The Role of the State in Economic Development: Employment Challenges in Kenya

By
Jacob Omolo
Department of Applied Economics
Kenyatta University, Kenya
Omolo.jacob@ku.ac.ke or jackodhong@yahoo.com
September 2012

Context

Kenya aspires to become a globally competitive country offering high quality of life to all her citizens by the year 2030. Attainment of this aspiration hinges on the extent to which the country is able to create and nurture a competitive and adaptive human resource base responsive to the rapidly industrializing and globalizing economy. The economic, social and political pillars of the *Kenya Vision 2030* are anchored on existence of a skilful, productive, competitive and adaptive human resource base. Creation of productive, decent and sustainable employment opportunities is, therefore, at the core of achieving the country's Vision.

The Kenya government has continuously articulated the need to create sufficient employment opportunities to absorb the country's growing labour force. Various short, medium and long-term employment creation measures have also been undertaken. However, unemployment, underemployment and the working poor continue to be Kenya's difficult and persistent problems. Kenya's employment challenge is manifested in terms of a 12.7 per cent open unemployment rate, 21 per cent underemployment and a working poor estimated at 46 per cent of the employed. The employment problem is compounded by rapid population growth, a growing youth population estimated at 67 per cent of the adult population, low and un-sustained economic growth, and structural rigidities. This paper seeks to explore the employment challenge in Kenya. It focuses on the past employment creation interventions adopted by the country over time, their outcomes and the status of the country's employment policy.

Past Employment Creation Interventions and Outcomes

Kenya's employment problem dates to the early decades of political independence in 1963. The government has made various policy pronouncements aimed addressing the country's employment challenge. In this respect, the country has moved through three distinct employment policy intervention periods. These were in 1963-1979; 1980-1989; and 1990 to present (2012). Table 1 gives the typology of Kenya's employment creation interventions over the period 1963-2012.

Table 1: Typology of Kenya's Employment Creation Interventions

Employment Creation Interventions	Period		
	1963-1979	1980-1989	1990-2012
Infrastructure Development	√	√	√
Rural Development	×	√	√
Kenyanization	√	×	×
Industrial Policy	√	√	√
Informal Sector Development	√	√	√
Productivity Promotion	√	√	√
Agricultural Promotion	√	√	√
Public Works	√	√	√
Wage Restraint	√	√	√
Active Labour Market Policies	√	√	√
Tripartite Agreements	√	×	×
Education and Training	√	√	√
Employment and Labour Market Policies	√	√	√
Economic Growth	√	√	√
Macroeconomic Management	×	√	√
Legal and Legislative Reforms	×	×	√
Fiscal Measures	√	×	√

Source: own elaboration based on government documents.
Key: √- policy measure present; ×- policy measure not present

Table 1 show that Kenya has experimented with a number of employment creation interventions since attaining political independence in 1963. As illustrated in Table 1, up to 17 different policy measures have been implemented. Continuity has been maintained in ten of the 17 policy measures.

Employment Creation Interventions in 1963-1979

The key employment creation measures implemented during this period included short-term interventions such as Kenyanization, tripartite agreements and public works programs. The Kenyanization policy (1963-1972) aimed at increasing employment opportunities for Kenyans. The strategies that were used to achieve this included exclusion of foreigners in rural trade, use of work permits to limit employment of expatriates, redistribution of large agricultural farms and increased investment in human capital formation. Tripartite agreements were used in 1964, 1970 and 1979 as emergency measures of employment creation. They were entered into between government, employers and workers. The agreements aimed at increasing employment levels by at least 10 per cent during the period of the agreement. In return, workers and their trade unions were to observe a wage freeze and refrain from strikes or any other form of industrial action. The public works programs were expected to provide mass employment in labour-intensive areas such as road construction.

The short-term measures of employment creation were augmented by wage policies, which initially targeted payment of high wages (1964-1972) before a reversal to a wage restraint in 1973. While the high wage policy was meant to cushion workers against unfair labour practices and trigger productivity growth, it was realized that it was unsustainable. The government thus, in 1973, resorted to wage restraint implemented through minimum wage regulation and wage guidelines. During the period, the government also implemented long-term employment creation interventions. These measures aimed at promoting economic growth, education and training, and infrastructure, agricultural and industrial development. Others were promotion of informal sector growth, productivity promotion and improvement in labour market information systems.

Mixed results were realized from the strategies adopted under broad policy framework of Kenyanization. Between 1964 and 1972, wage employment increased by approximately 2.8 per cent per annum. Most of the jobs were, however, created by the government, then playing the role of an employer of last resort. Consequently, overall employment within the public service increased. Between 1964 and 1971, for example, the percentage of Africans in the public service increased from 14.6 per cent to 97 percent in 1971, a direct result of the Kenyanization policy. Another outcome of the employment creation interventions adopted during the period was a 2.9 per cent annual increase in labour productivity of wage employees and a 6.8 per cent increase in capital-labour ratio. The implication is that the economy grew more capital intensive contrary to a desired labour intensive one consistent with the labour surplus nature of the Kenyan economy.

The Kenyanization was successful in increasing the level of absorption of native Kenyans into wage employment sector. This did not, however, translate into creation of new jobs as it involved a mere replacement of non-citizens with citizens. The emergency measures of employment creation pursued in 1964, 1970 and 1979 did not also create substantial employment opportunities. While workers and their trade unions generally observed restraint in industrial action and wage increase freeze, employers failed to increase employment by the agreed minimum of 10 per cent as envisaged. Instead, majority of employers opted to convert their existing casual, contractual and temporary workers into permanent workers. Thus, the tripartite intervention only had marginal and temporary effect as they tended to "force" instead of "facilitating" employment creation. In general, the measures did not have inbuilt mechanisms for ensuring accountability as monitoring and evaluation mechanisms were absent.

Employment Creation Interventions in 1980-1989

In 1980-1989, the government deepened the use of active labour market policies as a means of employment creation. The active labour market policies sought to address the rapid growth of the labour force, mis-match in skills, inadequate labour market information, and the problem of job selectiveness particularly amongst the youth. The measures were augmented by interventions targeting wage restraint, macroeconomic management and general economic growth. Others were interventions aimed at promoting infrastructure development, agricultural development, informal sector growth, education and training, and productivity promotion.

Employment data for the period 1980-1989 shows that formal sector employment increased from 1.191 million persons in 1980 to 1.796 million persons in 1989. This depicted an annual average growth rate of 5.6 per cent. The proportion of formal employment to total employment declined from 84.5 per cent in 1980 to 76.2 per cent in 1989. During the period, formal employment grew at an average rate of 3.49 per cent per annum compared to 9.03 per cent per annum for informal sector employment. At the same time, the economy grew at an average of 4.31 per cent per year. The implication is that while the rate of creation of jobs in the formal sector almost mirrored the rate of growth of the economy, the subdued economic growth rate led to a greater expansion in informal sector employment.

Active labour market policies generally contribute to a highly effective supply of labour by ensuring that the unemployed part of the labour force is actively seeking jobs and has the qualifications needed to fill new positions. Thus, though fronted by the government as employment creation measures, they are not meant to directly create more jobs. The policies are useful in providing important pre-conditions for creation of jobs, such as enhancing the link between the supply and demand sides of the labour market.

Employment Creation Interventions in 1990 to 2012

The period from 1990 to present (2012) has seen the government emphasize use of short, medium and long-term measures as a means of employment generation. The short and medium term measures have included public works programs such as the *Kazi Kwa Vijana* (jobs for youth), foreign employment, and infrastructure and rural development. Others have been promotion of youth and women employment through Youth Enterprise Development Fund (YEDF), Kenya Youth Empowerment Programme (KYEP), Youth Employment Scheme Abroad (YESA) and Women Enterprise Fund (WEF).

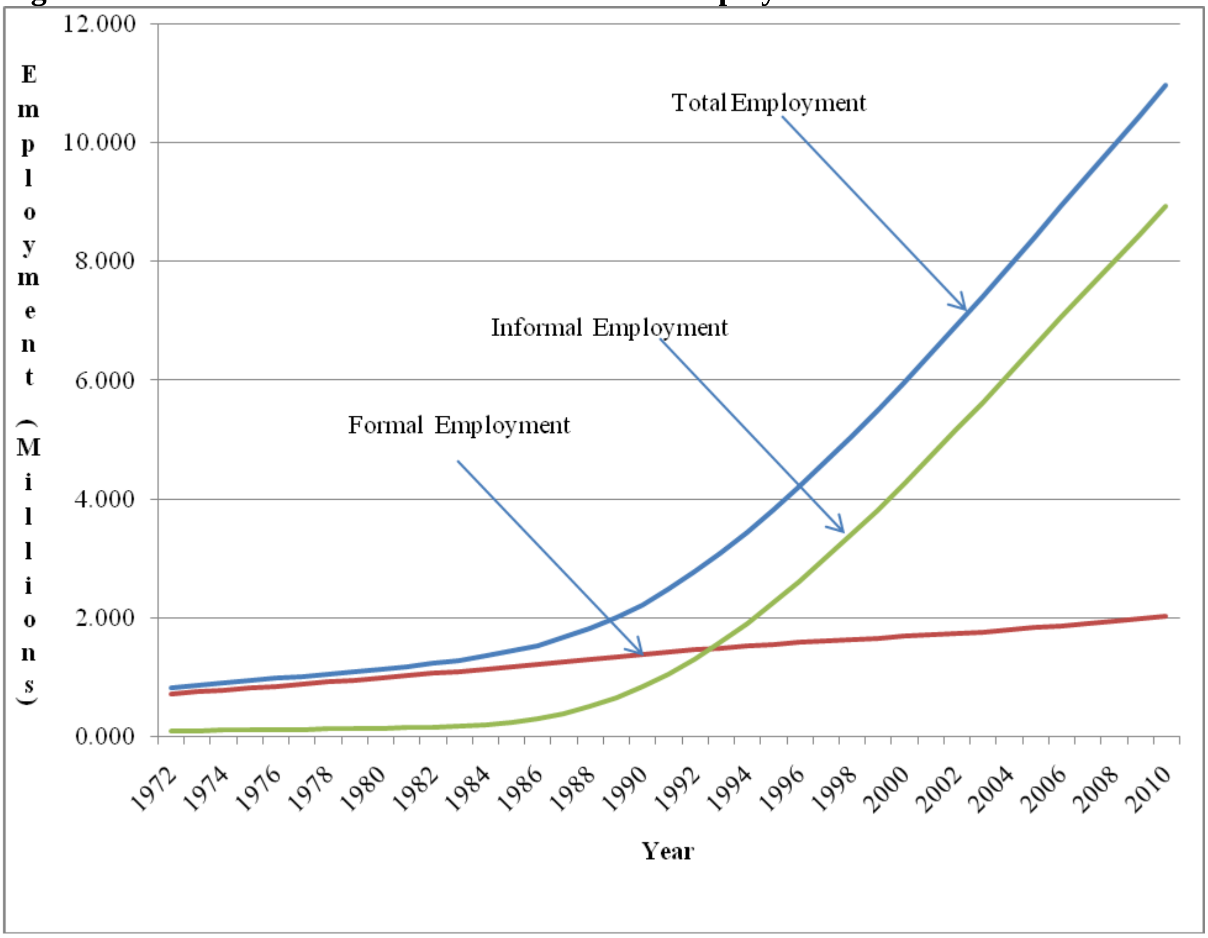
The medium and long-term measures have targeted sectoral growth and development through formulation and implementation of sectoral policies. These include the Agricultural Sector Development Strategy (2010-2020), the National Industrialization Policy Framework for Kenya (2011-2015) and the Kenya National Youth Policy (2007). Other measures are macroeconomic management for renewed and sustained economic growth, development of the informal sector, industrial promotion, agricultural development and promotion of private sector investment and participation in the economy. Others were promotion of industrial harmony and productivity, liberalization of the labour market, formulation of labour and employment policies, reforming education and training systems to vocational and technical training areas, and legislative reforms.

The outcomes of the employment policies implemented in the 1990 to 2011 were varied. Formal sector employment shrunk from 74.4 per cent of total employment in 1990 to 18.5 per cent in 2011. The period 1990-2011 also saw rapid growth in informal sector employment averaging 16.84 per cent per annum compared to 2.03 per cent per annum for the formal sector. Marked growth in informal sector employment was recorded in 1990-1999 at 27.67 per cent per annum as compared to 7.80 per cent in 2000-2011. Also, the country's employment elasticity diminished from 1.28 in 1992-1996 to 0.5 in 2004-2008, implying low responsiveness of employment to growth. The decline in employment elasticity is partly explained by slow improvements in productivity growth over the period. Overall, the employment trends revealed the shifting relative importance of the formal and informal sectors to employment in Kenya, and the low employment yield of economic growth.

Summary of the Employment Outcomes

Figure 1 gives a schematic illustration of the trends in formal and informal sector employment over the period 1972-2010. It shows that formal and informal sector employment has grown over time.

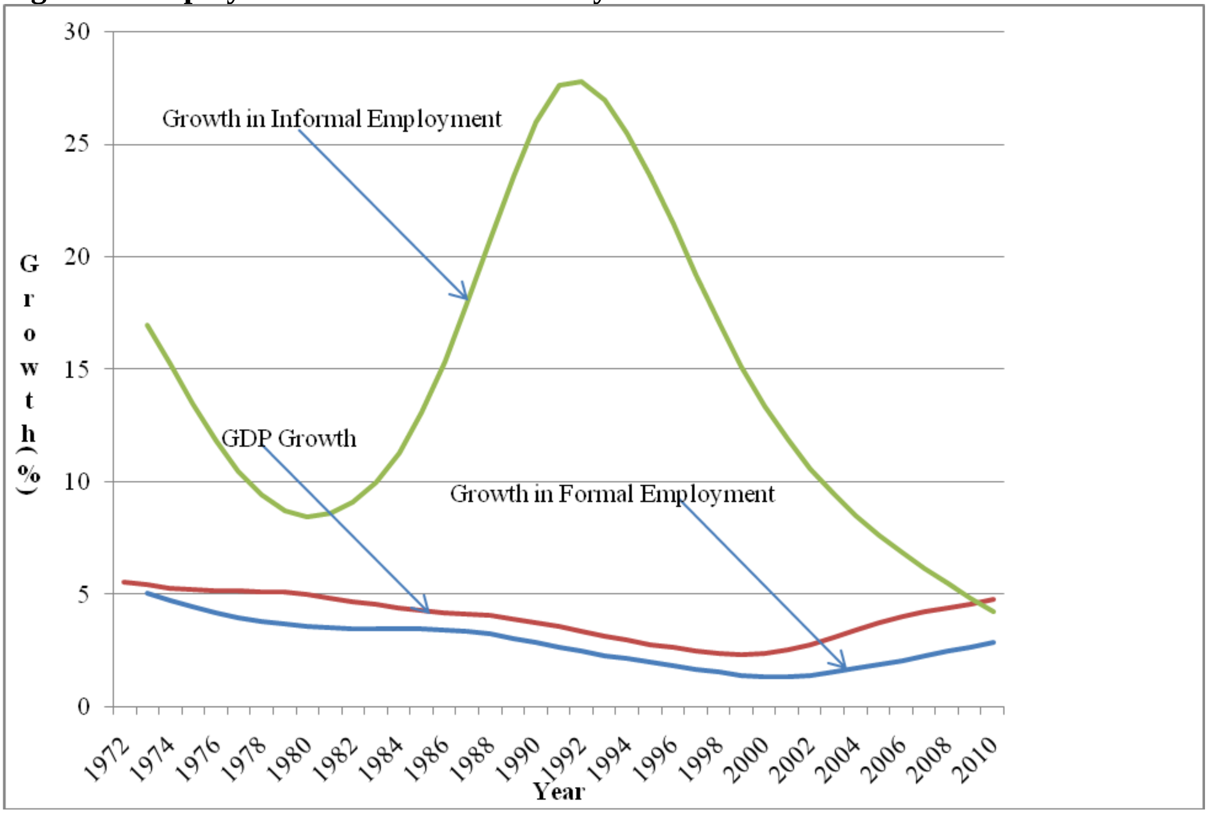
Figure 1: Trends in Formal and Informal Sector Employment



Source of Data: Republic of Kenya, *Economic Survey*, (various)

Figure 2 gives a comparative analysis of the growth dynamics in formal and informal sector employment, and that of the economy. It shows that the growth dynamic in formal and informal sector employment has been significantly different. The outcome has been a labour landscape dominated by informal sector jobs. However, as depicted in Figure 2, recent trends (from 2002) show recovery in formal employment growth. The recovery appears to have a long term trend.

Figure 2: Employment and GDP Growth Dynamics



Source of Data: Republic of Kenya, *Economic Survey*, (various)

Other Employment Dynamics

Other wage employment dynamics in Kenya reveal inequities in access to wage employment by men and women, and strong emergence of casual, temporary and contract forms of employment. The proportion of women in wage employment, for example, increased marginally from 26.2 per cent in 1995 to 29.5 per cent in 2000 (Omolo, 2011). The share of women in wage employment, however, remained constant at 29.6 per cent in the period 2001-2004. It then increased marginally to average 30.2 per cent over the 2006-2008 but thereafter declined to 28.7 per cent in 2010. In 2011, women constituted 30.5 per cent of wage employees (Republic of Kenya, 2012).

The trends in total employment and share of women in wage employment reveal inequities in access to wage employment by women. It shows that even though there was some growth in formal sector employment averaging 2.06 per cent per annum in 1995-2011, the employment opportunities were not accessed equally by women and men as would be expected under the decent work agenda. The negative impact of such inequity in access to wage employment is worsened by the fact that on average, the mean monthly earnings from paid employment for males are about 1.5 times that of females (Omolo, 2011).

Kenya's employment dynamics also shows that the country has been experiencing shifts in forms of employment. This is depicted by increased casualization of work, contract engagement, outsourcing of jobs, subcontracting and temporary employment. The proportion of workers within the wage employment sector on casual contracts of service increased gradually from 17.9 per cent in 2000 to 21.2 per cent in 2005. The proportion of employees on casual contracts of service increased thereafter to reach an all time high of 34.6 per cent in 2010 before easing marginally to 30.5 per cent in 2011 (Republic of Kenya, 2012). The increase in formal sector employment between 2002 and 2003 was, for example, wholly attributed to the increase in the number of workers on casual contracts of service.

Casualization of jobs and other contemporary forms of employment more often than not, do not facilitate the workers to enjoy the fundamental rights at work. Such rights include freedom of association and collective bargaining, right to paid leave, and the right to social protection as provided under the National Social Security Fund (NSSF) and the National Hospital Insurance Fund (NHIF). Even though the NSSF and NHIF have expanded their membership base to include casuals and other workers, only a few of the workers may have joined the schemes. Such forms of employment if not well checked, impair labour relations and erode worker protection. They also transfer additional responsibilities, such as social and trade union protection, job security, and wage negotiations to the worker. This may, however, be at the expense of productivity, national competitiveness and employment creation.

Employment Elasticity

Kenya's employment policy landscape has consistently revealed reliance on economic growth to drive employment creation. As illustrated in Figure 2, there seems to be a close nexus between economic growth and creation of formal jobs. From mid-1980s, for example, slowdown in economic growth has been associated with declining formal employment while growth spells have witnessed acceleration in formal jobs.

Table 2 presents a summary of employment elasticities and average economic growth rates for Sub-Saharan Africa and the East African Community (EAC) countries.

Table 2: Estimates of Employment Elasticities, 1992–2008

Region/Country	**Employment elasticities**				**Average annual GDP growth**			
	1992–1996	**1996–2000**	**2000–2004**	**2004–2008**	**1992–1996**	**1996–2000**	**2000–2004**	**2004–2008**
World	0.3	0.4	0.3	0.3	3.1	3.7	3.3	4.4
Sub-Saharan Africa	0.7	0.7	0.5	0.5	2.9	3.0	6.0	6.1
East African Community								
Burundi	-0.15	0.41	1.52	1.18	-6.5	0.8	2.5	3.5
Kenya	1.28	1.77	1.03	0.5	2.7	1.6	3.1	5.3
Rwanda	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Tanzania	1.04	0.64	0.23	0.27	2.7	3.9	7.0	7.2
Uganda	0.34	0.51	0.54	0.4	8.8	5.7	6.8	8.8

Source: ILO (2009).

Globally, according to Table 2, the world's aggregate employment elasticity ranged between 0.3 and 0.4 during the period 1992–2008. This implies that for every percentage point of additional economic growth, total world employment grew by 0.3–0.4 percentage points during the period. It is also noted from the table that the employment elasticities of Sub-

Saharan Africa ranged between 0.5 and 0.7. Kenya's employment elasticity declined from 1.28 in 1992-1996 to 0.5 in 2004-2008. In the high growth period of 2002-2007, the country's employment elasticity averaged 0.4, which is low compared to Kenya's past, African standards and a benchmark of 0.7 for developing countries aspiring to attain a middle-income country status.

Table 2 also reveals differentials in the employment yields of economic growth within EAC. As shown in the table, the employment elasticity for Burundi increased rapidly in the initial periods (1992–2004), peaking at 1.52, before declining slightly to stand at 1.18 in 2004–2008. As for Uganda, the increase in employment elasticity was gradual during the period 1992–2004, reaching 0.54 before dipping to 0.4 in 2004–2008. Employment elasticity was highest in Burundi (1.18) during 2004–2008, followed by those of Kenya (0.5), Uganda (0.4) and Tanzania (0.27). No employment elasticity statistics were available for Rwanda.

The implication of the employment elasticities for the EAC countries presented in Table 2 is that a 1 percentage point increase in the region's GDP would lead to a higher employment growth in Burundi and a much lower growth in employment in Tanzania. This means that pursuit of GDP growth as an instrument of employment creation would have differential impacts on the economies within the region.

It is evident from Table 2 that the EAC countries, particularly Burundi and Kenya, have had difficulties sustaining high levels of GDP growth rates. According to the World Bank, employment creation driven by economic growth can only be successful if a country posts an economic growth rate of at least 7 per cent and sustains it over a long period of time (World Bank, 2008). It is this reasoning that has over time informed targeted growth rates by most countries, including the EAC countries, of at least 7 per cent. A look at the data in Table 2 with this target in mind shows that between 1992 and 2008 Burundi never recorded the desired GDP growth level and Kenya did so only once – in 2007. Uganda attained this level of growth in 2006 and 2007, while Tanzania realized it in 2002, 2005 and 2007. Rwanda managed it on four occasions out of the nine years: 2000, 2001, 2002 and 2005.

What is clear from these trends is that whenever the desirable GDP growth rates were attained, they were not sustained. As such, the rates of growth have been too erratic to propel meaningful employment creation within the region. The growth rates recorded and their non-sustainability are, therefore, not compatible with the requirement of 7 per cent minimum annual growth rates sustained over decades to achieve growth-driven employment.

As much as the task of achieving and sustaining a high growth rate is daunting, results from some 13 economies of the world show that it is surmountable (World Bank, 2008). Among the economies that have managed to register a sustained GDP growth rate of at least 7 per cent are Botswana (1960–2005); Brazil (1950–1980); China (1961–2005); Hong Kong, China (1960–1997); Indonesia (1966–1997); and Japan (1950–1983). Others are Republic of Korea (1960–2001); Malaysia (1967–1997); Malta (1963–1994); Oman (1960–1999); Singapore (1967–2002); Taiwan (1965–2002); and Thailand (1960–1997). According to the World Bank (2008), two other economies, India and Vietnam, may also join the group.

The sample of countries that have achieved such impressive growth rates is quite diverse. It consists of countries from Africa, Asia, Latin America, the Middle East and emerging

Europe. This reinforces the fact that with the right social, economic and political frameworks, Kenya and indeed other EAC countries can achieve the desired growth levels.

Within the context of Kenya's and by extension the EAC's employment dynamics characterized by low employment elasticity and the rapidly growing labour force, only a phenomenal growth in GDP would lead to meaningful generation of jobs in the country and region in general. Given the low employment elasticities in Kenya, even a growth of 10 per cent per annum and above would not produce sufficient decent employment. Most employment is being created in the informal sector where jobs are precarious in nature.

The policy challenge for Kenya and other EAC countries, then, is whether to maintain growth-driven employment as a goal, or adopt employment-driven growth. If the policy choice is to proceed along the path of growth-oriented employment, then the next challenge would be how to spur high and accelerated growth rates and sustain it over a sufficiently long period of time. If the countries are to undergo a policy reversal and choose the employment-targeted growth option, then the challenge will be on formulating and implementing an effective policy framework to steer this.

With the challenges of attaining and sustaining high levels of economic growth, the next question would be whether developing and labour surplus economies such as Kenya and the EAC partner states should give priority to fixing employment in terms of quantity (numbers) before addressing quality, or whether both quantity and quality of jobs should be addressed in tandem. As illustrated in the typology of the employment creation interventions pursued by Kenya, the measures have tended to give credence to finding a quick fix in terms of numbers of employed, with very little emphasis on the quality of the jobs. Within a practical context, mass employment should be used as a stop-gap measure to curb labour market wastages. As much as possible, creation and maintenance of quality jobs should be the priority.

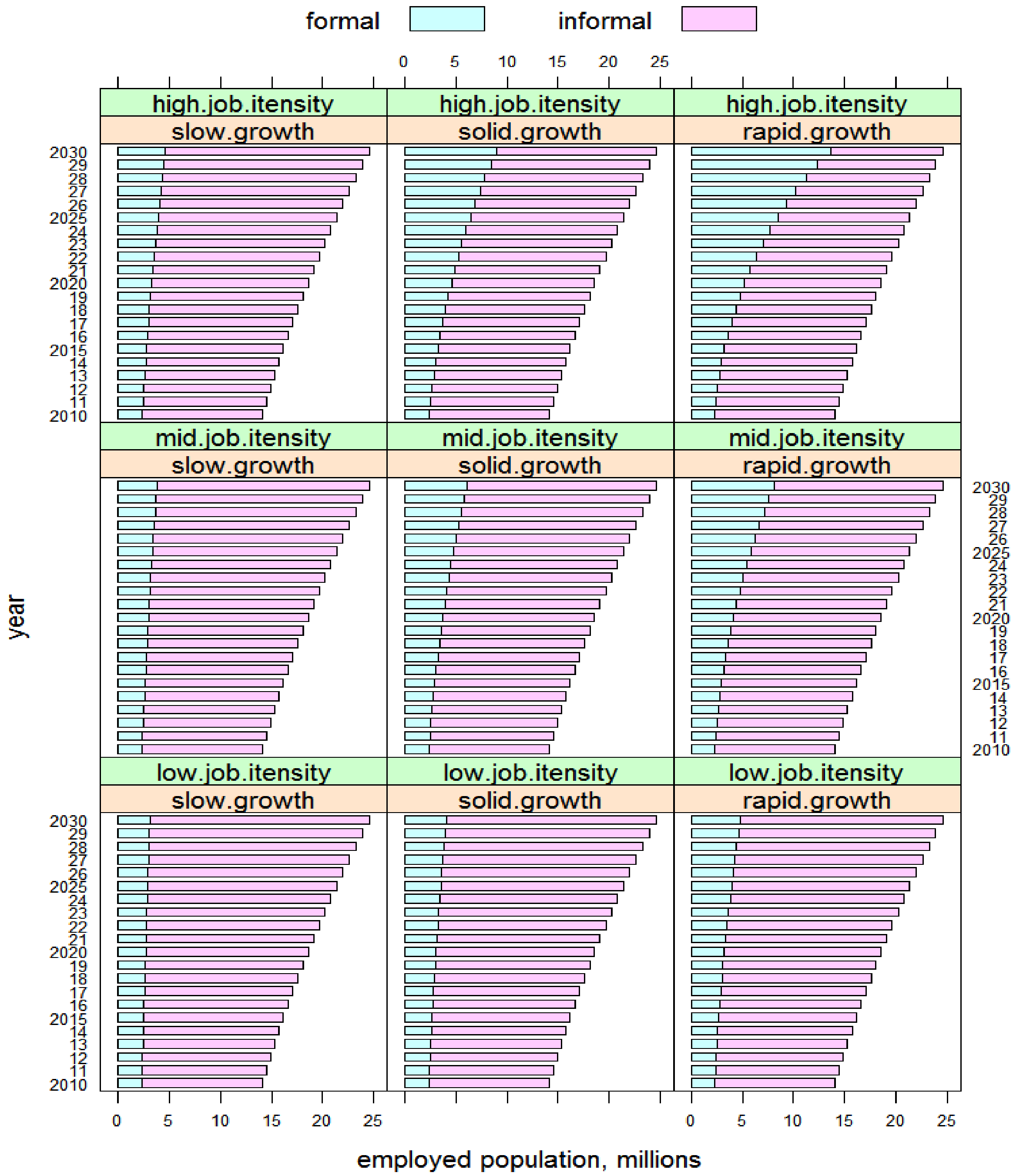
Employment Growth Scenarios for Kenya

Kenya's Medium Tem Plan (2008-2012) envisaged an economic growth rate of 4.5 per cent in 2008; 7.9 per cent in 2009; 8.7 per cent in 2010; 9.4 per cent in 2011 and 10 per cent in 2012. According to the Medium Term Plan (MTP), the 10 per cent economic growth rate would be sustained up to the end of the *Kenya Vision 2030* horizon (Republic of Kenya, 2008b). The MTP (2008-2012) projected a rate of employment growth equivalent to the rate of growth of the economy. Effectively, this assumed an employment growth elasticity of one. This is, however, unrealistic since an economy cannot sustain a 10 per cent growth rate with stagnating labour productivity. An employment elasticity of one might not even be desirable, as it assumes economic growth is simply extending economic activity with no increase in labour productivity.

This study undertakes a simple extrapolation exercise to examine Kenya's employment challenge over the next 20 years. The extrapolation exercise makes use of three rates of GDP growth, three values for employment elasticity in the formal sector and the United Nations (UN) population estimates for 2010 to 2030 to produce an estimate of formal and informal employment growth likely to be produced in Kenya up to the year 2030. The economic growth rates are 3.5, a 7.0 and a 10 per cent. The first two rates refer to the lowest and highest GDP growth rates registered by Kenya since 2003. The 1.6 per cent growth rate recorded in 2008 is considered as an outlier. The 10 per cent growth rate corresponds to the target rate set by the MTP. The three growth rates respectively represent the slow, strong and rapid growth trajectories. The employment elasticities considered are 0.4, 0.7 and 1.0. These correspond to Kenya's employment elasticity registered over the last ten years, the desired employment elasticity for developing countries, and the MTP assumed elasticity, respectively. The respective elasticities are considered to be low, medium and high. The two sets of figures can are used to produce nine estimates of yearly formal employment growth.

The use of UN estimates of the working age population for 2010 to 2030, and application of constant labour force participation and unemployment rates of 63 and 12 per cent yields total employment. This procedure assumes that total employment will simply grow following the pace of the working age population. The difference between total employment derived in this way from population estimates and formal employment derived from assumed GDP growth and employment elasticity is employment in informal and traditional occupations.

The prediction of employment growth from 2010 to 2030 is represented in Figure 3.



The estimation predicts employment increases from about 15 million to about 25 million people between 2010 and 2030. The worst scenario in this extrapolation, which considers a slow growth rate of 3.5 per cent and a low employment elasticity of 0.4 results in an employment mix of about 10 per cent formal and 90 per cent informal employment by year 2030 (Figure 3 bottom-left). In this scenario informality worsens: it starts at 86 per cent in 2010 and ends up at 89 per cent in 2030. The intermediate scenario, which considers a growth rate of 7 per cent and a formal employment elasticity of 0.7, will increase the share of formal employment from 14 per cent in 2010 to 22 per cent in 2030. This is a modest increase (Figure 3 center). The brightest scenario with rapid GDP growth and high employment creation, assumes a vigorous creation of formal jobs such that by 2030 the employment mix splits in half between formal and informal jobs (Figure 3 top-right). This scenario, as already discussed, is unrealistic.

The above picture does not say anything about the quality of jobs. The employment challenge involves two dimensions, creating the needed number of jobs and ensuring jobs are of good quality. Under the conditions of Kenya one can assume that jobs in the formal sector are also jobs of acceptable quality. These tend to be good jobs in terms of wages, hours of work and access to the benefits provided by labour markets regulations in the country. But this is not necessarily the case in the informal sector. Informal job creation will have to be accompanied by specific actions to ensure minimum quality employment. Things will obviously improve substantially if the best combination of growth and formal employment creation is in place.

The living standards of Kenyans can brighten if the productivity and employment conditions of informal employment improve even if the macroeconomic indicators of growth and formal employment creation are not as bright. Policies enhancing formal employment creation should be coupled by policies aiming to increase the productivity and improve the labour conditions in the informal sector. This is policy conclusion is critical. Since a large proportion of the labour force, even under the best scenario, will remain in the informal sector, improving the productivity of this sector with a well balanced mix of economic and social policies will make a remarkable contribution to improve the labour and living conditions of a large number of Kenyans.

Status of Kenya's Employment Policy

The Constitution of Kenya (2010) reaffirms the government's commitment to employment issues. Article 41 of the Constitution grants all persons the right to fair labour practices. It also guarantees every worker the right to: fair remuneration; reasonable working conditions; form, join or participate in trade union activities and programmes; and undertake strike action. Article 43 of the Constitution provides for economic and social rights, which includes the right to social security. The Constitution also provides for equality in access to employment opportunities. The Constitution, therefore, advocate for decent work, where freely chosen productive employment is promoted simultaneously with fundamental rights at work, adequate income from work, representation and security of social protection.

Kenya is a member of the International Labour Organization (ILO). The ILO through its *Employment Policy Convention* (No. 122 of 1964) requires member countries to prioritize and pursue active policies designed to promote full, productive and freely chosen employment. In 1999, the ILO also launched the decent work agenda to which Kenya is a signatory. The pillars of the decent work agenda as propounded by the ILO are employment opportunities, worker rights, social protection and representation.

At the regional level, Africa's regional economic communities have identified strengthening of the capacities of the member states to create gainful and durable employment opportunities. This is seen as one of the effective ways of elevating people out of poverty. Within the EAC, promotion of freely chosen employment has been set as a core policy priority. These commitments underscore the need to have a coordinated policy to strengthen efforts for creation of full, productive, sustainable and freely chosen employment that guarantees the rights of workers and employers.

Efforts towards development of employment policy for Kenya started in earnest in 1994. After several attempts, the draft policy reached cabinet level in 2007 but could not proceed to parliament within the life of the august house. The attempt was re-awaken in 2011. The draft employment policy is awaiting submission to the cabinet.

The draft employment policy identifies and proposes integrated interventions that take a holistic view of the economy while recognizing Kenya's regional and international commitments. The employment creation strategies contained in the policy include cascading the implementation of the *Kenya Vision 2030* to county levels; promoting accelerated and sustained economic growth through implementation of prudent macroeconomic and sectoral policies; deepening the use of cluster and sectoral development strategies as a means of employment creation; mainstreaming productivity in all sectors of the country's economy including the informal and *jua kali* sector; and exploitation of the employment creation potential of the social and solidarity economy, and the micro and small scale enterprises. Others are improving the linkage between demand and supply sides of the labour market while taking cognizance of the national, regional and global labour market dynamics, and formulating and implementing a wage policy that guarantees a robust, flexible, equitable, predictable and sustainable wage system.

As a departure from the past, the employment policy advocates for integration of the strategies in the Medium Term Plans, county and sector plans as well as the national macroeconomic policy framework. To promote effective implementation and monitoring of the policy, the policy promises development and implementation of sector-specific employment creation targets within the overall implementation mechanism of the *Kenya Vision 2030.* It promises undertaking of monitoring and evaluation on a regular basis. This is to be anchored under the National Integrated Monitoring and Evaluation System. The policy advocates for anchoring of the employment interventions on a strong institutional framework. What remains to be seen is the finalization of the policy making processes before the end of the current parliament in January 2013.

Conclusion

The Kenya government has continuously articulated the need to create sufficient employment opportunities to absorb the country's growing labour force. However, unemployment, underemployment and the working poor continue to be Kenya's difficult and persistent problems. Much of the employment creation measures have recognized the role of economic growth in employment. Kenya's economic growth and employment trends, however, reveal low employment yield of economic growth. This is mainly attributed to sluggish economic growth. The implication is that the country must focus on ensuring high and sustained economic growth. In addition, employment needs to be put at the centre of all macroeconomic policies. Further, the living standards of Kenyans will only brighten if the productivity and employment conditions of informal employment improve. The implication is that policies aimed at enhancing formal employment creation should be coupled by policies aiming to increase the productivity and improve the labour conditions in the informal sector. Since a large proportion of the labour force, even under the best scenario, will remain in the informal sector, improving the productivity of this sector with a well balanced mix of economic and social policies will make a remarkable contribution to improve the labour and living conditions of a large number of Kenyans.

References

ILO (2009). *Key Indicators of the Labour Market, KILM 2009 (Database)*, 6th Edition, Geneva: International Labour Organization.

Omolo, O.J. (2011). "Labour and Employment Inequalities in the Context of the East African Regional Integration Process" in Society for International Development, *East African Integration: Dynamics of Equity in Trade, Education, Media and Labour*, Nairobi: Ascent Limited

Republic of Kenya (2008). *First Medium Term Plan: Kenya Vision 2030-A Globally Competitive and Prosperous Kenya*, Nairobi: Office of the Prime Minister, Ministry of State for Planning, National Development and Vision 2030

Republic of Kenya (2012). *Economic Survey*, Nairobi: Government Printer

World Bank (2008). *The Growth Report: Strategies for Sustained Growth and Inclusive Development*, Commission on Growth and Development, The International Bank for Reconstruction and Development/World Bank Group, Washington, D.C.