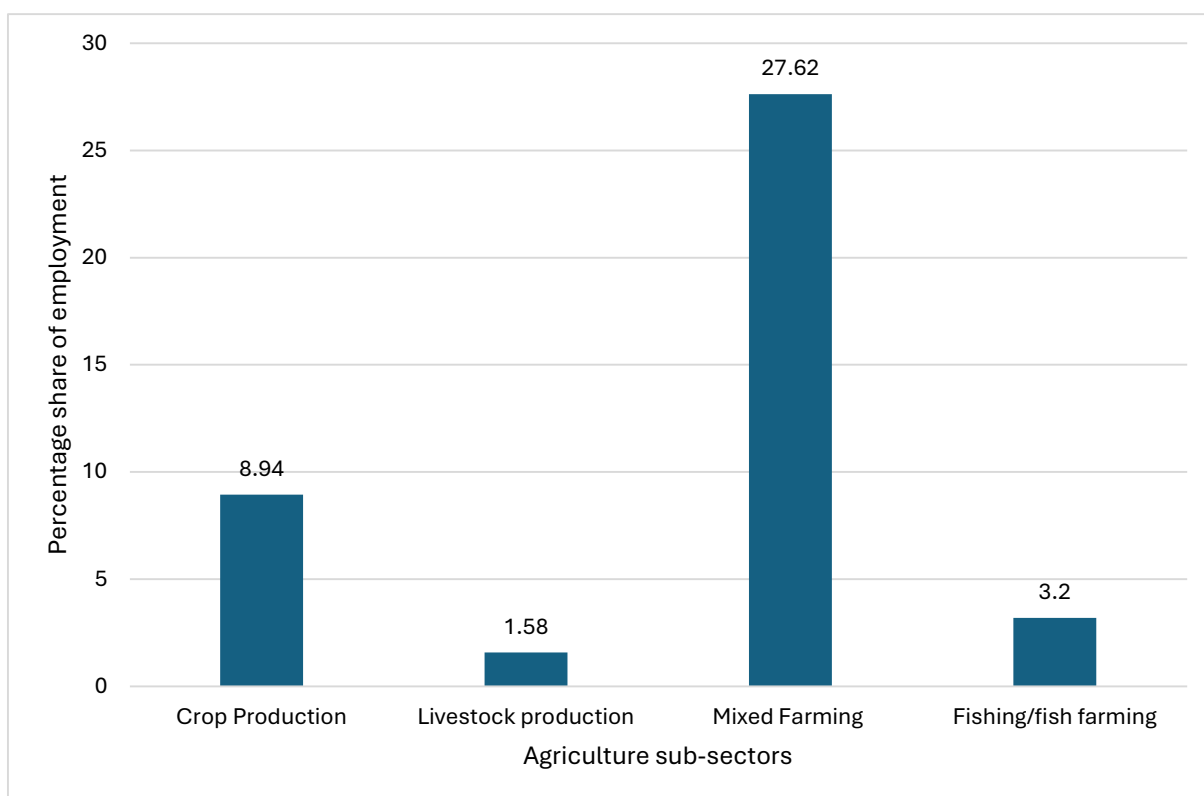


Data Source: KNBS 2021- Kenya Continuous Household Survey

Agriculture Sector

In agriculture, the majority are those practicing mixed farming reflecting the advantages the county has in both crop and livestock production (Figure 11). Fishing is also an important livelihood in the county that is along the Indian Ocean.

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

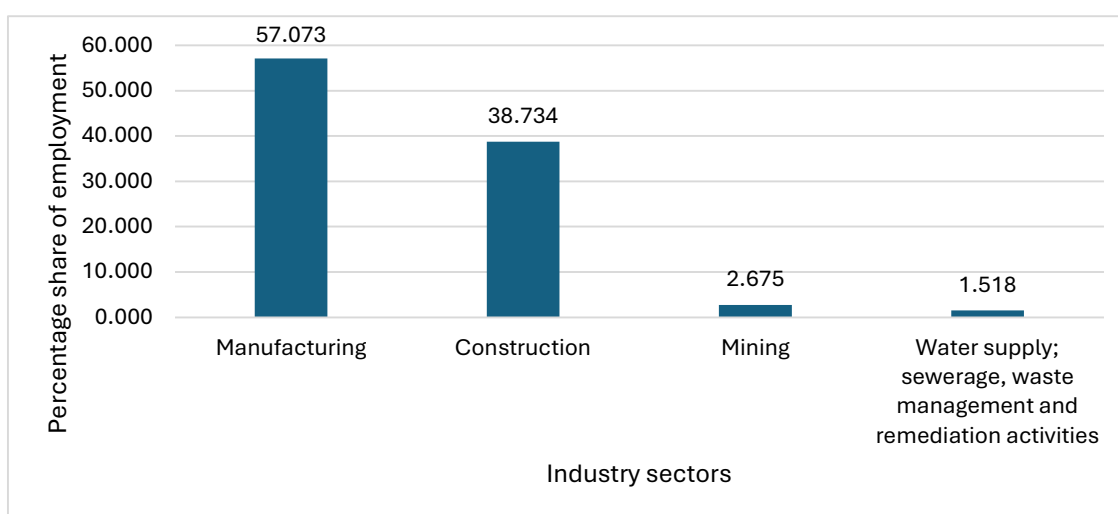


Data Source: KNBS 2021- Kenya Continuous Household Survey

Industry Sector

The majority of those working in the industry sector are in manufacturing, followed by the construction sub-sector (Figure 12).

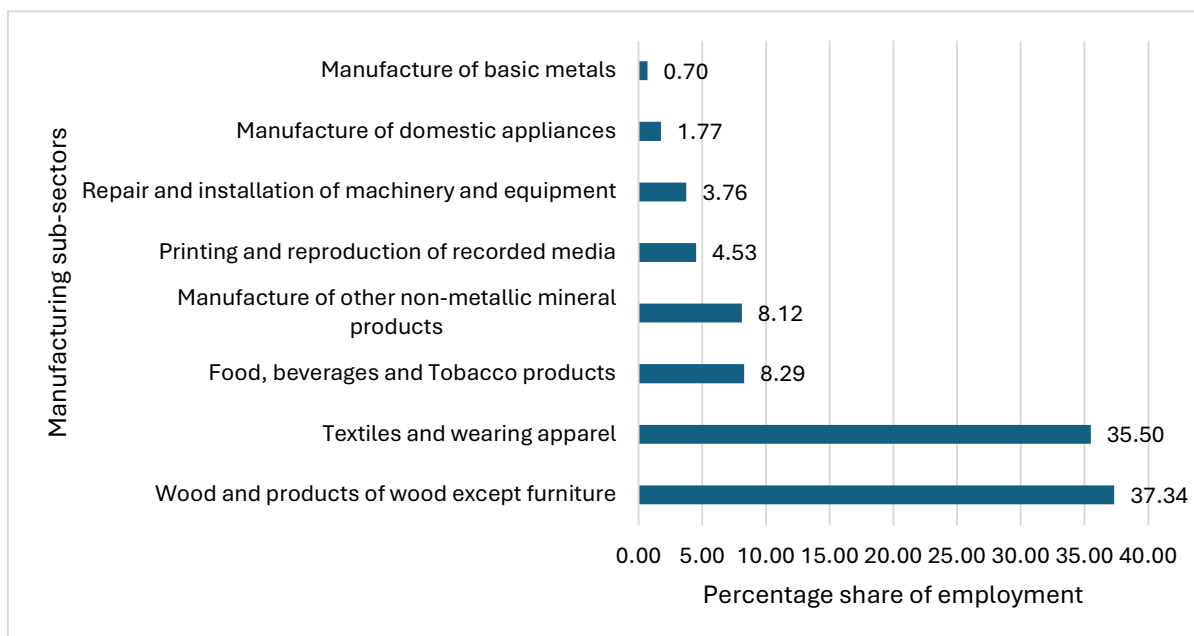
Figure 12: Percentage share of employment in the industry sector



Data Source: KNBS 2021- Kenya Continuous Household Survey

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

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

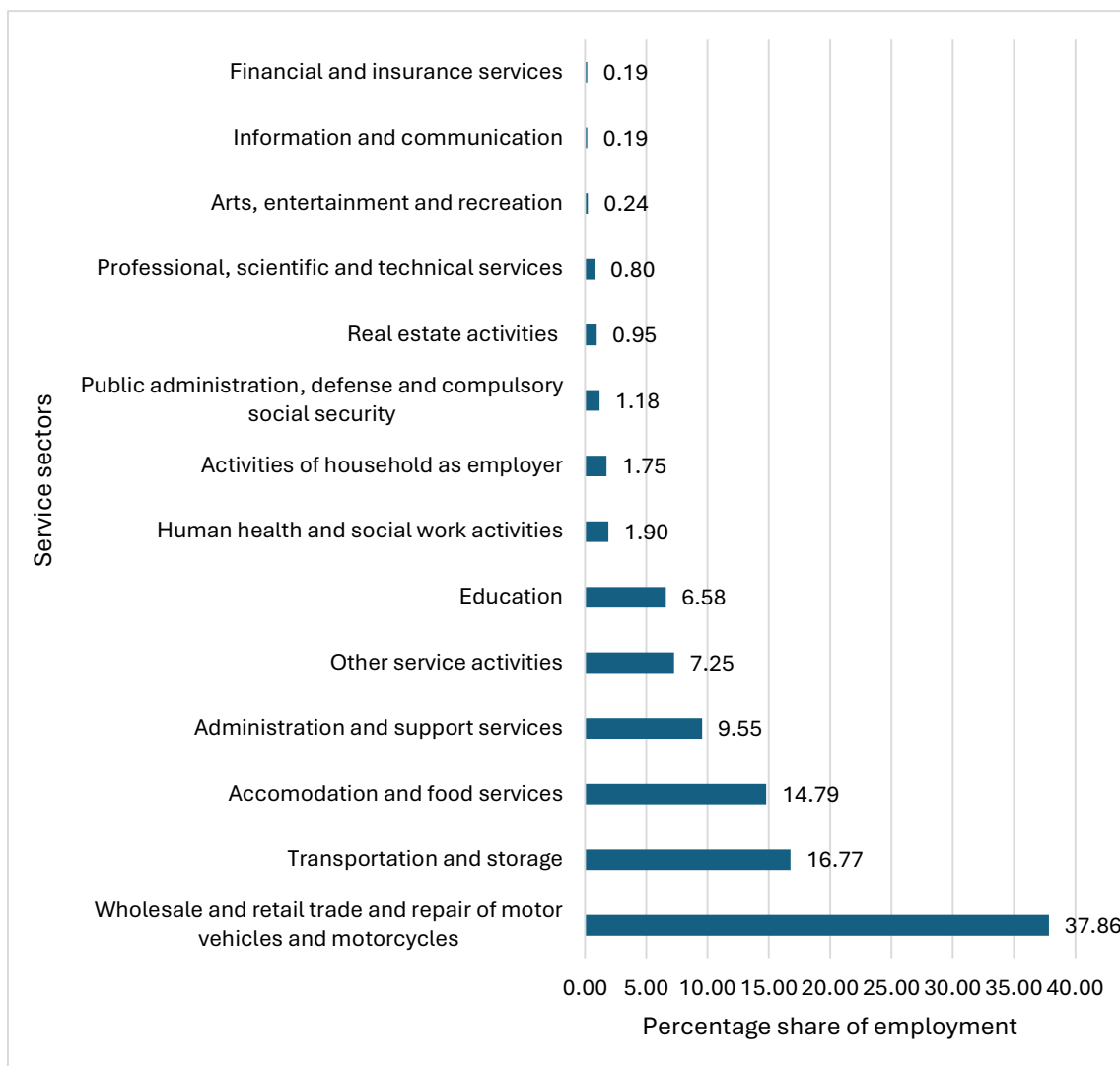


Data Source: KNBS 2021- Kenya Continuous Household Survey

Services Sector

The majority of those working in the services sector work in wholesale and retail trade, followed by transportation and storage (Figure 14). 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.

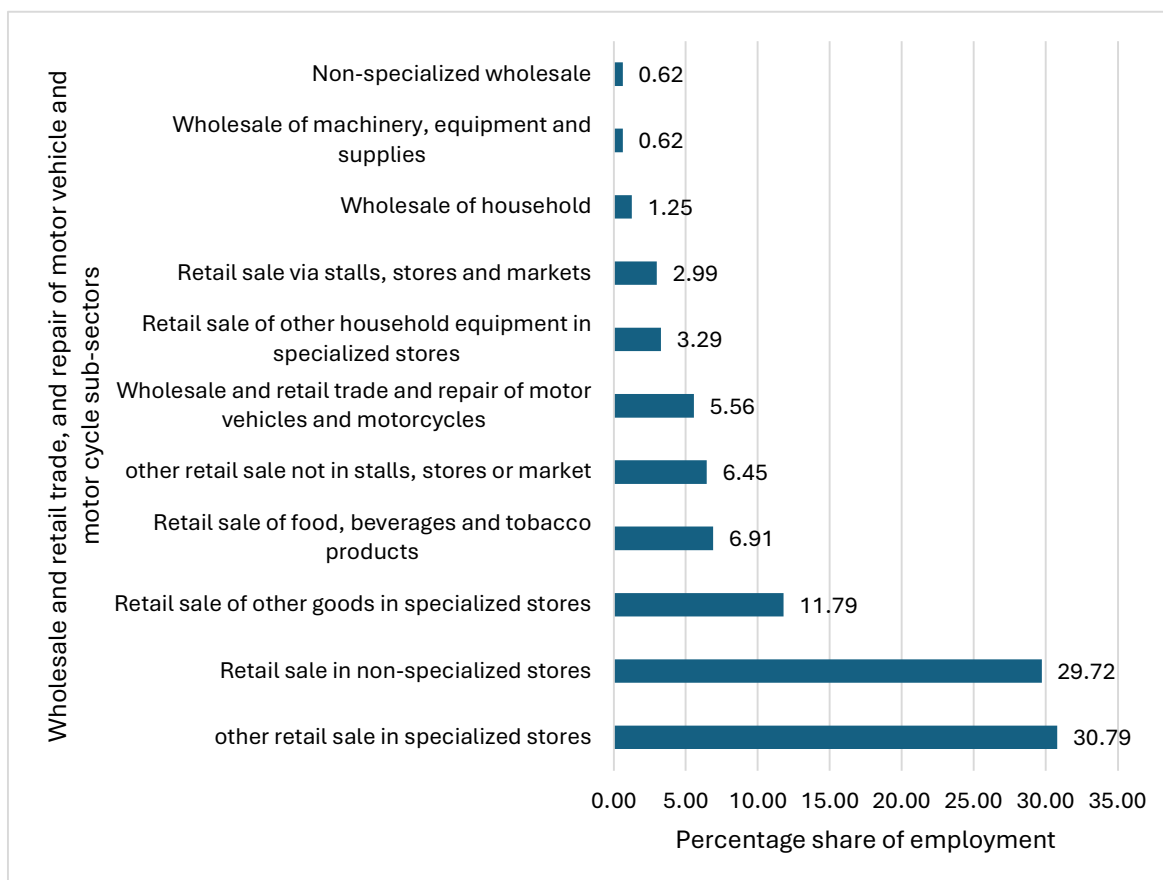
Figure 14: Percentage share of employment in the service sector



Data Source: KNBS 2021- Kenya Continuous Household Survey

In the wholesale and retail trade sub-sector, the majority of the people work in other retail sales in specialized stores.

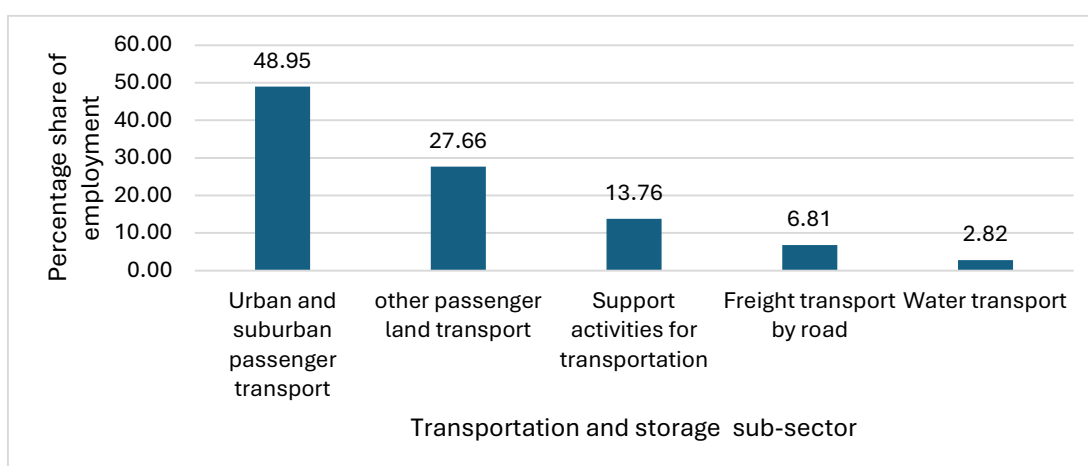
Figure 15: Percentage of persons employed in the wholesale and retail trade and repair of motor vehicle sub-sectors



Data Source: KNBS 2021- Kenya Continuous Household Survey

In the 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 transportation and storage sub-sectors

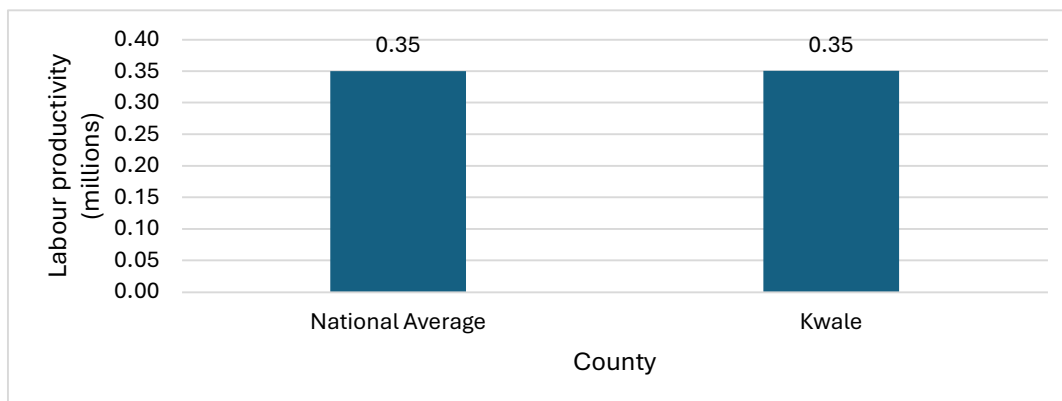


Data Source: KNBS 2021- Kenya Continuous Household Survey

Labour Productivity

Labour productivity¹ for Kwale County is equivalent to the national average labour productivity (Figure 17).

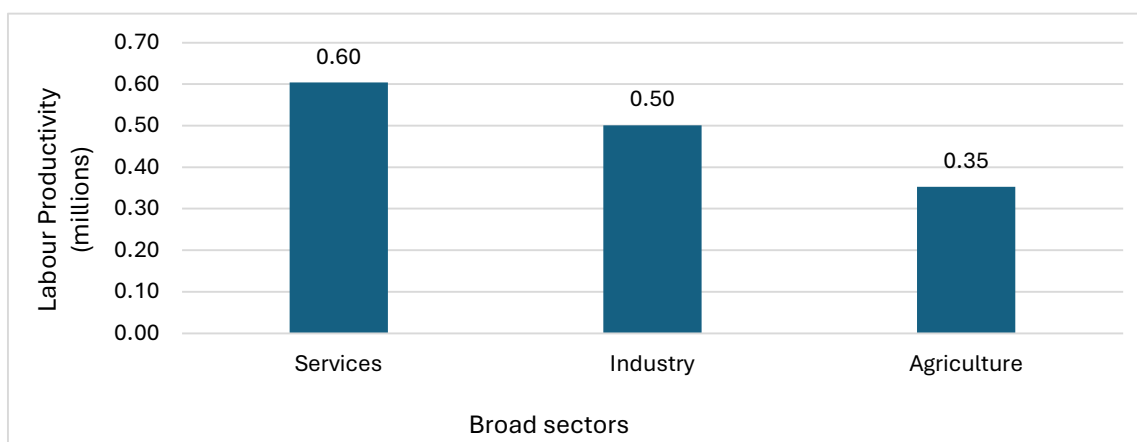
Figure 17: Labour productivity ratios (millions)



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

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

Figure 18: Labour productivity by sectors



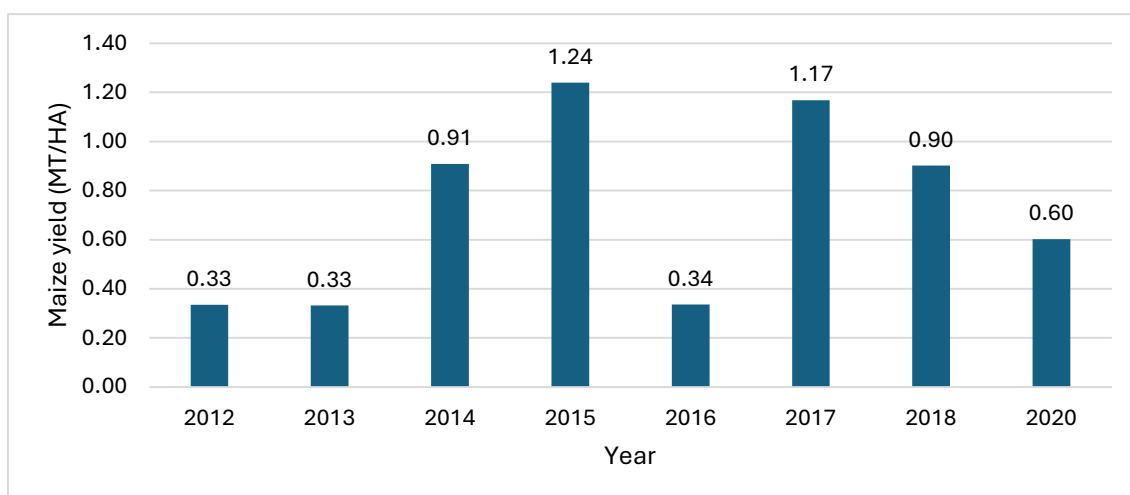
Data source: Author's computation using KNBS GCP 2023 and KCHS 2021 data

Agriculture Sector

In agriculture, maize productivity is low at an average of 0.73 MT/HA. The yields have fluctuated over the years and were lowest in 2012, 2013, and 2016 (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)

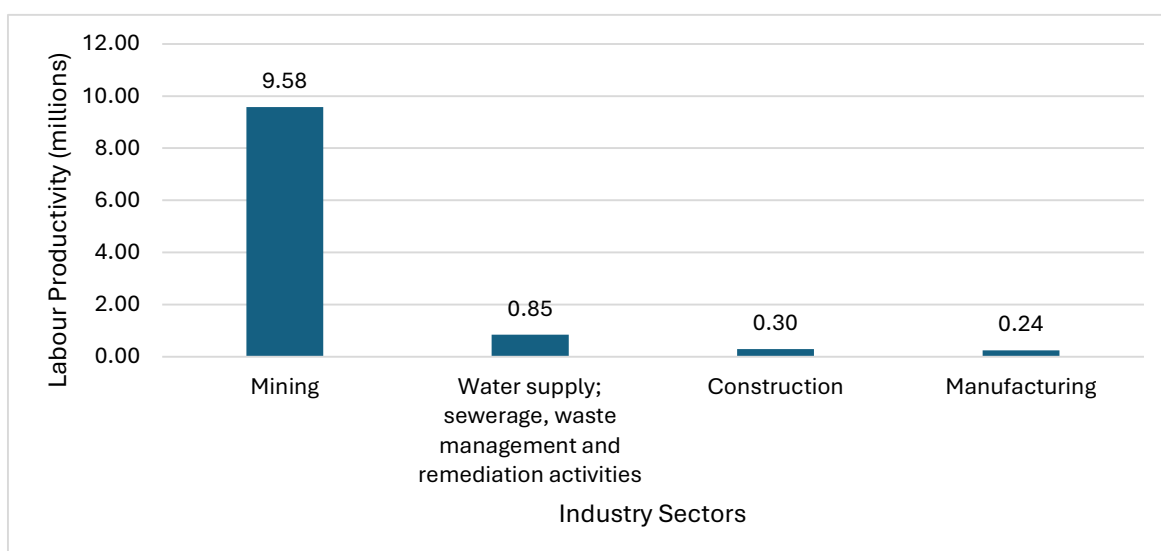


Data source: National Information Platform for Food and Nutrition (NIPFN)

Industry Sector

The mining sub-sector has the highest labour productivity in the industry broad sector. The manufacturing sub-sector that has strong backward linkages with agriculture has the lowest labour productivity (Figure 20).

Figure 20: Labour productivity by industry sectors

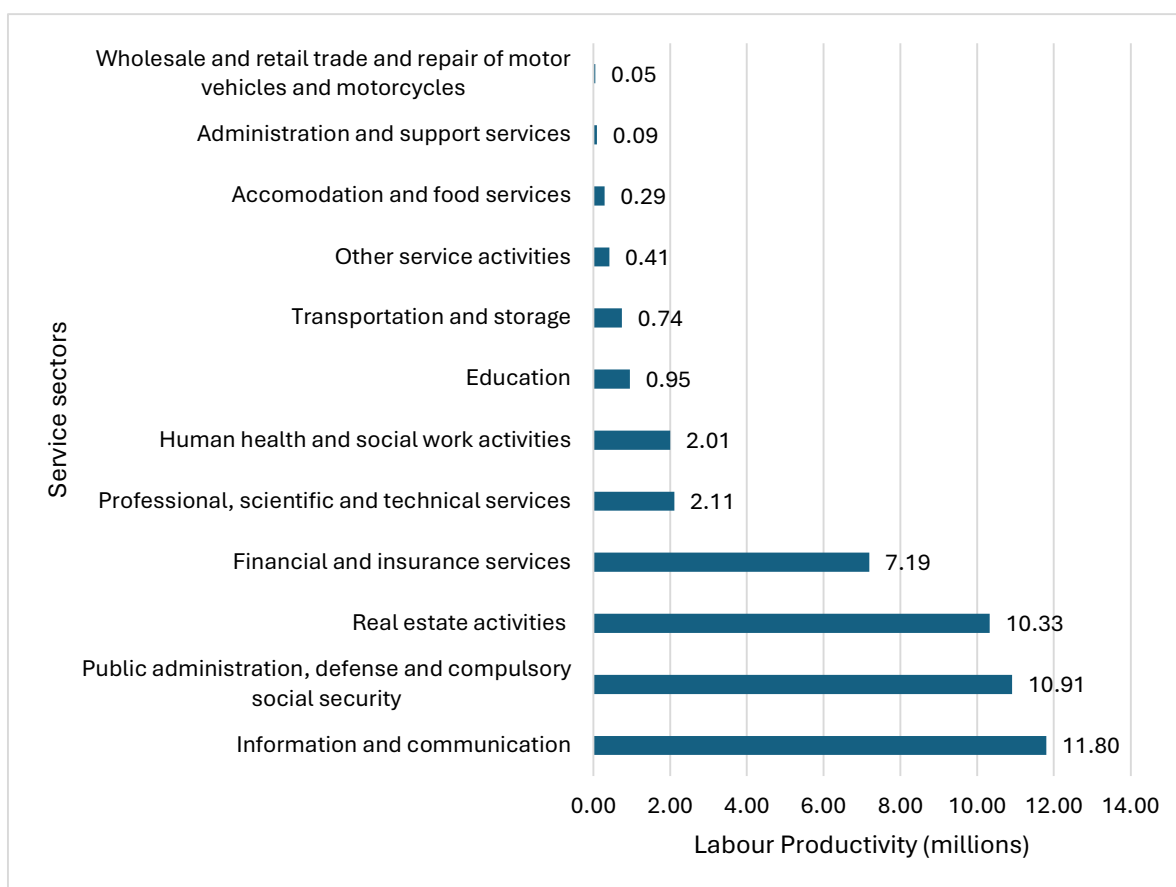


Data source: Author's computation using KNBS GCP 2023 and KCHS 2021 data

Services Sector

The information and communication sub-sector has relatively higher labour productivity when compared with other sub-sectors within the services sector. The wholesale and retail trade sector, which had the highest employment in the services sector had the second lowest labour productivity (Figure 21).

Figure 21: Labour productivity in services sectors



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

Key Messages

- (i) Service sector dominates the GVA with transportation and storage having the largest share. Although manufacturing dominates the industry sector, the share has been declining as the share of the construction sub-sector expanded. In agriculture, while crop production is large, the frequency of drought is hindering the realization of the full potential of crop production.
- (ii) The indicators of quality of labour are lower than the national average. Interventions are, especially required to increase literacy rates, secondary school enrolment rates, and reducing stunting, and teenage pregnancy. There is a high proportion of people aged 5-17 who are working, which has implications for going to school and acquiring formal skills.
- (iii) The essential infrastructure and capital indicators, that support production of county output, are lower than the national average. There is a need for interventions, especially to increase access to improved water, internet, rural access, and improve financial inclusion.
- (iv) The agriculture sector is the highest employer with a significant share in mixed farming. The industry sector is dominated by manufacturing that is mainly in wood and wood products and textile and wearing apparel. The wholesale and retail trade dominates employment in the services sector, with the majority working in other retail sales in specialized stores.

- (v) Labour productivity is equivalent to the national average. The services sector has the highest labour productivity while the agriculture sector has the lowest. Agriculture faces challenges with crop yields, especially with low and fluctuating maize yields. The industry sector is dominated by mining, while manufacturing has low productivity, which could imply manufacturing is not processing the raw materials in the county.

Policy Recommendations

- (i) Improve the quality of labour by implementing nutritional programmes to address stunting and promote the transition from primary to secondary school to enable the acquisition of skills. Further, encourage participation in adult education programmes, especially among those working.
- (ii) Invest in the provision of essential infrastructure and capital to support private sector growth and to attract investments to the county. Of priority are access to electricity, improved water and sanitation, financial inclusion, and internet connectivity.
- (iii) Build climate resilience in agriculture. This can be achieved by encouraging the growing of drought-resistant and fast-maturing crops, facilitating the uptake of crop insurance, and optimizing the utilization of information from the early warning systems to inform crop production to improve agricultural productivity. Livestock production should also be promoted given the high multiplier effect when integrated into the dairy and leather value chain.

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 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.

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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