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MINISTRY OF LABOUR AND HUMAN RESOURCE
DEVELOPMENT

Sessional Paper No. 7 of 2005

on

**National Employment Policy and
Strategies for Kenya**

February, 2005



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ACRONYMS

AG	Attorney General
AGOA	African Growth Opportunity Act
AIDS	Acquired Immune Deficiency syndrome
AKI	Association of Kenya Insurers
ASALS	Arid and Semi Arid Lands
BDS	Business Development Services
CBK	Central Bank of Kenya
CBO	Community Based Organizations
COTU	Central Organization of Trade Unions
CSO	Civil Society Organizations
DEO	District Employment Office
DHRME	Department of Human Resource Management and Employment
DPM	Directorate of Personnel Management
EAC	East African Community
EPZ's	Export Processing Zones
FBO	Faith Based Organization
FIDA	Federation of Women Lawyers
FKE	Federation of Kenya Employers
GDP	Gross Domestic Product
GMR	Guaranteed Minimum Return
HFCK	Housing Finance Corporation of Kenya
HIV	Human Immuno-deficiency Virus
HRME	Human Resource Management and Employment
ICT	Information Communication Technology
ICTs	Information and Communication Technologies
IDTF	Industrial Development Technology Fund
ILFS	Integrated Labour Force Survey
ILO	International Labour Organization
IOM	International Organization for Migration
IPC	Investment Promotion Centre
IT	Information Technology
JFA	Jobs For Africa
KAFEA	Kenya Association of Foreign Employment Agencies
KEPSA	Kenya Private Sector Alliance
KIE	Kenya Institute of Education
KIPO	Kenya Industrial Property Organization
KIRDI	Kenya Industrial Research and Development Institute

KRA	Kenya Revenue Authority
KUJ	Kenya Union of Journalists
LMIS	Labour Market Information System
M&E	Monitoring and Evaluation
MFA	Ministry of Foreign Affairs
MFI	Micro Finance Institution
MGSCSS	Ministry of Gender Sports Culture and Social Services
MLHRD	Ministry of Labour and Human Resource Development
MoA	Ministry of Agriculture
MoF	Ministry of Finance
MoH	Ministry of Health
MoLD	Ministry of Livestock Development
MPND	Ministry of Planning and National Development
MRPW	Ministry of Roads and Public Works
MSE	Micro and Small Enterprises
NACC	National AIDS Control Council
NARC	National Alliance of Rainbow Coalition
NCPD	National Council for Population and Development
NECK	National Employment Council of Kenya
NGO	Non-Governmental Organization
NHIF	National Hospital Insurance Fund
NIC	Newly Industrialized Country
NII	National Information Infrastructure
NMDC	National Manpower Development Committee
NSSF	National Social Security Fund
PCK	Productivity Center of Kenya
PRESA	Poverty Reducing Employment Strategies For Africa
R&D	Research and Development
RBA	Retrenchment Benefits Authority
SAPs	Structural Adjustment Programmes
SME	Small and Medium Enterprises
UNDP	United Nations Development Programme
UNIFEM	United Nations Development Fund For Women
WHO	World Health Organization

FOREWORD

In the Economic Recovery Strategy for Wealth and Employment Creation Policy Paper, the Government has identified employment as one of the most effective routes to economic growth. This is because the strategy paper recognizes the importance of maximum utilization of human capital as the key factor in national development. The Government's commitment to its pledge of facilitating the creation of sustainable and freely chosen employment that guarantees maximum productivity and rewards to entrepreneurs, workers and employers alike is, therefore, part of the economic recovery strategy. In pursuit of this goal, the Government has prepared this Sessional Paper on Employment Policy and Strategies for Kenya, whose objective is to set out a framework and mechanisms critical for the realization of wealth and employment creation for all citizens.

Since Kenya's independence in 1963, planning for improved standard of living and welfare of the people has remained at the top of the political and economic development agenda of the Government. It is however, regrettable that despite enormous efforts in the implementation of many development policies and programmes, the country is still faced with the challenge of unemployment and poverty. It is true that, Kenya's unemployment problem has grown to alarming proportions over the last decade. This is attributed to: the slow rate of growth of our economy resulting into low absorptive capacities of the enterprises within the economy; the relatively high population growth rate; mismatch of skills; and low levels of labour productivity, among other factors. Coupled with these are institutional failures, which led to weak implementation of policies, poor coordination of development programmes and lack of a comprehensive monitoring and evaluation system.

It is against this background that the Government has developed this Sessional Paper to provide the strategies to mitigate and address the problem of unemployment. Among the key interventions proposed in the paper besides accelerated and sustained economic growth are: the promotion of labour intensive investments; matching skills to labour needs; mainstreaming youth and gender in employment programmes; and developing a national labour market information infrastructure. Other strategies include: Promotion of good Industrial relations, health and safety at the workplace through the review of labour laws; expanding social security to ensure job-sustainability and security; promotion of

foreign employment to absorb excess labour; and developing a broad-based institutional framework to guide the implementation, monitoring and evaluation of the proposed policies and programmes.

The Government's vision to create 500,000 jobs annually in the medium term is set to be fulfilled through effective implementation of this policy framework and employment promotion programmes, which will be developed thereon in partnership with relevant stakeholders. This vision, however, will not be realized if Kenyans do not change their attitude and adopt the culture of a "*working nation*". Further, it is important for all stakeholders to understand that successful creation of jobs is dependent upon their active participation and co-operation. The Government on its part will provide the necessary support and create an enabling environment to facilitate the achievement of this noble goal.



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CHAPTER ONE

1.1 INTRODUCTION

- 1.1.1 Unemployment and underemployment have remained major problems affecting the country since independence. There are those who are willing and able to work but cannot get jobs while a sizeable number of those engaged are not fully utilized. In this context, **employment is defined as any economic activity undertaken for a pay, profit or gain.**
- 1.1.2 Kenya's unemployment problem has grown to alarming proportions over the last decade. This is because growth in productive employment and income generating opportunities has not kept pace with growth in the Labour Force. According to the 1998/99 Integrated Labour Force Survey (ILFS), unemployment in Kenya stood at 14.6% of the total in employment. During the same period, urban unemployment rate was established to be 25.1% while rural unemployment rate was 9.4%. Conversely, the number of persons employed outside small-scale agriculture and pastoralist activities grew from 5.1 million in 1998 to 5.5 million persons in 1999, representing a growth rate of 7.8%. By the year 2002, it was estimated to have risen by an annual average of 6.4% to stand at 6.9 million persons.
- 1.1.3 Kenya's employment problem is compounded by the mis-match between the rate of growth of the economy and that of the labour force. While the Kenyan labour force has grown from an estimated 7.7 million persons in 1985 to about 14.6 million persons in 2000, the economic growth rate has remained dismal declining from a peak of 6.6% in 1964 – 1973 period to 1.7% in the period 1996-2002. The rate of growth of labour force therefore, outstrips the rate of job creation as measured by the rate of growth of the economy.
- 1.1.4 A number of attempts have been made by the Government to address the employment issue. The 1965 Sessional Paper on *African Socialism and its Application to Planning in Kenya* focused on ignorance, poverty and diseases as the main challenges that needed to be addressed. The assumption was that increasing

employment and income-generating opportunities could reduce poverty. The same line of thinking was reflected in the subsequent employment policy documents such as the 1973 Sessional Paper on *Employment, Incomes and Equality*; the 1985. Sessional Paper on *Unemployment*; and the 1991 Report of the *Presidential Committee on Employment*.

- 1.1.5 Despite the previous attempts to address the employment issue, unemployment still remains a major challenge in Kenya. The major weaknesses have been: lack of clear policy focus on the unemployment problems; uncoordinated approach to tackling unemployment; employment creation strategies which are scattered in various policy documents; lack of an effective implementation, monitoring and evaluation framework which has been a major factor contributing to these challenges. Moreover, there has been limited consultation and participation of relevant stakeholders in the formulation and implementation of the policies.
- 1.1.6 In order to address the failures and weaknesses identified in the previous policy documents, this new policy framework consolidates all the employment policies with the aim of promoting the goal of achieving full employment. This document has benefited from wide consultations and participation of all the relevant stakeholders. It also incorporates a plan of action for policy implementation and a mechanism for monitoring and evaluating the policies and their impacts.
- 1.1.7 For this policy document to be effective in achieving the intended goals, the following imperatives will be critical: -
- Commitment from all relevant stakeholders in implementing the identified policies;
 - Appreciating the fact that the role of the Government is to facilitate and provide an enabling environment for the private sector to grow and create the required jobs;
 - Improving and mainstreaming productivity in all sectors of the Kenyan economy and internalising it into the employment policy formulation process;
 - Formulating and implementing a flexible wage system capable of enforcing a payment structure that is linked to

the value of the job, motivates, includes creativity and innovation and encourages productivity; and
Putting in place an integrated and comprehensive labour market information system capable of tracking employment issues.

- 1.1.8 The Sessional Paper is structured in five Chapters: Chapter One gives an introduction and a broad overview of the policy document. Chapter Two provides a summary of the employment situation in Kenya. Chapter Three highlights the challenges of employment in the country. Chapter Four, outlines the policy interventions aimed at mitigating against the identified employment challenges. The concluding Chapter Five provides an institutional and implementation framework for the Sessional Paper.

CHAPTER TWO

2.1 EMPLOYMENT STATUS

- 2.1.1 In this Chapter, a review of the global economic and employment situation is under taken. The Kenyan perspective is also discussed.

2.2 Global Perspective

- 2.2.1 The performance of the world economy has a direct influence on Kenya's economic growth and employment, especially in this era of globalisation. During the year 2001/2002, the world economy registered stronger growth when output grew by 4.8%, compared to 3.5% in 1999. The global economic output declined from 4.0% in 2000 to 1.4% in 2001. In Africa, and in particular, East Africa, growth declined from 3.4% in 1999 to 3.1% in 2000. The growth in the global economy and reduction in trade barriers considerably increased the volume of world trade in the year 2000. This growth benefited all major economies of the world including Africa whose exports to the United States grew by 26% while imports grew by 7%. In Africa, real Gross Domestic Product (GDP) is estimated to have slowed down from 3.5% in 2001 to 3.1% in 2002. This has a bearing on Kenya's overall economic performance and in particular, growth in GDP, which among others affects the levels of employment patterns. Projections for African economies indicate that if countries continue implementing sound macro economic and structural policies, with significant improvement in the security situation, growth will further accelerate to 4.2% with attendant increase in employment levels.

2.3 Employment Situation In Kenya

- 2.3.1 Kenya has experienced a declining growth rate over the last two decades. The poor performance of the economy has adversely affected employment creation. For instance, total persons employed in both the modern and informal sector establishments grew from 5.1 million in 1998 to an estimated 6.9 million in 2002, with the informal sector accounting for over 74.2% of the total jobs in 2002.

- 2.3.2 Employment within the modern sector grew modestly from 1.68 million persons in 1998 to an estimated 1.70 million persons in 2002, reflecting an increase of only 1.2% over the period. The sluggish growth of the formal sector employment is only attributed to an equally slow growth of the economy and rationalization within public and private sectors of the economy. Conversely, employment within the informal sector establishments grew from 3.4 million persons in 1998 to an estimated figure of 5.1 million persons in 2002. This reflects an average annual growth rate of 10%. The significant growth in informal sector employment can be attributed to the shrinking of both formal public and private sector employment, low capital requirements for investment and ease of entry into the sector, among other factors.
- 2.3.3 The share of private sector employment rose from 967.2 thousand persons in 1998 to an estimated 1.0 million persons in 2002 representing a growth rate of 7.5%. This growth is attributed to expansion of the manufacturing activities largely driven by near double growth in the Export Processing Zones (EPZs). New forms and higher levels of capacity utilization have further raised the vibrancy of the EPZ's Sector in the global economy. The significant rate of growth in the EPZs also rose as a result of the increased exploitation of the United States of America's African Growth Opportunity Act (AGOA).
- 2.3.4 On the other hand, the public sector employment has seen a continuous reduction due to the ongoing public sector reform programme. Consequently, public sector wage employment has consistently declined from 711.2 thousand persons in 1998 to an estimated 658.8 thousand persons in 2002, a decline of 7.4%.
- 2.3.5 Female participation in modern wage employment in Kenya however, remains low. For instance, in the year 2001 the number of female wage employees was 496.7 thousand persons while male wage employees were 1180.4 thousands. In 2002, female wage employees were estimated at 503.4 thousand persons while male wage employees were 1196.3 thousands. This shows that female wage participation is almost half that of their male counterparts. One of the prime determinants of the women's labour force participation and subsequent wage employment is their level of

education, training, and skills. Other factors that contribute to the disparities in employment opportunities are the general negative attitudes towards women, inaccessibility to productive resources, and lack of gender responsive policies and programmes.

CHAPTER THREE

3.1 EMPLOYMENT CHALLENGES

3.1.1 The Government of Kenya recognizes the importance of human capital as the engine as well as a major beneficiary and critical success indicator of the development process. Employment is now recognized as an essential basic need as well as an important means of empowering a country's population. Kenya's employment problem has however, grown to enormous proportions. The critical challenges and constraints inhibiting the creation of productive and sustainable employment opportunities in the country include: slow economic growth rate; neglect of labour intensive investment; mis-match in skills of the labour force; job selectiveness especially amongst the youth; high population growth rate; youth unemployment and gender disparities. Other challenges are: neglect of cultural and entertainment sector; limited and inefficient Information Communication Technology (ICT); a rigid wage system; rural urban migration discrepancies; low labour productivity; low quality and unproductive jobs in the Micro and Small Enterprises (MSE) sector; ineffective labour administration system; inadequate health and safety measures at workplace; insecurity; HIV/AIDS; lack of foreign employment policies; and weak implementation, monitoring and evaluation mechanism, among others.

3.1.2 Even though attempts have been made in the past to address these challenges in order to promote the creation of sustainable employment opportunities in the country, unfocussed policy prescriptions, weak implementation framework and general lack of comprehensive monitoring and evaluation system have been major setbacks.

3.2 Slow Growth Rate

3.2.1 Since independence, the Kenyan economy has experienced both external and internal shocks and challenges, which it has had to adjust to. Five phases of economic performance are identifiable: a period of rapid growth, 1964-73, when the economy registered an average Gross Domestic Product (GDP) growth rate of 6.6%; the

period 1974-1979, when the economy experienced external shocks leading to the fall of average GDP growth rate to 5.2%; the 1980-89 period, characterized by structural constraints that slowed the pace of economic growth registered in the 1960s and early 1970s to 4.1%; the 1990-1995 period, when the average GDP growth rate fell further to 2.5%; and the period of 1996-2002, when the economy performed more dismally and registered an average growth rate of 1.7%.

- 3.2.2 The above trend in Kenya's economic performance shows that there has never been real positive growth in the performance of the economy. The lack of expansion within the economy meant limited corresponding expansion in employment. This is also reflected in the high growth in urban unemployment rate that stood at 7.8% in 1978, 13.0% in 1989 and 25.1% in 1999. In order to improve on employment, appropriate measures must be put in place to promote economic growth on a high and sustainable basis.

3.3 Neglect of Labour Intensive Investment

- 3.3.1 Earlier development policies recognised the need to promote labour-intensive techniques of production as an avenue to absorbing the increasing labour force. This framework has been supported by a wage policy that favours moderation of wage awards. Specifically, the Government encouraged labour intensive public works especially in construction and maintenance of roads in the rural areas. However, recent trends have shown relative bias towards capital-intensive modes of production. This has partly been as a result of the opening up of the economy, weak implementation of earlier policy intentions and the low labour productivity. Continued use of capital intensive (labour saving) methods of production limits expansion in employment in the face of increasing labour force.

3.4 Skills Mis-Match

- 3.4.1 One of the critical factors that have affected employability of most labour force participants in Kenya is the mis-match between the skills possessed by the labour market participants and those required by industry. In most cases, there are limited linkages and

collaboration between the training institutions and industry with the result that the skills imparted either become inconsistent with the industry demands or obsolete altogether. Further to this, the curricula and syllabi of the training institutions are in most cases developed without effective consultation and collaboration with the key stakeholders, especially industry. Related to this, is the lack of appropriate feedback mechanism and policy framework to promote industrial attachment and apprenticeship system. The other hindrance is the high cost of training in terms of tools and equipment, inadequate skilled trainers, inflexible curricula and syllabi that do not match the changing industrial requirements, and insufficient funds to promote Research and Development (R&D).

3.5 Job Selectiveness

- 3.5.1 The most conspicuous indicator of unemployment in Kenya has been the large number of school leavers who migrate into the urban areas in search of employment. Their conspicuousness has largely been due to the fact that they are particularly selective about the type of jobs they think they should take up. Job selectiveness has created a paradox whereby, on the one hand, the country is acutely short of unskilled labour in such vital sectors as agriculture, whilst on the other hand, thousands of unskilled citizens are flocking into urban areas in search of white-collar jobs. While it is true that unemployment is quite acute among school-leavers, it is undoubtedly aggravated by the negative attitude of the youth towards manual labour.

3.6 High Population Growth rate

- 3.6.1 There is a positive correlation between the rate of growth of the population and that of the labour force. Kenya has only managed to reduce her population growth rate marginally. For instance, between 1962 and 1969, the country experienced a population growth rate, of 3.3% per annum, resulting in population increase from 8.6 million in 1962 to 10.9 million persons in 1969. In 1968 the population grew at an increased rate of 3.5% per annum and reached 15.3 million in 1979. In 1989, Kenya had a population of 21.5 million with a growth rate of 3.4% p.a. By 1999, the population had grown to 29.5 million with a growth rate of 2.9%

p.a. The population is estimated to have reached 30.8 million in 2001 and is projected to reach 35 million by 2008.

- 3.6.2 There are far-reaching implications of high population growth rates especially on labour force and unemployment. Consistent with the rate of population growth, the Kenyan labour force has significantly increased over the years. For instance, according to the 1998/99 Integrated Labour Force Survey, the size of the labour force increased from 7.7 million persons in 1985 to about 15 million persons in 2000, representing an average annual increase of 6.3%. The magnitude of the effect of the high population and labour force growth can be seen within the context that while the economy can only absorb between 230,000 and 300,000 of the labour force annually, the labour market entrants stands at between 500,000 and 750,000. This means that in order to correct the imbalance, strategic interventions have to be made to match the rate of labour force growth with that of job creation.

3.7 Youth unemployment

- 3.7.1 Kenyan labour force is predominantly young with majority (57.9%) being in the age bracket 20 - 39 years. The proportion of the labour force in the age bracket 15-24 is estimated at 31.4%. A higher proportion of the labour force (77.5%) is found in the rural areas where currently employment opportunities are minimal, leading to rural-urban migration. Indeed, most of the unemployed persons in 1999 were the youth aged 15-30 years in both rural and urban areas. Some of the most significant obstacles to youth employment are: poor job growth, discrimination, poor access to fundamental education, rapid economic changes and other labour market disadvantages that accompany globalization. Hence, the youth, who constitute the new labour force recruits, bear the brunt of the current and emerging unemployment problem.

3.8 Gender Disparities

- 3.8.1 Gender disparities in employment opportunities have remained wide in many sectors of the Kenyan economy. Though women constitute the majority in the labour force, their participation in the labour market remains low relative to that of men. For example, in

2002, female participation rate remained low accounting for only 29.6% of the total wage employment in the modern sector. Factors contributing to these disparities in employment opportunities include: negative social attitudes towards women; inadequate capacity on the part of many women in terms of their knowledge and skills; inaccessibility to productive resources; and lack of gender responsive policies and programmes. These have contributed to the increased unemployment, underemployment, poverty and powerlessness among many Kenyan women.

3.9 Neglect of Cultural and Entertainment Sector

3.9.1 In Kenya, this sector is to a large extent informal in nature and has not been given the necessary attention that it deserves. The sector embraces such activities as sports, music, film-making, and artefacts, which are intertwined with culture. Kenya is well endowed in this area and indeed Kenyan athletes have continued to shine in all major international events. The County's musicians have increased and developed to a level that they can offer competitive entertainment anywhere in the world. Most countries have developed this sector to become an employment generation and income earning industry for the country and individuals specifically.

3.9.2 However, the Kenyan Cultural and Entertainment Sector has not been given the necessary recognition, attention and support that it deserves. Kenyan athletes who are mostly multi-world record holders do not get recognition for engaging in self-employment activities, as they deserve. Most of them are not guided on how to invest the money they get from competitions. For musicians, copyright laws are not strictly administered and the intellectual property rights of artists and musicians are constantly flouted.

3.10 Limited and Inefficient Information Communication Technology

3.10.1 Information and Communication Technologies (ICTs) can help to alleviate poverty and create employment in the country. The ICT play a role mainly as communication technology rather than as an information processing or production technology. In Kenya,

serious inequalities exist that constrains the use of ICT- based information by poor entrepreneurs. Although there is increased demand for basic information services, the sub-sector is not fully expanded owing to the high cost of equipment, lack of clear policy guidelines, underdeveloped infrastructure and inadequate funding.

- 3.10.2 Currently, the Labour Market Information System (LMIS) in the country remains largely inefficient and unco-ordinated. As a result, labour market information is inconsistent, incomplete, and untimely when available. The problem is further aggravated by lack of a policy on LMI coupled with lack of adequate numbers of specialists in labour market research. This situation aggravates the labour market rigidity in which the labour market participants lack information concerning the existence of vacancies, where, when and the manpower requirements. This leads to delays in taking up the existing jobs thus worsening the unemployment problem.

3.11 Rigid Wage System

- 3.11.1 The Kenyan labour market, especially in regard to wage and employment information, is too rigid. This is manifested through an inflexible wage determination system, which is majorly based on schemes of service, minimum wage regulation and collective bargaining. These mechanisms stifle productivity growth, as performance is not considered as a critical factor in wage setting. Other rigidities are posed by the ineffective industrial relation framework and imperfect information flow within the labour market, among other features. The wage administration system, therefore, fails to enforce a payment structure that is linked to the value of job that motivates, induces creativity and innovation, and encourages productivity improvement within enterprises.

3.12 Rural-Urban Migration Discrepancies

- 3.12.1 The pattern of development in Kenya has in the past been heavily biased towards urban areas. Although the various development plans since independence have recognized the importance of directing more attention to rural areas, the provision of basic infrastructure which would stimulate the expansion of productive activities and therefore employment have not kept pace with the

growing labour force. This in turn has resulted in the migration of people to the urban areas in search of employment either in the monetary sector or in the informal sector.

- 3.12.2 The rural-urban imbalance is also reflected in the pattern of income distribution. In view of the urban orientation of development, the incomes of people employed in urban areas have generally been higher than those in the rural areas. This has had the effect of inhibiting the expansion of farm and non-farm activities in which people could engage in gainful employment within the rural areas. The labour migration pattern further, has the effect of reducing the labour supply in areas critical to the growth and development of the agricultural sector.

3.13 Low Labour Productivity

- 3.13.1 Productivity is an important determinant of firm competitiveness. It is when enterprises are competitive that they can remain viable and profitable and thus create the much-needed jobs. In Kenya, productivity is low in virtually all sectors of the economy. This means firms have increasingly become uncompetitive, have low labour absorption rates and the existing labour is under-utilized. This phenomenon limits firm expansion, increases labour costs and discourages investment in labour intensive ventures, thereby aggravating the unemployment problem.

3.14 Under-developed Micro and Small Enterprises (MSE) Sector

- 3.14.1 The Micro and Small Enterprises (MSE) sector in Kenya plays an important role in the socio-economic development of the country. The significance of the sector can be seen in terms of its contribution towards increased employment creation within the economy. The role of the MSE sector in employment creation becomes even more critical given that other sectors of the economy are shrinking and thereby reducing their employment levels. The ability of the MSE sector to create both quality and durable jobs is however, hampered by the numerous challenges and constraints that the sector faces.
- 3.14.2 The key challenges include: unfavourable policy environment, inhibitive legal and regulatory framework, limited access to financial services and markets, inadequate access to skills and technology, insecurity of tenure, poor access to infrastructure,

inadequate business skills and linkages with large enterprises, gender inequality, unfavourable taxation regime, limited access to information, HIV/AIDS pandemic and occupational health and safety requirements.

3.15 Unstable Industrial Relations

- 3.15.1 Industrial relations play an important role in the maintenance of economic stability and therefore, in creating an atmosphere conducive to the creation of productive employment opportunities.
- 3.15.2 The Kenyan labour market has however, continued to experience increased industrial unrest, attributed to economic restructuring, re-organization of business strategies and the advent of new technologies. This has resulted in poor business performance, declining real wages, increased labour costs and poor work relations. The impact of all these is massive job losses, through redundancies in both the private and public sectors.
- 3.15.3 The tripartite and social dialogue structures have been inadequate in effectively dealing with matters affecting labour and employment. Due to constraints in institutional arrangements and the representational rights, interests of various groups have not always been adequately addressed. The general low levels of technical competence and capacity for inspection, mediation, conciliation and the outdated labour laws have militated against the Government's efforts to promote industrial peace, decent work agenda and employment.

3.16 Inadequate Health and Safety measures at Workplace

- 3.16.1 Improvement in working conditions and promotion of occupational health and safety in the workplace represents an important strategy for ensuring, not only the health of workers, but also improved productivity of enterprises. One of the major problems faced by the country in the areas of occupational health and safety is the lack of capacity to effectively respond to emerging challenges of globalisation and liberalization. This is largely due to the continued application of laws and regulations,

which are outdated and hence, not responsive to the changing socio-economic environment. It is estimated that about 100 workers die each year as a result of work-related accidents and diseases and a further 3,000 workers are victims of work-related accidents and diseases. This is a huge cost in terms of human and economic suffering and it impacts negatively on the overall quality of life and employment. The protection of workers against work-related sickness, diseases and injury is therefore, an essential priority if the goal of creating decent, productive and sustainable jobs is to be achieved.

3.17 Insufficient and rigid Social Security System

3.17.1 Maintenance of a sound health insurance and old age security for workers is one of the sufficiency requirements for improved productivity. Greater awareness has in recent times arisen regarding such issues as employee safety in workplace, adequacy of remuneration, compensation for work related injuries and early retirement resulting there from. Most important of welfare issues has been the need to provide for old age or guarantee during ones latter life upon retirement.

3.17.2 Some of the social security schemes operated in Kenya include National Social Security Fund (NSSF), National Hospital Insurance Fund (NHIF), Civil Service Pension Scheme, Private Pension Schemes, and Widows and Children Pension Scheme. The existing old age social security system only caters for workers in the formal sector without providing for the needs of the growing informal sector workers. Its benefits are also limited to those who have attained retirement age and those leaving employment on medical grounds. While the life expectancy amongst Kenyans had by 1999 significantly reduced to 52.8 years for males and 60.4 for females and continues to decline, the retirement age has been pegged at 55 years. The system does not therefore, provide adequate coverage to those who have left employment without necessarily having attained the retirement age of 55 years. Also, the health insurance scheme administered by the NHIF only caters for the in-patient medical requirements of the beneficiaries and is limited to accredited hospitals.

- 3.17.3 The civil service pension scheme is also too rigid as it requires one to have served for at least 10 years to benefit. In addition, the maximum permitted or mandatory age of 55 years must be attained for the employee in question to benefit. The ten (10) years qualifying period further increases labour market rigidity as it limits labour mobility. Further to these, the pension scheme is generally less favourable as it is based on the basic salaries of the worker beneficiaries, which are generally low in both nominal and real terms.
- 3.17.4 It is therefore, important as a strategic intervention, to integrate health and other social security needs of the society into a country's employment policy. Although no specific data is available to show the contribution of Kenya's social security system on employment, the maintenance of a comprehensive and dynamic social security system definitely has a positive correlation with growth in employment. This is because an effective social security system augments a country's efforts towards mainstreaming productivity, which in itself is an imperative for enhanced economic growth and job creation.

3.18 HIV/AIDS Pandemic

- 3.18.1 A major threat to the labour force and productive enterprises today is the rapid spread of Human Immuno-deficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS). In Kenya, the pandemic has reached crisis levels and has been declared a National Disaster. The national HIV/AIDS prevalence rate doubled from 5.1% to 10.4% between 1990 and 1995 and peaked at 13.4% in 2000 before declining to 10.6 in 2002. The HIV/AIDS related illness and death, affect the most productive segments of the labour force who are in the age bracket of 15-45 years. This has a serious implication on the economy in terms of its manpower requirements and planning. In addition, the pandemic puts strain on Government resources.
- 3.18.2 This pandemic therefore, poses serious challenges to employment growth as it affects enterprise productivity and competitiveness. This is mainly by increasing the cost of production through increased medical expenses, employee absenteeism, reduced

worker morale and productivity and the cost of staff replacement, incase of death.

3.19 Uncoordinated and inadequate Foreign Employment Administration

- 3.19.1 As a result of the current high growth rate of labour force and the subsequent saturation of the local job market, which has significantly dwindled, a new phenomenon in labour administration has emerged. In the last decade, a significant number of skilled and unskilled Kenyans continued to move out of the country in search of employment. The Middle East Countries have attracted mainly middle level skills and low skilled cadres, while America, Canada, and Europe have tended to attract professionals and high skilled persons. There is also a significant migration within Africa where the highly skilled have been attracted southwards. This trend continues line with the globalisation phenomenon and the move towards regional integration, which encourages free movement of labour and right of establishment.
- 3.19.2 Kenya being a member of regional organizations like the Common Market for Eastern and Central Africa (COMESA) and East African Co-operation (EAC), has subsequently entered into protocols on free movement of labour and right of establishment by nationals of the signatory countries. Kenya has ratified both the ILO Conventions concerning treatment of migrant workers Nos. 97 and 145. Parts of these two conventions concern migrant workers who have been regularly admitted. Part I of convention No. 143 deals explicitly with protection of irregular status migrants. These protocols and conventions are likely to see an influx of regular and illegal migrants competing for jobs in a depressed labour market and will create tensions between and amongst locals and foreigners, which may result to diplomatic rows within the regional partners.
- 3.19.3 Kenyans are also disadvantaged by lack of labour market information, availability of relevant skills, which are marketable or on demand and understanding immigration, labour laws and culture of the recipient countries. In addition, the training system

in Kenya itself is not adequately tuned to produce persons with the requirements of international job markets. As a result of this, Kenyans have lagged behind other developing countries in entry to international jobs. Other challenges are: Kenyans are exposed to dirty, dangerous and demeaning jobs. There is also lack of a holistic legal regime, weak implementation mechanism, uncoordinated and scattered administration of foreign employment in various Government Ministries and Departments.

3.20 Insecurity

- 3.20.1 Law and order is critical for business growth and expansion. The contribution of efficient enforcement of law, guaranteeing of law and order to economic growth and improvement of quality of life cannot be over-emphasized. Security is crucial in creating an enabling environment for private sector-led growth and development. The high levels of insecurity have significantly reduced the competitiveness of Kenya as a preferred country for investment for both locals and foreigners.
- 3.20.2 The insecurity situation in the country adds to the already high cost of doing a business as enterprises are forced to operate only during the day ("day-time economy"), hire guards and equip them with modern anti-theft technology. All these hampers business performance and employment creation.

3.21 Weak Implementation Monitoring and Evaluation

- 3.21.1 The major shortcomings in previous employment strategies and constraints have been: unfocused policy framework, weak implementation arrangements, and failure to institute and effectively monitor the policy implementation process. In the past, employment policy formulation process has not been consultative and has mainly been driven by Government. As a result, the developed policies have not adequately addressed the specific needs of the target groups, have lacked in ownership and failed to benefit from the consensus of all the stakeholders.
- 3.21.2 One of the reasons cited as to why unemployment is still significant in Kenya is the weak implementation framework for prescribed employment policies. There has been no provision for an institutional mechanism to promote consultation and

coordination of stakeholder efforts and participation. In addition, previous policy documents have failed to address one critical area which is delegation of responsibility and follow-up, through actual implementation to identify who was to do what, when and how. In some instances, lack of clarity of roles and responsibilities of various stakeholders has led to conflicting signals being provided within the labour market. At the operational level, poor coordination has led to duplication of efforts and sub-optimal utilization of scarce resources.

CHAPTER FOUR

4.1 EMPLOYMENT POLICY OBJECTIVES AND STRATEGIES

- 4.1.1 One of the foremost economic objectives of development policies in Kenya has been the creation of productive and sustainable employment opportunities needed to absorb the growing labour force. The overriding objective of this Policy Document, therefore, is to propose a comprehensive strategy to counter the unemployment problem. It aims at promoting full, productive and decent employment that will enable those who are willing, and able to work secure jobs. Employment creation will guarantee the achievement of Government long-term objective of alleviating poverty and improving the living standards of Kenyans.

4.2 The specific Objectives of this Sessional Paper are to: -

- Develop comprehensive multi-dimensional strategies to the unemployment problem with the aim of promoting full, productive and decent employment;
- Embrace as a long-term goal, the need to build capacity of all relevant actors to enhance competencies and adapt poverty reducing employment strategies based on acceptable wage and income policies, improved labour productivity, and sound macroeconomic policies;
- Provide the fullest possible opportunity to each worker to qualify for, and use individual skill endowment in a job for which the worker is well suited regardless of gender, disability, religion, political orientation, national extraction, race or ethnic composition;
- Encourage measures that guarantee safe and peaceful working environment, good health and welfare of the workforce through safeguarding of the basic rights of workers and promoting respect for fundamental human rights and labour standards;

- Promote an educational and training system that lays emphasis on quality, equity, accessibility, and international competitiveness; leading to employable skills that will stimulate the export of skills both regionally and internationally; and
- Secure maximum dialogue and co-operation from, and participation of social partners, regional and international bodies and key stakeholders in decisions relating to employment policy and programmes.

4.3 Principles of the Policy

4.3.1 The Employment Policy Paper is based on the principles outlined in the *Economic Recovery Strategy for Wealth and Employment Creation (2003-2007)*. The principles are further drawn from the various National Development Plans and the long-term development strategy outlined in the Sessional Paper No.1 of 1994 *on Recovery and Sustainable Development to the Year 2010* and the vision towards Newly Industrialized Country (NIC) status stipulated in Sessional Paper No.2 of 1997 *on Industrial Transformation to the Year 2020*. These policy documents re-emphasize the central role of human resource planning, development and utilization for the success of Kenya's development process.

- The first principle of this Employment Policy is the principle of **decent work**. This principle requires that labour is rewarded according to its productivity and is provided with healthy and safe working environment. It reaffirms quality of work life and further requires that fundamental rights of the workers in the work place is promoted. It seeks to remove survival jobs and encourage jobs that are productive.
- The second principle is **equal employment opportunity**. This is to ensure that labour at all levels have equal access to gainful employment.
- The third principle is **participation**. This principle recognizes the need to synergize the efforts of all stakeholders in the

labour market. The stakeholders, including development partners are therefore, involved in policy formulation, implementation, monitoring and evaluation of the strategies.

- The fourth principle is **sustainability**, where effective labour market information is used to monitor, evaluate performance and implementation of the employment policies and programmes to facilitate appropriate intervention measures.

4.4 Employment Creation Strategies

- 4.4.1 In order to counter the employment challenges identified in the previous chapter, the following policies and programmes will be necessary: economic growth rate, labour intensive investments; matching skills to the labour market needs; job selectiveness; population growth rate; youth employment; gender mainstreaming; culture and entertainment sector; information communication technology (ICT); wage system; rural urban migration; labour productivity; micro and small enterprises (MSE) sector; industrial relations; health and safety at workplace; social security; HIV/AIDS Pandemic; foreign employment; security; implementation monitoring and evaluation.

4.5 Economic Growth Rate

- 4.5.1 The Government recognizes that employment creation is highly dependent on high and sustained economic growth. The Government is therefore, focused on creating an environment in which this can be attained. It is within this context that the Government in collaboration with all the Kenyan people, Private Sector Players and social and Development Partners will pursue effective implementation of the *Economic Recovery Strategy for Wealth and Employment Creation (2003 – 2007)*. Successful implementation of this blue print will lay the foundation and promote sustainable economic growth, employment creation and development within the country.

4.6 Labour Intensive Investment

- 4.6.1 Government recognizes the role that construction of roads, buildings and public works play in creating employment. These sectors influence private sector investment, while at the same time, play a leading role in labour intensive employment creation in the economy. The Government will, therefore, offer incentives to the private sector to invest in labour intensive strategies through commercialisation of management and operation of roads and public works and housing, privatisation and sub-contracting of certain services, introduction of competition and reviving the Rural Access Road Programmes to enable these sectors generate employment.

4.7 Matching Skills To Labour Market Needs

- 4.7.1 Education and training is a vital means for a country to meet the increased demands for skills and competencies; raise labour productivity; accelerate self-employment; industrialize and create more and better jobs. In order to address the perennial problems of skills mismatch, the Government in collaboration with education and training providers will review curriculum for various programmes at all levels of education to provide career guidance and counselling, impart entrepreneurial culture, skills and attitudes for self-reliance and prepare students for the world of work. The review will also be aimed at mainstreaming curricula and syllabi and making them more dynamic and responsive to the changing needs of industry and the labour market.
- 4.7.2 In order to enhance feedback within the supply and demand sides of the labour market and to promote acquisition of employable skills, the Government will provide incentives to private sector entrepreneurs to take students from both tertiary institutions and Universities for industrial attachments. This will promote acquisition of practical skills and exposure to the world of work.
- 4.7.3 The Government in collaboration with private sector, social and development partners, and MSE entrepreneurs, will support informal sector training by developing stronger linkages between the sector and industry and providing more financial support under the ambit of industrial training levy/grant scheme. Apprenticeship

system will also be strengthened and promoted under the industrial training levy scheme.

- 4.7.4 In order to promote Research and Development (R&D) within the economy, the Government, in consultation with private sector and key stakeholders will review and redesign, where necessary, programmes of existing research institutions to ensure that they address basic and adaptive work as well as linking up with the industry. To improve the situation of low funding for R & D, the Government in collaboration with all the stakeholders will establish an Industrial Development Technology Fund (IDTF) to finance R & D and technological innovation in public and private institutions and within individual enterprises.

4.8 Job Selectiveness

- 4.8.1 Job selectiveness especially among the youth is a major determinant of unemployment in Kenya. The Government takes cognizance of the critical role that career guidance and employment counseling play in shaping the attitude of the youth in terms of job selectiveness. In this regard, training providers, NGOs and other private sector players, will be offered incentives to promote programmes aimed at sensitizing the youth and encouraging them to be more of job creators than job seekers. Within this framework, the training providers will also be encouraged to establish broad based programmes that would promote attitude change and multi-skilling amongst the youth. Further, the Government will strengthen the District Employment Offices in order for them to fulfill their functions of job search, Career Guidance and Employment Counseling. The Government will also undertake measures meant to make the rural areas more attractive to the youth by promoting equitable development throughout the country.

4.9 Population Growth

- 4.9.1 Given the far-reaching implications of high population growth rate especially on labour force and unemployment, the Government will promote the activities of National Council for Population and Development (NCPD) in order to enhance

effective management of family planning issues in the country with the support of Civil Society Organizations, Development Partners, Research Institutions and other stakeholders.

4.10 Youth Employment

- 4.10.1 The Government recognizes the critical role played by the youth in promoting socio-economic development within the country. In order to counter the unemployment challenge facing the youth, the Government will continue to mainstream and integrate youth issues on all national development policies. The Government is therefore, committed to addressing the needs of the youth within the framework of the National Youth Policy. Interventions towards addressing the youth employment problem will include: promotion of industrial attachment, internship and vocational apprenticeship. Further, the Government in collaboration with the social partners and private sector, will work out modalities for youth enterprise incubation and mentorship programmes

4.11 Gender Mainstreaming

- 4.11.1 To reduce the marginalization of women, the Government in collaboration with relevant stakeholders will institute measures that will remove barriers and promote women's access to education and training in order to improve effective participation of women in the labour market. Appropriate measures will also be put in place to assist women to increase their access to more productive resources. The Government will further strengthen Gender Units in various line Ministries to continue articulating gender issues and promote their full integration into the country's policy formulation processes.
- 4.11.2 Measures will also be instituted to prepare and encourage women to compete for all jobs through appropriate policies and instruments such as promotion of equal employment opportunities and removing limiting clauses in employment related laws that inhibit their effective participation in the labour market. In addition, the Government in collaboration with the social partners will encourage employers to engender their employment policies and programmes. Further, the Government, within the framework of the *Sessional Paper on Development of*

Micro and Small Enterprises, will ensure that women participate more effectively in micro and small scale-enterprises sector.

4.12 Cultural and Entertainment Sector

- 4.12.1 In recognition of its potential the Government in collaboration with relevant stakeholders will support the activities of this sector by: promoting Kenya's artists and athletes locally and abroad; licensing and supporting mass media and broadcasting stations that promote local programmes and culture; supporting grass-root talent development; providing for necessary infrastructure; developing and enforcing laws that protect patents and copy rights, among other interventions.

4.13 Information Communication Technology

- 4.13.1 In order to enhance the use of ICT as a tool for employment creation and empowerment of Kenyan workers, the Government will put in place an efficient National Information Infrastructure (NII) with a view to lowering capital investments for Kenyan investors. The Government will also mainstream ICT into its operations, in order to enhance efficiency and productivity. Specifically, the Government will establish a website in the Ministry responsible for employment to ensure speedy dissemination of labour market information.
- 4.13.2 In recognition of the enormous employment opportunities in ICT, the Government will provide incentives for private sector organization to invest in the development of digital villages and tele-services, to take advantage of globalization and utilize the large number of highly skilled Kenyans, especially the youth.
- 4.13.3 Further, the education curriculum will be streamlined to incorporate IT studies, promote computer literacy among the majority of Kenyans, so as to reap the benefits of IT. The Government will also encourage private sector organizations to fund and invest in programmes aimed at harnessing wireless and solar technologies to develop and enhance access to IT and e-commerce in the country. In particular the Government will encourage the ICT service providers to support the MSEs to

access export markets through the electronic and visual commerce (e and V commerce).

- 4.13.4 To improve access to timely and quality labour market information, the Government will put in place a Labour Market Information System to collate, co-ordinate, disseminate and provide linkages between the providers and users of the same. The Government will also build capacities and network institutions dealing with LMI. Further, the Government will develop e-Government and Tele-centres in the country.

4.14 Wage System

- 4.14.1 Sound wage and incomes policy is critical for enhanced employment creation and enterprise competitiveness. Thus, wage and income policies will be systematically reviewed to take into account changing economic circumstances. In this regard, the Government, in collaboration with the social and development partners and other key stakeholders, will reform the existing wage policies and mechanisms to adhere to the core principles and practices of wage moderation and flexibility. Such mechanisms will include schemes to promote performance-based-pay, promote employee share-ownership plans and profit-sharing schemes among other features. Within this framework, the wage levels will be expected, among other things, to reflect the value of job, to take into account both individual and firm performance and productivity growth so as to promote enterprise competitiveness, expansion and employment creation.

4.15 Rural-Urban Migration

- 4.15.1 To stem the Rural-urban migration, the Government will offer incentives to the private sector organizations to promote accelerated rural development and greater use of the Arid and Semi Arid Lands (ASALS). Other interventions will include promotion and further development of Rural Trade and Production Centres while at the same time ensuring environmental protection in these areas. Efforts will continue to be made to support small-scale non-farm activities as a compliment to agriculture. Effective land reforms to provide

more even distribution of productive assets, initiate and implement self-reliant programmes, improve rural infrastructure and rural-urban marketing networks, and development of rural small-scale industries will also be institutionalized.

- 4.15.2 In addition the Government, in partnership with private sector and development partners, will undertake special employment programmes through labour-intensive public works programmes such as construction of roads and irrigation systems to create immediate short-term employment and also to contribute to the overall long-term development of rural areas.

4.16 Labour Productivity

- 4.16.1 The Government will promote policies that will ensure that production cost of firms is minimized through productivity promotion and enhancement. In this regard, the Government will promote and build the capacity of the tripartite-based Productivity Centre of Kenya (PCK) to continue mainstreaming productivity in all sectors of the economy.

4.17 Micro and Small Enterprise Sector

- 4.17.1 The Government recognizes that MSEs cut across all the service, manufacturing and agricultural sectors of the Kenyan economy and provide one of the most prolific sources of employment. While the policy to promote and develop MSEs exists, the Government reiterates that in order to provide sustainable employment opportunities, measures must be put in place to improve: the legal and regulatory environment; linkages between small, medium and large enterprises; and access to financial and Business Development Services (BDS) among others. To this end the Government will support strategies enumerated in the MSE policy to provide a framework for developing and promoting employment creation and poverty reduction.

4.18 Industrial Relations

- 4.18.1 In pursuit of improved working conditions and industrial relations, the Government in collaboration with the social partners and

principal stakeholders will promote the Fundamental Principles and Rights at Work and give full effect to the core Conventions, that it has already ratified. Further, the Government will re-orient its policy formulation, implementation and monitoring strategies through comprehensive and collaborative arrangements. In addition, the Government in consultation with the social partners and private sector players will put in place functional and financial measures that would allow greater flexibility in the transferability of services and benefits in the labour market through legislative reform, collective bargaining and individual employment contracts. In consultation with the social partners and other stakeholders, Government will provide appropriate guidelines on issues of casualization of labour to control possible exploitation of workers. Interventions will also include building capacity in labour administration to ensure effective handling of the emerging challenges of globalization, trade, technology and environmental changes that impact on industrial relations.

4.19 Health and Safety at Workplace

- 4.19.1 In order to promote health and safety at workplaces, the Government, in collaboration with the social partners will continue to orient policy on Occupational Health and Safety to provide for greater emphasis on employer and employee participation by strengthening the bipartite system and in the promotion of an effective self-regulating system. Further, laws relating to occupational health and safety and compensation for occupational injuries will be reviewed regularly, to accommodate emerging needs necessary for sustainable employment creation and poverty reduction.
- 4.19.2 The Government will encourage private sector entrepreneurs to undertake programmes and activities that will protect workers and promote quality of environment that is conducive for work. The Government in consultation with the social partners and key stakeholders will therefore, re-organise the occupational health, safety and injury compensation systems, to ensure that those injured at work places are promptly and adequately compensated. Further, the Government will promote incentives for private sector organizations to institute rehabilitation programmes to assist

persons who have been ill or injured, to return to work or take other meaningful employment. The Government, in collaboration with stakeholders, will promote health and safety within MSEs to ensure their survival and growth. Accordingly, adequate measures will be taken to promote occupational health and safety through advocacy, training and availing relevant information to the sector.

4.20 Social Security

4.20.1 The Government will continue to support the activities of NSSF that are aimed at incorporating the MSEs and other segments of the population into the social security system. Further, efforts will also be made to enhance the outreach and range of the NSSF products and services.

4.20.2 In order to promote access to Health Insurance, the Government in collaboration with all the stakeholders will develop a broad based and comprehensive Health and Social Insurance Policy. The policy is expected to establish a national mandatory social health insurance scheme. The scheme will be contributory, progressive in nature and flexible. The proposed policy is expected to lead to the establishment of a properly regulated private health insurance industry that will be effective and efficient in the delivery of its services.

4.20.3 The Civil Service Pension Scheme will be improved further within the framework of the pay and benefits reforms being undertaken by the Government. In addition, the Government will provide incentives to private sector organizations to invest in ventures capable of promoting the employability of the aged workforce. This will be through instituting tailor made training programs to facilitate the absorption and mobility of the aged.

4.21 HIV/AIDS

4.21.1 The Government recognises the grave effects of the HIV/AIDS pandemic on the Kenyan economy. In this regard, HIV/AIDS awareness creation within the labour force and at the workplace, will continue to be undertaken within the framework of the sessional paper No. 4 of 1997 on HIV/AIDS in Kenya and the

2003 Bill on Control and Prevention of HIV/AIDS. In particular, the Government in collaboration with the social partners will encourage employers to conduct HIV/AIDS awareness campaigns at the workplaces. Further, legalisation barring employers from discriminating employees on account of their HIV/AIDS status will be enforced.

4.22 Foreign Employment

4.22.1 In order to promote foreign employment, Government will provide incentives to foreign employment agents and education and training providers to come up with tailor-made courses needed by destination countries, where Kenyans export their skills. In this regard, emphasis will be placed on skills development in demand areas. The Government in collaboration with Foreign Employment Agencies will undertake deliberate measures aimed at sourcing employment opportunities and information necessary for pre-departure preparations of the job seekers. Further, the Government will post employment attachés to its missions to play a more active role in sourcing for jobs outside the country. In addition orientation and re-entry programmes will be developed to prepare and sensitize Kenyans who have secured jobs abroad. A one-stop office for an effective and efficient administration of Foreign Employment will be set up.

4.22.2 Being signatories of International Labour Organization (ILO) Convention 97 and 145 and regional protocols on migrant labour, the Government, in partnership with its regional partners, will put in place mechanisms that will monitor entry of illegal migrants with a view to limiting their numbers. It will also make sure that the awareness is created amongst Kenyans to appreciate the presence of local migrant workers in the spirit of regional co-operation.

4.23 Security

4.23.1 The Government recognises the critical contribution of the efficient enforcement of law and order for economic growth and development. Towards this end, the Government will review and enact appropriate laws to deal with modern crime challenges in terrorism, money laundering, cyber-crime, tax evasion among

others. Further, Government will enhance law enforcement personnel on effectiveness and service coverage through recruitment and the re-training on modern technology and emphasizing the need to operate within the law.

4.24 Implementation, Monitoring and Evaluation

- 4.24.1 To promote and harmonise the policy framework and the weak implementation arrangements, the Government, in consultation with the various actors and stakeholders, will institute measures to effectively coordinate and monitor the policy implementation process. Further, an effective consultative mechanism will be put in place in order to spur implementation, monitoring and evaluation of the policies. In addition, the roles of the implementing agencies will be clearly spelt out in order to avoid duplication of efforts and wastage of resources.

CHAPTER FIVE

5.1 INSTITUTIONAL ARRANGEMENTS AND IMPLEMENTATION FRAMEWORK

5.1.1 Failures in the implementation of past policies and development programmes have been largely attributed to lack of an effective implementation framework and capacity gaps. The Government is committed to the implementation of the policies and strategies outlined in this Sessional Paper for the promotion and enhancement of employment creation and poverty reduction. To achieve the outcomes set out in this Sessional Paper, it is important to have an effective implementation, monitoring and evaluation framework.

5.1.2 The Government further recognizes that successful implementation of the provision in this Sessional Paper will require involvement and active participation of the private sector, civil Society, Non-Governmental Organizations (NGOs), Community Based Organizations (CBOs), and various Faith Based Organizations (FBOs). This framework provides for regular feedback between institutions and agencies entrusted with the implementation of the policies and programmes outlined in this paper.

5.2 Coordination Mechanism

5.2.1 Effective co-ordination is critical in the formulation and implementation of policies. It is also a pre-requisite for enhanced monitoring and evaluation. Currently, employment functions are scattered in various Government Ministries and Departments. For instance, while the Ministries responsible for Finance, Planning and National Development, Trade and Industry, and the Immigration Department are undertaking some critical employment functions, there is no clear co-ordination and linkage mechanism between the implementing agencies, to enhance policy harmonization and streamline the signals given by the respective actors. This has resulted in disjointed policy actions, duplication of efforts and wastage of the scarce resources.

- 5.2.2 To promote and harmonize employment functions, the Government, in consultation with the various actors and stakeholders will further rationalize the functions of Ministries and relevant Government Departments. This harmonization exercise is expected to streamline the functions of various Ministries and Departments, remove the overlaps and promote consistency in policy pronouncements and actions by various Government agencies.
- 5.2.3 It is acknowledged that Employment Policy implementation in Kenya has been weak, primarily because of the absence of clear channels through which stakeholders can dialogue, consult and provide feedback on the Government's implementation record. To overcome this weakness a broad-based and independent "**National Employment Council of Kenya**" (NECK) will be established through the Employment Act (Chapter 226) Laws of Kenya. The Council will co-ordinate all employment policies, programmes and strategies in the country. The **Department of Human Resource Management and Employment** (DHRME) will be the secretariat to the Council. Membership of the Council will include line Ministries responsible for Labour, Education, Planning, Finance, Trade and Industry and Immigration. Other members will be drawn from the Central Organization of Trade Unions (COTU), Federation of Kenya Employers (FKE), the Non-Governmental Organizations (NGOs) Council, Kenya Private Sector Alliance (KEPSA), Youth Associations, MSE Associations, Research Institutes, Universities, Training Institutions, Private Employment Agencies and the Productivity Centre of Kenya. Individuals with expertise on employment issues will also be members to the Council. Other members will be co-opted if and when need arises.

5.3 Role of Stakeholders

- 5.3.1 Government is committed to building partnerships with stakeholders who support the creation of productive and sustainable employment opportunities in the country. While diverse stakeholders will play different roles in this endeavor, it will be necessary to effectively co-ordinate their roles along a common strategy. This is essential in: enhancing consensus building amongst stakeholders and implementing agencies;

avoiding duplication of roles and the resultant conflicts; promoting effective policy implementation; and exploiting existing synergies. Thus the roles of various stakeholders will include the following:

Government

- 5.3.2 Government will facilitate the private sector participation in economic activities. This entails creating a favourable legal and policy framework for private sector operations. Thus, the Government will intervene in the market only when there is a market failure. Other areas of Government involvement will include: maintenance of essential infrastructure, capital formation, investment in human resource development, basic welfare facilities and safeguards against human exploitation and environmental degradation. Specific areas in which Government will provide support include: research and development; training and education; infrastructure development; and protection of intellectual capital.
- 5.3.3 The multifaceted nature of the employment policy and the diversity of interest means that effective implementation of this policy framework will require action and attention from all agencies of the Government. This will ensure achievement of the goal of full, freely chosen and productive employment as a priority in national economic and social policy. Accordingly, all Government agencies will integrate in their policies and programmes the objective of maximizing the creation of productive employment. This will require clear identification of the employment implications of investment and other decisions taken, and the examination of alternative proposals with a view to maximizing their employment impact.

Social Partners

- 5.3.4 The Government recognizes the significance of tripartism in promoting industrial harmony. In this regard, the Social Partners, notably Central Organization of Trade Unions (COTU), Federation of Kenya Employers (FKE) and other trade union bodies will continue to play their roles of promoting industrial peace through frequent consultations, dialogue, collective bargaining and other

dispute resolution mechanisms. It is considered that industrial harmony is critical for enhanced productivity, enterprise competitiveness and increased investments. The bodies will, therefore, also be responsible for forming strong partnerships with the Government in formulating and implementing policies on productivity improvement, employment, wages and incomes which are necessary for the growth of the economy. The social partners will supplement Government's efforts in for collecting, analyzing and disseminating labor market information to improve the functioning of the labour market. In order to ensure effective implementation of this policy framework, the social partners will be expected to take a lead role in facilitating the implementation of the identified strategies, monitor and evaluate the impacts of the policies and lobby the Government for better Labour Market policies.

Development Partners

- 5.3.5 Government recognizes the significance of collaborative and partnership approach in mobilizing, allocating and utilizing resources for achieving employment creation objectives and national development goals. In this respect, development partners will support and supplement the Government, the private sector, social partners and the civil society, in their respective roles in terms of financial and technical support within the framework of this Sessional Paper.

5.4 Monitoring and Evaluation

- 5.4.1 The Government underscores the importance of initiating an effective Monitoring and Evaluation (M&E) system for successful implementation of this Sessional Paper. A comprehensive monitoring and evaluation system facilitates identification of deviations from set targets and takes corrective measures. While employment policies and programmes are documented in various Government policy documents, lack of provision of a clear and comprehensive Monitoring and Evaluation system among others, has led to inadequate implementation of the policies and programmes and evaluating their impacts.

- 5.4.2 In this Sessional Paper, M&E will take place at three levels with clear definition of roles and expected outputs. At the National level, the Department of HRME in collaboration with the NECK will develop a comprehensive Logical Framework to set the implementation process of this Sessional Paper. The logical framework will spell out the broad policy objectives, strategic interventions and expected output. In addition it will contain performance indicators, means of verification and the time frame. The HRME and NECK will further develop M&E tools for each of the identified interventions and facilitate the development and institutionalization of an inbuilt M & E mechanism within the systems of other relevant stakeholders. HRME, the NECK, private sector, civil society, social and development partners will undertake joint monitoring and evaluation exercises. Progress Report on implementation will be produced at this level and shared amongst all the stakeholders.
- 5.4.3 Capacity building will be undertaken at the sectoral level to equip HRME field offices, individual trade union bodies and employers through their regional offices, with the relevant skills to collect and process timely and reliable data necessary for effective M & E exercise. The workers and employer's representatives in collaboration with the field officers and other employment support organizations will undertake periodic M&E exercises. The M & E Reports will be shared with the Department and the Council to enhance feedback mechanism.
- 5.4.4 At the beneficiary level, the individual productive enterprises will be the source of information required for M & E system. They will be critical in identifying process constraints and suggesting appropriate mitigation measures.

5.5 Implementation Matrix

- 5.5.1 To achieve the outcomes set out in this Employment Policy and Strategies for Kenya, it will be necessary to have an effective policy coordination, implementation, monitoring and evaluation framework. This is necessary since failure of past policies and interventions have largely been as a result of lack of effective policy coordination, implementation and feedback mechanism.

This Framework provides for regular consultation and feedback between agencies entrusted with the implementation of the Sessional Paper. The matrix in Annex 1, provides a framework for implementation of the proposed policies.

ANNEX 1 ON IMPLEMENTATION MATRIX FOR SESSIONAL PAPER ON EMPLOYMENT

POLICIES/ OBJECTIVES	STRATEGIES	EXPECTED OUTPUT	IMPLEMENTING AGENCY	TIMEFRAME
Sustain high Economic Growth	Create an enabling environment	Effective and efficient institutions in place	Government line Ministries, Private Sector, NGOs CSOs	2004/07
	Implement the economic Recovery Strategy for Wealth and employment Creation	High economic and employment growth	Government line Ministries, Private Sector, Development Partners	2004 – 2007
	Implementation of the Country Action Programme (CAPK)	High employment growth	MLHRD, Government line Ministries, Private Sector, Development Partners, NGOs, FBOs, and CBOs	2004 Continuous
Promote Self-Employment among the Youth	Encourage attitudinal change on the youth for self employment	Increased youth engaged in self employment	MLHRD, Ministry of Gender, NGOs, CSOs, Youth Organizations	2004 Continuous
	Career guidance and employment counseling	Better choices of career by the youth	Ministry of Gender, NGOs, CSOs, Youth Organizations	2004 Continuous
	Strengthen District Employment Offices to carry out job search, career guidance and employment counseling	Improved placement and awareness created	MLHRD, MOEST, Youth Organizations	2004 Continuous
Support Strategies for Low	Promote activities of National Council for population.	Awareness created on management of families and population	Ministry of Health, NCPD, Ministry of Planning, NGOs, CSOs	Continuous

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POLICIES/ OBJECTIVES	STRATEGIES	EXPECTED OUTPUT	IMPLEMENTING AGENCY	TIMEFRAME
Population Growth	Enhance effective management of family planning issues	Smaller manageable and quality family units	Citizenry, Educational Institutions, MOEST, MOH, NCPD, MPND,	Continuous
Mainstream Youth Issues in National Development Policies	Address needs of youth within the framework of National Youth Policy	Increase Youth Employment	MOLHRD, MGSCSS, Youth Groups, NGOs, Development Partners	2004/05 and Continuous
Enhance Gender Equality	Promote education and training of women	Increased awareness by Policy Makers on Gender issues	MGSCSS, MLHRD, NGOs, CBOs, FBOs, Private Sector, FIDA, UNIFEM, Maendeleo ya wanawake	Continuous
	Access women to resources	Gender issues mainstreamed into Development and Policy issues	"	"
	Strengthen units of gender in line Ministries	"	"	"
	Promote equal employment opportunities policies	"	"	"
	Enhance women's participation in MSE sector	"	"	"

POLICIES/ OBJECTIVES	STRATEGIES	EXPECTED OUTPUT	IMPLEMENTING AGENCY	TIMEFRAME
Promote Entertainment and Culture for Job creation	Promote Kenyan athletes	Increased interest in sports and cultural activities as venues for self-employment and income generation	MGSCSS, Umbrella Sports and Athletes Associations, Ministry of Tourism and Information	2004-2007
	Encourage more local programmes in Mass Media	"	KUJ, Media Houses Associations, MOTI	"
	Develop necessary infrastructure for sports and cultural events	"	Athletes in Kenya, All Sports Associations	"
	Administer laws that protect patents and copy rights	"	KIPO, AG, Relevant Associations	"
Increase access to basic information services	Establish National Information Infrastructure	Lowered capital investments	MOTC, MoF, MLHRD, Private Sector	2004/05
	Establish a website for disseminating labour market information	Speedy dissemination of labour market information	ML&HRD, MOF	2004/05
	Support the development of digital villages and tele-services through incentive schemes	Increased access to labour market information	ML&HRD, MoF, NGOs, CBOs, FBOs, Private Sector	2005/06
	Incorporate IT studies into the education system	More informed populace on IT issues	ML&HRD, MOEST, KIE, Training providers	2004/05-2006/07

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POLICIES/ OBJECTIVES	STRATEGIES	EXPECTED OUTPUT	IMPLEMENTING AGENCY	TIMEFRAME
	Networking of institutions dealing with labour market information	Improved access to timely and quality labour market information	ML&HRD & MP&ND, MOF, Training providers	2004/05
	Develop E-Government and tele-centres	Improved access to timely and quality labour market information	ML&HRD, MOF	2004/05
	Train staff on manpower research and labour market analysis	Competence in research and labour market analysis	ML&HRD, KIRDI, KIPPRA, IPAR	2004/05
	Offer incentives to private sector for rural development	Reduced rural urban Migration	MOTI, MLHRD, NGOs CBOs, Relevant Line Ministries, Private Sector	2004-2008
	Support small-scale non-farm activities	Improved and increased economic activities	CBOs, CSOs, FBOs, MLHRD	"
	Initiate and implement self reliant programmes	"	Development Partners, CBOs, FBOs, CSOs	"
	Improve rural infrastructure	"	Private sector, Line Ministries	"
	Undertake labour intensive works	"	Private Sector, Line Ministries	"
	Promote employee share ownership plans and profit sharing schemes.	"	FKE, COTU, MLHRD	2004 and continuous
Reform Existing Wage Policies				

POLICIES/ OBJECTIVES	STRATEGIES	EXPECTED OUTPUT	IMPLEMENTING AGENCY	TIMEFRAME
Promote Labour Productivity enhancement	Extend liberalization of the labour market	..	MoE, MLHRD, KIEPSA	..
	Develop Special compensatory measures to assist vulnerable groups	..	FKE, COTU, MoE, MLHRD	..
	Capacitate the tripartite based productivity centre	Increased productivity by firms and industry	FKE, COTU, MLHRD, Private sector, and all line Ministries	2004 and continuous
	Mainstream productivity principles in all sectors of the economy	..	FKE, COTU, PCK, Private Sector	..
Promote and Develop Micro and small Enterprises (MSEs)	Improve legal and regulatory environment	Conducive Environment for Micro and small Enterprises (MSEs) growth	MLHRD, KNFJKA, MOTI, Development partners, Juakali Association	Continuous
	Enhanced linkages between small and large enterprises	..	MLHRD, Development Partners, MSE Associations	..
	Access MSEs to Finance and Business	..	MFIs, MLHRD, MSE Associations	..
Improvement of Macro Economic Policies	Promote and Support the Economic Recovery Strategy	Improved Economic Growth	All Government Line Ministries, Private sector, NGOs, CBOs, FBOs	2004-2007

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POLICIES/ OBJECTIVES	STRATEGIES	EXPECTED OUTPUT	IMPLEMENTING AGENCY	TIMEFRAME
Improve Industrial Relations	Promote the fundamental principles and rights at work	Increased industrial peace and stability in the economy resulting to productivity and growth of the economy	MLHRD, FKE, COTU, DPM, Development partners and all stakeholders	2004 - 2008
	Put in place functional and financial measures to allow flexibility and transferability of wages	"	MoF, DPM, MLHRD, FKE, COTU	"
	Provide appropriate guidance on issues of casualization of labour	"	MLHRD, FKE, COTU	"
	Build capacity on industrial relations	"	ILO, MLHRD, FKE, COTU	"
	Strengthen the bipartite system	Efficient health and Safety	FKE, COTU, MLHRD	2004 and Continuous
Health and Safety Measures at Workplace	Promote quality of the work life	Quality of work life	MLHRD, FKE, COTU, Private Sector	"
	Promote payments for informal workers	Motivated workforce	MLHRD, FKE, COTU	"
	Promote health and safety in MSEs	Productivity in the MSE Sector	"	"

POLICIES/ OBJECTIVES	STRATEGIES	EXPECTED OUTPUT	IMPLEMENTING AGENCY	TIMEFRAME
Enhanced Outreach and expansion of Social Security	Support reforms being undertaken by NSSF and NHIF,	Improved and all inclusive social security system	FKE, COTU, NSSF, NHIF, RBA, Association of Kenya Insurers, MoF, MLHRD, DPM, all stakeholders	2004-2009
	Improve the civil service pension within the framework of pay and benefits	Efficient and effective pension scheme	MOF, DPM	..
Create awareness on HIV/AIDS impact at the workplace	Develop work policies addressing HIV/AIDS at workplace	Increased awareness of the rights of workers concerning HIV/AIDS status at workplace	FKE, COTU, MLHRD, all stakeholders	2004 and continuous
Increase growth and formalization of MSEs	Fully implement the strategies spelt out in the MSEs Sessional Paper	Increased production and employment in MSEs	ML&HRD, MSE Associations, Local Authorities	2004/05 and continuous
Revamp growth in the building and construction sector	Encourage the use of labour intensive technologies especially in road and house construction	Improved roads and housing; increased employment opportunities	MR&PW, HFCK, Private sector	2004/05 and continuous
	Lower duty on imported inputs	Increased number of building and construction projects	MOF, Private sector	2004/05 and continuous

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POLICIES/ OBJECTIVES	STRATEGIES	EXPECTED OUTPUT	IMPLEMENTING AGENCY	TIMEFRAME
	Shifting building and construction activities from the Public sector to private sector through providing housing mortgage and rural housing loan schemes	Increased number of building and construction projects	MOF, MR&PW, HFCK	2004/05 and continuous
Match education and training with labour market demands	Mainstream and regularly review curriculum for various programmes at all levels of education	Reduced mismatch between skills produced and skills required	ML&HRD, MOEST, KIE, Education and Training Providers	Continuous
	Upgrade institutions providing vocational training	Skills of trainees upgraded	ML&HRD, FKE, COTU, Training Providers	Continuous
	Review and harmonize curriculum in line with international standards	Internationally recognized certification	ML&HRD, MOEST, KIE	Continuous
	Develop capacities for career and vocational guidance	More informed decisions for the unemployed	ML&HRD, MOEST, NGOs	Continuous
	Develop and legislate an internship programme at all levels of tertiary and institutions of higher learning	Hands-on experience increased	ML&HRD, MOEST, AG, CBOs, Training Providers	2004/05 and continuous
	Introduce programmes that provide multi-skilled life-long training.	Skills upgraded continuously	ML&HRD, MOEST, DPM	Continuous

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POLICIES/ OBJECTIVES	STRATEGIES	EXPECTED OUTPUT	IMPLEMENTING AGENCY	TIMEFRAME
Promote employment of Special Groups and Eradicate worst forms of child labour	Diversify and decentralize extension services	Expanded markets for agricultural products	MOA, MOLD	2004/05-2006/07
	Review labour laws that discriminate against women in employment and inheritance	Greater participation of women in labour market	MG&S, AG, ML&HRD, NGOs, Civil Society	2005/06
	Create and sustain a youth revolving fund	Greater participation of youth in labour market	MGSCSS, MOF, Development Partners, Civil Society	2005/06 and Continuous
	Set up specialized employment and rehabilitation programmes for people with special needs.	Greater participation of persons with special needs in labour market	MGSCSS, ML&HRD, NGOs, FBOs, Civil Society	2004/05 and continuous
	Design social security schemes for the aged	Greater participation of the aged in labour market	MGSCSS, ML&HRD, NGOs, Civil Society	2004/05
	Enact legislation on the social needs of the aged	Greater participation of the aged in labour market	MGSCSS, ML&HRD, NGOs, AG, FBOs, CBOs	2004/05
	Review and ensure proper enforcement of the labour laws	Reduced employment of children working in worst forms	ML&HRD, MGSCSS, NGOs, FKE, COTU CSOs	2004/05

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POLICIES/ OBJECTIVES	STRATEGIES	EXPECTED OUTPUT	IMPLEMENTING AGENCY	TIMEFRAME
Improve Working conditions and environment	Participatory review of legislations that pertain to industrial relations, occupational safety and health	An all-encompassing legislation in place	ML&HRD, AG, FKE, COTU, LSK, MoH	2004/05
	Set-up workers accidents compensation insurance scheme	Compensation mechanism in place	MOF, ML&HRD, FKE, COTU, AKI	2005/06
	Promote occupational health and safety through advocacy and training	Work conditions and environment improved	ML&HRD, MoH, COTU, FKE	2005/06
	Review and strengthen legislation that govern foreign employment	Improved administration of foreign employment issues	ML&HRD, AG, MFA, KAFE, Chamber of Commerce	2005/06
Promote and support foreign employment	Establish a multi-sectoral body to oversee efficient implementation of foreign employment policy	Improved administration of foreign employment issues	ML&HRD, KAFE, ILO, IOM, COTU, FKE	2004/05
	Encourage free movement of Kenyan labour to foreign countries	Increased number of Kenyans in foreign employment	ML&HRD, MFA, COTU, FKE, IOM, DPM, IPC	2004/05
	Develop a skills inventory of Kenyans for marketing abroad by strengthened Kenyan Missions abroad	Increased number of Kenyans in foreign employment	ML&HRD, MFA, CBK, IPC	2004/05

POLICIES/ OBJECTIVES	STRATEGIES	EXPECTED OUTPUT	IMPLEMENTING AGENCY	TIMEFRAME
	Offer incentives for Kenyans working abroad to remit their earnings and invest in Kenya	Increased economic activity and investment	ML&HRD, MOF, MFA, Private Sector	2004/05
	Consider Kenyans working abroad first when skills that are not in the country are required and allow them to offer their services through tele-working	Increased participation in nation building of Kenyans working abroad	ML&HRD, MoF, MFA, Private Sector	2004/05
	Continue to harmonize labour laws and employment policies within the East African Community & COMESA region.	Level playing ground for labour force within the East African Community and COMESA region.	ML&HRD, MP&ND, AG, MFA, COTU, FKE	2004/05
	Streamline issuance of work permits and develop understudy programmes where expatriates are engaged	Use of expatriates only in areas where there is no local capacity	ML&HRD, OVP&MHA, Immigration Department	Continuous
	Conduct regular manpower surveys to develop a databank for monitoring and evaluating phase-out programmes	Use of expatriates only in areas where there is no local capacity	ML&HRD, MPND, CBS, IOM	2004/05 and continuous

POLICIES/ OBJECTIVES	STRATEGIES	EXPECTED OUTPUT	IMPLEMENTING AGENCY	TIMEFRAME
Strengthen the Implementation, Monitoring and Evaluation mechanisms	Put in place measures to coordinate and monitor policy implementation processes	Enhanced policy coordination and effective implementation of the policy framework	DHRME, All stakeholders, implementing agencies	3 Months
	Undertake capacity building within DHRME	..	MLHRD, Development Partners, MOF, DPM, KIPPRA, IPAR	1 year
	Establish a broad based and independent National Employment Council of Kenya (NECK)	..	MLHRD, DHRME, MPND, MOF, MOTI, FKE, COTU, NGOs, CBOs, Development Partners, Stakeholders	6 months
	Develop mechanisms for monitoring and evaluation	..	MLHRD, DHRME, NECK, Private Sector Development Partners	6 Months
	Undertake review of progress implementation of policy framework	..	MLHRD, DHRME, NECK, MPND, Other Stakeholders	1 Year
	Undertake continuous consultation and dialogue	..	MLHRD, DHRME, NECK, all Other Stakeholders	3 Months

