



## EXECUTIVE SUMMARY

### Introduction

The 1998/99 Integrated Labour Force Survey (ILFS) was the first of its kind to integrate three related surveys (labour force, informal sector and child labour modular surveys) into a single cost-effective survey. It was conducted over the whole country on the household-based NASSEP III sample frame, and covered 11,049 households out of the 12,814 households randomly selected for interview giving a response rate of 86.2 per cent. As such, the survey collected a wide range of representative information that can be used in the design, implementation, monitoring and evaluation of various policies and programmes. In particular, it provides indicators such as school enrolment rates, housing conditions, the levels of access to amenities and facilities, income and expenditures, and unemployment rates, which should provide invaluable inputs into the monitoring and evaluation of the economic reforms and poverty reduction programmes that are being implemented by the Government.

The key objectives of the survey were to update data on the labour force, determine the size and output of the informal sector, and estimate the extent of child labour. A rich data bank has been created as a by-product of the data processing exercise, which will be used to carry out further analysis of the information collected by the survey.

In designing and implementing the survey, CBS worked closely with other stakeholders through the Inter-Ministerial Steering Committee (IMSC) that was formed to provide

overall guidance on the implementation of the survey. The committee was comprised of representatives from Ministry of Labour and Human Resource Development, Ministry of Education, Science and Technology, and the Macro Planning Department and the Human Resources and Social Services Department of the Ministry of Finance and Planning. A Technical Working Group (TWG) was formed as the survey's secretariat that undertook day-to-day activities on the implementation of the survey.

## **The Surveyed Population**

### ***Age-sex Structure***

The age-sex pyramid of the surveyed population depicts a youthful population, with those aged below 15 years constituting 42.3 per cent of the population, leading to a dependency ratio of 85.3 per cent. The sex ratio was 0.997 for the whole population and 1.06 at birth (age 0-4). The average household size was 4.2 persons (3.3 persons in urban areas and 4.7 persons in rural areas).

### ***Marital Status and Migration Patterns***

An estimated 42.7 per cent of the population aged over 12 years had never married. Of those ever married, 51.3 per cent were in current marriage, 3.5 per cent widowed and 3.6 per cent separated or divorced. There was evidence of early marriages where 5.0 percent of the population aged 13-17 reported they were currently married.

### ***Education and Literacy***

There were 3.6 million children in primary schools and 0.9 million children in secondary schools, giving gross enrolment ratios of 89.1 percent and 30.7 percent respectively. Student sex ratio, or ratio of males for females, in primary schools was 1.08, while that for secondary schools was 1.20. About 16.4 percent of the Kenyan population aged over 5 years reported to have had no formal education at all. Those with primary education constituted 59.0 per cent of the referenced population while 19.7 percent had attained secondary education. Only 1.1 per cent had attained university education.

### ***Housing and Amenities***

About 31.0 per cent of the households had a permanent dwelling unit. Majority of the rural households reported that they owned both the dwelling units they lived in and the land on which it was built; while almost all the urban residents lived in rented dwelling units. About 12.5 per cent of households, mainly in the rural areas, reported they had no toilet facilities. The commonest type of waste disposal was pit latrine, but flush toilet was prevalent in urban areas. Most of the rural households travelled long distances to fetch water, while 80.4 percent of the urban households had water within 50 meters.

Firewood was the commonest type of cooking fuel in rural areas, while paraffin (53.3 per cent) and charcoal (22.6 per cent) were the main types of cooking fuels in urban areas. About 77.2 per cent of responding households were using paraffin to light their houses, with 90.5 per cent in rural areas. Urban areas mainly relied on paraffin (50.7 per cent) and electricity (41.8 per cent) as the chief sources of lighting.

### ***Migration Patterns***

The overall out-migration rate was 13.2 percent, with rural areas losing a large portion of its population to urban areas. Among the eight provinces, Nairobi, Western and Central experienced significant out-migration of over 15.0 percent. Overall, urban areas were net gainers in population flows within the country.

### ***Household Expenditure***

Overall mean monthly expenditure per household amounted to Kshs 6,343. Monthly mean expenditures for rural households were estimated at Kshs 4,101, while the urban equivalent was Kshs 10,826. There were expenditure differentials between male-headed and female-headed households, where mean monthly expenditures for female-headed households in rural areas was Kshs 2,986 significantly below the monthly expenditure of Kshs 4,620 for male-headed households. Similarly, mean expenditure for male-headed households in urban areas was almost twice that of female-headed households.

## **The Labour Force Participation**

### ***Economic activity***

The results show that there were 15.9 million persons aged 15-64 (the working population) of which 77.4 per cent reported to be economically active. Most of the active population was youthful between 24-34 years of age. About 14.6 percent of the economically active were unemployed. Some 3.6 million persons reported to be economically inactive, representing 22.6 per cent of the population aged 15-64 years. Majority of the inactive population was full time students (47.3 per cent). Only 2.0 per cent of the inactive population reported they were out of the labour force because they were retired.

### ***Participation Rates***

The overall labour force participation rate for the population aged 15 - 64 years stood at 73.6 per cent. Urban areas had higher labour force participation rate of 86.4 per cent compared to rural areas with a rate of 73.8 per cent. Males had a slightly higher participation rate of 74.7 per cent compared to that of females at 72.6 per cent. The results show that participation rates increase along the age spectrum to about 95.2 for the age group 40 – 44 before levelling to 80.1 per cent for the age cohort 60 – 64. Also, participation rates tend to rise with the level of formal education, rising from 83.7 per cent for those with no education to over 98.8 per cent for those who have completed post-graduate education.

### ***Employment***

The number of employed persons aged 15-64 years stood at 10.5 million persons, giving employment rate of 85.4 per cent. The overall employment sex ratio was 1.08, but females dominated rural based small-scale farming and pastoralist activities, with a sex ratio of 0.67. Rural areas absorbed 70.1 per cent of the employed persons. The working population was largely made up of unpaid family workers (39.6 per cent), mostly working in the rural areas and paid employees, largely concentrated in urban areas (33.4 per cent). Self-employed persons constituted 23.8 per cent of the employed. Of the three sectors of the economy, small-scale farming and pastoralist activities engaged 42.1 per cent of workers

while the informal sector and formal or modern sector absorbed 31.6 per cent and 26.3 per cent of the total workforce respectively.

### ***Occupations and Industry***

Most of the employed persons reported to be skilled agricultural and fishery workers (37.3 per cent), largely self-employed based in rural areas. Professionals were mainly in paid employment, and accounted for only 1.2 per cent of the employed persons. The agricultural activities absorbed 63.1 per cent of the employed persons. The other major employers were the service industries with community, social and personal services accounting for 6.1 per cent of the employed. The least popular industries were private households with employed persons, and electricity and water supply. The number of females employed in activities traditionally dominated by males such as construction, mining and quarrying was notably low. However, females were concentrated in agricultural activities, trades, and educational services.

### ***Hours of Work***

Most workers reported 40 working hours per week with a significant proportion of the urban population working above the average hours. Urban workers generally reported to have worked for longer hours than workers in rural areas. Gender analysis shows that females worked for fewer hours than males, particularly in the rural areas. However, females who worked in urban areas (in private households as housemaids) were working well above 40 hours per week.

### ***Wage Levels***

Average earnings amounted to KShs 7,766 per month, with the main source of employee's remuneration being basic salary, which formed 81.3 per cent of the overall earnings per person. Earnings in urban areas were almost double the average earnings in rural areas. There were significant disparities in earnings by gender as females were earning wages far below their male counterparts in both rural and urban areas.

### ***Unemployment***

There were 1.8 million unemployed persons aged 15-64 years, giving an overall unemployment rate of 14.6 per cent. The urban unemployment rate had risen from -- per cent in 1989 to 25.1 per cent by 1999. Like wise, unemployment in the rural areas was high at 9.4 per cent, but less acute than in urban areas. Most of the unemployed were the youth and females. Most of the unemployed persons (94.2 per cent) were looking for paid employment during the one-week reference period. It is also worth noting the shift from subsistence farming, as more job seekers were ready to start self-employment (mainly found in the expanding informal sector) than farming activities in the small-scale and pastoralist sector. The main mode of job search in both urban and rural areas was to ask friends or relatives (41.3 per cent), followed by a direct approach to the employer (32.8 per cent).

### ***Under-employment***

About 4.8 per cent of the 10.5 million working persons were under-employed. Majority of the underemployed worked for between 18 to 25 hours during the survey's reference week. Males constituted 65.1 per cent of the under-employed persons.

## **Working Children**

### ***Size and School Status***

Despite concerted global and domestic efforts aimed at combating child labour practices, 1.9 million children (17.4 per cent of the children aged 5-17) were reported to have worked either in the last week or at any other time within the 12 months preceding the survey. These children comprised of 984,168 boys and 909,596 girls. The proportion of working children to the total population of children aged 5-17 years was significantly higher in the rural (19.7 per cent) than the urban (9.0 per cent) areas. About 8 per cent of the 7.4 million schooling children worked during the year, while 37.4 per cent of the 3.5 million out of school children reported to have worked. Majority of the working children (78.7 per cent) worked as unpaid family workers in family farms or businesses. About 18.5 per cent of these children reported to have worked for pay, while only 1.6 per cent operated their own businesses.

### ***Occupation and Industry***

Most of the children were engaged in elementary occupations, with 34.0 per cent engaged as commercial agriculture and fishery workers, 23.6 per cent as subsistence agricultural and fishery workers, and 17.9 per cent as domestic and related helpers, cleaners and laundres. There were more girls than boys working as domestic related helpers (mainly as maids), and as personal care and related service workers such as hairdressing. Boys (especially older boys aged 15-17 years) were a majority in the activities that are traditionally male dominated, such as fishing and fishing services, stone quarrying and clay and building activities.

### ***Working Conditions***

The results show that children worked for long hours, with 38.5 per cent of children working for more than 41 hours in a week mainly in the private households as domestic servants, fishing and fishing services, stone quarrying and clay and road transport. Majority of the children in wage employment (63.6 per cent) earned less than KShs 900 per month, slightly below the statutory minimum wage of KShs 998 per month set for unskilled employees aged below 18 years who work in the agricultural sector (Regulations of Wages Order, 1998). One of the serious consequences is that many children were reported to have either fallen sick or injured in their places of work.

### ***Reasons for Working***

Poverty was a cause of child labour as 21.3 per cent of the working children were from very poor households with a monthly income of less than Kshs 2,001, while 57.9 per cent came from households with monthly income below Kshs 6,001. The situation is supported by reasons given for working, where 27.5 per cent of parents reported that they released their children for work so as to augment household income. Similarly, 22.9 per cent of the working children reported to have worked so as to augment household income, while 22.2 per cent reported that they worked to support themselves.

### ***Child labour***

Not all work undertaken by the 1.9 million working children was child labour, which was defined as work undertaken by children aged 5-17 years and which prevents them from attending school, is exploitative, hazardous or inappropriate for their age. Going by schooling indicator, child labour in Kenya can therefore be estimated at 1.3 million children. Further, the survey revealed some worst forms of child labour where 15,000 children were engaged in activities that are unsafe and risky for young persons, e.g. fishing, mining and quarrying, building and construction, and road transport. Fortunately, there were no reported cases of worst forms of child labour child such as slavery or recruitment of children for use in armed conflict.

## **The Informal Sector**

### ***The Enterprises and Operators***

The number of informal sector enterprises was estimated at 2.7 million. About 70.0 per cent of the enterprises were based in rural areas. Many of the enterprises were engaged in wholesale and retail trades (64.5 per cent) and the manufacturing activities (24.0 per cent). Males owned 53.0 per cent of the enterprises in rural areas, while females owned 55.3 per cent of the urban-based enterprises.

Informal sector activities were carried out in a variety of worksites, with commercial premises hosting 39.5 per cent, residential houses 18.0 per cent, and open markets 12.9 per cent. However, most of the activities in the urban areas were carried out on the roadside and pavements.

Majority of the informal sector activities were carried out without licences, while 15.2 per cent were authorised by local authorities. Among the 8 provinces, Nyanza hosted most of the enterprises (22.5 per cent) followed by Rift Valley (20.9 per cent), Central (18.2 per cent) and Eastern (13.7 per cent).

### ***Employment Creation***

Employment in the informal sector was estimated at 3.6 million. Urban areas absorbed – per cent of the informal sector employment. Most of the employees were self- employed (75.4 per cent, followed by wage employees (19.2 per cent).

Nationally there were more males than females working in the informal sector, giving a sex ratio of 1.2. Wholesale and retail trades absorbed 56.6 per cent, while manufacturing activities absorbed 23.0 per cent of the informal sector employment.

***Goods and Services*** - The informal sector produces and offers a wide spectrum of commodities and services, with services representing about 66.9 per cent of the total output. The most prominent commodities were textile fibres and their wastes (60.5 per cent of the enterprises). The informal sector activities also included small-scale extractive industries such as stone quarrying and sand harvesting. Services offered by the informal sector businesses were mainly retail trades (71.1 per cent of reporting enterprises), catering and selling of drinks (11.2 per cent), among other services..

***Gross Domestic Product (GDP)***

Value added of the informal sector activities amounted to a monthly figure of Kshs 6.0 billion, with an operating surplus of Kshs 4.6 billion.

**Recommendations**

The rapid changes in the structure of the labour force and the increasing role played by the expanding informal sector in the economy suggest that surveys of this kind be conducted more regularly. Information collected by these surveys will facilitate better understanding of the dynamics of the labour market in general and the informal sector in particular. However, future sample surveys will require an updated sample frame so as to minimise sampling errors and facilitate generation of realistic district level estimates.

Also, the wealth of data collected by the 1998/99 ILFS should be used for in-depth analysis, especially on the informal sector module data.

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