NATIONAL WAGE BILL
CONFERENCE - 2024

THIRD NATIONAL WAGE BILL CONFERENCE REPORT

Theme: Towards 35 %

15 - 17 APRIL 2024
BOMAS OF KENYA, NAIROBI

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS

AI	Artificial Intelligence
BETA	Bottom-Up Economic Transformation Agenda
CARPS	Capacity Assessment and Rationalization of the Public Service
CASB	County Assembly Service Board
CCIOs	Constitutional Commissions and Independent Offices
CBA	Collective Bargaining Agreement
CECM	County Executive Committee Members
COB	Controller of Budget
COK	Constitution of Kenya
COG	Council of Governors
COLA	Cost of Living Adjustment
CPSB	County Public Service Board
CRA	Commission on Revenue Allocation
GDP	Gross Domestic Product
EACC	Ethics and Anti-Corruption Commission
FY	Financial Year
HoPS	Head of Public Service
HR	Human Resources
HRIS-Ke	Human Resource Information System-Kenya
IFMIS	Integrated Financial Management Information Systems
ICT	Information and Communications Technology
IGRTC	Intergovernmental Relations Technical Committee
IPPD	Integrated Payroll and Personnel Database
ISO	International Organization for Standardization
KEBS	Kenya Bureau of Standards
KNBS	Kenya National Bureau of Statistics
KNEC	Kenya National Examinations Council
MDA	Ministries, Departments and Agencies
ML&SP	Ministry of Labour and Social Protection
MPC	Malaysian Productivity Corporation
MPI	Multidimensional Productivity Index
MPSP&DM	Ministry of Public Service and Performance Delivery Management
MTP	Medium Term Plan
NPCC	National Productivity and Competitiveness Centre
NWBC	National Wage Bill Conference
OAG	Office of the Auditor General
OECD	Organization for Economic Cooperation and Development
OMAX	Objectives Matrix Methodology
PFM	Public Finance Management
PFMA	Public Finance Management Act
PFMR	Public Finance Management Regulations
PSC	Public Service Commission
SCAC	State Corporation Advisory Committee
SRC	Salaries and Remuneration Commission
TSC	Teachers Service Commission
UPN	Unified Payroll Number
WHO	World Health Organization

FOREWORD

The Third National Wage Bill Conference (NWBC) was successfully held from 15 to 17 April 2024, at the Bomas of Kenya, Nairobi, under the theme: Towards 35%.

The Public Finance Management (PFM) Act, 2012, and PFM Regulations, 2015, provide that not more than 35 per cent of the total ordinary revenue should be spent on the public service wage bill. However, Kenya's public service wage bill has been on an upward trend, rising from Ksh 563.1 billion in the financial year (FY) 2014/2015 to Ksh 1.035 trillion in FY 2021/2022. It is estimated to be Ksh 1.100 trillion in FY 2022/2023.

The conference comes more than four years since the second wage bill conference was held in November 2019. Significant progress has been made in the implementation of the resolutions of the second conference. Notably, the second conference saw the development of; the Framework for Streamlining Allowance in the Public Service; and Framework for Recognising Productivity and Performance in the Public Service.

Others include, Framework on Productivity Measurement, subsequent embedding of productivity in the 20th performance contracting cycle, and piloting of productivity measurement in 20 State corporations; Development and rollout of productivity training curriculum at the Kenya School of Government; Public Sector Remuneration and Benefits Policy; Public Service Superannuation Scheme; the Kenya Integrated Performance Management Policy; and Framework and standing sectoral Collective Bargaining Negotiation committees.

The successful implementation of most resolutions of the second conference was due to the collective and concerted effort by the lead actors and other key collaborators.

The objective of the third NWBC, therefore, was to consolidate the gains from the second conference, and identify strategies that facilitate the national and county governments in achieving the ideal wage bill to revenue ratio of 35 per cent by 2028. In an era marked by the abundance of information and rapid technological and innovative advancements, the importance of research and intellectual discourse on the sustainability of the public service wage bill cannot be gainsaid.

The conference drew high-level representatives from the national and county governments, local and international subject matter experts, academia and researchers, members of civil society organisations, non-governmental organisations, faith-based organisations, private sector, development partners, professional bodies and associations, and the media. The delegates discussed and made appropriate resolutions towards a sustainable public service wage bill to revenue ratio in Kenya.

Local and international experts presented technical papers on all the thematic areas of the conference. The papers, which are contained in this report, covered a wide spectrum of topics on the public service wage bill.

They range from; the benefits of a fiscally sustainable public service wage bill; role of public service productivity in economic performance; lessons from the private sector, region, and international jurisdictions; optimal staffing levels; leveraging technology and innovation in payroll management and service delivery; role of leadership in the transformation of the public service; to implication of devolution, transfer of functions and proliferation of State corporations.

The contributing authors utilised various methodological approaches including, theoretical, empirical, and real-life case studies to shed light on the challenges, trends, and opportunities available for the sustainability of the public service wage bill.

This conference report is a manifestation of our collective desire, as lead actors in government and the private sector, to bring innovative and practical solutions towards a sustainable public service wage bill, and ensures more resources are available for development and service delivery.

The conference resolutions provide the delegates' perspective on how to address the pertinent issues touching on the public wage bill. Further, they provide a valuable resource for making our public institutions more responsive, productive, accountable and citizen centric.

The full implementation of the conference resolutions is expected to place Kenya on the path of achieving the PFM threshold of 35 per cent wage bill to revenue ratio at both the national and county government levels. To this end, lead actors and collaborators have been mapped to each resolution. In addition, the conference implementation work plan with clear timelines, key performance indicators, and the cost of each activity, have been developed.

Therefore, on behalf of the Steering Committee of the conference, and with utmost delight and gratification, we take this opportunity to present this report, which captures technical papers, proceedings, and resolutions of the Third National Wage Bill Conference.

Mrs. Lyn Mengich, FIHRM, EBS

Chairperson,

Salaries and Remuneration Commission

CPA. Kithinji Kiragu, MBS, OGW

Chairperson,

Inter-Governmental Relations Technical Committee

Mutahi Kahiga

H.E. Mutahi Kahiga, EGH

Chairperson,

Human Resource, Labour, and Social Welfare,

Council of Governors

ACKNOWLEDGEMENTS

The convening of the Third National Wage Bill Conference, held at the Bomas of Kenya, Nairobi, from 15 to 17 April 2024, was made possible through invaluable contributions from several institutions and individuals. The Steering Committee of the conference is grateful to H.E. Dr. William Samoei Ruto, EGH, President of the Republic of Kenya and Commander-in-Chief of the Kenya Defence Forces, for his commitment towards a sustainable public wage bill.

The success of the conference was attributed to the vital leadership of the Steering Committee led by the co-chairpersons, Lyn Mengich, FIHRM, EBS, Chairperson, Salaries and Remuneration Commission (SRC) and CPA. Kithinji Kiragu, MBS, OGW, Chairperson, Intergovernmental Relations Technical Committee (IGRTC).

Members of the Steering Committee comprised: H.E. Mutahi Kahiga, EGH, Governor, Nyeri County and the Chairperson, Human Resource, Labour and Social Welfare, Council of Governors (COG); Amb. Anthony M. Muchiri, CBS, Chairperson, Public Service Commission (PSC); Amos N. Gathecha, EBS, ndc(K) Principal Secretary, State Department for Public Service; Veronica M. Nduva, CBS, Principal Secretary, State Department for Performance and Delivery Management; Philip Mong'ony, Chairperson, State Corporations Advisory Committee (SCAC); and Hon. Moses K. Kuria, HSC, Cabinet Secretary, Ministry of Public Service, Performance and Delivery Management (MPSP&DM).

Other members of the Steering Committee included: Wangui Muchiri, HSC, Commissioner, SRC; John K. Monyoncho, MCIArb, MBS, Commissioner, SRC; Dr. Leah Mumbua Munyao, PhD, IMIc, MBS, Commissioner, SRC; FCPA. Sophie Moturi, MBS, Commissioner, SRC; Dr. Jacob Mbijjiwe, OGW, Commissioner SRC; Nelly P. Ashubwe, MBS, Commissioner SRC; Anne R. Gitau, EBS, MBS, Commission Secretary/Chief Executive Officer, SRC; Mary Mwiti, Chief Executive Officer, COG; Hon. Dr. Kipkurui S. Chepkwony, Chief Executive Officer, IGRTC; and Mary Maungu, MBS, Secretary, Human Resource Management, State Department for Public Service.

The conference programme was executed well due to the investment of the various presenters, panelists, moderators, facilitators, rapporteurs, and delegates who devoted their time and resources to ensure that the conference achieved its intended objectives.

Special gratitude is also conveyed to the Technical Committee comprising staff from SRC, COG, IGRTC, PSC, SCAC, and the Ministry of Public Service, Performance and Delivery Management. They include Dr. Hilary Patroba, Charles Ketter, Cleopus Wang'ombe, Christopher Tialal, Anthony Mwangi, Diana Mwacharo, Naomi Cheboi, Martin Kirung'o, Samuel Njuguna, Duncan Otieno, Hellen Simiyu, George Omoro, Safi Godana, Stephen Oinga and Bernard Motieri from SRC.

Others include, Caroline Odandi and Caroline Mage from COG; Dr. Dominic Muteshi, Linet Kemunto, Wanja Njuki and Benjamin Sasimwa from IGRTC; Dr. Philemon Kiprono and Daniel Oliech from PSC; Jeremy Mutembei and Francisca Kirigha from National Productivity and Competitiveness Centre

(NPCC); Nicholas Awiti, OGW, HSC, from SCAC; and Joshua Mwiranga, Anne Njagi and Mr. Doughlas Njeru from MPSP&DM.

The priceless contribution of the technical team in the preparation and execution of various technical matters of the conference cannot be overstated. The concerted effort of communications team ensured the fluent management of the communications, awareness, media and social media engagement, branding, production of all the merchandise for the conference, including this conference report, and the actual execution of the audio-visual communication during the conference.

In the same vein, the logistics team contributed to the seamless execution of the transport, food and refreshments, venue arrangements, procurement of various products and services, ushering, protocol, security, parking, and registration for the conference.

The staff and various support teams from the Bomas of Kenya are also lauded for coming through to implement the conference requirements through the provision of various services and securing professional service providers.

Finally, the co-conveners of the conference acknowledge the contribution and unswerving support from all the entire secretariat teams from SRC, IGRTC, COG, SCAC, PSC and MPSP&DM, for the commitment and diligence before, during and after the conference, as well as all stakeholders through the entire process that realised the objectives of the conference.

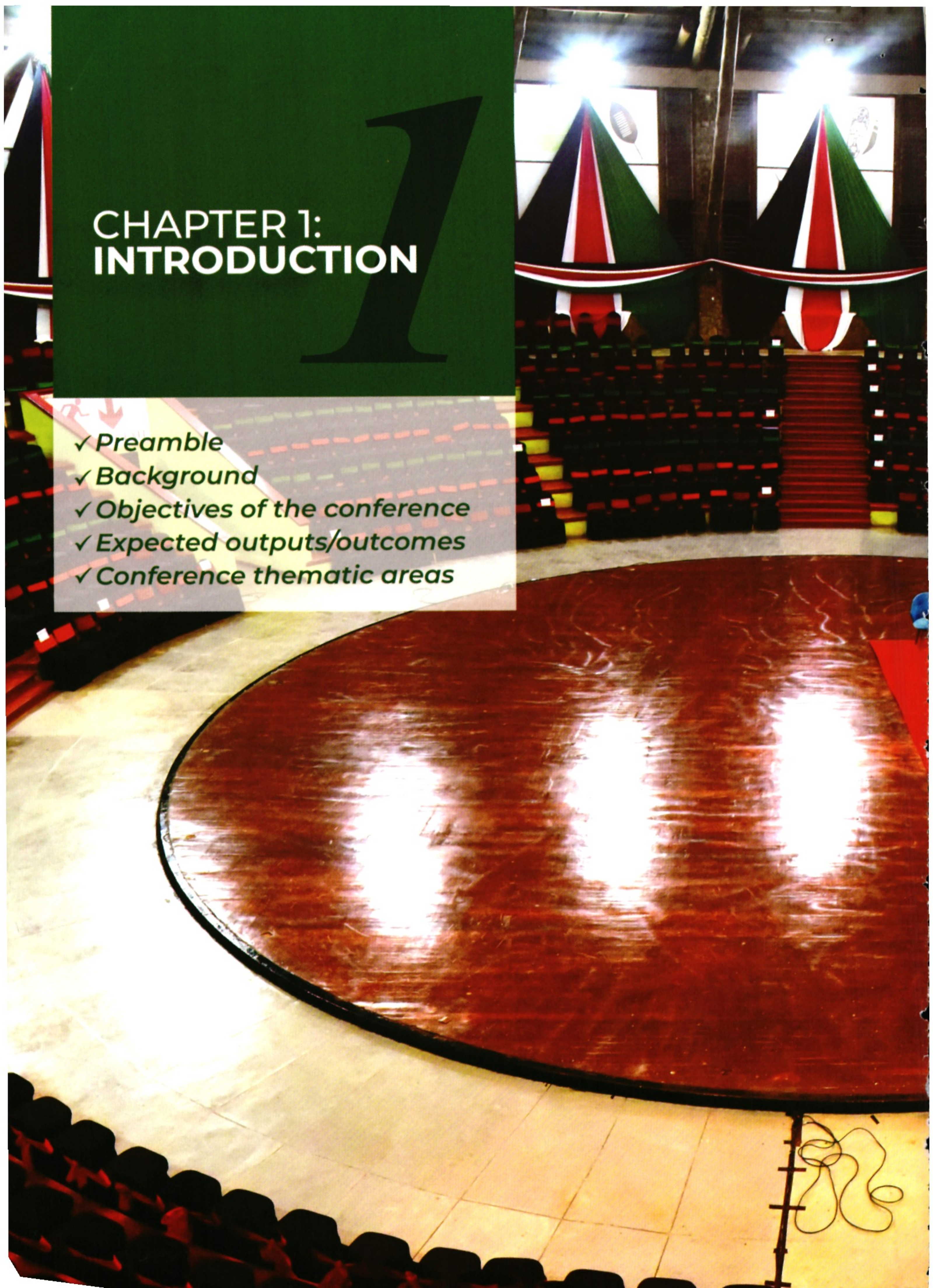
The conference was a resounding success through the tireless contribution from all stakeholders.

		Mary Mwiti
Anne R. Gitau, MBS, EBS	**Hon. Dr. Kipkurui S. Chepkwony**	**Mary Mwiti**
Commission Secretary/Chief Executive Officer,	Chief Executive Officer,	Chief Executive Officer,
Salaries and Remuneration Commission	Inter-Governmental Relations Technical Committee	Council of Governors

CHAPTER 1:
INTRODUCTION

1

- ✓ *Preamble*
- ✓ *Background*
- ✓ *Objectives of the conference*
- ✓ *Expected outputs/outcomes*
- ✓ *Conference thematic areas*



1.1. Preamble

The 10th Ordinary Session of the National and County Governments Coordinating Summit meeting, held on 18 December 2023, under the Chairmanship of H.E, The President, resolved (Resolution 15) that SRC, jointly with IGRTC and COG, should convene the Third National Wage Bill Conference (NWBC).

Further, the resolution states that the national government commits to reducing its wage bill to 35 per cent of revenue by 2028, in line with the provisions of PFM Act, 2012, and urged the county governments to align.

The conference, which was convened by a Steering Committee comprising SRC, COG, IGRTC, MPSP&DM, PSC and SCAC, was held at the Bomas of Kenya, Nairobi, from 15 to 17 April 2024. The conference drew stakeholders to deliberate on strategies and develop action plans for wage bill sustainability, with the objective of achieving the PFM Act, 2012, threshold for wage bill to revenue ratio that does not exceed 35 per cent.

1.2. Background

The public wage bill in Kenya has been growing within an environment of revenue and fiscal constraints, consuming a significant portion of the national budget, and thus, putting pressure on development and investment share of the fiscal budget. The current ratio of public wage bill to total ordinary revenue in Kenya is estimated at 46.6 per cent in FY 2022/2023. This ratio is above the 35 per cent PFM Act and Regulations target.

High level of public wage bill leads to crowding out of resources that could have been used for development priorities and enhanced social services. It also leads to loss of competitiveness of the economy, fiscal deficits, and negative impact on economic growth and employment.

The drivers of the wage bill in the public service include, labour productivity, number of public service employees, organisational structures, allowances payable in the public service, controls in payroll management, public service culture, consequence management, and historical distortions in remuneration structures.

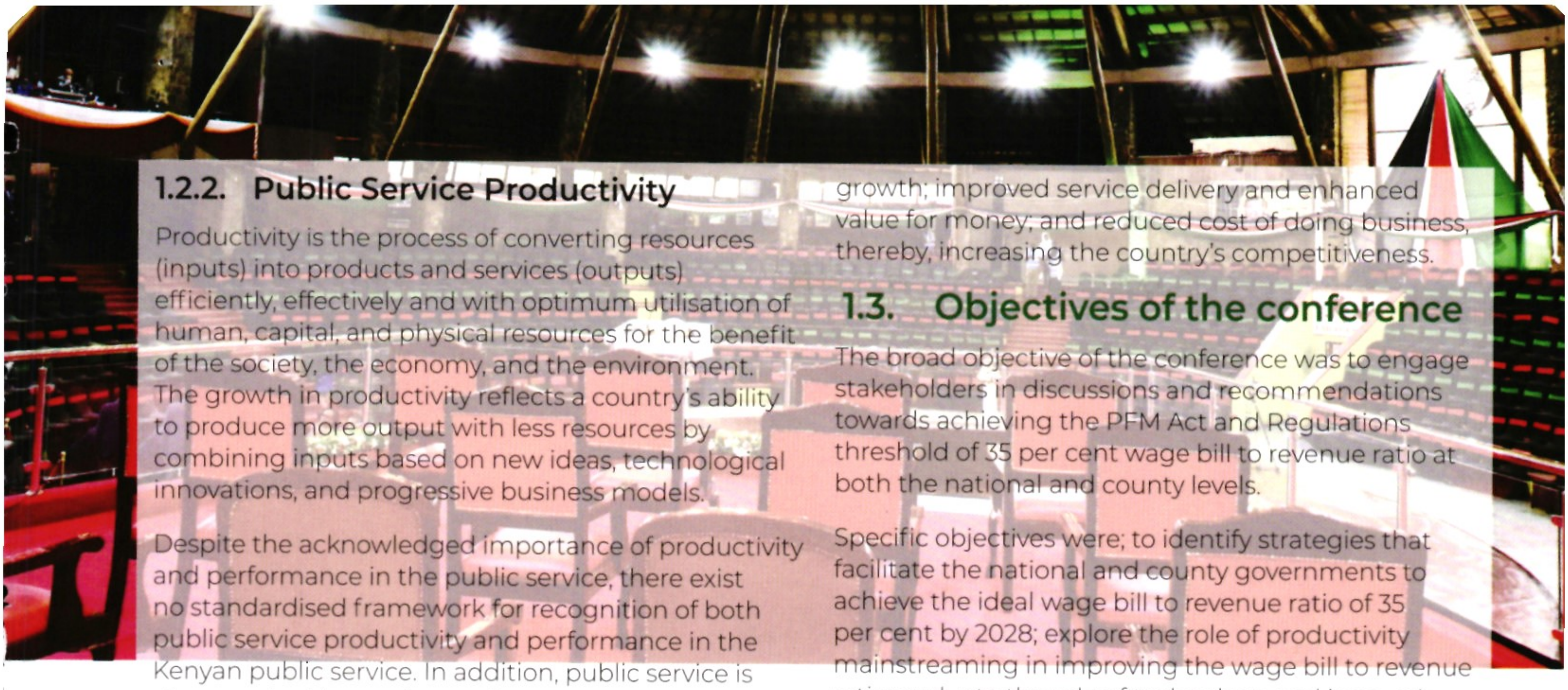
1.2.1. Affordability and Sustainability Ratios

Kenya's public service wage bill in absolute amounts hit a trillion shillings mark in the year 2022. *Table 1.1* presents the current trends of the national wage bill and related economic indicators, wage bill ratios and growth rates.

Table 1.1: Current Trend and Ratios of Public Sector Wage Bill

Economic Indicators	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23*
Wage bill (Ksh Millions)	784,526	870,130	917,820	987,780	1,035,160	1,100,972
Revenue (Ksh Millions)	1,522,276	1,704,363	1,797,665	1,803,536	2,199,808	2,360,510
GDP (Nominal/Current Price)	9,340,307	10,237,727	10,715,070	12,027,662	13,368,340	14,521,600
Public Service Employment						
Total Public Sector Employees	842,900	865,200	884,700	923,000	937,900	959,040
Average monthly gross salary per employee	62,341	66,307	67,038	68,630	70,229	71,865
Ratios (Per Cent)						
Wage bill to Ordinary Revenue (PFM Target: 35%)	51.54	51.05	51.06	54.77	47.06	46.64
Wage bill to Nominal GDP (Benchmark Target: 7.5%)	8.40	8.50	8.57	8.21	7.74	7.58
Growth (Per Cent)						
Growth in Wage Bill	16.96	10.91	5.48	7.62	4.80	6.36
Growth in Ordinary Revenue	5.75	11.96	5.47	0.33	21.97	7.31
Growth in Nominal GDP	10.10	9.61	4.66	12.25	11.15	8.63
Growth in Employment	1.18	2.65	2.25	4.33	2.73	1.14
Growth in Average monthly gross salary per employee	6.00	6.36	1.10	2.37	2.33	2.33

*Sources: KNBS, National Treasury, Economic Survey Reports 2022 & 2023 and Budget Review and Outlook Papers 2022 & 2023 *Estimates +Projections*



1.2.2. Public Service Productivity

Productivity is the process of converting resources (inputs) into products and services (outputs) efficiently, effectively and with optimum utilisation of human, capital, and physical resources for the benefit of the society, the economy, and the environment. The growth in productivity reflects a country's ability to produce more output with less resources by combining inputs based on new ideas, technological innovations, and progressive business models.

Despite the acknowledged importance of productivity and performance in the public service, there exist no standardised framework for recognition of both public service productivity and performance in the Kenyan public service. In addition, public service is characterised by weak coordinating mechanism of the multiple actors on productivity and performance.

This is epitomised by lack of a comprehensive productivity agenda, low productivity culture, inadequate institutional capacity to measure productivity, and sub-optimal implementation of performance management frameworks in the public service.

According to statistics from the International Labour Organization, 2023, on labour productivity, Kenya is ranked 155th out of 189 countries in the world, and 27th out of 53 countries in Africa. Kenya's labour productivity in GDP to constant USD output remains low at US$ 5 of GDP per hour of labour, compared to a high of US$ 146 for Luxemburg during the FY 2022/2023.

Productivity gains are a key route to sustainable economic growth. It aligns the public service in pursuit of; lower wage bill to revenue ratio, and thus, more resources available for development; enhanced cost efficiency, accountability, and efficient utilisation of public resources; improved revenue and economic growth; improved service delivery and enhanced value for money; and reduced cost of doing business, thereby, increasing the country's competitiveness.

1.3. Objectives of the conference

The broad objective of the conference was to engage stakeholders in discussions and recommendations towards achieving the PFM Act and Regulations threshold of 35 per cent wage bill to revenue ratio at both the national and county levels.

Specific objectives were; to identify strategies that facilitate the national and county governments to achieve the ideal wage bill to revenue ratio of 35 per cent by 2028; explore the role of productivity mainstreaming in improving the wage bill to revenue ratio; evaluate the role of technology and innovation in payroll management and service delivery; assess the divergence between approved staff establishment versus optimal levels for efficiency in public service and wage bill sustainability; and; share experiences from the private sector and other jurisdictions and draw lessons in productivity improvement in the public service.

1.4. Expected outputs/outcomes

The conference was expected to provide a platform for deliberation of strategies and action plans for wage bill sustainability. Further, the discussions in the conference were expected to lead to the development of conference resolutions, whose implementation will result in bringing down the wage bill to revenue ratio to less than 35 per cent by 2028.

1.5. Conference thematic areas

The theme of the conference was, **'Towards 35 Percent'**, which was premised on the government's commitment to achieving the ideal wage bill to revenue ratio of 35 per cent by 2028. Table 1.2 captures the conference thematic areas.

Table 1.2: Conference Thematic areas

Thematic Area	Description
1. Fiscal sustainability of the public service wage bill	Strategies for fiscal sustainability of the wage bill at national and county governments
2. Institutionalising productivity in the public service	Implementation of productivity in the public service and its contribution to the wage bill sustainability.
3. Role of public service productivity in economic performance	Lessons from the private sector, region, and international jurisdictions.
4. Appreciating the impact of approved staff establishments on the wage bill	Optimal staffing levels for a fiscally sustainable public service wage bill at both national and county governments.
5. Role of technology in public service wage bill sustainability	Leveraging technology and innovation in payroll management and service delivery
6. Leadership as an anchor to successful management of the public service wage bill	Accountable leadership as the panacea to productivity improvement for wage bill sustainability.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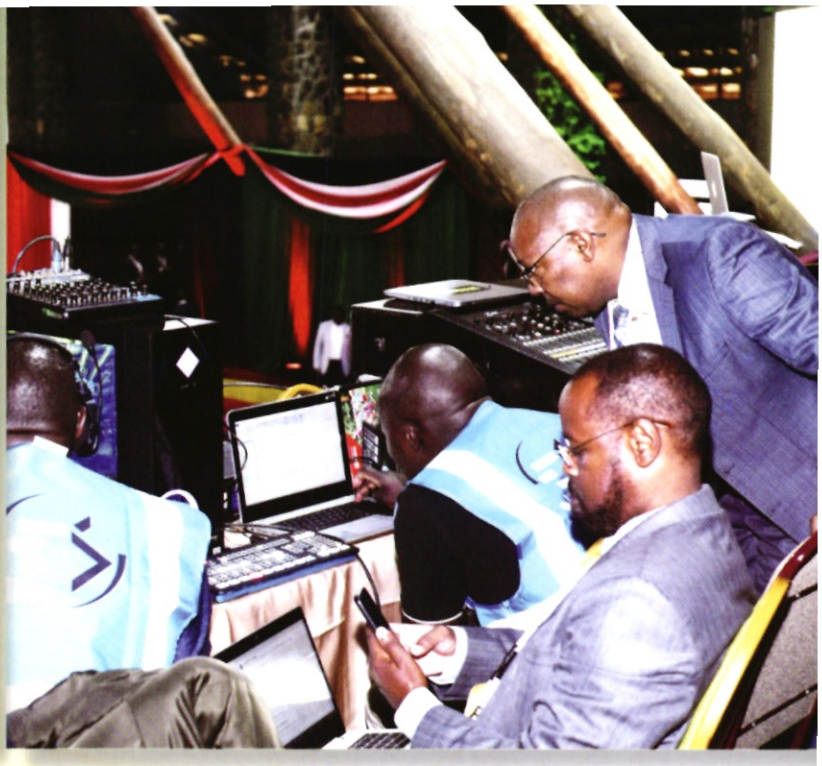

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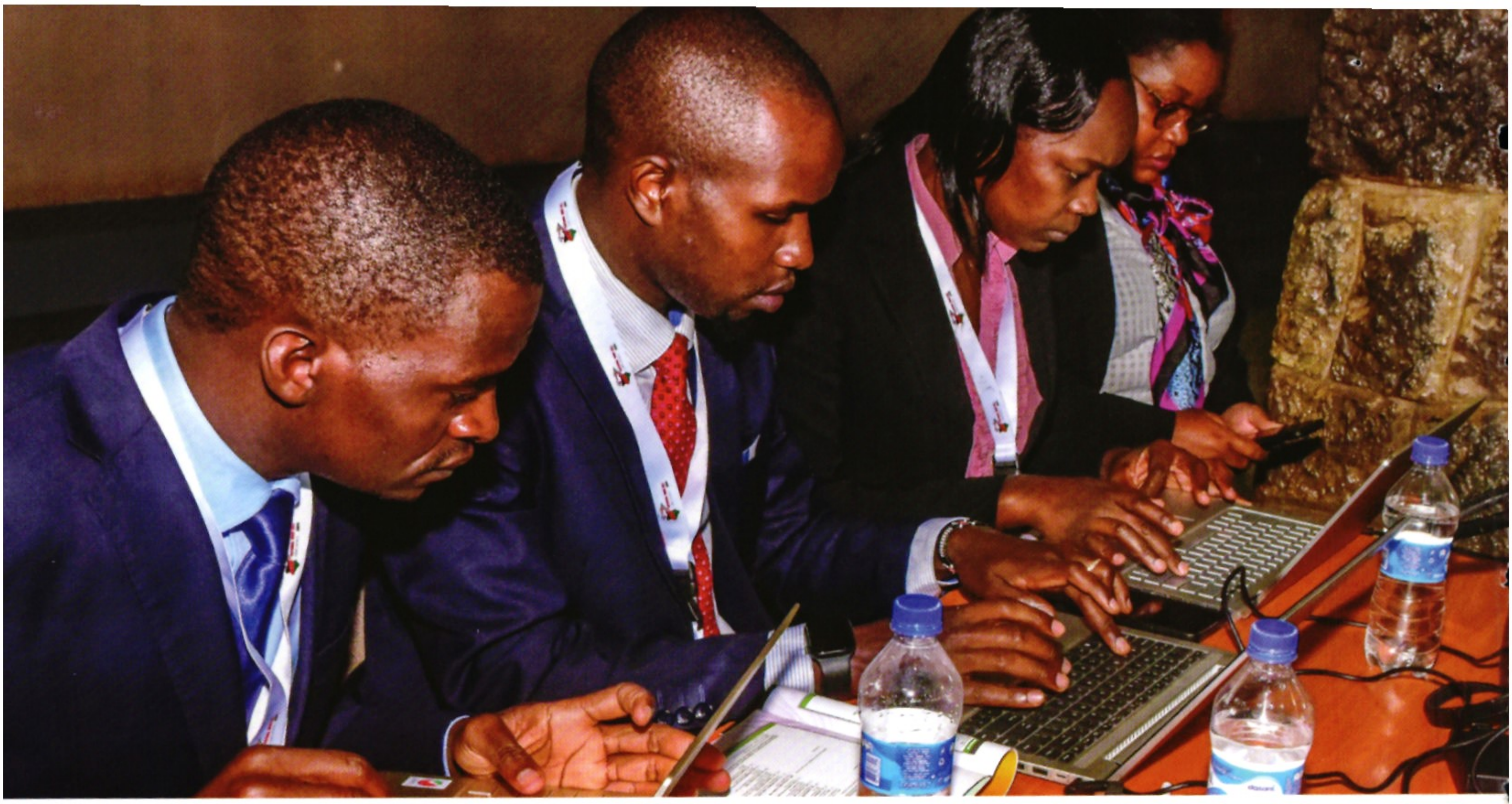
CHAPTER 2: **METHODOLOGY**

- ✓ *Structure of the conference*
- ✓ *Governance structure*
- ✓ *Preparation of technical papers*
- ✓ *Plenary and caucus sessions*
- ✓ *Development of resolutions*



The conference provided a platform for key stakeholders from the national and county governments, private sector, civil society, and other non-State actors to discuss strategies and action plans towards achieving a 35 per cent public service wage bill to revenue, through productivity improvement.

2.1 Structure of the conference

The conference ran for three days with presentation of technical papers aligned to various thematic areas, from subject matter experts and institutions, followed by panel discussions. The conference was facilitated by experienced resource persons sourced from local and international levels.

2.2 Governance structure

The conference organisation took an inter-governmental and multi-agency approach with a Steering Committee proving the overall leadership, supported by committees. The organising secretariat drew officers from SRC, COG, IGRTC, PSC, MPSP&DM, and SCAC.

2.2.1. Steering Committee

The overall responsibility of the Steering Committee was to ensure that the conference was successfully convened. The terms of reference for the Steering Committee included: Approving the conference concept paper; Appointing technical committee members and assigning them to relevant thematic areas; Overseeing the work of the technical committee to ensure deliverables are met on time and to the required quality; Providing all necessary support to the work of the technical committees; Convening periodically to review progress and approve critical decisions pertaining to the conference preparation; and Providing support in resource mobilisation

2.2.2. Technical Committee

The overall responsibility of the Technical Committee was to spearhead preparation of the conference and oversee preparation of the technical papers on assigned thematic areas to be deliberated during the conference. The technical committee could co-opt other stakeholders during the development of the technical papers, as needed.

Specifically, the terms of reference for the technical committee included: Development of a roadmap towards holding the conference; Review of the draft conference budget estimate; Identification of suitable topics aligned to the conference thematic areas; Identification of presenters of conference papers; Stakeholder engagement and invitation; Identification of experts to guide technical teams; preparation of ToRs (general and specific) for teams tackling different thematic areas; Identification of panelists, experts, and moderators, and rapporteurs for the conference; Undertaking quality checks of papers from technical teams; Monitoring and reporting progress on preparation of conference papers; Drafting of conference resolutions; and Compilation of the conference report.

2.2.3. Logistics Committee

The overall responsibility of the Logistics Committee was to; Oversee procurements and other logistics; Visit venue and confirm all logistics details such as, plenary hall, caucus rooms, PA system, LED screens, registration desks, VIP rooms for dignitaries and executive, media centre, washrooms, and any other item on venue management; conference set up;

hospitality; final conference rehearsal; protocol; liaise with other committees and sub-committees for budget; consolidation of overall conference budget; finalise badges and seating for participants; invitation letters to high level guests, speakers, moderators, panellists, rapporteurs and to all participants; conference safety and security, parking, medical emergencies (ambulance); follow up confirmation of all participants; guest facilitation such as pick up from hotel; confirmation of ICT requirements for the conference; contingency plans/issues on logistics; and facilitate conference preparatory meetings.

2.2.4. Stakeholders and Communications Committee

The overall responsibility of the Stakeholders and Communications Committee was to; provide strategic leadership on stakeholder and communications initiatives; guide on a complete and comprehensive list of stakeholders to be invited; develop and implement a conference Communications Plan; manage the sensitisation, awareness, and visibility of the conference through media, social media, digital platforms, among other initiatives; develop a budget and share with the Logistics Committee for facilitation; and manage the conference branding.

2.2.5. Conference Secretariat

The Conference Secretariat comprised technical officers from SRC, COG, IGRTC, SCAC, PSC and MPSP&DM. The responsibility of the Secretariat was to implement the decisions of the steering and technical committee.

2.3 Preparation of technical papers

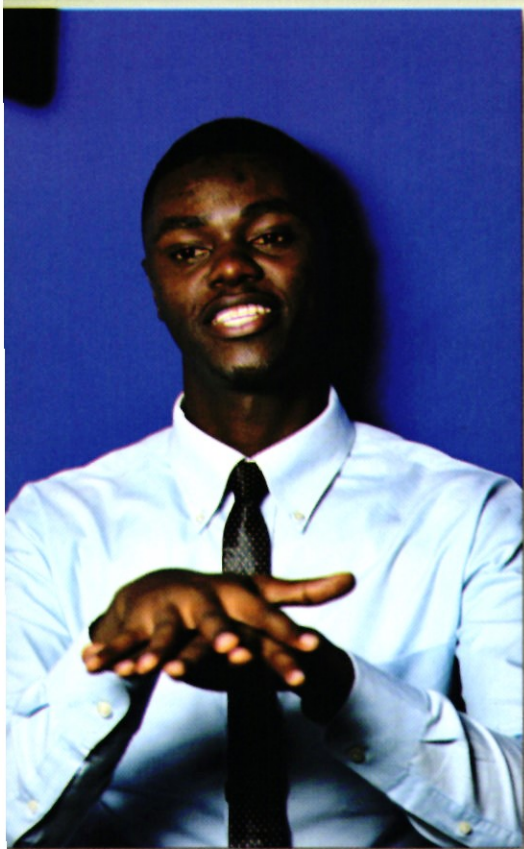
Technical papers were prepared and presented by subject matter experts and practitioners according to the thematic areas. Broad concepts and principles on the different themes of the conference were articulated and aspects of best practice shared.

2.4 Plenary and caucus sessions

To facilitate sharing of ideas and knowledge during the conference, plenary and caucus sessions, amplified by subject matter experts and conference participants, explored measures, strategies and action plans that will facilitate the national and county governments to achieve the ideal wage bill to revenue ratio of 35 per cent by 2028, as required by PFM Regulation, 2015. A summary of conference papers and presentations by experts under the different topics is presented in Chapter 3 of this report.

2.5 Development of resolutions

Rapporteurs jointly summarised the issues, observations, and resolutions arising from the daily plenary and caucus discussions. The summarised resolutions were presented to the Steering Committee for further refinement, and these were then presented to the plenary for adoption on the third day. The conference resolutions are presented in Chapter 6 of this report.

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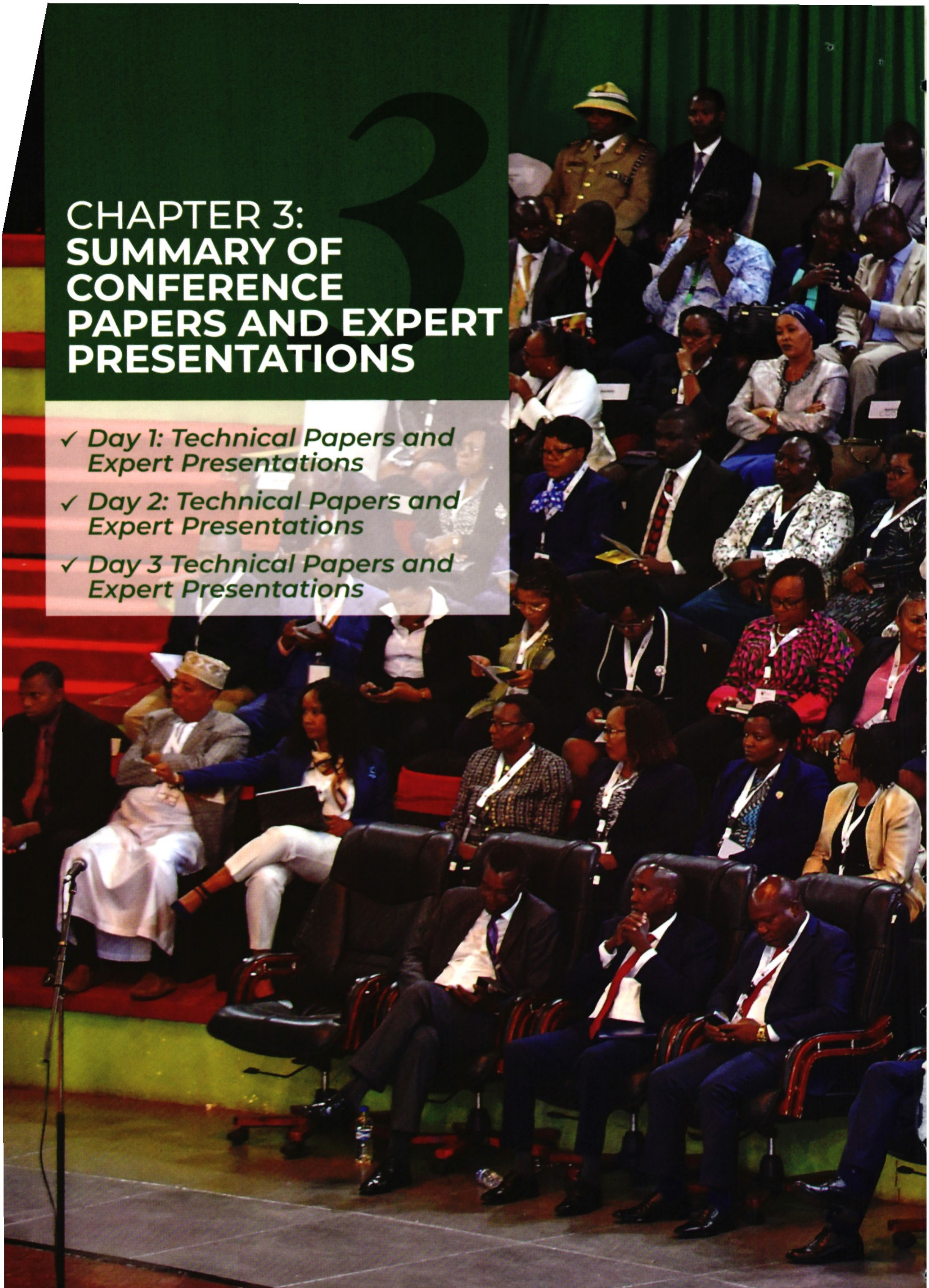
CHAPTER 3: SUMMARY OF CONFERENCE PAPERS AND EXPERT PRESENTATIONS

- ✓ *Day 1: Technical Papers and Expert Presentations*
- ✓ *Day 2: Technical Papers and Expert Presentations*
- ✓ *Day 3 Technical Papers and Expert Presentations*



Day 1: Technical Papers and Expert Presentations

3.1 Reaping the Benefits of a Fiscally Sustainable Public Service Wage Bill - *Salaries and Remuneration Commission*

The paper explores the benefits that accrue from a fiscally sustainable wage bill of 35 per cent as required by PFM Regulation, 2015. Specifically, the paper presents the current public wage bill trends and ratios in Kenya and the key drivers of public wage bill in Kenya.

Further, the paper describes the key challenges in wage bill management, the benefits accruing from a fiscally sustainable wage bill, and proposes strategies to achieving 35 per cent wage bill to revenue ratio.

The public wage bill in Kenya has been growing within an environment of revenue and financial constraints, thus, putting pressure on development and investment share of the fiscal budget.

A fiscally sustainable public wage bill is presented in the paper as an enabler to achieving desired expansion in service delivery and economic development agenda. The implications of a high public wage bill are enumerated to include, crowding out of development resources for essential and priority services, worsening fiscal balance; high pension liability; high public debt obligations; loss of competitiveness of the labour market; and low credit rating.

The paper further presents the drivers of public wage bill towards fiscal unsustainability as; labour productivity, disproportionate increase in the number of public service employees in relation to staff establishments; organisational structures; allowances payable in the public service; controls in payroll management; compensation of higher wages not aligned to economic performance; weak consequence management for non-adherence; and historical distortions in remuneration structures.

Over the years, Kenya's public service wage employment has been on an upward trend, and the resulting wage bill has consistently remained above the fiscally sustainable level of 35 per cent, relative to the ordinary revenue. The growth in size of the public service employment saw the number rise from 842,900 employees in financial year (FY) 2017/2018, to 959,040 employees in FY 2022/2023.

Over the same period, the public wage bill was also on an upward trend, rising from Ksh 784.5 billion in FY 2017/2018 to Ksh 1.1 trillion in FY 2022/2023. This growth is attributed to the increase in the workforce through employment, upward reviews of remuneration and benefits in response to Cost-of-Living-Adjustments, and the annual salary increments.

The analysis on public wage bill and its fiscal sustainability involves an assessment of the wage bill to revenue ratio. Through various interventions by SRC and other government agencies, the wage bill to revenue ratio dropped from 51.54 per cent in FY 2017/2018 to 46.64 per cent in FY 2022/2023.

Initiatives undertaken by SRC towards a fiscally sustainable public wage bill in Kenya have been presented in the paper. They include: ensuring equal remuneration to persons for work of equal value through job evaluation and salary harmonisation; recognising productivity and performance in the public service; and reviewing and streamlining the allowances payable in the public service.

Others include: rationalising the public wage bill expenditure through its advice; advising collective bargaining negotiations in line with the principles of fiscal affordability and sustainability; coordinating implementation of the second national wage bill conference and 8th Summit Resolutions; and conducting regular monitoring and evaluation on the adherence to its advice in the public service.

The paper enumerates the benefits associated with maintaining a fiscally sustainable public wage bill. These include: expanded fiscal space for socio-economic development where a sustainable public wage bill allows the government to allocate resources to critical and prioritized public services such as healthcare, education, infrastructure, and social welfare; and enhanced public service efficiency and productivity: Controlled public wage bill allows and encourages the government to focus on improving the efficiency and productivity of the public service.

Also, stable macroeconomic environment: by maintaining a fiscally sustainable public wage bill, the country would enjoy a stable macroeconomic environment, which is a prerequisite for implementation of key economic interventions. This would bring forth budget stability that allows for alignment of government expenditures with available resources, helping prevent budgetary overruns, reducing the risk of fiscal deficits, and promoting overall fiscal discipline.

In addition, balancing expenditures, allowing the government to allocate funds to social programmes, poverty alleviation, and other initiatives that promote inclusive development and reduce social inequalities; enhanced efficiency and productivity through government focusing on implementation of reforms, streamlining administrative processes, and adopting modern technologies to achieve more with the available resources; and reduced risk of financial instability, layoffs, or other drastic measures that may be necessary during economic downturns.

Other benefits include: competitiveness of the labour market: a fiscally sustainable wage bill will reduce undue public-private wage spillovers and will help the country reap the benefit of a more competitive private sector. Also, investor confidence and economic growth: a fiscally responsible approach to public wage management enhances investor confidence in the government's ability to manage public finances.

Further, long-term debt sustainability: By maintaining a fiscally affordable and sustainable public wage bill, the country benefits through: achieving and maintaining long-term debt sustainability; reduced debt levels and risks associated with excessive borrowing; and focus on long-term goals, investment in research and development, and exploration of new opportunities for economic growth, rather than being solely preoccupied with short-term cost-cutting measures.

The paper recommends strategic interventions towards the achievement of a fiscally sustainable wage bill by FY 2028/2029. These include: continuous implementation of remuneration and benefits as reviewed, set and advised by SRC; rationalisation of organisational structure and staff establishments in the public service; centralisation and modernisation of payroll management; productivity-based compensation and rewards; and enhancement of consequence management for non-adherence in wage bill management.

3.2 Productivity Mainstreaming in the Public Service: *From Activity to Impact*

3.2.1. Way Forward for Productivity Mainstreaming in the Public Service - *State Department for Performance and Delivery Management*

The paper explored the concept of productivity in the public service, focusing on its importance, challenges, and strategies for improvement. It discussed the shift from input-based productivity measurement to outcome-based approaches and emphasises Kenya's commitment to enhancing productivity as outlined in its Vision2030.

The paper also highlighted the role of productivity and performance management in achieving organisational goals and the government's efforts to mainstream productivity through performance contracting guidelines.

The paper delved into the relationship between productivity and performance management, stressing the importance of aligning organisational goals with efficient resource utilisation. It discussed how higher levels of productivity and performance management can lead to increased revenue generation, organisational efficiency, and ultimately, economic growth.

However, it also acknowledges challenges such as, the slow integration of technology, inadequate capacity building, and budgetary constraints that hinder effective productivity management in the public service.

An analysis of the 20th Cycle Performance Contracting Guidelines reveals the government's effort to mainstream productivity in Ministries, Departments, and Agencies (MDAs) through specific indicators and targets. The paper outlined the benefits of this approach, including improved service delivery, enhanced efficiency, and increased public trust.

However, it also identified challenges faced by MDAs in implementing these targets, such as limited understanding of productivity concepts and the need for capacity building.

The paper underscored the benefits of mainstreaming productivity into performance management, such as doing more with less resources, producing quality outputs, and enhancing organisational efficiency. It highlighted the role of the State Department for Performance and Delivery Management in driving productivity improvements through performance contracting tools and guidelines.

Several challenges are identified, including slow adoption of technology, inadequate capacity building, budgetary constraints, and weak legal framework for performance management. These challenges hamper efforts to improve productivity in the public service and underscore the need for comprehensive reforms.

The paper drew lessons from global best practices, emphasising the importance of data-driven decision-making, institutional capacity building, and leadership buy-in. It highlights successful initiatives in the private sector and recommends their adaptation to the public service context. Additionally, it underscores the significance of mainstreaming productivity within the framework of performance contracting and programme-based budgeting.

Based on the lessons learned, the paper proposes several policy recommendations to enhance public service productivity. These include, prioritising digitisation, implementing reward and sanction mechanisms, promoting benchmarking with global best practices, and addressing budgetary constraints through financial sector reforms.

It also calls for the development of a comprehensive legal framework for performance management and the establishment of lead institutions to spearhead productivity mainstreaming efforts.

3.2.2. A Synopsis of the Productivity Measurement Model: Current Status and Strategies to Institutionalise Productivity to Improve Public Service Delivery - State Department for Labour and Skills Development

This paper provides an overview of the Objectives Matrix Methodology (OMAX) application in Kenya's public service productivity measurement as a systematic approach to measuring productivity, aligning organisational objectives with performance metrics.

The paper utilised desktop research to explore OMAX and review existing literature on its application. Primary data from NPCC was reviewed to assess OMAX's status in Kenya's public service. Literature review on strategies for institutionalising productivity in the public service informed recommendations.

OMAX is presented as a methodology that involves evaluating productivity criteria based on an organisation's strategic plan, using a step-by-step approach. It employs the Saaty Scale for assessing the relative importance of criteria.

OMAX has been applied in Kenya's public service productivity measurement since FY 2021/2022. NPCC guided public institutions through OMAX's stages, with the initial cohort completing all phases.

Productivity mainstreaming is included in the Performance Contract (PC) guidelines, with institutions progressing through quarterly milestones. 430 of the targeted 483 MDAs have already been trained on OMAX as of December 2023. Out of these MDAs, 425 had developed their metrics and 8 had computed their productivity indices using previous years data.

One Independent Commission and one county government had also been trained. Examples of developed productivity metrics illustrate OMAX's application in various objectives within public institutions. Adoption of OMAX varies, with a significant number of MDAs trained, and are developing metrics.

Strategies of institutionalising productivity in the public service include, implementing productivity management systems to define objectives and enforce accountability, and emphasising technology adoption for efficiency gains and data-driven management.

This also includes advocating for collaboration and knowledge sharing to foster innovation, highlighting the importance of employee engagement and empowerment, and stressing leadership commitment and organisational culture in driving productivity.

The adoption of OMAX in Kenya's public service is a significant step towards enhancing operational efficiency and service delivery. OMAX provides a systematic framework for assessing productivity and developing improvement strategies. Improving productivity in public institutions contributes to competitiveness and economic growth.

The paper recommends interventions to mainstream productivity in the public service to include increased emphasis on productivity mainstreaming through strengthening the focus on productivity within PC.

This involves raising the weight of the "productivity mainstreaming" indicator from the current 3 to 10 per cent in the next PC cycle, and gradually increasing the weight of this indicator to 50 per cent over time.

Further, expansion of productivity management to include county governments is key. The proposal suggests a pilot programme involving up to 15 counties in FY 2024/2025, with a plan for wider implementation following a successful pilot.

3.3 Optimal Staffing Levels for Wage Bill Sustainability in the National Government - *Public Service Commission*

The paper assessed how staffing levels have impacted on the national government's wage bill. Specifically, it focused on approved staff establishment vis-à-vis in-post establishment; impact of current staff establishment on productivity and performance; employees' composition i.e. technical versus non-technical staffing levels; and consequences of non-compliance with authorised staff establishment and in-post staffing levels on the sustainability of the wage bill in the national government. The paper further reviewed the impact of the current staffing levels and proposed a review of staff establishments and structures.

Studies have shown that public service wage bill is an important predictor of fiscal sustainability. The PFM Act, 2012, states that no more than 35 per cent of the country's revenue should be allocated to employee compensation, so as to prioritise resources for citizen-centric programmes.

Currently, the wage bill ratio (WBR) of 46.6 per cent in FY 2022/2023, calculated as public wage bill to ordinary revenue in public service, is above the PFM Act threshold, and poses a significant threat to the country's developmental trajectory.

An analysis of a primary dataset from 523 public organisations, received at the end of December 2023, reveals non-adherence to established guidelines on institutional staffing levels. In some public organisations, this non-adherence has led to an unchecked increase in the number of public service employees and not-fit-for purpose organisation structures.

The increase in employee numbers should be directed to service delivery in critical areas, however, this is not always the case. From the data analysed, the public service is operating at 67 per cent personnel capacity of approved establishment.

At this operational level of establishment, the public wage bill is already surpassing Ksh 1.2 trillion, a situation deemed unsustainable. Filling the remaining 33 per cent implies the public wage bill will be skyrocketing to Ksh 1.8 trillion. It, therefore, calls for relooking afresh at the organisation structures.

A payroll analysis reveals inconsistencies in in-post versus approved establishments, with only 9 per cent of the institutions having established a Human Resource Management and Development Plan.

The low percentage of the number of institutions with human resource management and development plans jeopardizes succession planning programme aimed at identifying and developing talent within the organisation.

Further examination shows that only 33 per cent of public institutions have conducted workload analysis, while 11 per cent are operating without approved staffing levels. The analysis reveals discrepancies in staffing levels across public organisations, leading to inefficient structures and increased employee numbers without proper alignment with service delivery needs.

Moreover, the workforce is aging, which could further strain productivity and increase pension obligations. Gender and disability representation also fall short of constitutional thresholds of one third and 5 per cent, respectively. Contract-based positions also contribute to the wage bill through gratuities and other obligations.

Study data show that the ratio of technical and non-technical staff stands at 57:43, against the requirements of 70:30. Such disparities compromise on efficiency and effectiveness of service delivery. Court cases against public institutions are increasing, resulting in substantial financial awards.

For example, Ksh 18.5 billion was awarded in FY 2022/2023, primarily due to labour disputes and administrative issues, further impacting service delivery. Non-compliance with secondment guidelines and leave utilisation adds to the wage bill problem. Compliance on revenue remittances to the National Treasury and Planning for public institutions that generate their own revenue stands at 21 per cent, signifying a major shortfall.

It is evident that there is a notable lack of adherence to management guidelines for staff establishment within the public service. The paper recommends that in the short term, the government initiates interventions to: evaluate organisational structures and staffing levels to determine optimal levels; review the decentralisation policy on staff recruitment and promotions; and enforcement of policies and guidelines on employment and utilisation of leave.

Further, other interventions are; assess and update the rewards and remuneration framework to better address current needs; implement a synchronised, whole-of-government approach to ensure sustainability of the public wage bill; review policy instruments governing the determination of legal cases affecting public servants; and address the issue of contract jobs and explore potential solutions.

In the long term, the government should institute measures that includes conducting a thorough human resource audit across the entire public service to evaluate the status of staff placement; development and implementation of a leadership accountability framework to hold leaders accountable for their actions, decisions, and the outcomes they realise within an organization; and reviewing and implementing an incentives and sanctions framework, including the Public Service Excellence Award.

It is, however, important to note that while introduction of new staffing establishments and structures that align more effectively with organisational priorities and anticipated future demands, it is vital to ensure that any proposed staffing changes are financially viable and do not increase the existing wage bill or compromise the original mandate of the institution in question.

It is understood that as a developing nation, the government will continue to employ in key sectors to achieve the ideal ratios for effective service delivery, notably in teaching, healthcare, and security sectors, hence, driving the numbers up.

3.4 Staffing Levels and Wage Bill sustainability in the County Governments - *Council of Governors*

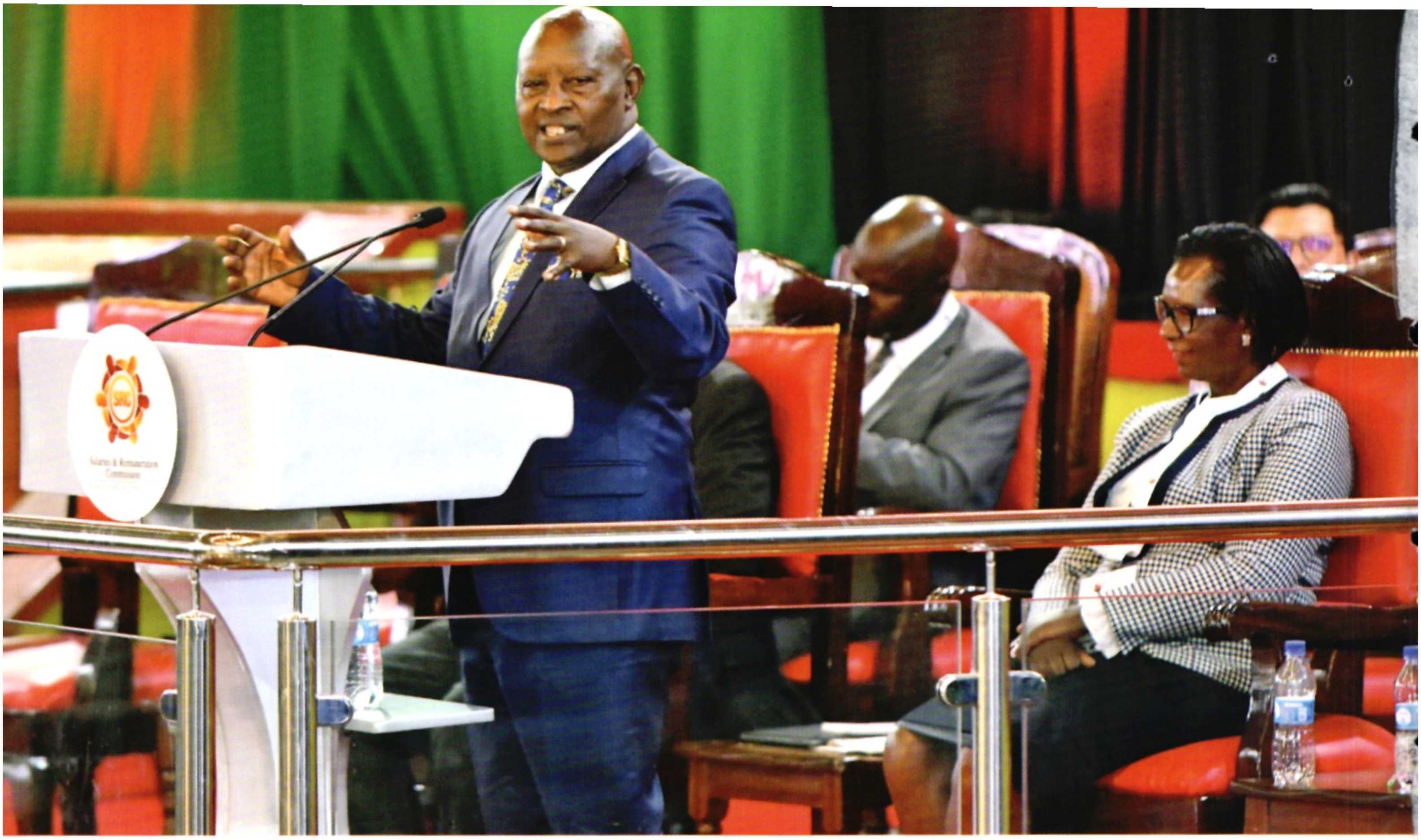
The primary focus of the paper was to assess the impact of county government staffing levels on wage bill sustainability. Specifically, the paper reviewed the implication of the county departmental structures and staffing levels for the attainment of 35 per cent wage bill ratio to revenue as per PFM Act. It further presented the key findings, strategies, actions, and makes recommendations on staffing levels in the county governments.

The paper notes that the Constitution establishes two distinct levels of government; the national and county governments. Schedule 4, Part 2 of the Constitution denotes 14 devolved functions and powers of county governments.

These devolved functions play a significant role in the establishment of the county public service and ensure that the counties deliver their mandate effectively. Notably, these functions are highly labour intensive and require proper planning and adequate resourcing.

Schedule 4 further defines the number of departments that each county executive committee can establish. However, there is a lacuna below the county executive level. The powers of the county executive committee under Section 46 of the County Governments Act, 2012, are unfettered.

It allows the aforesaid committee to determine the number and nature of departments at the decentralised units without guiding on the



establishment of the office of the chief officer, which spills over to the Director position.

As per the Capacity Assessment and Rationalisation of the Public Service report (CARPs), 2015, each county department was envisioned to have one Chief Officer. County governments absorbed employees from the defunct local authorities, a number of which did not meet the requisite skills to perform devolved functions.

The absorption of these set of employees posed a significant challenge in maintaining optimal staffing levels in county governments, as there was a need to recruit qualified staff by the County Public Service Boards, thereby, increasing the establishments in the service.

The paper identified the following as the key factors that drive the wage bill in the counties: statutory lacuna in the number of chief officers and other levels of county public offices; varied employee terms of engagement; varied salary and grading structures; and in-post levels.

Wage bill ratio in the county governments over the last ten years show an increasing rate, which currently stands at 45.5 per cent. It was also noted that Mandera, Tana River, Marsabit, Kilifi, and Kwale counties demonstrated remarkable achievement of 35 per cent and below in wage bill control, as examples of improved efficiency and service delivery.

A further study could be done to understand these trends since some of these counties have had challenges in retention of staff from non-ethnic communities in their regions.

The findings of the paper confirm that the county governments' wage bill is a sum total of many factors. These factors include, legal underpinnings, terms of engagement of employees, compliance with set norms, and standards in HR management.

County governments need optimal staff establishments that are fit for purpose to deliver services up to the grassroots level. Hence, the need for a balance between the approved establishment, PFM Act recommended threshold, and the overall need for quality and accessible service delivery, as expected by the citizens.

The paper presented the following recommendations for consideration by key stakeholders namely, the need to: develop regulations for the County Government Act, 2012, to actualise optimal staffing establishment, below the County Executive Committee members, that are fit for purpose; and develop regulations for the Assumption of Office of the Governor Act No. 4 of 2019 to provide clear guidance on how county staff establishment per department will be managed during the transition period.

Additional recommendations include, to; operationalise institutional framework and sector-oriented policies, norms and standards for effective HR management in county governments; develop a roadmap for attaining the PFM Act target whilst ensuring effective service delivery in the county contexts; and analyse duplication of roles within ministries, MDA/Semi-Autonomous State Agencies

(SAGAS), and county governments with an aim of collapsing/abolishing unnecessary roles to maintain and retain the required manpower to enhance service delivery and bring down the wage bill.

A collective effort to move towards the target by all the actors in the two levels of government is inevitable for this noble commitment to be realised in Kenya.

3.5 Implication of devolution and transfer of functions on fiscal sustainability of public service wage bill - *Inter-Governmental Relations Technical Committee*

The paper seeks to establish the implication of devolution and transfer of functions on fiscal sustainability of wage bill and productivity in public service. The paper identifies areas of duplication of functions, proposes strategies to address duplication of roles at both levels of government resulting to increased wage bill, transfer of pending devolved functions and the attendant resources. This is while being cognizant of the PFM threshold on fiscal sustainability of the wage bill.

The paper notes that devolution is established by Article 6 of the Constitution, which by its Schedule 1, stipulated the dispersal of public service mandates and functions, political and administrative powers and resources from a single centralised and one-level government to two levels of government, comprising one national government and 47 county governments.

The objects of devolution, as elaborated in Articles 174 and 175 of the Constitution, comprise: promotion of democracy and accountability in the exercise of power, fostering national unity by recognising diversity, enhancing people's self-governance, enabling communities manage their own affairs, protecting and promoting interests and rights of minorities and the marginalised, and ensuring equitable sharing of resources (COK, 2010; Ngugi & Busolo, 2019).

There is a general consensus among Kenyans that devolution has positively impacted on development, service delivery and socio-economic welfare of Kenyans. A 2022 World Bank publication, "Making Devolution Work for Service Delivery" (World Bank, 2022), conclusively observed that successful implementation of devolution has a significant effect on service delivery.

More recently (2023), according to a survey by Twaweza East Africa, a Civil Society Organization: 75 per cent of Kenyans believe that devolution has improved service delivery, specifically in health, water, education and infrastructure sectors; 58 per cent agree with the view that devolution has led to visible economic development in their counties; and more Kenyans feel more involved in governance and county-level decision-making, thus, increasing transparency, accountability and public trust on government (Twaweza East Africa, 2023).

However, it is noteworthy that, firstly, implementation of devolution, as stipulated by the Constitution, is still work in progress. There are still many elements of functions devolved by the Constitution (Schedule 4) to county governments that continue to be performed by the national government MDAs.

Among the consequences of the latter are duplication of functions, inefficient allocation of resources and sub-optimal performance at both levels of government (World Bank, 2022).

Secondly, issues of effectiveness of performance and accountability are persistently and loudly raised by public service oversight institutions, civil society organizations and the general citizenry.

In the same context, issues have been raised concerning employment, payrolls' controls, and wage bill management in the county public services. It is against that summary backdrop that the paper was prepared to inform the conference.

The key highlights of the report are: devolution of functions and power gave rise to institutional and organisational pluralism in the management of human resources and wage bill expenditures; delayed unbundling, delineation, and full transfer of devolved functions to county governments has exacerbated the duplication of functions and resources allocation, including wage bill expenditures, at both levels of government; and growth in employment and wage bill expenditures in the county governments has been much more rapid than in other public service sub-sectors.

While this growth can be largely attributed to hiring of comparatively high members of Early Childhood Development Education teachers and health service personnel, there remains a significant element of unproductive employment and wage bill expenditures in the county governments; national government MDAs continue to perform many devolved functions, which is inconsistent with implementation of devolution as stipulated in the Constitution, contributing to duplication of functions, and thereby, undermines productivity and efficiency at both levels; and establishment of norms on compensation of public service employees, and wage bill management and control.

The paper recommends the following with regard to implications of devolution and duplication of functions for sustainable financing of the public service wage bill: The two levels of government should cooperate and coordinate to ensure implementation of the programme for complete transfer of devolved functions from MDAs to county governments; and review and rationalisation of SAGAS, organisational units and structures, staff establishments, staff deployment and budgets for the devolved functions.

Further, PSC or another similar national agency, should be mandated to develop, promote, and enforce compliance with organisational and human resources management principles, standards and norms across the two levels of government.

In the option of expanding the mandate of PSC, the functions to be added to the Commission would, as recommended by the 2016 Task Team for Socio-Economic Audit of the Constitution, include ensuring that the values and principles under Articles 10 and 232 are complied with in the service of county governments; and offering advice to county governments on staffing of their respective public services; facilitating transfers across counties; etc. (Auditor General, 2016).

Further measures for the institutional strengthening of the County Public Service Boards (CPSBs) and County Assembly Service Boards (CASBs) should be developed, legislated, and implanted so that these agencies can effectively perform the functions of establishment control, and meritocratic recruitment, grading and promotion of employees, disciplinary control and management of employees in county governments.

3.6 Implication of proliferation of state corporations on the public wage bill - *State Corporations Advisory Committee*

The paper assesses State corporations' establishment frameworks, and their resultant role in wastage in the public wage proposed establishment of controls towards managing wastage in the public wage.

The paper notes that State corporations are established to drive economic growth and social transformation, should uphold good governance, efficiency, and effectiveness to improve service delivery and value for money.

However, there has been a proliferation of State corporations across various sectors of the economy under the guise of pursuit of autonomy, efficiency and effectiveness. This is because the framework for establishing State corporations has provided for multiple avenue that could lead to wastage in the public wage bill as a result of establishment of State corporations that may not be required/needed.

As of March 2024, there were 349 State corporations established to fulfill specific executive mandates. While State corporations can drive development and provide essential services, their proliferation poses challenges such as financial strain, bureaucratic inefficiencies, poor accountability, and duplication of efforts/functions.

Previous studies in Kenya have addressed prudent management of public resources, but none have focused on State corporations. Therefore, this study aimed to identify potential areas of wastage in the public service wage bill. Using a desk research design, information from secondary sources like official documents and reports, was analysed. The study focused on select State corporations in Kenya, employing purposive sampling.

The creation of State corporations via Acts of Parliament, presents two pathways: first, State-sponsored Bills, initiated by the government, typically adhere to the provisions of PFM Act, 2012.

Regulation 215 of PFM (National Government) Regulations, 2015, mandates that State corporations necessitate prior cabinet approval, accompanied by thorough justifications and feasibility assessments to ensure economic and financial viability. Despite these regulations offering clear criteria and procedures, the number of State corporations has continued to increase since independence without significant regular reviews by the National Treasury to evaluate their relevance and justification for sustained existence.

Secondly, private member Bills, introduced by non-government members of Parliament such as those from opposition parties or independent legislators, have also contributed to the establishment of State corporations.

Instances of discord or misalignment between private member motions and the Executive's agenda or national government blueprints have led to the formation of State corporations, with overlapping mandates and duplicated functions among different entities. Such situations breed inefficiencies, governance ambiguity, and likely contribute to the waste in the public wage bill.

Out of the total 65 established under the Companies Act, 27 (41.5%) are subsidiaries of other State corporations. Choosing to establish subsidiaries under the Companies Act is preferred due to its perceived efficiency, where the Board simply needs to register a wholly-owned company with the Business Registration Service without being bound by the provisions of Regulation 215 of PFM (National Government) Regulations, 2015.

The creation of subsidiaries is of particular interest as it has the potential to be exploited by State corporations, leading to financial strain and potential waste in the public wage bill.

Once formed, individuals are hired to oversee these operations. Subsidiaries are set up with profit in mind and fall into either PC 7 for Commercial State Corporations or PC 8 for Financial State Corporations, which typically offer higher salaries. However, some subsidiaries may struggle to generate sufficient profit to sustain themselves.

Part II of the State Corporations Act, Cap. 446, allows for the establishment of State corporations by the President. Out of the total 349 State corporations, 51 (14.6%) have been established through Legal Orders.

It is assumed that these Orders creating State corporations adhere to the provisions of Regulation 215 of PFM (National Government) Regulations, 2015.

However, this provision could potentially be exploited for political motives, leading to wastage in the public wage bill and putting a financial burden on the National Treasury.

Certain Acts of Parliament have empowered respective cabinet secretaries to establish State corporations through Regulations. While these provisions do not explicitly require cabinet secretaries to establish corporate bodies, the National Government Affirmative Action Fund, and the Youth Fund were established as a body.

Granting cabinet secretaries such authority could result in increased expenditures in the public wage bill, especially when ministerial figures advocate for corporate status to secure higher salaries and employment opportunities.

The paper suggests the following actions to mitigate the implications of the proliferation of State corporations on the public wage bill. These are: simplifying the frameworks for establishing State corporations to reduce the proliferation of such entities in Kenya; and enforcing the implementation of pending reforms outlined in the 2013 Report of The Presidential Taskforce on Parastatal Reforms led by Hon Abdikadir H. Mohamed and Isaac Awoundo.

This includes executing mergers, restructuring, and other reforms aimed at enhancing the efficiency, accountability, and service delivery of existing State corporations; and implementing comprehensive reforms, which encompass enhanced governance, increased transparency, strengthened accountability, and improved efficiency in HR management practices within the State corporations.

3.7 Leveraging Technology to Enhance Controls Accountability in the Public Service Payroll - *State Department for Public Service*

The paper brings out the extent to which technology adoption impacts payroll management accountability. Specifically, it assesses the current status and highlights how public service organisations can effectively leverage technology to modernise and optimise payroll management for greater efficiency, accuracy, transparency, accountability and wage bill sustainability.

The paper records that payroll accountability in the public service involves strategically repositioning payroll as an asset leveraging on technology, data, and automation not only to maintain accuracy and compliance, but also to reduce errors, risk and fraud. Payroll controls affect fiscal discipline by ensuring that the expenditures on payroll are contained in accordance with the established laws and authorised allocations.

The Unified Payroll Number (UPN) System for the public service is an example of how public service is leveraging on technology. It has facilitated centralisation of Payroll Number allocation in the public service, making it possible to identify each public servant with only one unique identifier, track employee movement within the public service upon transfer.

It also ensured, seamless merging, analysis, and auditing of all payrolls of public service organisations; protecting payroll and enhancing effectiveness in the management of the public wage bill, and reactivate payroll numbers for public servants that are reinstated back into public service.

The paper notes that use of different and independent systems of processing payroll restricts the government's ability to make sound decisions on wage bill management, budgeting and national planning, thereby, undermining efficiency and accountability in staffing for service delivery.

Leveraging technology involves digitization, i.e., changing from analogue to digital form and digitalisation, i.e., use of digital technologies to change a business model and provide new revenue and value-producing opportunities.

The challenges experienced with manual payrolls, as highlighted in the paper include, risk of double/ multiple payments of salaries and allowances; unsustainable and unpredictable wage bill; and under budgeting and poor planning, thus, resource allocation is not prioritised for development and other services.

Among the highlights is a case study by Controller of Budget (COB) of a review of the variance between county governments wage bill and Integrated Payroll and Personnel Database (IPPD) (government payroll data), as per the National Treasury Payroll Audit Report 2016-2021. The variance between the two amounts was over Ksh 140 billion, which may be attributed to the manual payrolls in use by county governments.

The impact of leveraging technology so far includes, generation of 540,523 payroll numbers by the UPN system from January 2020 to March 2024, including the highest allocation of 381,742 numbers issued to teachers under the Teachers Service Commission (TSC).

UPN has enabled faster onboarding of employees on payroll in MDAs, county governments and State agencies; access controls done using user-rights/ passwords provide accountability for any action undertaken; consolidation of payroll data which is readily available for mining by critical stakeholders for accurate HR planning and decision-making; central updating of reference data for standardisation and uniformity; electronic data exchange between government agencies and third-party organisations is now possible e.g. Kenya Revenue Authority, Integrated Financial Management Information Systems (IFMIS), SRC.

The paper provided the following recommendations: a one-government approach in management of HR data in the public service through data consolidation, by adopting the newly re-engineered Human Resource Information System-Kenya (HRIS-Ke) web-based system.

This will provide a single source of truth for payroll information for faster decision-making and allow for integration with other key management information systems in the public service; all public service employees are allocated with a UPN for ease in tracking and avoiding duplication; all payroll systems in the public service to be migrated to HRIS-Ke and that MDACs cease the use of manual payrolls; and internal audit units to be strengthened to undertake monthly payroll audits.

The paper also provided policy recommendations as follows: finalise and implement the Payroll Management Policy for the public service; all public entities to adhere to approved staff establishments; and MDACs to comply with the provisions of the Data Protection Act in relation to HR data.

The proceedings of the conference also provided additional recommendations that include biometric registration of all public servants; use of Artificial Intelligence (AI) and business analytic tools for smart and accurate mining of data; enhanced data security by employing advanced encryption and authentication protocols to safeguard confidential employee information, which not only protects against data breaches, but also ensures compliance with data protection regulations.

3.8 Public Service Productivity as a Driver of Economic Growth: Case of Malaysia - *Malaysia Productivity Corporation*

This paper focused on how productivity in Malaysia has enabled the government to drive and align the entire public service towards competitiveness and economic development.

Productivity in Malaysia is intertwined with economic growth and societal well-being. It measures how efficiently resources are used to drive development, create jobs, and enhance the standard of living for Malaysians. It is not just a corporate metric, it is a vital factor in a nation's progress.

The National Wage Council of Malaysia uses data on productivity from the Malaysian Productivity Corporation (MPC) to recommend minimum wage after every two years through the productivity-linked Wage System. The MPC helps the government measure productivity. Public service's growth through productivity is a priority in the country's economic transformation agenda.

The presentation by MPC indicated that the major milestones in driving productivity of Malaysia took a phased approach since 2010, and entailed: revamping MPC to drive productivity; and spearheading regulatory reform to boost productivity; launching policy on Good Regulatory Practice.

Other milestones included, collaborating with Organization for Economic Cooperation and Development (OECD), World Bank and AGPC and investing in human capital on regulation; development of Productivity Blueprint; establishing Productivity Nexus championed by private sector; encouraged adoption of digital technology for productivity; and speeding-up regulatory reform through Quality Guideline for Licensing.

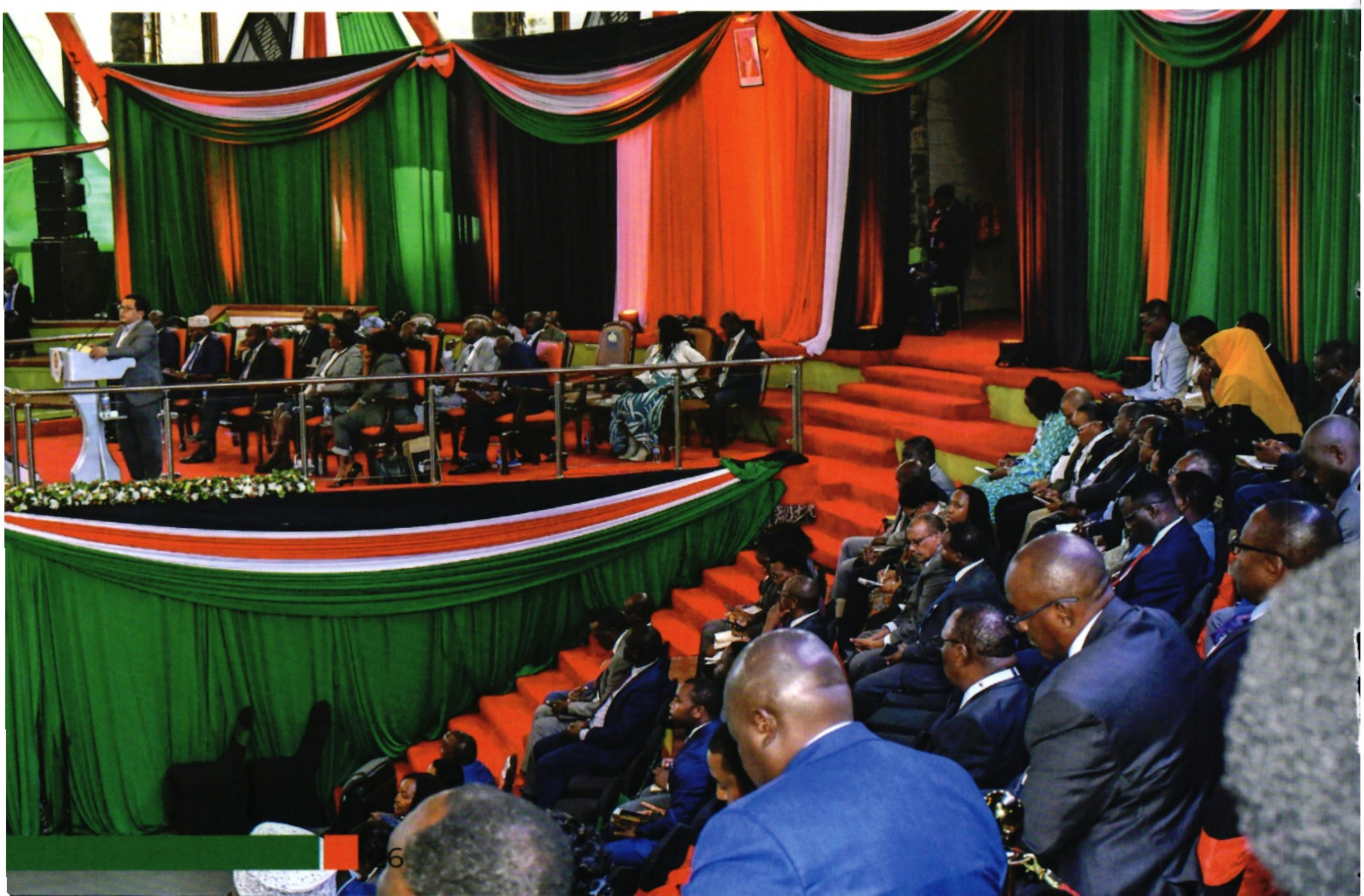
The role of MPC in improving productivity in Malaysia has been done in three ways. First, the MPC regulatory coherence, technology and management and progressive labour market initiatives. Second, public private partnership through ten technical working groups that also reports on international competitiveness. Thirdly, private driven initiatives through Productivity Nexus.

The 12th Malaysia Plan (12MP) emphasises a comprehensive approach to transform the public service, leveraging digitalisation, collaboration, and smart partnerships for sustainable development and economic growth. The plan emphasises transforming the public service through a whole-of-government approach. There exists deliberate efforts to focus on improving processes, systems, and operational efficiency.

Although gains made via productivity are evident, Malaysia has encountered various following challenges. On talents: this includes skills mismatch, shortage of workers and dependency on low-skilled foreign workers.

On technology: low technology adoption and digital divide, inadequate infrastructure and limited access to technology, finance and knowledge. On regulation: prescriptive regulations, duplicating regulations, outdated regulations, lack of transparency, manual regulatory implementation.

Malaysia recommendations towards productivity mainstreaming include, public-private collaborative innovation, regulatory experimentation, agile regulatory approach, risk-based approach, and utilisation of digital technology.



Day 2: Technical Papers and Expert Presentations

3.9 Public Service Productivity as a Driver of Economic Growth and Service Delivery: *A Case of South Africa by Productivity South Africa*

This paper focused on how productivity in the South African public service is driving economic growth and service delivery. The paper delved into the challenges experienced and the efforts towards a better public service productivity index for economic growth and achieving broader socio-economic development goals for the country.

Public service productivity is defined as optimising the delivery of services through the efficient use of public funds, resulting in increased citizen satisfaction, public trust, accountability, cost effectiveness, competitiveness, and quality of life. It also means enhancing the effectiveness of the public service in creating a conducive environment to increase the total factor productivity in private sector production.

Low productivity means wastage and misallocation of resources, while high productivity means efficient use of public funds. High productivity in the public service benefits the government, the private sector, the economy, and, most importantly, the public.

'Productivity' is a cost-based performance measure, which answers the question: 'How efficiently did we utilise resources in the process of delivering a product or service to the satisfaction of the end-user?'

'Efficiency' and 'utilisation' are the cornerstones of 'productivity'. Productivity improvement usually stems from improved 'efficiency' and/or improved 'resource utilisation'.

As of 2017, the Department of Public Service and Administration (DPSA) created a Public Service Productivity Management Framework. This framework uses a productivity matrix to measure productivity in the public service. The matrix tool takes both quantity and quality measurements into consideration for public service productivity.

The matrix investigates the factors affecting productivity to identify concrete productivity targets for the organisation, and to see the cause-effect relationship between different factors on productivity.

Productivity SA is established under Section 31(1) of the Employment Services Act No 4 of 2014. The entity's mandate is to promote employment growth and productivity, thereby, contributing to South Africa's socio-economic development and competitiveness.

Productivity SA's vision is to lead and inspire a productive and competitive South Africa. Its mission is to improve productivity by diagnosing, advising, implementing, monitoring, and evaluating solutions aimed at improving South Africa's sustainable growth, development, and employment through increased competitiveness.

Research by the World Bank ranked South Africa at 80 out of 170 countries for productivity growth during

the period 2015-2021. During this period, the rate of local productivity growth – as measured by GDP per employed person – was only two-thirds of the pace seen globally.

South Africa's productivity statistics reflect the stabilisation of the economy in 2022 following the recovery in 2021 post the onset of Covid-19 pandemic in 2020. The economic stabilisation was mainly underpinned by the recovery in capital investment, while the global geopolitical risks remain high, electricity supply problems persist, while fiscal spending pressures undermine the efforts to provide basic goods and services in health, infrastructure, and education, as well as a conducive environment for business and citizens.

Multifactor productivity increased from 4.9 per cent in 2021 to 5.8 per cent in 2022, signaling economic stabilisation. Labour productivity decreased slightly from 3.1 per cent in 2021 to 2.1 per cent in 2022.

Recovery from the crisis, both in terms of economic growth and employment creation, has been weak. Economic growth has recovered from the contraction of 6.4 per cent in 2020 to growth of 4.9 per cent in 2021. However, GDP remains below the pre-pandemic levels of R1,148 billion. Certain key sectors, particularly manufacturing, were hard hit.

Output in the "motor vehicles, trailers and parts" industry shrank by 50.4 per cent, whilst its employment declined by 40.7 per cent. The comparable figures for the leather and footwear industry were 22.5 per cent and 19.6 per cent, respectively.

These are a few of the many different impacts on economic sectors. Impact on productivity in South Africa, which include but are not restricted to various factors are, electricity supply challenges, climate change and the Just Transition, market access and logistics.

Education is at the core of human capital development. South Africa's education spending is high (as a percentage of GDP), though the return on this investment is low. This has resulted in a skills deficit and productivity challenges in the labour market, with soft skills (e.g. active listening and critical thinking) in particularly short supply.

The job market calls for a paradigm shift in public service education curriculums and teaching methods. Many higher education institutions in South Africa have recognised this. Most of them believe that industry-led curriculum design and learning methods are required to deliver curricula that match the rapid pace of change in the world.

Reliable infrastructure, well-maintained equipment, and appropriately applied technologies boost productivity. However, in South Africa, the state of port infrastructure and services have deteriorated in recent years, with the number of containers imported and exported declining from 4.42 million in 2021 to 4.18 million in 2023.

One option to improve ports is a part public/part private ownership model. Globally, the trend is for governments to play more of an oversight and ownership role, leaving some or all operational aspects to the private sector. Greater private involvement opens opportunities for more investment, particularly where the government is fiscally constrained.

The PPI added institutions as the third new pillar to the measurement of productivity because of their essential role in overseeing and regulating the economy, thereby contributing to productive outcomes. The performance of South Africa's public institutions has, unfortunately, deteriorated since 2018.

To improve public institutions, the government needs to adopt technologies that create transparency and transform organisational culture to improve understanding of why compliance is necessary. In turn, private companies need to be agile to survive the impact of corruption emanating from the public service.

The shift from activities to impact targets - in the past, the Department of Trade, Industry and Competition targeted inputs and activities that can have a beneficial outcome and impact on jobs, industrial output, exports, and investment.

A focus on inputs and activities can distort resource allocation (time, human resources, and finances) to what has been done in the past, or to internal lobbying, or to ease of achievement or compliance with audit, rather than those actions that can help to achieve the key outcomes. It also limits productivity and accountability on the impact of use of public resources.

Efficient work practices can be the distinctive competitive advantage of a government. If productivity is high, businesses and the people can improve their standards of living. This will lead to improved stability and profitability of businesses, improved customer relationships and higher customer satisfaction, which will contribute to job retention and job creation.

For public service productivity to drive economic growth and service delivery, the following actions should be considered: Measures can and should be developed at the level of the employee, organisation, or overall public service, and should be tracked over time.

Such information will allow the government to monitor performance closely and measure the returns to different types of public expenditures. This knowledge can be used to improve the allocation of public resources in the future and maximise the impact of the public purse.

Whilst South Africa has a long way to go to improve its ranking on the global Productivity Index, when it comes to productivity, there are factors to consider: efficiency' (work done in a way that optimises resources), and 'effectiveness' (work done in a way that optimises outcomes).

Significantly, less time is typically spent to improve employee engagement. The biggest cost driver is the people, therefore, putting programmes in place to improve efficiency, quality, service delivery, create an environment for innovation and employee morale.

3.10 Towards a transformative public service culture in Kenya: productivity, accountability, and citizen centricity – *Public Service Commission*

The public service culture in Kenya draws from more than a century of colonial legacy. In the post-colonial era, the country's public culture has evolved into a complex hybrid of native practices, adaptation of global practices and the enduring aspects of its colonial roots.

While noting that frameworks for institutional culture can be quite diverse in scope and conceptualisation, this study proceeds with an analytical approach anchored on three main dimensions that can anchor public service culture transformation; productivity, accountability and citizen-centeredness in service delivery.

Historically, governments have struggled with both quantitative and normative dimensions to establishing formal, deliberate and sustained cultures that define their performance and delivery. To date, the public service in Kenya is yet to adopt a universal framework for measurement, evaluation and improvement of public service productivity, accountability and citizen centricity in service delivery that can drive transformation.

In many instances, institutions of government approach their service delivery obligations as routine Weberian bureaucratic processes, as opposed to an institutionalised culture of citizen centric provision of services that is anchored on the principles of productivity and accountability.

In its Theory of Change, the paper points out that interventions inpolicies and related reform programmes can lead to desired changes in indices for productivity, accountability and citizen centricity and their corresponding outcomes. The ultimate impact is a transformed public service culture.

The main objective of the study was to establish the current condition of Kenya's public service

transformation culture as seen within the lenses of productivity, accountability and citizen centeredness.

The study assesses the current status, reviews Kenya's aspirations on the three indicators of public service culture and presents recommendations on policy and programmatic approaches for improvement and transformation.

The rationale for the study anchors on the contribution of its policy recommendations to an enduring pedestal for a whole-of-society reinvigoration and re-institutionalisation of productivity, accountability and citizen centricity, as central constructs of public service culture transformation in Kenya.

The study data was drawn from secondary sources. Where directly measurable metrics on productivity, accountability and citizen centricity were difficult to formulate, the study employs the most proximate proxies on which data were available. Analyses on the three dimensions to public service culture utilise in-country data and comparative global data.

The study findings indicate that labour productivity in Kenya remains low at US$ 5 of GDP per hour of labour, compared to a high of US$ 146 for Luxemburg, with the country ranking at the bottom 5 per cent, globally. On accountability, Kenya has a low Consumer Price Index score of 32, compared to a high of 90 for Denmark.

The country ranks among the bottom two quintiles on corruption perception; suggesting monumental structural, systemic and cultural constraints to accountability, integrity and ethical practice in the public service. At 50 grants, bribery remains the most prevalent form of unethical practice when seeking services.

Citizen centricity remains low when proxied by citizen satisfaction (43%) and compliance with the values and principles that anchor service delivery (42%). At 68 per cent, the mean organisation-level index on citizen centricity, when proxied by customer satisfaction, is at great odds with household-level index of 43 per cent on citizen satisfaction with service delivery. This points to a possible objectivity problem, especially with internally commissioned or self-reported surveys.

At the macro level, the study recommends a new public service culture reform and transformation programme that integrates productivity, accountability and citizen centricity at its core. In addition, for objectivity, evaluations on the performance of public service organisations on culture indicators should be externalised.

National productivity improvement interventions should focus on: Fiscal policy prioritisation on stimulation of productivity-enhancing investments in infrastructure, human capital and research and development; improvement of government data systems for high quality data for productivity measurement, evaluation and reporting; and a structured, coherent policy and legal framework for a whole-of-government approach to productivity management in the public sector.

Policy efforts towards enhancement of public service accountability should focus on: society-wide inculcation of ethics and integrity culture through curriculum, education and training; strengthening the policy and legal framework for integrated public service accountability; and deepening of policy on integration of citizen participation.

Other focus areas are; deepening government investments on digitalisation of public services; new policy focus on deterrence and prevention of corruption and unethical behavior; and defragmentation of accountability mandates across public service institutions.

Improving citizen centricity in service delivery in public service can be achieved through: deepening structural decentralisation of service delivery; mainstreaming of service delivery norms and standards; entrenchment of values and principles of governance and public service; policy incentives for performance excellence; and policy transition for citizen satisfaction to citizen happiness.

3.11 Areas of Wastage in the Public Wage Bill

Prudent public finance management provides for efficient, effective, and transparent use of public resources to achieve government objectives. The PFM promotes accountability, transparency, and the rule of law, while fostering public trust in a country's economy. However, there is prevalent wastage of public resources within the public service, which negatively impacts the wage bill to revenue ratio.

3.11.1. Office of the Auditor General

The Office of the Auditor General (OAG) presentation provided an overview on areas of public resource wastage and the impact this has on the public wage bill. The presentation focused on payroll and recommendations to address the gaps, thus, resulting in enhanced accountability, transparency, value for money and overall prudent management of the public service wage bill.

The presentation provided a review of OAG's reports for FY 2022/2023 revealing that most public entities audited in both the national and county governments had modified audit opinions.

Modified audit opinions reflect low quality of financial statements, which is an indication of errors, fraud, and financial misstatements, hence there is a direct link between misstatement and resource wastage.

Statistics by OAG for FY 2022/2023, indicate that 33 per cent of audit opinions for MDAs, including donor funded projects were modified. The audit opinions for all county executives were modified and 91 per cent of county assemblies recorded modified audit opinions. This means that financial information presented by all county governments had errors and misstatements.

Areas of wastage in public service wage bill that are a basis for modification of audit opinion include: variances between IPPD payroll data and reported employee costs in financial statements; reported

cases of fictitious employees on the payrolls, leading to salaries being siphoned off; and payment of salaries to staff without employment numbers.

Other areas are: unauthorised and casual staff payments; unjustified or inflated allowances paid to employees, contrary to SRC circulars; payment of salaries outside the IPPD; non-compliance with the law on mandatory retirement; overstaffing; recruitment without requisite qualifications; use of fictitious records; lack of performance management systems; and manual payrolls.

The way forward highlighted included: Internal controls-weaknesses identified during audits should be addressed including changes in law; oversight Parliamentary Committees should act on accounting officers responsible for addressing identified areas of wastages; allocation of sufficient resources to undertake regular and continuous preventative audits; leverage on technology, especially on HR management and payrolls; and foster cooperation and partnership in all accountability agencies.

3.11.2. Office of the Controller of Budget

The presentation provides an overview, from the lenses of the Controller of Budget (COB), on areas of public resource wastage and the impact this has on the public wage bill.

The presentation brings out measures to curb wastage, and hence, improve accountability and efficiency, and proposes strategies and action plans to contribute to achievement of PFM target on wage bill to revenue ratio.

Effective management of public resources ensures appropriate allocation of resources and promotes trust and confidence, good governance, and sustainable development. Prudent management of public resources is enshrined in Chapter 12 of the Constitution and reinforced in PFM Act, 2012, which emphasises on transparency, accountability, and fairness.

The presentation brings out the following as the causes of high wage bill. First, lack of revenue diversification where most government entities rely fully on government funding to undertake their planned activities. The government, through the Kenya Revenue Authority, should enhance revenue mobilising strategies, which would reduce the ratio of wages to revenue, as well as create employment opportunities for the unemployed.

Secondly, counties that inherited workforce from the defunct local authorities, and who were earning huge salaries because of Collective Bargaining Agreements (CBAs) through labour movements, but whose skill sets are limited.

Efforts to retrench them through voluntary retirement programmes have not been successful, resulting in long court proceedings while the affected employees continue inflating the wage bill.

Thirdly, Section 2 of the Employment Act, 2007, defines CBA as: "Collective agreement" means a registered agreement concerning any terms and conditions of employment made in writing between a trade union and an employer, group of employers, or employers' organisation.

Signed CBAs give employees power over when to exit the workforce and any salary increases over some time. The CBAs have resulted in growth in the wage bill that is not matched by revenue growth.

Wastage in the public service entails spending that could have been avoided. Areas of wastages that contribute to the rising and unsustainable wage bill include: inaccuracies and fraud in the manual payrolls; poor revenue forecasting; lack of revenue diversification and reliance on government for funding; poor use of business intelligence and analytics; political influence and nepotism in employment and recruitment; and signed CBAs that give employees power on salaries that are not matched to productivity.

The following recommendations were presented. Firstly, employment measures limiting new hiring to help reduce government employment in the short term, while ensuring optimal usage of the available staff resources to ensure effective service delivery.

Secondly, outsourcing of non-core functions since non-core activities often take up a significant proportion of the wage bill. Therefore, when effectively outsourced, this could provide relief on the wage bill, especially on the employment of casuals.

Thirdly, streamlining of non-wage compensation will improve transparency and fairness of government pay since allowances, in some MDAs, constitute a substantial proportion of total compensation.

When used appropriately, these allowances provide flexibility in compensation based on qualifications, location, performance, or market conditions to ensure competitive compensation.

However, allowances are often used to circumvent controls on the base pay and often result in costly inequities. Streamlining allowances through consolidating or phasing out would lower costs without affecting service delivery (OECD, 2015a).

Fourthly, compensation reforms to enhance public service delivery by linking pay to performance can incentivize performance. Further, adequately rewarding specific skills can also improve public service delivery. However, the effectiveness of its implementation depends on the measurability of outputs and the trust in the performance appraisal process, which is often subjective.

Fifthly, Performance-Related Pay (PRP) can engender output-oriented management by influencing organisational goal setting, progress monitoring, and teamwork. PRP tends to be more effective for jobs whose outputs are largely measurable, including teaching, health care, and tax administration, although it needs to be carefully designed to avoid gaming and unintended consequences.

Sixthly, technological integration that will address the complexities and potential shortcomings associated with the integration of technological solutions like IFMIS and IPPD would go a long way in solving the wage bill problem. The two systems should be integrated to ensure they reconcile. Some staff are paid manually outside IPPD, providing an avenue for computational errors and payment of ghost workers.

Seventhly, timely resourcing since dealing with limited financial resources and competing priorities may hinder the implementation of comprehensive financial management strategies.

Cash flow shortfalls have resulted in delays in salary payments to public servants and non-remittance of statutory deductions, which include pension remittances resulting in pending bills by both levels of government, which result in demotivated staff and low productivity.

3.12 Productivity Mainstreaming in Commercial State Corporations: The KenGen Chronicles in Mainstreaming Productivity - *Kenya Electricity Generating Company (KENGEN) PLC*

Kenya Electricity Generating Company PLC (KenGen) is among the organisations that were selected and piloted on productivity mainstreaming in its operation. Subsequently, the institution was selected as a case study during the conference.

KenGen is the leading electric power generating company in East Africa. It was incorporated in 1954 under the Kenyan Companies Act to generate electricity through the development, management, and operation of power plants. In Kenya, KenGen is spread in Olkaria and Eburru, Western, Kipevu, Seven Forks, Upper Tana, and Ngong.

The presentation notes that whereas performance management responds to the question of how to actualise the goals of the organisation through goal alignment, productivity management takes a wider view of translating inputs to outputs in the most efficient and effective manner.

KenGen's productivity is, therefore, its ability to produce desired results with a minimum expenditure of energy, time, money, employees and materials. Similarly, the institutional performance comprises the actual output or results of an organisation as measured against its intended outputs (or goals and objectives).

KenGen has committed to productivity mainstreaming through the following phased approach: productivity measurement: measuring productivity levels to determine the institution's productivity levels; productivity analysis: defining strengths and weaknesses; productivity planning: reviewing results of second phase goals and alternatives; and productivity improvement: execution and implementation of the improvement plan.

Following the capacity building by SRC and NPCC, the institution developed 11 metrics, undertook data collection, consolidations, analysis and calculated its baseline index. The sample metrics developed, and their corresponding weights are: percentage monthly/quarterly availability (27.19); turnaround time on provision of goods and services (16.32); and percentage improvement in project performance (11.97).

Also, percentage downtime of ICT infrastructure and utilisation (10.22); technical training hours per person per year (7.91); percentage change in number of incidents (6.71); percentage of adherence to legal/statutory/regulatory requirements, obligations and all audits (5.84); return on investment (ROI) (5.18); percentage change in profit before tax (4.90); revenue per employee (2.32); and percentage reduction of stakeholder/customer complaints (1.44).

The presentation brought out challenges that an institution may experience during productivity mainstreaming. These include: assessment and planning: setting clear productivity goals and objectives aligned with the company's strategy; communication and engagement: development of a communication plan to explain the need for change and its benefits; and engage employees at all levels to ensure their buy-in and commitment to the productivity initiatives.

Additional challenges include: training and development: provision of necessary training to equip employees with the skills required for enhanced productivity; tailor training materials to address specific departmental needs and challenges; and resource allocation: allocation of resources effectively, including budget, time, and personnel, to support productivity improvements.

Also, provision of necessary tools and support to facilitate the implementation of productivity initiatives; iterative implementation and adjustment: rolling out changes incrementally to minimise disruptions and allow for adjustments based on feedback; and continuously monitor progress and make necessary adjustments to the implementation plan.

KenGen recommended the following: know the strategy: clearly articulate the company's mission, vision, and strategic objectives. Employees should understand how their work contributes to these goals, fostering a sense of purpose and direction; promote effective communication: foster an environment of open communication where ideas, feedback, and concerns can be freely exchanged. Clear communication channels facilitate collaboration and problem-solving, ultimately enhancing productivity.

Other recommendations include: encourage collaboration and teamwork: promote teamwork and cross-functional collaboration to leverage diverse perspectives and skills. Encourage knowledge sharing and cooperation among departments to streamline processes and achieve common goals; streamline processes and eliminate bottlenecks: identify inefficiencies in workflows and processes and implement strategies to streamline operations.

Further, eliminate unnecessary steps, automate repetitive tasks, and invest in technology to improve efficiency; provide the right tools and resources: equip employees with the necessary tools, technologies, and resources to perform their jobs effectively.

Invest in modern software solutions, infrastructure, and equipment to enhance productivity and facilitate innovation; foster a positive work environment: cultivate a positive and supportive workplace culture that values employee well-being and satisfaction.

Recognise and reward employees for their contributions and promote work-life balance to prevent burnout; set realistic workloads and prioritise tasks: avoid underutilising employees with minimum workloads, which can lead to decreased productivity and quality of work.

Prioritise tasks based on urgency and importance and allocate resources accordingly; monitor and measure performance regularly: continuously monitor performance against established strategic initiatives.

Regular performance discussions provide insights into areas for improvement and allow for timely adjustments to strategies and processes; implement performance incentives and rewards: implement incentive programmes that reward high performance and achievement of goals.

Performance-based incentives motivate employees to strive for excellence and contribute to overall productivity; iterate and improve: foster a culture of continuous improvement by encouraging feedback, analysing performance data, and implementing changes based on lessons learned. Adaptation and evolution are key to sustaining productivity gains over time.

3.13 Productivity Mainstreaming in Service State Corporations: *Case of The Kenya Bureau of Standards*

The Kenya Bureau of Standards (KEBS) was among the organisations that were selected and piloted on productivity mainstreaming in its operation. Subsequently, the institution was selected as a case study during the conference.

KEBS is mandated by the Standards Act, Chapter 496 of the Laws of Kenya. Standards are documents that provide requirements, specifications, guidelines, that can be used consistently to ensure that materials, products, processes, and services are fit for their purpose. Those standards are meant to achieve three objectives namely: facilitate trade; protect consumer from harmful and poor-quality goods; and protect environment.

The presentation by KEBs indicates that productivity level is an indicator of an organisation's competitiveness, while productivity culture and practices enable an organization to produce quality goods and services at costs that meet the test of domestic and international markets.

Highly productive organisations promote and maintain high standards and quality of life. The human capital is the only resource, among factors of production, that can be creative and innovative. The most successful organisations contribute their success to human capital.

The management embraced this opportunity and worked closely with SRC and NPCC to realise the objectives of productivity mainstreaming. KEBS committed to productivity mainstreaming through the Quality Management System (ISO 9001:2025) Certification in which continuous improvement is a central principle; Strategic Plan 2023-2028, which is aligned to BETA and MTPIV under Strategic Foundation No.2.1; and also aligned to the government's 5th generation strategic plan guidelines.

The institution has put the following key productivity structures in place: Productivity Mainstreaming Committee and Champions; a Productivity Framework; and a Productivity Improvement Strategy.

Following the capacity building by SRC and NPCC, the institution developed eight metrics, undertook data collection, consolidations, analysis and reporting for two financial years and calculated its baseline index. From the results, KEBS developed an objective in the Strategic Plan 2023/2027 to improve the index from 2.63 to 3.5 over the five-year period.

The challenges experienced include, defining metrics, especially in-service departments, is challenging. NPCC has been working closely with agencies to come up with appropriate metrics, and the allocation

of weights to each of the metrics is to some extent, subjective. NPCC will need to devise an approach to assist organisations to undertake this.

KEBs recommends that productivity metrics help institutions in redefining objectives and the strategic direction; productivity improvement initiatives inculcate a shared value in the vision of the organisation; metrics measurement is data driven and the integrity of data collection is crucial; and effective change management is necessary to address employee resistance to productivity measurement.

3.14 Productivity Mainstreaming in Ministries and State Departments: *A Case of Ministry of Health*

This paper examined the productivity mainstreaming process in the Ministry of Health. Specifically, the paper highlights the progress made and the challenges encountered in the development of a multi-dimensional productivity index for the health sector, as envisaged in Resolution No.3 of the Second NWBC, 2019.

Sub-optimal health workforce performance and productivity has been reported in many African countries, including Kenya. Partly attributed to a complex mix of poor remuneration and incentives, as well as weak performance management systems, poor supervision, lack of performance standards and lack of productivity improvement tools and metrics (Frimpong et al., 2011; WHO, 2016).

Skill mix imbalances, which have been implicated in the myriad of factors affecting productivity, inhibit efficient utilisation of the health workforce (Buchan and Dal Poz, 2002; Sander et al., 2015).

Productivity and performance assessment are much more complicated for the health workforce as compared to others due to the composition of the health workforce, complexity in defining productivity measures on quality and health outcomes that are also dependent on availability/functionality of other health system building blocks – financing, supplies, information systems, leadership and governance.

Healthcare is labour intensive and human resources are often regarded as the most significant input. Pharmaceuticals, infrastructure, diagnostic equipment, and other inputs are also necessary to provide appropriate health care services. Human resources constitute the largest component of health sector spending in both low and high-income countries.

Health workforce productivity in Kenya - Universal Health Coverage agenda requires a productive and responsive health workforce. The health workforce wage bill has grown nearly threefold since 2013 from approximately Ksh 38 billion to Ksh 108 billion in 2018.

The national average absenteeism of the health workforce is estimated at 52.8 per cent, while the reverse on health outcome gains and forgone man-days arising from strikes and infinite damage translates to approximately Ksh 78 billion (2011-2019).

The Kenya Human Resources for Health Strategic Plan 2019-2023 prioritises productivity improvement initiatives. Resolution No.3 of NWBC, 2019, is about the development of a Public Sector Productivity Index to be piloted in the health sector, TSC and in selected State corporations, and thereafter, rollout to other sectors.

Measuring health workforce productivity - health worker productivity has been measured in a variety of ways including; absenteeism from health facilities (Chaudhury and Hammer, 2004), share of time health workers spend on clinical care activities during working hours (Kurowski et al, 2007), the number of health services provided – usual doctors' visits or inpatient days – by a particular type of health worker, usually per doctor or nurse (Courtright et al, 2007; Vujicic)

The Empirical Formula - Multidimensional Productivity Index (MPI) - the model measures the amount of health services produced (output) by health workers (input) over a period (annually). It looks at how well input (health workers – salaries and wages and/or time/utilisation) are used to produce outputs (health service provision).

Expected application of the index – the index may explain some of the possible underlying causes of low health workforce productivity and help identify possible interventions to consider when seeking to improve health workforce productivity.

The index can also be used together with performance to determine individual or team bonuses in the health sector with the expected result of improved productivity in the health sector and ultimately result in improved patient outcomes. With increasing productivity, managers have more resources available to provide higher wages and benefits, provide better working tools, hire additional workers and provide higher quality services.

Challenges with MPI include: uncharted waters –no country has gone down to measuring productivity at individual health worker level; change of technical working group members in the middle of the process; some of the required indicators are not routinely captured; incomplete data in health facility records; and resource constraints.

The ministry recommends that to ensure finalisation of MPI, the ministry shall undertake sensitisation of county officials on data collection, training on data collection tools and carrying out of pretest, data collection, data entry, cleaning, verification, and analysis; undertake a dry run on the draft productivity model and dissemination of findings and policy dialogue; and training of technical working group members to understand the process.

3.15 Citizen Expectations on Productivity, Accountability and Service Delivery – *The National Taxpayers Association*

The paper brings into perspective the public perception, citizens' expectations, and experiences in the public service culture in Kenya within the lenses of productivity, accountability, and citizen centeredness. This is done by emphasising the interplay between public service culture and delivery of public service.

The paper highlights the potential for enhancing public service delivery by prioritising citizen engagement, feedback mechanisms, and inclusivity, which greatly contribute to the debate of productivity, citizen-centricity and accountability of the public service.

The presentation notes that the performance of the public service has been studied extensively over the years and many policy papers and legislation created. The problem has always been the lack of effective implementation.

The system of performance management and results-based management was introduced for MDAs in government under the Kibaki Administration. The system worked well and contributed to the impressive economic performance under the Kibaki Administration. Unfortunately, the subsequent administrations had other priorities and neglected to pay enough attention to this vital area of running the government.

The paper, therefore, recommends that: the performance management system be reinvigorated and given top priority; the president and cabinet become the champions of performance management under the president's delivery unit; performance management be cascaded to all areas of government at the national, county and grassroots level.

Addition recommendations include: service charters be reintroduced where the maximum time allowed for each service is established and provided for in a service charter; the Rapid Results Initiative be reinvigorated as a tool for improved management and service delivery; and the cabinet office for public service reform and development (or its current equivalent) be strengthened to oversee the system of performance management.

Also, the ICT based performance management system with a dashboard be reinvigorated; and citizens and stakeholders be included in performance management on the demand side of governance; and M&E under social accountability, as government cannot monitor itself.

The paper concludes that citizen and stakeholder engagement on the demand side of governance and social accountability is the key to addressing the performance of government and achieving a sustainable wage bill. To do so, citizens and stakeholders must organise under associations at the national, county and grassroots level.

Day 3 Technical Papers and Expert Presentations

3.16 Highlight on Strategies and Action Plans from Ministries, Departments and Agencies – *Salaries and Remuneration Commission*

SRC presented a highlight of strategies and action plans for achieving 35 per cent wage bill sustainability and mainstreaming productivity, as submitted by public service institutions prior to the conference.

The following were the strategies and action plans for wage bill sustainability:

(a) To address unchecked and disproportionate increase in the number of public service employees, the strategies to be adopted include: recruitment and appointment of personnel to be undertaken based on the approved staff establishment; freeze employment, except in critical functions supporting the core mandate of the institution; and automation of non-essential services as a way of reducing workforce and maintaining lean staff.

(b) To address wage bill sustainability, the actions required include: Strict adherence to SRC guidelines; automation of processes to reduce casual or unnecessary workforce; reduce the number of staff in non-core areas, allowing natural attrition; outsourcing non-core business services; freezing employment in non-critical areas; promote voluntary retirement schemes through efficient administration of retirement benefits; and freezing of post-employment contracts/non-renewal of post-retirement contracts.

(c) Regarding weak enforcement mechanism for non-adherence to advisory and policy, the strategies and action plans proffered were: regular monitoring and evaluation to ensure adherence; issue sanctions for non-adherence to SRC policy guidelines on remuneration and benefits; and consequence management for non-complying institutions.

(d) To address non-adherence to approved staff establishment, the country needs to: develop a HR management plan and frequently evaluate staffing levels and skill sets; deploy and strengthen HR capacity to enhance service delivery; prioritise organisational roles and functions on the basis of their strategic importance to the organisation whenever the institution is undertaking staffing and succession planning management; review and rationalise staffing levels: conduct a comprehensive review of staffing levels across the department to identify areas of overstaffing or redundancy; and undertake workload analysis to ensure that staffing levels match the actual workload and service demands.

(e) To address demand for higher wages, which are not aligned to economic performance, there is need to enforce strict adherence to the remuneration guidelines from SRC; and all Collective Bargaining Negotiations to be guided by the prevailing economic performance.

(f) To address the weak controls in payroll management, the strategies proffered were: migration into one payroll system for the entire public service; automation of the payroll system

and enhance control levels; regular capacity building for payroll management staff; and development and implementation of the Unified Human Resource Management System to help in payroll management.

The following strategies and action plans were identified for mainstreaming productivity.

(a) On addressing low productivity in the public service, the following actions are required: undertaking capacity building of staff on implementation of productivity mainstreaming in the state department; conducting skills gap analysis and training needs assessment of employees; entrenching performance management culture in the public service; incorporating productivity mainstreaming in work plans; and embracing performance-based pay.

(b) For productivity mainstreaming, the entire public service needs to develop workplace Productivity Improvement Strategy; employee engagement on productivity mainstreaming activities; leverage technology solutions for process automation, data analytics, and remote collaboration to optimise operational efficiencies and enhance productivity; sensitisation of staff on the productivity measurement data required.

(c) Development of Productivity Improvement Strategy and development of a standardised productivity measurement tool with clear key result areas.

3.17 Role of Leadership in Transformation of the Public Service to a Productive Accountable and Citizen-Centric Public Service - *Chief Justice (Emeritus) David Maraga, EGH*

The presentation indicated that the common thread that runs through the multiplicity of those definitions of leadership is the appreciation of leadership as a way of influencing others to work towards setting common goals and targets.

Former US President Harry S. Truman defined a leader as "one who has the ability to get other people to do what they don't want, and like it." In this context, transformative leadership may be defined as, "the process of influencing major changes in attitudes, beliefs, and values of followers to a point where the goals of an organisation and the vision of the leader are internalised, and followers achieve performance beyond expectations.

The poor leadership of public institutions, leading to the malaise of the ballooning wage bill in Kenya, is not for lack of an appropriate legal framework and/or policies. To the contrary, it is common knowledge that Kenya's constitution is one of the most detailed in the world.

Article 10 and 232 of the Constitution contain elaborate national principles and values of governance that guide institutions and the entire public service. These values include: high standards of professional ethics; efficient, effective and economic use of resources; responsive, prompt, effective, impartial and equitable provision of services; involvement of the people in the process of policy-making; accountability for administrative acts; and transparency and provision to the public of timely and accurate information.

Pursuant to these salient constitutional provisions, Parliament enacted enabling legislations including, the Public Service Commission Act, the County Governments Act, EACC Act, and the Public Officers Ethics Act, which take cognizance of and require the implementation of the said principles and values.

These laws are further buttressed by a barrage of policies, regulations, standards, and administrative guidelines that are prepared by different agencies to ensure achievement of the desired transformation. We have no shortage of transformation frameworks to anchor the desired changes in the public service.

Despite the existence of public institutions and leadership with a mandate clearly set out in the Constitution, laws, policies, and other strategic documents, some of those strategies have not been implemented in the public service. This points to a strategy execution gap which, as stated, is largely attributed to poor leadership.

The presenter notes that the malaise is simply the lack of the will in the leadership and the entire public service to do what is right. Issues such as, "weak controls in the payroll management system" and "ghost workers", are euphemisms for theft of public resources through the payroll.

Frauds are perpetrated by the sense of impunity allowed to be entrenched in the public service. The failure to punish such vices breeds a culture of impunity and emboldens the leadership to do what they please. The other malady bedeviling the public service is lack of courage to do what is right for the country and the people. The current crisis of overemployment can be traced back in 2013, at the commencement of devolution.

To guide the structure of public service for effective service delivery at the national and county levels, experts developed the Capacity Assessment and Rationalisation Policy for the Public Service (CARPS), and came up with a comprehensive report. The report called for fundamental restructuring and alignment of the public service at the national and county level into optimal staff levels.

The CARPS was never implemented, and the rationalisation of the public service was abandoned. Instead, with time, the national and county governments continued with the recruitment of additional and new employees and compounded the situation.

The implementation of the CARPS report was bound to come at a political, yet necessary cost to achieve an effective and optimal public service in the country. However, the leadership of the public service lacked the courage and commitment to do what was right.

Unless the culture of impunity is stemmed, the country will lose it. Laws are meaningless without the will to implement them. Until Kenya embraces the culture of ethical leadership, integrity, and transparency (beginning at the top), all the institutions and resources dedicated towards enforcement of Chapter 6 and the desired transformation of the public service will come to naught.

On the basis of its first Prime Minister, Lee Kuan Yew's leadership principles and undivided commitment to accountability, in less than 50 years, Singapore rose from the third to the first world economic status. Kenya too, has the capability and ability to adopt a culture of selflessness and accountability as demonstrated by the story of Singapore and other progressive and accountable systems of governance.

There is no doubt that the restructuring of the public service will come at a political risk and backlash. However, what is well intended and well-meaning for the society will finally provide the necessary results and outcome.

Leaders at the national and county level need to confront the challenge of over-employment and oversee the implementation of the prescribed solutions. If leaders who fail to do that are surcharged for the losses they occasion, tremendous improvement will be achieved.

While the Constitution sets down the values and principles of public service and other national ethos, it takes a visionary leadership to make these values a reality and part of the culture of public service. Where leadership of values is lacking in leaders, the constitutional aspirations will remain just that.











CHAPTER 4: CONFERENCE PROCEEDINGS DURING CAUCUS DISCUSSIONS

- ✓ *Day 1 Caucus Discussion*
- ✓ *Day 2: Caucus Discussion*

Caucus sessions were held each day and comprised a panel of eminent subject matter experts and policy-makers engaging the conference audience drawn from both the private and public service.

The sector-based sessions held in breakaway rooms provided insight into the nature of challenges and variations per sector. The caucus discussions also identified strategies and action plans for fiscal stability, enhanced service delivery, investment in critical sectors, improved productivity, and economic development. Each session was facilitated by a moderator.

Day 1 Caucus Discussion

This section presents issues raised and discussed during caucus sessions held on the first day of the conference.

4.1 Overcoming the hurdles towards 35% wage bill to revenue ratio and Strategies and Action Plans for a fiscally sustainable wage bill.

The objective of the caucus sessions was to explore measures, strategies and action plans that facilitate the national and county governments to achieve the ideal wage bill to revenue ratio of 35 per cent, as required by PFM Regulations, 2015.

The caucus groups were divided into county governments; State corporations and public universities; ministries, State departments and Constitutional Commissions and Independent Offices (CCIOs).

4.1.1. County governments

The following issues were raised and discussed in the caucus on county governments:

(a) Citizen satisfaction with government services: Concerns were raised on the level of citizenry satisfaction with the delivery of services at both levels of governments since there is no clear mechanism for measuring citizen satisfaction with public services.

(b) Delayed disbursement of funds to counties: There have been frequent delays in disbursement of funds by the National Treasury to the county governments, which has led to further delays in payment of salaries and wages to county employees. This has affected performance and productivity of the public service employees at the counties.

(c) Performance and productivity: The consistent growth in the number of employees in the county governments and the resultant wage bill should be matched with a corresponding improvement in productivity and performance. However, this has not been the case. Further, there has not been an effective rewards and sanctions mechanism for measuring and recognising productivity and performance in the counties.

(d) Realism of 35 per cent wage bill to revenue ratio: Counties are unique, with some being in rural and others in urban set up, some are small, while others are vast. Further, given the consistent population growth and infrastructural expansion expected to help reach and deliver public services to the citizens at the grassroots, there is a need to recruit more personnel and offer competitive remuneration able to attract and retain the requisite skills. This has a direct impact on the wage bill leaving the counties at a dilemma between service delivery and compliance with the wage bill to revenue ratio.

(e) It was further noted that when putting up capital infrastructure, the expenditure on development is usually higher relative to personnel emoluments. However, once the infrastructure is fully developed, the main expenditure, thereafter, remains the operational cost, whose one major component is personnel emoluments. This leaves the counties with a dilemma of either offering service delivery or complying with the wage bill to revenue ratio requirement.

(f) Weak payroll management and controls: Weak and fragmented payrolls (including manual payrolls) have given room for irregular payments of salaries and wages in the counties. This has led to cases of loss of public resources, some of which have been identified as audit queries.

(g) High number of allowances: There are numerous and disparate types of allowances payable in the counties.

(h) Lack of legal framework on staff establishment for some levels: There is no legislative control for the number of employees to be employed at the county governments for levels below the Members of County Executive Committee.

(i) Employment as a political reward to voters: County leadership uses employment as a means of rewarding political loyalists.

(j) Devolved function without funding: The national government does not disburse all funds commensurate with all the devolved functions.

The following were recommendations from caucus discussions.

(a) In consultation with MPSP&DM, counties to develop a mechanism for measuring citizen satisfaction with the public service.

(b) A study should be undertaken to evaluate the realism of the 35 per cent wage bill to revenue ratio requirement at the county level.

(c) In partnership with the Ministry of Labor and Social Protection, counties to fast-track implementation of productivity mainstreaming programmes.

(d) Counties to cease use of manual payrolls.

(e) Counties to integrate wage bill forecasting in their fiscal planning and budgeting processes.

(f) In collaboration with the MPSP&DM, counties to conduct a staff audit and rationalisation, and review the existing staff establishments.

a) Through the National Treasury, the national government to ensure that all funds meant for devolved functions are disbursed to the counties.

b) Counties to device mechanisms of improving collection of their Own Source Revenue.

4.1.2. State Corporations and Public Universities

The focus of the caucus discussion was to explore how State corporations and public universities can overcome the challenges of attaining the 35 per cent wage bill to revenue ratio and propose strategies for achieving it. The following issues were raised by the participants during the caucus discussions:

State Corporations

(a) There exist duplication of functions and roles in State corporations. This is due to proliferation of State corporations whose mandates could have been achieved through establishment of departments in the already existing State corporations.

(b) The *2013 Report of The Presidential Taskforce on Parastatal Reforms led by Hon Abdikadir H. Mohamed and Isaac Awuondo* recommended disbandment of State corporations that duplicated the roles of other parastatals or of other government agencies.

(c) Some State corporations incorporate subsidiaries, which are meant for profits, but later drift to loss-making and put pressure on the government to provide support.

(d) Some State corporations operate with a bloated workforce.

(e) Some State corporations operate weak payroll management and control systems, which lead to errors in payment, such as double payments, unauthorised payments and 'ghost' workers.

Public Universities

(a) In the recent past, several universities have suffered financial distress and unable to operate within the 35 per cent wage bill to revenue ratio.

(b) Some universities operate with sub-optimal organisational structures and staff establishments.

(c) There exist opportunities for universities to generate extra revenue through intellectual careers and commercialisation of their innovation products, thus, reducing their wage bill to revenue ratio towards 35 per cent.

The following were recommendations from the caucus discussions.

State Corporations

(a) SCAC to curtail the proliferation of State corporations and streamline the existing ones in line with recommendations of the Abdikadir-Awuondo Report.

(b) Implement comprehensive reforms on corporate governance, transparency, accountability, and efficiency in HR management practices within State corporations.

(c) Audit, review and rationalise the current staffing levels and establishments in State corporations adhering to the 70:30 ratio requirement for technical to support staff.

(d) State corporations to onboard the government's automated payroll system and cease any manual payrolls.

(e) State corporations to embrace and implement the productivity mainstreaming programme.

Public Universities

Public universities to adopt the following strategies towards achieving the 35 per cent wage bill to revenue ratio.

(a) Promoting workforce efficiency.

(b) Use of technology and automation of payrolls.

(c) Optimising the staffing levels to reduce unnecessary staff.

(d) Implementation of performance-based pay.

(e) Cascading of Performance Contract at all staff levels.

(f) Diversification of revenue streams and establishment of niche programmes to attract research funding.

(g) Implementation of cost austerity measures to cut unnecessary expenditure.

4.1.3. Ministries, State Departments and Constitutional Commissions and Independent Offices

The main focus of the caucus discussion was to explore how ministries, State Departments and CCIOs can overcome the challenges of attaining the 35 per cent wage bill to revenue ratio and propose strategies to achieving it.

The following issues were raised by the participants during the caucus discussions.

(a) National revenue is driven by technology and the efficiency of the tax administration.

(b) The wage bill is influenced by salary levels, employee numbers, labour market competitiveness, cost of living, allowances, wastage, weak payroll management and control.

(c) The 35 per cent wage bill to revenue ratio is an average figure and it applies to various counties, which are at different levels of development.

(d) Some of the public services such as education, health and security, are highly essential and may not be compromised for the sake of meeting the 35 per cent requirement.

(e) Fair wage rates in the public service will result in increase in productivity due to attraction and retention of the best human capital into public service, thereby, contributing to economic growth.

(f) The government creates a conducive environment for the private sector to create wealth and subsequently generate more revenue and create job opportunities.

(g) High number of advisors above the recommended levels add pressure to the public service wage bill.

(h) Lack of a unified payroll management system in the public service has led to poor accountability of the public wage bill.

(i) There exists non-adherence to the 70:30 ratio requirement of the technical to support staff in public service institutions.

The following were recommendations from the caucus discussions.

(a) The government to embrace and implement the productivity and performance mainstreaming programme and the culture of productivity in the public service.

(b) Public service institutions to leverage technology to improve efficiency and effectiveness in the delivery of services.

(c) Public institutions to adhere to the salary and allowance structures advised by SRC.

(d) Public institutions to cease manual payrolls and onboard the government's centralised and automated payroll system.

Day 2: Caucus Discussion

This section presents the issues that were raised and discussed during the different caucus sessions held on the second day of the conference.

4.2 Strategies and Action Plans for Productivity Improvement in the Public Service.

The overall objective of the caucus session was to engage stakeholders in exploring the role of productivity mainstreaming in improving the wage bill to revenue ratio and establishing a mechanism to guide productivity improvement in the national and county governments.

Specifically, the caucus was expected to identify areas and opportunities for productivity improvement and reengineering; leverage technology and data analytics to improve quality, cost, and delivery in service delivery; and inculcate productivity culture in all ministries, counties, departments and agencies.

4.2.1. Commercial State Corporations

Commercial State corporations have not adequately mainstreamed productivity in their performance management owing to a number of challenges and issues. The following issues were raised by the participants during the caucus discussions.

(a) Commercial State corporations to embrace the productivity and performance mainstreaming programme for improved service delivery. This entails elimination of wastages, leveraging on technology, introducing smart procurement processes and high employee engagement.

(b) Establishment of performance management and quality assurance frameworks in institutions enhances efficiency and promotes continuous improvement in service delivery.

(c) The productivity agenda calls for development of a wide spectrum of competencies among employees to handle work beyond normal duties.

(d) The transformative productivity agenda requires a change of culture and mindset to inculcate the right virtues among public service employees.

(e) Provision of adequate tools and systems to augment skills set in promoting productivity.

(f) Institutions in the public service should focus on efficient service delivery to citizens and other consumers of the service through enhanced collaboration and partnerships.

(g) Mechanisms of ensuring attraction and retention of requisite skills, more so the critical and rare skills, are necessary in promoting productivity in the public service.

The following were recommendations from the caucus discussions.

(a) The MPSP&DM and Ministry of Education to consider integration of productivity in the existing school curricula and at the Kenya School of Government.

(b) The relevant institutions and agencies upscale the efforts towards fighting corruption in the public service to enhance productivity.

(c) All public service institutions embrace the one-government approach and build synergies to support each other and enhance productivity.

4.2.2. Service (Counties, Ministries, State Departments, CCIOs)

The following issues were raised by participants during the caucus discussions.

(a) There is limited collaboration between the public and private sectors on productivity mainstreaming. There should be collective interest that productivity is increased for economic growth.

(b) Public service leadership should set the right pace in implementing mechanisms to eliminate corruption.

(c) There are inadequate structures of segregation of duties and responsibilities, which increases the risk of fraud.

(d) Public service requires baseline data on productivity.

(a) The public service has limited subject matter experts with knowledge on productivity.

County specific issues

(a) Delays by the National Treasury to disburse funds to county governments affects payment of salaries, remittance of statutory deductions and implementation of key projects, thus, affecting service delivery and revenue collection.

(b) Inheritance of employees from the defunct authorities, some of whom do not possess the requisite skills to deliver on the devolved functions, affects productivity at the counties.

(c) The duplication of functions between regional authorities and county governments affects productivity.

(d) There exists resistance to change by some employees during the integration of new technologies and automation of service delivery.

(e) Public officers who proceed to undertake training programmes that ran for years (especially in the health sector), continue to draw salaries resulting in higher wage bill and slowed service delivery.

(f) The national government continues to perform many devolved functions, which is inconsistent with the principle of devolution as stipulated in the Constitution. This contributes to duplication of functions, sub-optimal delivery of services at both levels of government, and undermines productivity and efficiency.

The following were recommendations from the caucus discussions.

(a) Employers in the public service to foster a culture of adaptability to change and address skills gap among employees to ease technological adoption in the public service.

(b) Leaders at all levels of government should set the tone for culture change and productivity mainstreaming.

(c) A review of Schedule Four of the Constitution is required to address existing gaps in devolved functions and resource requirements.

(d) The recommendations of CARPS report to be implemented at the national and county government levels.

(e) Public service to ensure continuous training and capacity-building of its employees to enhance their skills to keep in pace with the dynamics of labour and productivity.

(f) Encourage society-wide inculcation of ethics and integrity culture through curriculum, education and training to enhance productivity in the public service.

(g) Productivity and performance mainstreaming to be implemented cross the entire public service.

4.3 Public Service Culture that Promotes Productivity, Accountability, and Citizen Centricity.

Public service culture in Kenya draws from more than a century of colonial legacy. In the post-colonial era, the country's public culture has evolved into a complex hybrid of native practices, adaptation of global practices and the enduring aspects of its colonial roots.

The central mechanism for ensuring productivity, accountability and citizen centricity in the public service delivery has been missing. The objective of the caucus session was to engage stakeholders to get insights on creation, maintenance and sustainability of the desired public service culture to support productivity, accountability, and citizen centricity.

The objective of the caucus session was to engage stakeholders to get insights for creating, maintaining, and sustaining the desired public service culture to support productivity, accountability, and citizen centricity. The following issues were raised by participants during the caucus discussions.

(a) The public service to embrace and adopt technology. This will enhance efficiency in service delivery and seal many corruption loopholes.

(b) The public perceives the public service as not always being citizen centric. Receiving a service from a government office is always tedious, bureaucratic and lengthy. As a result, citizens bribe their way to receive the service efficiently and in good time.

(c) Some public officers are not service-oriented. They believe that since they are poorly paid, the service they render is then a favour to the citizens.

(d) Public service culture lacks the willingness to serve as was after independence. This can only be changed from the leadership to other levels of the service.

(e) Many public service employees resist change and accountability; some politicise proposed reforms in a bid to cover their non-performance and safeguard their positions.

(f) Not everybody in the public service is lethargic and corrupt. Though there are a lot of negatives about public service, there are positive stories. Some institutions in the public service have been intentional to change the negative perceptions and create a good culture by creating a conducive environment for the employees to believe in the leadership and the institution.

(g) Public servants should uphold work ethic and national values at all times.

(h) Corruption court cases take too long to conclude.

(i) Appointments in public service not based on merit distort the right culture and lowers productivity. Officers recruited professionally understand and adhere to professional ethics, but those recruited on patronage will pay allegiance to their patron.

(j) Lengthy disciplinary processes where officers with disciplinary cases are suspended for a long duration on half-salary, then reinstated with arrears, and which hurts productivity in the public service and affects the wage bill.

The following were recommendations from the caucus discussions.

(a) EACC, in collaboration with other relevant agencies, including ODPP and Judiciary, to upscale efficiency in the fight against corruption.

(b) Collaboration with educational institutions will aid in inculcating an ethical culture to the young generation.

(c) Leadership to lead in the change and transformation of the public service culture.

(d) The MPSP&DM to identify positive and success stories about the public service culture and disseminate widely to influence culture change.


IGRTC



Salaries & Remuneration Commission
Rewarding productivity


IGRTC


CHAPTER 5: **WAGE BILL ACCOUNTABILITY AWARDS**

- ✓ *Objective of the Award*
- ✓ *Award Categories*
- ✓ *Award Criteria*
- ✓ *Way Forward*


IGRTC
INTERGOVERNMENTAL RELATIONS TECHNICAL COMMITTEE
Salaries & Remuneration Commission
Rewarding productivity
VISION
A productive public service that is fairly remunerated.
MISSION
To set, review and advise on equitable, competitive and fiscally sustainable remuneration and benefits in the public sector through research and analysis.
CORE VALUES
• Fairness • Collaboration • Innovation • Accountability • Integrity • Transparency
MANDATE
The Salaries and Remuneration Commission is established by Article 230 of the Constitution of Kenya, 2010, and is mandated to:
a) Set and regularly review the remuneration and benefits of all State officers; and
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@SRC_Kenya
@srckenya
NATIONAL WAGE BILL CONFERENCE - 2024
THE NATIONAL WAGE BILL CONFERENCE
Conference Theme: Towards 35%
Conference Objective: To engage stakeholders in discussions and recommendations towards achieving the Public Finance Management Act/Regulations threshold of 35 per cent wage bill to revenue ratio at both national and county levels.
Conference Outcome: The conference will lead to resolutions and strategies for a public wage bill to revenue ratio that does not exceed 35 per cent by 2028.
COUNCIL OF GOVERNORS

SRC, in collaboration with the conveners of the conference, presented the premier Wage Bill Accountability Awards, which was presided over by H.E. The President.

5.1 Objective of the Award

The objective of the Award is to create a platform that recognises and celebrates public institutions that have shown commitment and high levels of adherence to the threshold set by PFM Act and Regulation on wage bill to revenue ratio; and to acknowledge public institutions that have put in place productivity mainstreaming measures that encourages competitiveness in public service delivery in Kenya.

5.2 Award Categories

The Award was conferred in three categories, namely State Departments and Agencies, CCIOs; County Governments; and State Corporations.

5.3 Award Criteria

The public service institutions that met the following criteria over the period between 2020/2021 and 2022/2023, were awarded:

a) Adherence to PFM Act and Regulation

This award recognised public institutions whose wage bill has not exceeded 35 per cent of revenue for three consecutive years during the period 2020/2021 – 2022/2023.

b) Most improved towards 35 per cent

The Award recognised a public institution that has demonstrated improvement on reduction of the ratio of wage bill to revenue towards achieving 35 per cent year-by-year over the three-year period between 2020/2021 – 2022/2023.

c) Productivity Mainstreaming

The Award recognised public institutions that put in place productivity mainstreaming measures in public service delivery as per the Performance Contracting guidelines.

d) Financial Accountability

The Award recognised public institutions whose financial statements have consistently received unqualified audit opinion for the three consecutive years between 2020/2021 and 2022/2023.

5.4 Evaluation Report per Category

Public institutions were evaluated based on a composite score calculated from the weights of the four identified criteria.

a) State Departments and Agencies, CCIOs Category

Whereas none met the full criteria, 26 State departments and agencies consistently maintained annual average ratio of wage bill to revenue below 35 per cent, 8 had unqualified audit opinions for 2 years, and 3 have initiated productivity mainstreaming.

b) County Governments Category

Whereas none met the full criteria, 6 counties consistently maintained annual average ratio of wage bill to revenue below 35 per cent, but none had an unqualified audit opinion for the period under reference, and one has initiated productivity mainstreaming.

c) State Corporations Category

87 State corporations consistently maintained an annual average ratio of wage bill to revenue below 35 per cent. Of these, 7 consistently received an unqualified audit opinion, and 6 have initiated productivity mainstreaming.

Based on the above criteria, the winners of the Wage Bill Accountability Award were as indicated below. Each winner received a custom-made memento.

1. Winner - Insurance Regulatory Authority
2. 1st Runners Up - Kenya National Qualifications Authority
3. 2nd Runners Up - Unclaimed Financial Assets Authority

5.5 Way Forward

To sustain the momentum of the accountability on wage bill management, the award will be running on a biennial basis, that is, after every two years.

Winner - Insurance Regulatory Authority

1st Runners Up - Kenya National Qualifications Authority

2nd Runners Up - Unclaimed Financial Assets Authority













CHAPTER 6: CONFERENCE RESOLUTIONS

6

- ✓ *Conference Resolutions*
- ✓ *Governance Structure for Implementation of the Conference Resolutions*

The conference adopted the following ten resolutions to be implemented by both levels of government to transform Kenya's economy towards achieving a wage bill to revenue ratio of 35 per cent.

6.1 Conference Resolutions

1. All Ministries, Departments and Agencies, State Corporations at the national government level to refine their strategies and action plans to achieve a wage bill to revenue ratio of 35 per cent by 30 June 2028. These strategies and action plans to be submitted to their respective Cabinet Secretary by 30 June 2024 for approval. The National Treasury and the Controller of Budget to progressively monitor the trajectory and ensure that provision of Personnel Emolument do not exceed the 35 per cent threshold, by 30 June 2028.

Lead Actors: SRC and SCAC supported by NT&P, COB, MPSP&DM, CEO's State Corporations

2. All County Executive Committee Members (CECM) for public service to refine the strategi es and action plans to achieve a wage bill to revenue ratio of 35 per cent. The strategies and action plans to be submitted to the County Executive Committee (CEC) by 30 June 2024 for approval. The county governments and the Controller of Budget progressively monitor and ensure that provision of Personnel Emolument does not exceed the 35 per cent threshold, by 30 June 2028.

Lead Actors: COG and SRC supported by CPSBs, NT&P, COB, CECM, IGRTC

3. The public service institutions to review and rationalise their staff establishments with a view to align to affordability, fiscal sustainability, right composition, skills set and fit for purpose organisation structures that will facilitate the institutions to achieve the 35 per cent by 2028.

Lead Actors: PSC and CPSBs supported by COG, SRC, SCAC, MPSP&DM, Boards of State Corporations

4. Review the Kenyan model for performance management by December 2024 to shift from measurement of activities and inputs to outputs and outcomes. Institutionalise measurement of productivity, integrate the various measurement systems and create clear linkage to a reward and sanction system.

Lead Actors: MPSP&DM and ML&SP supported by Collaborators: COG, SRC, SCAC, CPSBs

5. All institutions of the national and county governments to adopt and build capacity on performance contracting as an accountability tool in line with Medium Term Plan IV with effect from 1 July 2024. In this regard, public service institutions incorporate productivity measurements, process re-engineering, technology, and skills development as key drivers to implementation.

Lead Actors: MPSP&DM, ML&SP, CPSBs supported by SRC, SCAC, COG

6. All institutions at both levels of government to migrate their payrolls to the Human Resource Information System-Kenya by 30 June 2025. Further, manual, multiple and stand-alone payroll systems to cease.

Lead Actors: MPSP&DM, Accounting Officers supported by COG, COB, NT&P, SRC, County Secretary/Authorised Officer, SCAC, CCIOs

7. Eliminate duplications and mitigate overlap of mandates, roles and functions across State corporations, national and county governments, Constitutional Commissions and Independent Offices.

Lead Actors: OPCS (NDIC), IGRTC, SCAC supported by PSC, CPSBs, COG, CCIOs

8. Initiate a government-wide cultural transformation to embed the national values and principles, and institute a mechanism for reward and consequence management in pursuit of a transformed public service culture.

Lead Actors: PSC, HoPS, County Governments supported by EACC, ODPP, COG, SCAC, CPSBs, MPSP&DM

9. Undertake public sector wide audit on academic certificates for officers serving in both national and county government institutions in order to root out employees with fake certificates and enhance integrity, accountability performance and productivity. Further, all public institutions to streamline the verification process and ensure authenticity of academic certificates before engagement.

Lead Actors: PSC, CPSBs, CASBs supported by HoPS, SCAC, COG, EACC, ODPP, MPSP&DM, KNEC, Academic Institutions

10. Submit the Third National Wage Bill Conference, 2024, Resolutions to the Summit for adoption, and thereafter, constitute an inter-governmental multi-agency team to implement the Resolutions.

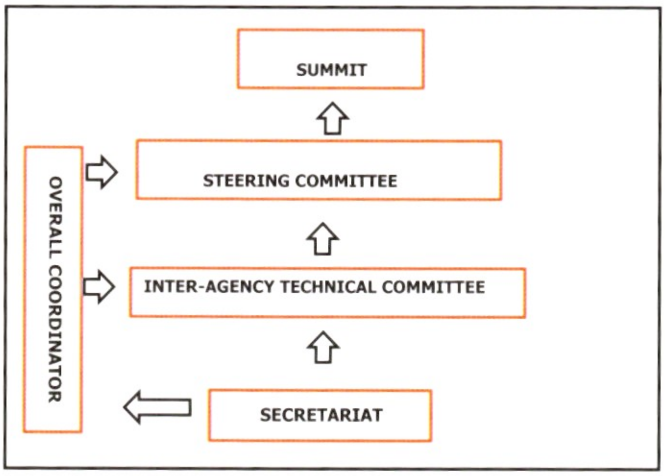
Lead Actors: SRC, IGRTC, COG

Note: SRC and IGRTC will play an overall coordinating role in the implementation of the Third National Wage Bill Conference Resolutions, while the MPSP&DM, COG and SCAC, shall coordinate the national government, county governments and State corporations respectively, in implementing the Resolutions.

6.2 Governance Structure for Implementation of the Conference Resolutions

The governance structure on implementation of resolutions of the Third NWBC, 2024, is as shown in **Figure 1** below.

Figure 1: Governance Structure



APPENDICES

Appendix 1: Conference Programme

DAY 1: MONDAY, 15 APRIL 2024

TIME	SESSION	PRESENTER/ SPEAKER	FACILITATOR
7:00 - 8:30am	Arrival and Registration. Tea is served.		**Ms. Wangui Muchiri, HSC** Commissioner, Salaries and Remuneration Commission
8:30 - 8:35am	Prayers, National and East African Anthems		
8:35 – 11:35am	Opening Remarks	**Mrs. Lyn Mengich, FIHRM, EBS** Chairperson, Salaries Remuneration Commission	
		H.E. FCPA. Ahmed Abdullahi, EGH Vice Chairperson, Council of Governors	
	Reaping the benefits of a fiscally sustainable public service wage bill	**Mr. John K. Monyoncho, MCIArb, MBS** Commissioner, Salaries Remuneration Commission	
	Public service productivity as a driver of economic growth: Case of Malaysia	**Mr. Mohamad Muzaffar Abdul Hamid** Director, Talent Development Section, Malaysia Productivity Corporation	
	Keynote address	**Mr. Felix K. Koskei, EGH** Chief of Staff and Head of Public Service	
	Productivity mainstreaming in the public service: From activity to impact *(i) Way forward for productivity mainstreaming in the public service.*	**Ms. Veronica M. Nduva, CBS** Principal Secretary, State Department for Performance and Delivery Management	
	(ii) A synopsis of the productivity measurement model: Current status and strategies to institutionalise productivity to improve public service delivery.	**Mr. Shadrack M. Mwadime, EBS** Principal Secretary, State Department for Labour, and Skills Development	
	PLENARY		
11:35 – 1:30pm	Optimal staffing levels for wage bill sustainability in the national government	**Amb. Anthony M. Muchiri, CBS** Chairperson, Public Service Commission	**Hon. Dr. Kipkurui S. Chepkwony** Chief Executive Officer, Inter-governmental Relations Technical Committee
	Optimal staffing levels for wage bill sustainability in the county governments	**H.E. Mutahi Kahiga, EGH** Chairperson, Human Resource, Labour and Social Welfare, Council of Governors	
	Implication of devolution and transfer of functions on fiscal sustainability of public service wage bill	**CPA. Kithinji Kiragu, MBS, OGW** Chairperson, Intergovernmental Relations Technical Committee	
	Implication of proliferation of State corporations on the public wage bill	**Mr. Philip Mongóny** Chairperson, State Corporations Advisory Committee	
	Leveraging technology to enhance controls accountability in the public service payroll	**Mr. Amos N. Gathecha, EBS, ndc(K)** Principal Secretary, State Department for Public Service	
	PLENARY		
1:30 - 2:30pm	**LUNCH BREAK**		

CAUCUS DISCUSSIONS

TIME	TOPIC	CAUCUS	PANELLIST	MODERATOR
2:30 – 4:30pm	Overcoming the hurdles towards 35% wage bill to revenue ratio and strategies and action plans for a fiscally sustainable wage bill	County Governments **Venue: Auditorium**	(i) **H.E. FCPA. Ahmed Abdullahi, EGH** Vice Chairperson, Council of Governors (ii) **H.E. Benjamin Cheboi, EGH** Chairperson, Security Committee, Council of Governors (iii) **H.E. Abdullswamad Nassir** Governor, Mombasa County (iv) **Mr. Kwame Owino** Chief Executive Officer, Institute of Economic Affairs (v) **Dr. Abraham Rugo, PhD** Executive Director, International Budget Partnership - Kenya (vi) **Ms. Donna Andrews** Lead Governance Specialist, World Bank	**CPA. Kithinji Kiragu, MBS, OGW** Chairperson, Inter-governmental Relations Technical Committee

TIME	TOPIC	CAUCUS	PANELLIST	MODERATOR
		State Corporations and Public Universities **Venue: Media Centre**	(i) **Mr. Philip Mongóny** Chairperson, State Corporations Advisory Committee (ii) **Hon. Abdikadir H. Mohammed, SC** (iii) **Prof. Daniel Mugendi, PhD, EBS** Vice-Chancellor, University of Embu (iv) **FCPA. Agnes Odhiambo, CBS** Advisor Finance and Governance, Office of the Prime Cabinet Secretary and Ministry of Foreign and Diaspora Affairs	**Dr. Jacob Omolo, PhD** Senior Lecturer, School of Economics, Kenyatta University
		Ministries, State Departments and Constitutional Commissions and Independent Offices **Venue: Pavilion**	(i) **Amb. Francis Muthaura, EGH** Chancellor, Kenyatta University (ii) **Mr. Amos N. Gathecha, EBS, ndc(K)** Principal Secretary, State Department for Public Service (iii) **Ms. Jacqueline Mugo, EBS, MBS** Executive Director/CEO, Federation of Kenya Employers (iv) **Amb. Anthony M. Muchiri, CBS** Chairperson, Public Service Commission	**CPA. James Katule** Commission Secretary/CEO, Commission on Revenue Allocation
4:30pm	**HEALTH BREAK AND DEPARTURE**			

DAY 2: TUESDAY, 16 APRIL 2024

TIME	SESSION	PRESENTER/ SPEAKER	FACILITATOR
7:00 - 8:30am	Arrival and Registration. Tea is served.		**Dr. Amani Komora, PhD, MBS** Vice Chairperson, Salaries and Remuneration Commission
8:30 – 12:20pm	Prayer		
	Opening Remarks	**Hon. Florence K. Bore, EGH** Cabinet Secretary, Labour, and Social Protection	
	Public service productivity as a driver of economic growth and service delivery: Case of South Africa	**Dr. Anneline Chetty, PhD** Ag. Chairperson, Productivity South Africa	
	Areas of wastage in the public wage bill	**FCPA. Nancy Gathungu, CBS** Auditor General **FCPA. Dr. Margaret N. Nyakang'o, PhD, CBS** Controller of Budget	
	Productivity mainstreaming in Commercial State Corporations: Case of Kenya Electricity Generating Company PLC	**Eng. Peter Njenga** Managing Director and CEO, Kenya Electricity Generating Company PLC	
	Productivity mainstreaming in Service State Corporations: Case of Kenya Bureau of Standards	**Mrs. Esther Ngari** Managing Director, Kenya Bureau of Standards	
	Productivity mainstreaming in ministries and State departments: Case of Ministry of Health	**Ms. Mary M. Muriuki, HSC** Principal Secretary, Public Health and Professional Standards	
	PLENARY		
12:20 – 1:30pm	Towards a transformative public service culture in Kenya: Productivity, accountability, and citizen centricity	**Amb. Anthony M. Muchiri, CBS** Chairperson, Public Service Commission	**Prof. Ludeki Chweya, PhD, CBS**
	Citizen expectations on productivity, accountability, and service delivery	**Mr. Sam Mwaura, OGW, MBS** Board Member, National Taxpayers Association	
	PLENARY		
1:30 – 2:30pm	**LUNCH BREAK**		

CAUCUS DISCUSSIONS				
TIME	**TOPIC**	**CAUCUS**	**PANELIST**	**MODERATOR**
2:30 – 4:30pm	Strategies and action plans for productivity improvement in the public service.	Commercial State Corporations **Venue: Media Centre**	(i) **Dr. Ben Chumo, PhD., OGW** Chairman, Kenyatta University Council (ii) **Mr. Paul Kasimu** Chief Human Resources Officer, Safaricom PLC (iii) **Eng. Peter Njenga** Managing Director and CEO, Kenya Electricity Generating Company PLC (iv) **Mrs. Esther Ngari** Managing Director, Kenya Bureau of Standards (v) **Dr. Sara Ruto, PhD, EBS** Chairperson, Kisii University Council (vi) **Mr. Cyprian Mayamba** President, Pan-African Productivity Association	**Dr. Nahashon L. Moitalel, PhD** Secretary, Productivity, National Productivity and Competitiveness Centre
		Service (Counties, Ministries, State Departments, Counties and Constitutional Commissions and Independent Offices) **Venue: Auditorium**	(i) **Dr. Julius Kipngetich, PhD, CBS** Group CEO, Jubilee Insurance (ii) **H.E. Hon. Muthomi Njuki, EGH** Governor, Tharaka Nithi County (iii) **H.E. Gladys Wanga, EGH** Governor, Homa Bay County (iv) **Dr. Stephen Njaramba, PhD** Senior Lecturer, School of Economics, Kenyatta University (v) **CPA. Kosgey Kolil** Central Organization of Trade Union, Kenya (vi) **Mr. Mohamad Muzaffar Abdul Hamid** Director, Talent Development Section, Malaysia Productivity Corporation	**Mr. John K. Monyoncho, MCIArb, MBS** Commissioner, Salaries and Remuneration Commission
2:30 – 4:30pm	Public service culture in Kenya: Public perception and citizen expectations	Public service culture **Venue: Pavilion**	(i) **H.E. Mutahi Kahiga, EGH** Chairperson, Human Resource, Labour and Social Welfare, Council of Governors (ii) **Amb. Anthony M. Muchiri, CBS** Chairperson, Public Service Commission (iii) **Mr. Sam Mwaura, OGW, MBS** Board Member, National Taxpayers Association (iv) **Dr. David Oginde, PhD** Chairperson, Ethics and Anti-Corruption Commission (v) **CS Sharon Kisire, FIHRM** Commissioner, Teachers Service Commission (vi) **Ms. Amelia Naidoo** Ag. Secretary General, Pan-African Productivity Association	**Prof. Ludeki Chweya, PhD, CBS**
4:30pm	**HEALTH BREAK AND DEPARTURE**			

DAY 3: WEDNESDAY, 17 APRIL 2024

TIME	SESSION	PRESENTER/ SPEAKER	FACILITATOR
7:00 - 8:30am	Arrival and Registration. Tea is served.		
8:30 – 10:30am	Prayer		
	Key highlights from Caucus discussions	**Caucus Moderator/s**	**Dr. Mumbua Munyao, PhD, IMIc, MBS** Commissioner, Salaries and Remuneration Commission
	Highlight on strategies and action plans from Ministries, Departments and Agencies, and county governments	(i) **Dr. Amani Komora, PhD, MBS** Vice Chairperson, SRC (ii) **Ms. Mary Mwiti** Chief Executive Officer, Council of Governors	
	Role of leadership in transformation of the public service to a productive, accountable and citizen-centric public service	Chief Justice (Emeritus) David Maraga, FCIArb, EGH	
10:30am	**Arrival of His Excellency Dr. William Samoei Ruto, PhD, C.G.H President of the Republic of Kenya and Commander-In-Chief of the Defence Forces**		**Master of Ceremony** (State functions)
	Prayer, National Anthem and East Africa Anthem		
	Welcoming Remarks	Mrs. Lyn Mengich, FIHRM, EBS Chairperson, SRC	
	Panel discussion	(i) **Mrs. Lyn Mengich, FIHRM, EBS** Chairperson, SRC (ii) **Dr. Anneline Chetty, PhD** Ag. Chairperson, Productivity South Africa (iii) **H.E. Anne Waiguru, EGH** Chairperson, Council of Governors (iv) **Hon. Moses K. Kuria, HSC** Cabinet Secretary, Ministry of Public Service, Performance and Delivery Management (v) **Chief Justice (Emeritus) David Maraga,** FCIArb, EGH	**Ms. Wangui Muchiri, HSC** Commissioner, Salaries and Remuneration Commission
	Reading and submission of Resolutions	**Mrs. Lyn Mengich, FIHRM, EBS** Chairperson, SRC	**Master of Ceremony** (State functions)
	Remarks	(i) **H.E. Anne Waiguru, EGH, OGW** Chairperson, Council of Governors (ii) **Hon. Moses K. Kuria, HSC** Cabinet Secretary, Ministry of Public Service, Performance and Delivery Management (iii) **Mr. Felix K. Koskei, EGH** Chief of Staff and Head of Public Service (iv) **Hon. Musalia Mudavadi, EGH** Prime Cabinet Secretary (v) **H.E. Rigathi Gachagua, EGH** Deputy President of the Republic of Kenya	
	Address by His Excellency Dr. William Samoei Ruto, PhD, C.G.H President of the Republic of Kenya and Commander-In-Chief of the Defence Forces		
	• Wage Bill Accountability Awards • Photo session		
	LUNCH AND DEPARTURE		

Appendix 2: Biographies of the Key Speakers, Presenters, Caucus Panelists, Moderators and Facilitators

CHIEF GUEST

H.E. Dr. William Samoei Ruto, CGH
President of The Republic of Kenya and Commander-in-Chief of The Kenya Defence Forces

PRESENTERS/ SPEAKERS

H.E. Hon. Rigathi Gachagua
Deputy President, Republic of Kenya

Hon. Gachagua served as Member of Parliament for Mathira Constituency, Nyeri County, between 2017 and 2022. His Excellency holds a Bachelor of Arts degree from the University of Nairobi.

Hon. Musalia Mudavadi,
Prime Cabinet Secretary, Foreign and Diaspora Affairs Minister

Hon. Mudavadi served as the 7th Vice-President of Kenya in 2002 and Deputy Prime Minister (2008–2012). He holds a Bachelor of Arts (Land Economics) degree from the University of Nairobi.

Mrs. Lyn Cherop Mengich, FIHRM, EBS
Chairperson, Salaries and Remuneration Commission

Mrs. Mengich is the Chairperson of SRC. She has more than 25 years of experience, holding leadership and board positions in Kenya, the East African region, and Africa. She is a Fellow of the Institute of Human Resource Management – Kenya. She holds a Master of Science in Human Resource Management, Executive Development Programme from Cornel University, an Advanced Management Programme from Strathmore Business School and IESE Business School in Spain.

Mr. Felix K. Koskei, EGH
Chief of Staff and Head of Public Service

Mr. Felix K. Koskei is currently the Chief of Staff and Head of Public Service in Kenya. On behalf of the President, Mr.Koskei handles communication with ministries, state departments, and agencies regarding the daily operations of the government. Mr Koskei has previously served as Cabinet Secretary for Agriculture, Livestock and Fisheries in 2013.

H.E. Anne Waiguru, EGH, OGW,
Chairperson, Council of Governors

H.E Anne Waiguru is the second Governor of Kirinyanga County and Chairperson of the Council of Governors in Kenya. She holds a master's degree in economics from the University of Nairobi; and a Bachelor's degree in agriculture and home economics from Egerton University.

Hon. Moses K. Kuria, HSC
Cabinet Secretary,
Ministry of Public Service, Performance and Delivery Management

Hon. Moses Kuria is the Cabinet Secretary for the Ministry of Public Service, Performance, and Delivery Management. Before that, he served as Cabinet Secretary for the Ministry of Investments, Trade, and Industry. He holds a Bachelor of Commerce - Business Administration Degree from the University of Nairobi.

Hon. Florence K. Bore, EGH
Cabinet Secretary, Labour, and Social Protection

Hon. Florence K. Bore, EGH, is the Cabinet Secretary Ministry of Labour and Social Protection. She holds a Bachelor's Degree in Education, from Moi University. She also has a Diploma in Education from the Kagumo Teachers' Training College in Nyeri County. She worked as a teacher at Kericho Day Secondary School for 20 years.

Ms. Veronica M. Nduva, CBS
Principal Secretary,
State Department for Performance and Delivery Management

Ms. Veronica Nduva is the Principal Secretary of State Department for Performance and Delivery Management. Ms. Nduva holds a Master's Degree in Communication and a Bachelor of Arts in Political Science and Public Administration from the University of Nairobi.

Ms. Mary M. Muriuki, HSC
Principal Secretary, Public Health and Professional Standards

Ms Mary M. Muriuki, CBS, HSC is the current Principal Secretary of the State Department for Public Health and Professional Standards in the Ministry of Health Kenya. She holds a Master of Business Administration (MBA) in Strategic Management and Marketing from the University of Eastern Africa Baraton and a Bachelor of Education (B.Ed.) from CUEA.

Mr. Shadrack M. Mwadime, EBS
Principal Secretary, State Department for Labour and Skills Development

Mr. Shadrack Mwangolo Mwadime is the Principal Secretary in the State Labour and Skills Development. He holds a Master's Degree in Business Administration from Moi University, a Master of Science in Leadership and Governance from JKUAT, and a Bachelor of Arts (Economics and Political Science) from the UoN.

CPA. Kithinji Kiragu, MBS, OGW

Chairperson, Inter-Governmental Relations Technical Committee

CPA. Kithinji Kiragu is the Chairperson of the Inter-Governmental Relations Technical Committee (IGRTC). He has a Bachelor of Commerce from the University of Nairobi and an MBA from the University of Strathclyde, Glasgow. He is also a Certified Public Accountant.

Amb. Anthony M. Muchiri, CBS

Chairperson, Public Service Commission

Ambassador Anthony Mwaniki is the chairperson of the Public Service Commission. Amb. Muchiri has a wealth of experience drawn from his 37 years of public service. He holds a Global Executive MBA degree from the United States International University; a Bachelor of Commerce Degree, from Nagpur University, India; and a Post Graduate Diploma in International Relations, from UoN.

FCPA, Nancy Gathungu, CBS

Auditor General

Ms. Gathungu is the Auditor-General of the Republic of Kenya. A holder of a Master of Business Administration (Strategic Management) and Bachelor of Commerce (Accounting), Ms. Gathungu is a Fellow of the Institute of Certified Public Accountants of Kenya (FCPA-K) and a Certified Information Systems Auditor. She is also a Member of the Association of Women Accountants of Kenya (AWAK).

FCPA. Dr. Margaret N. Nyakang'o, PhD, CBS

Controller of Budget

Dr. Margaret Nyakang'o is the Controller of Budget in the Republic of Kenya. She holds a Doctorate in Business Administration from the University of Liverpool, UK. She also holds a Master of Business Administration degree in Strategic Management and a Bachelor of Commerce in Accounting, both from the University of Nairobi.

John K. Monyoncho, MCIArb, MBS

Commissioner, Salaries Remuneration Commission

Mr. Monyoncho is a Member of the Commission, nominated by the Defence Council. He chairs SRC's Wage Bill Management Committee. Mr. Monyoncho holds a Master of Business Administration in Finance, a Bachelor of Philosophy Degree in Economics from UoN, and a Bachelor of Science Degree in Statistics from Poona University, India.

Dr. Anneline Chetty, PhD

Ag. Chairperson, Productivity South Africa

Dr. Anneline Chetty is Ag. Chairperson, Productivity South Africa. She is the title holder of the Standard Bank Top Woman in Public Sector title holder. She was also named Most Influential Women in Gauteng.

Chief Justice (Emeritus) David Maraga, FCIArb, EGH

Chief Justice (Emeritus) David Maraga, FCIArb, EGH is the 14th Chief Justice of the Republic of Kenya. Justice Maraga holds a Master of Laws (LLM) Degree from the University of Nairobi; a Bachelor of Laws (LLB) Degree from the same University and a Diploma in Legal Practice from the Kenya School of Law. He is a member of the Law Society of Kenya and the Chartered Institute of Arbitrators, London.

Dr. Abraham Rugo Muriu, PhD

Executive Director, International Budget Partnership-Kenya

Abraham Rugo is the Executive Director for the International Budget Partnership-Kenya. He holds a master's and Doctoral Degrees in Public Management from the University of Potsdam, Germany. He has a passion for homegrown solutions to society's problems and works to localize and personalize policy matters that are otherwise complicated.

Eng. Peter Njenga

Managing Director/CEO, KenGen

Eng. Peter Njenga is the Managing Director and CEO of Kenya Electricity Generating Company PLC (KenGen). He holds a Bachelor's Degree in Electrical Engineering, complemented by an MBA in Strategic Management from the University of Nairobi. He holds Senior Leadership Management from Strathmore University and Harvard Business School.

Mrs. Esther Ngari

Managing Director, Kenya Bureau of Standards

Mrs. Esther Ngari is the Managing Director and Council Secretary for the Kenya Bureau of Standards. Previously she worked as a Director of Standards, Development and Trade. She holds a Master in Business Administration from JKUAT and a Bachelor of Science (Hons) in Dairy Science and Food Technology from Egerton University.

CAUCUS PANELLISTS

H.E. Mutahi Kahiga, EGH

Chairperson,
Human Resource, Labour and Social Welfare, Council of Governors

H.E. Abdullswamad Nassir

Governor, Mombasa County

H.E. Abdullswamad Sherrif Nassir is the second Governor of the Mombasa County Government. Formerly served as the Chief Executive Officer (CEO) of Radio Rahma until 2013 when he was elected to serve as a Member of Parliament for Mvita Constituency.

HE. Hon. Muthomi Njuki, EGH

Governor, Tharaka Nithi County

Hon. Muthomi Njuki is a Kenyan politician. He is the second and incumbent Governor of Tharaka Nithi County. He went to Kenyatta University where he earned a bachelor's degree in education, Botany, and Zoology. He later proceeded to do a master's degree in Entrepreneurship and Innovations Management at the University of Nairobi.

H.E. Gladys Wanga, EGH

Governor, Homa Bay County

H.E. Gladys Wanga is the current Governor of Homa Bay County. She holds a Bachelor's Degree in Health Management from Kenyatta University, and a Master's Degree in Health Management from Kenyatta University.

H.E. FCPA. Ahmed Abdullahi, EGH

Vice Chairperson, Council of Governors

Ahmed Abdullahi Jiir, born in 1973, is the Governor of Wajir County. He holds a bachelor's degree in Commerce from the University of Nairobi, along with CPA(K), CPA (USA), an MBA from Strathmore, and a Global Business Strategy qualification from IESA Business School.

H.E. Benjamin Cheboi, EGH, EBS

Chairperson, Security Committee, Council of Governors

Benjamin Chesire Cheboi is the first and the current Governor of Baringo County Government. He is also the Chairperson of the Security Committee of the Council of Governors. He holds a master's degree in education, financing education option, and a bachelor's degree in Maths and Chemistry.

Mr. Amos Njoroge Gathecha, EBS, ndc(K)

Principal Secretary,
State Department for Public Service

Mr. Gathecha is the Principal Secretary, State Department for Public Service. Previously, he served as the Principal Administrative Secretary (National Treasury). He holds a Master of Arts degree in International Studies from the University of Nairobi and a Bachelor's degree in Political Science and Philosophy from the same university

Mr. Philip Mongóny

Chairperson
State Corporations Advisory Committee

Philip Mongóny has over 30 years of experience in human resources practice and consultancy. He holds a Master of Personnel Management (MPM) and a Bachelor of Commerce (Business Administration Option) degrees.

Mohamad Muzaffar Abdul Hamid

Director, Malaysia Productivity Corporation

Mohamad Muzaffar Abdul Hamid, currently serving as the Director at the Malaysia Productivity Corporation. He is a dedicated professional committed to fostering growth and innovation in Malaysia's labor market and educational sector. He holds a Bachelor's degree in Economics (International) from the International Islamic University Malaysia and a Master of Business Administration from the University Teknologi MARA Malaysia.

Dr. David Oginde, PhD

Chairperson, Ethics and Anti-Corruption Commission

Dr. David Oginde, PhD is the Chairperson of the Ethics and Anti-Corruption Commission. He holds a Ph.D. in Organizational Leadership from Regent University School of Business and Leadership, USA; a Master's Degree in Leadership Degree from Pan Africa Christian University, and a Bachelor's Degree in Architecture from the University of Nairobi.

Ms. Amelia Naidoo

Ag. Secretary General, Pan-African Productivity Association

Ms. Amelia Naidoo holds a Master of Business Administration in Business Administration and Management, General from MANCOSA University; a Bachelor's Degree in Industrial Engineering; a Diploma in Project Management from Varsity College, and a National Diploma in Industrial Engineering from Durban University of Technology.

Mr. Kwame Owino

Chief Executive Officer, Institute of Economic Affairs

Mr. Kwame Owino is the Chief Executive Officer of the Institute of Economic Affairs (IEA-Kenya), a think tank that carries out research and public dialogue on public affairs affecting Kenya and the region. His education background is in applied economics and sociology and has been the chief executive officer of the IEA-Kenya since 2013.

Ms. Donna Andrews

Lead Governance Specialist, World Bank

Donna Andrews is the Global Lead for public institutions reform in the Governance Global Practice at the World Bank, based in Washington DC. She is also one of the team leaders of the Future of Government initiative. Donna holds a Masters qualification in Human Resources and Organizational Development, Business Administration, and Professional and Applied Ethics.

Mr. Cyprian Mayamba

President, Pan-African Productivity Association

Cyprian Mayamba is the President of the Pan African Productivity Association (PAPA). He is currently the Director of the National Productivity Development Department in the Ministry of Labour and Social Security in Zambia. He sits on Boards of various state-owned, profit, and non-profit making entities. He is also a Part-time Lecturer in Quality Management at the University of Lusaka.

Ms. Jacqueline Mugo, EBS, MBS

Executive Director/CEO, Federation of Kenya Employers

Ms. Jacqueline Mugo, EBS is the Executive Director of the Federation of Kenya Employers and the Secretary-General of the Business Africa Employers Confederation. Ms. Mugo also holds several positions of responsibility at the national level including Board members of the Higher Education Loans Board (HELB), the National Employment Authority (NEA), and the National Labour Board among others.

C.S Sharon Kisire, FIHRM

Commissioner, Teachers Service Commission

C.S. Sharon Kisire is a Commissioner at the Teachers Service Commission. She holds a Master of Arts and a Bachelor of Arts in Sociology, both from Kenyatta University. She also holds a Diploma in Human Resource Management.

Hon. Abdikadir H. Mohammed, SC

Currently a Senior Partner with Abdikadir & Abdikadir Company Advocates, he has previously worked at the Executive Office of the President as the Senior Legal Advisor to the President of the Republic of Kenya on Constitutional and Legal matters. He is a member of the Law Society of Kenya, and the Institute of Certified Public Secretaries (CPS).

Prof. Daniel Mugendi, PhD,

EBS Vice-Chancellor, University of Embu

Professor Daniel Mugendi Njiru is a renowned scholar, researcher, Lecturer, and consultant with illustrious management expertise. Prof. Mugendi has authored nine (9) books and Sixty-Four (64) chapters in books in addition to publishing over 80 refereed articles and research papers in both national and international peer-reviewed journals.

FCPA. Agnes Odhiambo, CBS

Advisor Finance and Governance, Office of the Prime Cabinet Secretary and Ministry of Foreign and Diaspora Affairs

Mrs. Agnes Odhiambo is the advisor of Finance and Governance, Office of the Prime Cabinet Secretary, and Ministry of Foreign and Diaspora Affairs. She was the first Controller of the Budget and since then, has been overseeing and reporting on the implementation of the budgets of the National and County Governments every quarter.

Amb. Francis Muthaura, EGH

Chancellor, Kenyatta University

Ambassador Francis K Muthaura is the Chancellor of Kenyatta University. He has served as a Civil Servant and Diplomat in the Government of Kenya for 40 years. His Honorary awards include Moran of Burning Spear (MBS) and Elder of Golden Heart (EGH) for distinguished service in Public Service, Doctor of Humane Letters (HC) by Kenyatta University, Doctor of Public Service and Diplomacy (HC) by Kenya Methodist University.

Dr. Ben Chumo, PhD, OGW

Chairman, Kenyatta University Council

Dr. Ben Chumo is the Chairman of Kenyatta University Council. He is currently a Director and Chairman of the Board at Eagle HR Consultants based in Nairobi, Kenya. He is a holder of PhD (Human Resource Management) from Jomo Kenyatta University of Agriculture & Technology, a Master in Business Administration, and a bachelor's Degree from the University of Nairobi.

Mr. Mwaura, OGW MBS

Board Member, National Taxpayers Association

Sam Mwaura, OGW MBS, is the current CEO of the Private Sector Development Trust (PSDT). He is also a Board Member of the National Tax Payers Association. Mwaura is the president-elect of the Rotary Club of Nairobi Gigiri.

Dr. Julius Kipngetich, PhD, CBS

Group CEO, Jubilee Insurance

Dr. Julius Kipng'etich is a scholar, speaker, and corporate guru. He has served in executive positions in both public and private sector organizations. He is currently the Group CEO at Jubilee Holdings Limited. He holds a master's degree in business administration and a Bachelor of Commerce degree (Accounting option) from the University of Nairobi.

Mr. Paul Kasimu

Chief Human Resources Officer, Safaricom

Mr. Paul Kasimu is currently the Chief Human Resources Officer, Safaricom PLC. He is a member of the USIU-Africa University Council and the Board of AMREF Health in Kenya, sitting in the Talent/Staff and Audit Committees respectively. He holds a Master of Science in Management & Organizational Development from the United States International University- Africa and a Bachelor's degree in economics and Sociology from the University of Nairobi.

Dr. Sarah Ruto, PhD, EBS

Chairperson, Kisii University Council

Dr. Sarah Ruto, PhD, EBS is the Chairperson of the Kisii University Council. She holds a Ph.D. from the University of Heidelberg, Germany, and A Master of Education, and Bachelor of Education from Kenyatta University.

CPA. Kosgey Kolil

Central Organization of Trade Union, Kenya

CPA. Kosgey Kolil is the Deputy Secretary General - Kenya Electrical Trades and Allied Workers Union (KETAWU), an affiliate of COTU. He is a Certified Public Accountant of Kenya (CPA K) and a member of the Institute of Certified Public Accountants of Kenya. He holds a Master of Science in Commerce and a Bachelor of Commerce degree.

Dr. Stephen Njaramba, PhD,

Senior Lecturer, Kenyatta University

Dr. Stephen Njaramba is a Senior Lecturer at, the School of Economics, Kenyatta University. He holds a Ph.D. in economics), Specialization in macroeconomics and Housing Market) from Kenyatta University, an MA (Economics) from Kenyatta University, and a BA (Economics) University of Nairobi.

FACILITATORS

Dr. Amani Yuda Komora, PhD, MBS, CHRP

Vice Chairperson, Salaries and Remuneration Commission

Dr. Komora is the Vice Chairperson of the Commission, nominated by the Federation of Kenyan Employers. He chairs SRC's Job Evaluation and Salary Structures Committee. He holds a PhD in HRM, a Master of Science in HRM, a Bachelor of Arts Degree (Anthropology/Sociology), and a Higher Diploma from the former Institute of Personnel Management.

Ms. Wangui Muchiri, HSC

Commissioner, Salaries and Remuneration Commission

Wangui Muchiri is a Member of the Commission, nominated by the National Police Service Commission. She is a public affairs, governance, and security communications expert with 25 years of global experience in government, NGOs, media, communications, and public relations. She handled the communications strategy for the Global Entrepreneurship Summit and President Obama's first State visit to Kenya. She received meritorious awards of Head of State's Commendation (HSC) and President Obama's Seal of the President awards.

Dr. Jacob Omolo, PhD

Senior Lecturer, Kenyatta University

Dr. Jacob Omolo is a Senior Lecturer in the Department of Applied Economics at Kenyatta University in Kenya. He is also the Director, Research, Capacity Building and Consultancy Services at the university. He holds a PhD in Labour Economics from Kenyatta University; a Master of Arts (MA) Degree in Economic Policy Management from Makerere University in Uganda; an MA Degree in Economics from Kenyatta University; and a Bachelor of Arts Degree in Economics from Kenyatta University.

CPA. James Katule

Commission Secretary/CEO, Commission on Revenue Allocation

He is currently the Commission Secretary/ CEO, Commission on Revenue Allocation (CRA. He holds a Master's degree in Business Administration (MBA) from the Eastern and Southern Africa Management Institute (ESAMI) and a Bachelor of Arts – Second Class Honours, upper-division – in Economics and Business Studies from Kenyatta University, Kenya.

Prof. Ludeki Chweya, PhD, CBS

He holds a Bachelor of Arts (Hons) Degree and a Master of Arts degree in Government from the University of Nairobi and a Doctor of Philosophy Degree in Political Studies from Queen's University at Kingston, Ontario, Canada.

Dr. Nahashon L. Moitalel, PhD, MBS

Secretary, Productivity, National Productivity and Competitiveness Centre

Dr. Nahashon L. Moitalel, PhD, MBS is the Secretary, Productivity, National Productivity and Competitiveness Centre. Dr. Moitalel holds a Doctor of Philosophy degree in Business, Management, Marketing, and Related Support Services from Kenyatta University. He also has a Master of Business Administration – MBA degree in, Business Administration and Management General from the University of Nairobi.

Ms. Mary Mwiti

Chief Executive Officer, Council of Governors

Ms. Mary Mwiti is the Chief Executive Officer, Council of Governors. She holds a Masters Degree in Human Resource Management and a Bachelors Degree in Business Administration (HR) both from the Jomo Kenyatta University of Agriculture and Technology.

Hon. Dr. Kipkurui S. Chepkwony

Chief Executive Officer, Inter-Governmental Relations Technical Committee

Hon. Dr. Kipkurui S. Chepkwony is the CEO, Inter-governmental Relations Technical Committee. He has a Bachelors Degree in Biochemistry and Molecular Biology, a Masters Degree in Development Studies, a Masters Certificate in Business Management and Leadership and an Honorary PhD in Humanities.

Appendix 3: Speeches

REMARKS BY HIS EXCELLENCY DR. WILLIAM SAMOEI RUTO, PhD, C.G.H, PRESIDENT OF THE REPUBLIC OF KENYA AND COMMANDER-IN- CHIEF OF THE DEFENCE FORCES, DURING THE THIRD WAGE BILL CONFERENCE, 17 APRIL 2024, BOMAS OF KENYA, NAIROBI

1. I am delighted to have the honour of presiding over the closing ceremony of the third National Wage Bill Conference for a number of excellent reasons. The first, of course, is that it is absolutely necessary for the government to stay abreast of the public sector wage bill as a component of our recurrent expenditure in the context of our broader fiscal agenda.

2. We must always keep in mind that the purpose of government is to attend to the interests and well-being of all citizens by providing essential services and cultivating an environment that fosters economic transformation and inclusive growth.

3. At the same time, we must always remember that economic governance and management are underpinned and necessitated by the inescapable condition that resources are always limited, our development needs many, and our strategies ambitious. Our commitments will always be defined by the direction of our resource expenditures, and the question always is: Are we throwing public resources into a bottomless pit or making sound investments that will anchor growth and create opportunities for all?

4. This, really, is the fundamental question which follows us whenever we concern ourselves with any aspect of public finance management, and which is always answered, one way or another, by our budgets.

5. The second reason why this event is important is that the Bottom-Up Economic Transformation Agenda, BETA, has invited Kenyans to bravely confront difficult questions, make hard and often painful decisions and evaluate whether we are serious about rapid growth and inclusive prosperity. The BETA examined the levels of poverty in our country, the number of people without employment, persistent food and nutrition insecurity as well as severe vulnerability to climatic shifts.

6. The agenda has also prescribed a radical programme of ambitious investment in programmes and projects with the potential to rapidly and sustainably turn the situation around.

7. These investments in the strategic sectors of agro-industrial growth and food security, the micro, small and medium enterprises, universal healthcare, affordable housing and the digital and creative economy, require development financing to be available consistently.

8. In turn, this imperative has brought home the implications of a national fiscal culture where recurrent expenditure has grown excessively fat, devouring development expenditure and depriving the country of opportunities to achieve real growth. In fact, this culture reached the point of borrowing expensive debt to finance recurrent expenditure and consumption subsidies. The cost of this trend was high debt, with increasing risk of distress, low development, unsustainable recurrent budgets, runaway unemployment, poverty and inequality.

9. Following extensive consultations around the country, we agreed as the people of Kenya that this situation cannot continue, we have to stop living dangerously and beyond our means, but instead tighten our belts and make necessary adjustments to make resources available for productive investment.

10. We have seen the fruit of this resolve: As a result of prudent management strategies and bold decisions, we are now far from the cliff of debt distress, investor confidence is growing, our currency has reversed its previous calamitous slide against major international currencies, our import cover has grown to recommended levels and our general economic outlook is positive.

11. Food production has grown by record margins in successive seasons. Kenyans are receiving healthcare at their homes, and young men and women are finding

increasing employment opportunities across economic sectors, starting with the affordable housing programme.

12. There is no doubt that the implementation of BETA has placed the country on the right path. Consequently, I am confident that the consistent execution of this agenda will deliver the goods we pledged in our manifesto.

13. The Constitution mandates the government to ensure that public expenditure promotes the equitable development of the country.

14. The Salaries and Remuneration Commission is mandated to continuously monitor the fiscal sustainability of the public compensation bill, the ability of the public sector to attract and retain the best available skills, recognise productivity and performance, as well as transparency and fairness.

15. The succinct theme of this conference says it all: There is work to be done to ensure that the public sector wage bill meets the constitutional threshold. In recognition of this challenge, both levels of government resolved to work in partnership under the aegis of the Intergovernmental Relations Technical Committee (IGRTC) in conjunction with the SRC and the Council of Governors. As the National Government, we have taken the lead with a commitment to reduce the wage bill to 35% of revenue by 2028.

16. As a matter of fact, this very conference was a product of these discussions because we recognise the urgent need for a platform where stakeholders engage on strategies and action plans aimed at achieving this 35% target.

17. Although there is no doubt that government will need to increase employment in critical sectors to enhance service delivery, the key implication of our deliberations is the need for actions to eliminate duplication of functions and overlaps in roles among ministries, departments and agencies of the national and county governments, and even commissions and independent offices.

18. Even though our public sector wage bill is unsustainable as it stands at KSh1.1 trillion, it represents only 62% of the authorised establishment in the national government, and a 100% recruitment would drive the wage bill to KSh1.8 trillion. The composition of the establishment itself is problematic in that it is seriously skewed towards hiring support staff at the expense of technical and other core functions. Clearly, 83% of State departments have violated the recommended ratio of technical staff to support services.

19. We must change course radically. Therefore, we shall review authorised establishments to design fit-for-purpose organisational structures for MDAs with optimal staffing levels and achieve fiscal sustainability at the same time.

20. Our agenda is to work with determination to build on two decades of the implementation of results-based management with its various tools, including rapid results initiatives, performance contracting and citizen service delivery frameworks, and deliver an effective, efficient and transparent public sector as a first step to turning Kenya into the hub of public and private sector productivity.

21. A public sector characterised by high efficiency, integrity, accountability and productivity is vital for the realisation of our development aspirations and therefore indispensable for BETA. It is also essential for our intentions to make Kenya Africa's productivity champion and the host of the African Productivity Centre.

22. To get there, MDAs have to be much more serious about compliance with fundamental integrity, efficiency and productivity standards. The level of non-compliance with vital constitutional mandates uncovered by the Auditor-General and the Public Service Commission in their annual audits is unacceptable and amounts to impunity that can no longer be tolerated. Only 24% of our organisations received an unqualified audit, and the level of compliance with the PSC's audit of compliance with national values is far from pleasing. We cannot deliver for Kenyans when we are burdened with impunity and wounded by non-compliance. I want to see reports outlining corrective actions in respect of both audits within the next 21 days, and I expect radical improvements in future audits.

23. It is true that, as a public sector, we have an obligation to secure the best skills in the market to serve citizens. To do this, the terms of service must be attractive and reasonable even if they cannot out-compete the private sector. Over time, we have made progress in raising the conditions of service for all levels of public sector employees, and this fact cannot be denied. However, this progress was part of a journey which began at a time when public-sector compensation was significantly lower than private-sector remuneration. The objective was to bring the two categories within a reasonable range, not to sustain a practice of perpetual increment.

24. It is a mistake, therefore, for anyone to take the sacrifices Kenyans have made to improve the welfare, working conditions and compensation of public sector workers as creating an entitlement to automatic enhancement of remuneration regardless of fiscal sustainability or urgent development needs of the citizens. It is a tragedy for highly educated professionals to make unreasonable demands in the face of economic hardships and fiscal constraints at the expense of the legitimate needs of other citizens. We have to live within our means, which are well-known.

25. We have a duty to dedicate ourselves to a citizen-centred public service paradigm and make our contributions to the BETA in order to extend the benefits of development to reach every citizen. Let us be patriotic servants and diligent professionals. I commend the institutions which have won the wage bill accountability awards for setting a worthy example for the rest of our public sector. This is the way to go, and you have demonstrated that it is feasible. Congratulations, and keep it up.

26. I have also listened to the resolutions of the Third National Wage Bill Conference as read here by the chairperson of the SRC, Ms Lyn Mengich, and identify myself with the proposed strategic interventions aimed at putting Kenya on the path of public service wage bill sustainability under the "Towards 35%" aspiration set out in the conference's theme. Let us collaborate and remain committed to implementation because that is where the test is. We cannot fail if we work together in a spirit of patriotism, partnership and teamwork.

27. The government remains committed, available and determined to support every institution in implementing these resolutions. We must therefore get to work immediately, and remain on the job until it is done. We have a unique opportunity to achieve radical and lasting positive change in our country, whose effects will last for generations. This is why we must remain focused at all times.

The Third Annual Wage Bill Conference is officially closed.

Thank you.

REMARKS BY MRS. LYN MENGICH, CHAIRPERSON, SALARIES AND REMUNERATION COMMISSION, DURING THE THIRD NATIONAL WAGE BILL CONFERENCE, 15 APRIL 2024, AT THE BOMAS OF KENYA, NAIROBI

Chief of Staff and Head of Public Service

Cabinet Secretaries

Your Excellencies, County Governors

Fellow Chairpersons of Constitutional Commissions and Independent Offices

Chairpersons of State Corporations

Principal Secretaries

Members of Constitutional Commissions and Independent Offices

Chief Executive Officers and Accounting Officers

Development Partners, Diplomatic Missions

Civil Society Organisations, Non-Governmental and Faith-Based Organizations

Distinguished Guests

Ladies and Gentlemen

Good Morning

I am greatly honoured to welcome you all to the Third National Wage Bill Conference. Karibuni sana.

This conference is convened three years after the second wage bill conference, which was held in November 2019. I am delighted to note that significant progress has been made on the implementation of the resolutions of the second conference.

Some of the key outcomes of the second wage bill conference are;

1. The Framework for Recognising Productivity and Performance in the Public Service, which was launched in April 2023, and is now operational.
2. A framework on Productivity Measurement was developed leading to;
   (a) Embedding productivity in the current performance contracting cycle.
   (b) Piloting of productivity measurement by 24 State corporations, of which, three will share their experiences in this conference. These are; KenGen, Kenya Bureau of Standards and Ministry of Health.
   (c) Over 8,000 public officers from over 400 institutions were trained on productivity, jointly by the National Productivity and Competitiveness Centre and SRC and the Kenya School of Government.
3. The Public Sector Remuneration and Benefits Policy was developed and operationalised.
4. The Framework for Streamlining Allowances in the Public Service was developed and is being implemented in three phases. Phase one and two have been implemented, while phase three is ongoing.
5. The Public Service Superannuation Scheme was launched in 2021 and is now operational.
6. The National Performance Management Policy has been developed and is in the process of being rolled out.
7. A framework on standing sectoral Collective Bargaining Negotiation committees was developed.

Distinguished Guests

The implementation of these resolutions, alongside other SRC initiatives, have contributed to the positive trend in the wage bill to revenue ratio, which has come down from 51.4 per cent in the financial year 2018/2018 to 47.06 per cent in the financial year 2021/2022, and further projected to move to 46.64 per cent in the financial year 2022/23.

At this juncture, ladies and gentlemen, allow me to highlight just a few key actions taken by SRC, in addition to those that I have already mentioned;

1. Over the last three years, SRC received requests whose cost implication was Ksh 98 billion. Out of this, SRC approved Ksh 12 billion, hence, preserving in the economy an amount of Ksh 86 billion.

2. Cost saving of Ksh 17.3 billion over 4 years from phase one and two of streamling allowances.
3. The Commission has set a gross salary market positioning of 50th percentile. Institutions above this positioning will retain their salary structures, whereas those below will progressively be moved towards the 50th percentile. This will result in a dual benefit of fiscal sustainability and harmonisation.
4. Affordability and fiscal sustainability are key considerations in any collective bargaining negotiations. Employers are, therefore, advised not to consider any review of items with financial implications without demonstrating ability to afford and sustain a review, among other considerations.

These notwithstanding, a lot more needs to be done, hence, the reason for this crucial congregation here for the next three days.

Ladies and Gentlemen

This gathering is a culmination of a discussion on 18 December 2023 during the 10th Ordinary Session of the National and County Governments Coordinating Summit, held under the Chairmanship of H.E. The President. The dialogue, among many other key issues, resolved that Kenya must intentionally and purposefully engage in a journey, a journey ***'Towards 35 per cent'***. This is a journey towards realising a wage bill to revenue ratio of 35 per cent by 2028.

To actualise this resolution, SRC, the Inter-governmental Relations Technical Committee (IGRTC) and the Council of Governors (COG), as the convenors, set up a Steering Committee comprising convenors, as well as the Public Service Commission (PSC), the Ministry of Public Service, Performance and Delivery Management (MPS&DM) and the State Corporations Advisory Committee (SCAC) to jointly prepare and convene this conference. To this incredible team that has invested its valuable time, I sincerely thank you for putting this together.

Distinguished Guests

Back to our journey Towards 35 per cent. As you are all aware, the Public Finance Management Act (PFM), 2012, and Regulations, 2015, set a very clear threshold for wage bill to revenue ratios for the two tiers of government.

Specifically, the PFM (National Government) Regulations, states that "National government's expenditure on the compensation of employees (including benefits and allowances), shall not exceed 35 per cent of the national government's equitable share of the revenue[1] raised nationally, plus other revenues generated by the national government pursuant to Article 209(4) of the constitution".

On the other hand, County Public Finance Management Regulations, 2015, Regulation 25(1) states that the County Executive Committee Member, with the approval of the County Assembly, shall set a limit on the county government's expenditure on wages and benefits *for its public officers pursuant to section 107(2) of the Act"; and "The limit set shall not exceed 35 per cent of the county government's total revenue"*.

Ladies and Gentlemen

We live in a resource-scarce environment where expenditures on public wage bill, operations and maintenance, development, debt repayment and other obligations all compete for the limited resources that we generate as revenue in our country.

The discourse on the 35 per cent has a two-pronged approach; one on the attainment of the 35 per cent, and the other, on productivity. On labour productivity, and according to the International Labour Organization, Kenya was ranked 27 out of 53 countries in Africa, and 155 out of 189 countries globally.

It is against this backdrop that all public service institutions will be required to put in place measures to improve productivity. Further, institutions whose wage bill ratios are above 35 per cent will be required to put in place strategies and action plans on the 35 per cent, as well as on productivity improvement.

Distinguished Guests,

As we congregate here today, I am pleased to note that this conference has brought together national and county governments, private sector, non-governmental organisations, civil society and faith-based organisations, experts in productivity, academia, and the media.

From this wide array of high-level stakeholders, the three days will culminate in a shared understanding of the public wage bill in Kenya, its profound impact on our national, county and institutional budgets, service delivery to Wanjiku, and economic development of our country.

Ladies and Gentlemen,

We are gathered here for a very critical national engagement that requires all of us to collectively play our part in ensuring shared prosperity through release of resources for development and other government priorities. It is our collective responsibility to ensure that future generations inherit a country that is self-sustaining.

It is for this reason that, in preparation for this conference, public institutions at both levels of government were required to develop strategies and action plans to achieve the 35 per cent wage bill to revenue ratio by 2028. Therefore, I urge all of us to take this opportunity to learn from the presentations, the caucus discussions and experiences that will be shared by colleagues to enable the refinement of your strategies and action plans after this conference.

In addition to the deliberations during this conference, I am pleased to let you know that under the leadership of the Steering Committee, a technical team comprising staff from COG, PSC, MPS&PD, SCAC, MOL, IGRTC, SRC, OAG and OCOB developed technical papers that will be shared electronically after this conference. These papers will provide further insights into the presentations that are a synopsis of the technical papers.

I take this opportunity, on behalf of the Steering Committee, to acknowledge and thank the technical team for the excellent work.

Ladies and Gentlemen,

From the presentations that shall be made in the plenary and caucus sessions, and reflections and deliberations thereof, we expect that we shall come up with clear strategies and concrete resolutions that will bring us all on board, in the spirit of one-government approach.

We, therefore, urge you to share your wisdom, experiences and ideas that will fashion our collective journey **Towards 35 per cent** public wage bill to revenue ratio.

Distinguished Guests,

As I conclude, the primary outcome expected at this major conference are resolutions that are our collective commitment ***Towards 35 per cent*** public wage bill to revenue ratio, thus, setting Kenya on the course to reaping the benefits of a fiscally affordable and sustainable wage bill.

God bless you.

God bless Kenya.

Thank you.

Karibuni sana.

1 Equitable share of revenue shall not include revenues that accrue from extractive natural resources, including oil and coal – PFMR 2015; 26(b)

WELCOME REMARKS BY MRS. LYN MENGICH, CHAIRPERSON, SALARIES AND REMUNERATION COMMISSION, ON 17 APRIL 2024, DURING THE THIRD NATIONAL WAGE BILL CONFERENCE, 17 APRIL 2024, AT THE BOMAS OF KENYA, NAIROBI

Your Excellency the President of the Republic of Kenya and Commander-In-Chief of the Defence Forces Dr. William Samoei Ruto

Your Excellency the Deputy President Hon. Rigathi Gachagua

Your excellency Prime Cabinet Secretary Hon. Musalia Mudavadi

Your Excellency the Chairperson Council of Governors, Anne Waiguru

Chief of Staff and Head of Public Service

Cabinet Secretaries

Your Excellencies, County Governors

Chief of Defence Forces, General Francis Ogolla

Deputy Chief justice, Philomena Mwilu

Chairpersons of Constitutional Commissions and Independent Offices

Principal Secretaries

Members of Parliament

Chairpersons of State Corporations

Members of Constitutional Commissions and Independent Offices

Chief Executive Officers and Accounting Officers

Your Excellencies Ambassadors present,

Development Partners,

Civil Society Organisations, Non-Governmental and Faith-Based Organizations

Distinguished Guests

Ladies and Gentlemen

Good Morning

On behalf of the Steering Committee of the conference, it is with great humility and honour that we welcome you all to this Third National Wage Bill Conference.

We are indeed indebted to the presence of such a high-powered leadership from the national and county governments. This goes to show the commitment and seriousness that the leadership exhibits on the matter of the public wage bill.

This commitment to the public wage bill has come from the distant past, transcending several government administrations. We recall the First and Second National Wage Bill Conferences held in 2014 and 2019, respectively. I am delighted to note that significant progress has been made on the implementation of the resolutions from both conferences over the years.

The National wage bill conference embodies the spirit of collaboration and a whole of government approach to matters of National interest. It is in this spirit, that resolutions from the past conferences have immensely contributed to the positive trend in the wage bill to revenue ratio, which has come down from 51.4 per cent in the financial year 2017/2018 to 47.06 per cent in the financial year 2021/2022, and further projected to move to 46.64 per cent in the financial year 2022/23.

Your Excellency

We specifically thank you for the Summit resolution under your leadership that resolved, SRC, IGRT and COG to convene this conference. The convenors, in the spirit of a whole of government approach co-opted the PSC, MPS&PD and the SCAC to constitute a steering committee that has convened this conference.

After three days of intensive consultations, all delegates have resolved to take action ***'Towards 35 per cent'***. This is a journey towards realising a wage bill to revenue ratio of 35 per cent by 2028. As we are all aware, the Public Finance Management Act (PFM), 2012, and Regulations, 2015, set a clear threshold for wage bill to revenue ratio for the two tiers of government at no more than 35% of revenue.

Your excellencies, Ladies and Gentlemen,

This conference has brought together the national and county governments, private sector, non-governmental organisations, civil society, faith-based organisations, experts in productivity and academia.

The conference Steering Committee is pleased to report that the presentations, engagements at the plenary and several caucus sessions have been enriching and inspiring. The delegates have benefited from presentations, discussions and sharing experiences. Consequently, everyone is well-aligned with the vision to realise the 'towards 35% 'aspirational target.

In addition to the deliberations during this conference, I am pleased to let you know that under the leadership of the steering committee, a technical team comprising of staff from COG, PSC, MPS&PD, SCAC, MOL, IGRTC, SRC,

OAG and OCOB developed technical papers that will be shared with all the delegates after this conference. These papers will provide further insights into the presentations that are a synopsis of the technical papers.

The two and half days have created a shared understanding of the public wage bill in Kenya, its profound impact on our national, county, and institutional financial resources, service delivery to *Wanjiku,* and economic development of our country.

Through shared understanding, the delegates converged on resolutions that shall be presented here today, resolutions that shall propel Kenya to inch closer to the 35 per cent wage bill to revenue ratio. We owe it to wananchi to collectively achieve this target.

Your Excellency

We are extremely grateful for your leadership in this wage bill discourse. The next generation is watching our footsteps. We then, can agree here and resolve not to bequeath to them an unsustainable wage bill, but rather a wage bill that is affordable and fiscally sustainable. A wage bill that will not crowd out resources for development and service delivery, and which then propels this country to the next level of economic empowerment of its people.

Your Excellencies, Distinguished Guests, Ladies and Gentlemen,

As I conclude my welcome remarks, the journey ***Towards 35*** per cent public wage bill to revenue ratio, is possible by 2028. It is within sight! We need not, therefore, defer to the next generation what this generation must do, and must do by 2028. It is only right that we fold our sleeves and make it happen for this generation.

With your leadership, Your Excellency, we are all aligned, and through collaboration and a whole-of-government approach, we shall succeed.

God bless you.

God bless Kenya.

I Thank You.

KEYNOTE ADDRESS BY HON. FELIX K. KOSKEI, EGH, CHIEF OF STAFF AND HEAD OF PUBLIC SERVICE, DURING THE THIRD NATIONAL WAGE BILL CONFERENCE, 17 APRIL 2024, ON 15 APRIL 2024, AT THE BOMAS OF KENYA, NAIROBI

Your Excellencies. The County Governors present, Principal Secretaries present Chairpersons of Constitutional Commissions and Independent Offices, Chairpersons of State Corporations, Development Partners,

Distinguished Guests, Ladies and Gentlemen,

Good Morning.

I am delighted to join you this morning at the opening of the Third Wage Bill Conference, under the theme; "Towards 35%." There are thematic areas of; fiscal sustainability of the public service wage bill; institutionalising productivity in the public service; role of public service productivity in economic performance; appreciating the impact of approved staff establishments on the wage bill; role of technology in public service wage bill sustainability; and leadership as an anchor to successful management of the public service wage bill.

The criticality of these key areas to effective and efficient management of the public service wage bill and service delivery cannot be overstated. I am happy that the team selected for this conference has consciously captured the urgency with which we need to conduct this conference. This conference has come against the backdrop of growing agitation for better management of public service resources and at a time when the government is grappling with how best to navigate the delicate balancing act of ensuring economic growth, sustainability and affordability of the wage bill with effective service delivery.

The matter of wages is quite an emotive issue, especially at a time when the economy is facing an array of multifaceted internal and external challenges that have contracted the fiscal space. Among these issues are, climate change, international conflicts and wars, a decrease in international trade, global competition for resources, youth and employment and rapid technological changes. I believe this is the reason why when the National Treasury announced an increase in the current budget for the financial year 2023/2024, animated discussions erupted with many questioning the appropriateness of the public sector wage bill, noting that the bulk of the increase is earmarked for operations and salaries.

I recall that during the 10th Ordinary Session of the National and County Governments Coordinating Summit meeting held at State House, Nairobi, on 18 December 2023, under the Chairmanship of the President, the Summit resolved that the national government will reduce its wage bill to 35 per cent of revenue by 2028, in line with the provisions of the Public Finance Management Act, 2012, and also urge the county governments to align to this target.

We must take full advantage of this conference, therefore, which gives us a platform to reinforce the Summit Resolutions, and also for honest candid and objective discussions on all aspects of Kenya's public wage bill and indeed other related matters like revenue growth. As we all know, a fiscally sustainable public wage is an enabler to achieving the desired economic development as it also closes the gap between the ratio of public servants, and hence, frees resources for investments.

On the flip side, a high level of public wage bill is a threat to sustainable public expenditure. It also crowds out resources that would otherwise be used for development priorities and enhanced public service delivery. Inadequate investments in development compromises the economy's competitiveness, leading to large fiscal deficits, unsustainable public debt and unemployment. This is the dilemma and the heavy responsibility placed for those of you who are charged with the management of public resources and affairs.

You have to make the difficult decision of balancing between overall fiscal sustainability and allocation of financial resources for wage bill expenditures, bearing in mind the delicate correlation between wages, service delivery and economic growth. I am aware that a raft of public service reforms have been undertaken in the recent past towards overall cost containment, with the public service wage bill showing a positive trend. However, more effort is needed to fully address

the drivers of the wage bill. Among these drivers are; lower labour productivity, duplication and overlaps of functions, roles and responsibilities, and weak payroll management culture.

This conference provides a unique moment to collectively rethink about our public service culture. The cumulative knowledge from panelists and discussions will lead to practical solutions to be presented to the Summit for adoption, and subsequent implementation at the national and county governments.

The first one is on the implementation of the previous wage bill conference resolutions. In 2019, we gathered at KICC for the second wage bill conference, under the theme, "Transforming Kenya's economy through a fiscally sustainable wage bill," and agreed on eight resolutions. I note that all the lead agencies for the implementation of these resolutions are in this room today. This conference must interrogate how far these resolutions have been implemented and also assess impact. Without this honest review, these conferences run the risk of becoming the normal talk shops. So, we need to review and find out whether the eight resolutions were implemented and what are the challenges that were there that made some not to be successful.

The second issue that I am bringing to the table is performance and productivity, as peers have clearly elaborated here. Over the last few years, there has been a rapid growth in the number of public officers without commensurate productivity and service delivery. In the year 2018/2019, the country had 865,123 public officers and this has grown to the current estimates of 953,000.

Over the same period, public service wage bill also grew by 26.5 per cent, to reach an average revenue ratio of 47 per cent, yet citizens continue to decry poor service delivery. So, to correct this, the public service must embrace a culture of performance-driven remuneration, where salaries are commensurate with productivity, and meritocracy serves as the guiding principle. This will entail implementation of a robust performance evaluation mechanism, career progression frameworks, incentive structures, reward excellence, and foster accountability.

The third issue that I am bringing on the table is the place of data and statistics. Wage bill determination, affordability and sustainability are highly dependent on both micro and macro trends and projections, economic growth, revenue generation, employment budgets, inflation, prices of goods and services, competitiveness, and indeed all other demographics. Consequently, stakeholders, whether employers, trade unions, employees and regulators, must appreciate, and apply these trends as these indices determine salaries, allowances and benefits. It is also my hope that during this conference the experts invited will address the matter of prevailing trends affecting employment/work landscape.

The 4th issue that I am bringing on the table is adoption of technology. The government has invested heavily on this in various human resource and financial management systems, including government human resource information system under the State Department for Public Service. It is regrettable that in this age of highly based technological advancement, public institutions are still running manual payroll systems. With commitment and policy compliance, the public service can leverage technology not only for better payroll management, but also for overall cost containment.

The next issue that I am bringing on the table is to balance between service delivery and fiscal responsibility. As we discussed, achieving that 35 per cent threshold needs clarity of the options available to us. I see two possible options. Either we rationalise salaries and benefits, or we grow revenue through productivity and better service delivery. As you are aware, rationalisation brings with it challenges of labour laws. Contract management and resources worsen the dependency status. This is undesirable, not a desirable, noting that we only have 19 million people working against a population of 52 million.

It would seem to me that the only option which we have, and which this conference is addressing is, to increase revenue through productivity and service delivery improvement. Indeed, these are the aspirations of the Bottom-Up Economic Transformation Agenda, which has captured revenue growth and employment among its high-level goals.

I hope during the period of this conference adequate time will be reserved to discuss the matter of the quality of service we deliver to the citizens and whether the public service is truly citizen-centric. Paying greater attention to the citizens, their needs and demands, will help us generate the appropriate social and economic outcomes, to grow the economy, create jobs, attract investments, and propel achievements of our natural aspirations, as captured under BETA and Vision2030.

The next issue that I am bringing on the table is the whole-of-government approach. I saw even in Malaysia's presentation, the interdependence between numbers, resource planning, wage bill management, service delivery and budget planning process call for the involvement of all stakeholders and consensus building regarding the level of salaries, benefits and allowances.

The Public Finance Management Act is specific on the principles of affordability and sustainability. These principles can easily be negated by non-coordinated implementation of human resource policies and practices, which may lead to a bloated workforce with unfortunate effects of the public wage bill negotiation for improvement. Improving salaries, wages and allowances must be cognisant of economic growth, projections and trends. We cannot have systems where employers take action on terms and conditions of employment without having a conversation with those charged with revenue generation and collection.

Similarly, the trade unions and the employees should not agitate for salary increase and sometimes allowances without applying and checking the trends and economic performance of the country. It is foolhardy to ask for what is not there. We need to be honest with ourselves and have a conversation.

So, therefore, any negotiation for improved salaries, as I have said, wages, and allowances, must be cognizant of economic growth, projection and trends. I repeat, we cannot have systems where employers take action on terms and conditions of employment without having that conversation with those charged with revenue generation and collection. I am repeating this because sometimes we operate in silos. Some sit down and sign collective bargain agreements without consulting the National Treasury, without consulting the trends, the micro and macro trends, in the country, thereby, bringing industrial action that are very difficult to handle. Therefore, we need to be speaking to each other and we need a whole-of-government approach. Addressing the wage bill challenge requires a holistic approach towards public service reforms.

The other issue that I am bringing to the table is the harmonisation of remunerative and benefits guidelines. The Constitution of Kenya, 2010, had envisioned a harmonised approach to the determination of salaries, allowances and benefits, hence the creation of SRC. Regrettably, this has not been fully achieved and several institutions continue to issue guidelines and to negotiate CBAs without adequate involvement and consultation with all the relevant stakeholders. This is a situation that we need to correct with urgency. I am happy that all the concerned players are gathered here in this room today.

The final one is the actual plans. I believe by now all public institutions, both at the national and county governments, have received a written directive issued by a Secretary to the President requiring you to develop strategies and action plans to achieve a wage bill ratio of 35 per cent by the year 2028, as directed by the Summit.

I urge you, during the course of this conference, to interrogate these plans and strategies. Adjust their efficacy and validate them with the insights and experiences from other countries, institutions and the subject experts who will be addressing the conference. We need to go a step further from discussing issues that are on the table, challenges that we are facing and the realization that our wage bill is ballooning, to also offer solutions. Those solutions should be reduced to resolutions that are actionable.

That in three and half years to four years, in the year 2028, we shall really achieve the target of 35 per cent. So, this requires action, it requires some form of being realistic, some extra studies and engagement of experts to ensure that we really get action plans that are not only implementable, but are efficient, effective, and realisable.

The above issues are the issues that I thought to bring onto the table for discussion. From today going forward, and these are only few suggestions, I believe the conference proceedings will bring out more and open the space for focused and deeper consideration. I have been informed that the conference will lead to resolutions that will guide the wage bill management, providing practical and impactful strategies, clarifying roles and responsibilities, resources, requirements and implementation timelines within the two levels of government, going forward.

As I conclude, allow me to commend the coordinating institutions for successfully putting together this conference. These are, the Salaries and Remuneration Commission, Public Service Commission, Intergovernmental Relations Technical Committee, Council of Governors, State Cooperations Advisory Committee, the National Treasury and Economic Planning, the Ministry of Public Service Productivity and Delivery Management, and all other stakeholders who worked tirelessly to ensure its success.

Let us congregate, let us have a discussion, an honest discussion. More importantly, let us arrive at resolutions that are actionable, that are implementable and that are effective. Once they are implemented, we urge all the employers and employees and trade unions to also realise the state of the economy that this country has, and the measures that the government has taken to turn around the economy, the tight fiscal space that we have, and consider that at this time it is not possible to look for additional salaries because Kenyans are really paying taxes and they want their taxes first of all to go to projects and initiatives that will turn the economy.

Once this is done, then issues on salaries and allowances can be brought to the table. But at the moment, as the president has pronounced, let us all leave within our means. Let us all be honest to ourselves. Tax collection revenue collection are accessible, and anybody can know, on day by day, how much the Kenya Revenue Authority has collected. All of us know that there is no other means of running government, both national and county governments, other than with taxes. I do not think that it will be right for the government to levy or impose additional taxes to pay salaries or allowances for now. We need to live within our means.

With these few remarks, Ladies and Gentlemen, allow me now to declare the Third Wage Bill Conference officially open.

Thank you very much.

REMARKS BY HON. FLORENCE BORE, CABINET SECRETARY, MINISTRY OF LABOUR AND SOCIAL PROTECTION, DURING THE THIRD NATIONAL WAGE BILL CONFERENCE, ON 16 APRIL 2024, AT THE BOMAS OF KENYA, NAIROBI

The Co-Chairpersons of the Steering Committee of the Third National Wage Bill Conference

The Co-conveners

Speakers, Presenters and Panelists

Distinguished Delegates

Ladies and gentlemen,

Good morning,

It's an honour and privilege to join you today as we start our second day of the Third National Wage Bill conference under the theme 'Towards 35%'. Allow me to thank the organizers and conveners of this vital conference whose core objective is to identify strategies that facilitate the national and county governments to achieve the ideal wage bill to revenue ratio of 35% by 2028.

This conference is a culmination of the resolution of the 10th Ordinary Session of the National and County Governments Coordinating Summit meeting held at State House, Nairobi, on 18th December 2023. The motivation to hold the conference stems from our collective desire as lead actors in government and the private sector to bring innovative and practical solutions towards a sustainable public service wage bill in order to make more resources available for development.

Governments around the world, are under pressure to improve public service performance and at the same time contain expenditure growth. While factors such as public service wage bill, operational and pension costs add to budgetary pressures, citizens are demanding that governments be made more accountable for what they achieve with taxpayers' money. As such, the entire situation of the economy in most of the Sub-Saharan-States is dire.

Ladies and Gentlemen,

Kenya's economy just as many sub-Saharan states, faces numerous challenges, one of which is the escalating wage bill. It is undeniable that the public sector wage bill to revenue ratio, which previously stood at 54%, has seen some reduction but remains a concern at the current level of 47%. Despite this progress, the sustained high ratio underscores the ongoing challenge we face in achieving a more balanced and sustainable fiscal framework.

We ought to prioritize the needs of our country and make tough decisions since we have a responsibility to address this before it becomes a crisis. We cannot continue to burden our taxpayers and future generations with an unsustainable wage bill.

We must prioritize and ensure that our public service wage bill is within our means by being responsible and accountable in our budgeting and expenditure. It's the opportune time that we address issues such as low productivity, duplication of functions, wastage of public resources, optimal staffing levels, leveraging technology and innovation in payroll management as well as quality and citizen- centered service delivery.

Public officers and employees must, always, be accountable to the people, serve them with utmost responsibility, integrity, loyalty and efficiency as well as act with patriotism and justice.

Ladies and Gentlemen,

Reducing the public sector wage bill is not just about reducing wages; it is also about creating a conducive environment for job creation and economic growth. As we strive to reduce the public sector's wage bill, we must also create an environment conducive to the private sector's growth to enhance job creation which will in turn increase our revenue and reduce our dependence on the government.

As the Cabinet Secretary entrusted with safeguarding the welfare of our workers both in the public and private sectors, it is imperative that we address issues of remuneration and benefits. We must ensure that salaries and allowances are distributed fairly and in an equitable manner. In addition, performance-based pay and incentives can be used to increase productivity and efficiency in public agencies.

A dynamic labour force, which is creative, flexible, competent, multi-skilled, better informed, technology-oriented, and enjoying job protection and decent employment, is critical to the realization of the full potential of the country's human resource stock.

As our world becomes increasingly filled with information and technological advancement, it is vital to emphasize the need to study and discuss how public service wage bills can be sustained. Research and dialogue are essential for addressing challenges and finding effective solutions.

Ladies and Gentlemen,

My Ministry, through the National Productivity and Competitiveness Centre, has developed a productivity measurement framework in the public service and has jointly with SRC, State Department for Cabinet Affairs and Kenya School of Government provided technical support to 507 Institutions and trained over 8,189 officers. NPCC will continue to partner with SRC and other stakeholders within and outside Government to drive the productivity agenda in the public service. I call upon all public service institutions to take advantage of this programme to build their internal capacities.

I urge all public service employees to embrace the culture of productivity for efficient service delivery and citizens satisfaction. The Government relies on you to transform the lives of our people through your quality service delivery. Under the Bottom-up Economic Transformation Agenda, the Government envisages a public service that will move away from being event-driven to a more strategic and a people-centric. This way, we shall all find the passing of time in our public lives a lot more fulfilling.

A strong productivity and performance culture in the public service is a key driver to efficient and effective service delivery. To ingrain productivity practices as a way of life, my ministry will continue to support government efforts to spearhead a National Productivity Campaign as a Strategy to reinforce the productivity agenda in the public service.

Changing the negative mindset about productivity will go a long way in improving the quality of services in the public service. This will be achieved through intensive publicity campaigns, awareness creation and capacity enhancement.

Ladies and Gentlemen,

To achieve the 35% ratio, we must work together, as government, employers, employees, and citizens, to make it a reality. It will take determination, collaboration and sacrifice from all of us and we must make sure that our decisions do not negatively affect the well-being of our workers.

As I conclude, I would like to remind everyone that the conference's theme, 'Towards 35%', is more than simply a figure; it's a call to action for us to accept responsibility, hold ourselves accountable, and strive towards a more sustainable future for our country. Let us utilize this forum to engage in meaningful debates and devise practical solutions to assist us reach our objective. From the conference programme I've observed that we have experts from within and outside government as well as local and international experts, presenting papers covering a wide spectrum of topics about public service wage bill sustainability. I am optimistic that with our combined efforts, we can reduce the public sector wage bill to revenue ratio and ensure a better future for our country.

Finally, I look forward to thought-provoking presentations and different perspectives on pertinent issues touching the public wage bill sustainability and culture. I am sure that the conference papers and caucus discussions will provide a valuable resource for making our public institutions more responsive, productive, accountable and citizen centered.

Therefore, it is with utmost delight and gratification, that I take this opportunity to welcome all of you to the second day of the National Wage Bill Conference here at the Bomas of Kenya, Nairobi.

Thank you all and welcome!

Appendix 4: Membership to the Third National Wage Bill Conference Committees

(i) National Wage Bill Conference Steering Committee

The membership of the Steering Committee includes:

1) Chairperson, Salaries and Remuneration Commission (SRC)
2) Chairperson, Committee of Human Resources, Labour, and Social Welfare, Council of Governors (CoG)
3) Chairperson, Intergovernmental Relations Technical Committee (IGRTC)
4) Chairperson, State Corporation Advisory Committee (SCAC)
5) Chairperson, Public Service Commission (PSC)
6) Principal Secretary, State Department for Public Service
7) Principal Secretary, State Department for Performance and Delivery Management

(ii) National Wage Bill Conference Technical Committee

The membership of the Technical Committee includes:

1) Commission Secretary/Chief Executive Officer, Salaries and Remuneration Commission
2) Secretary/Chief Executive Officer, State Corporation Advisory Committee
3) Chief Executive Officer, Intergovernmental Relations Technical Committee
4) Chief Executive Officer, Council of Governors
5) Principal Secretary Representative, State Department for Public Service
6) Principal Secretary Representative, State Department for Performance and Delivery Management

Sub-Committees

The membership of the Internal Technical Committee (SRC) includes:

1) Members of the Wage Bill Committee.
2) Director, Remuneration Services (DRS); Deputy Director, Productivity and Performance (P&P); Deputy Director, Research, Monitoring and Evaluation (R,M&E); Deputy Director, Job Evaluation and Salary Structure (JESS); Deputy Director, Collective Bargaining Negotiation (CBN); and Deputy Director, Allowances and Benefits (A&B).
3) Two officers each from P&P; R,M&E; JESS; CBN; and A&B departments.

(iii) National Wage Bill Conference Logistics Committee

The membership of the Logistics Committee (SRC) includes:

1) Members of the Corporate Services Committee.
2) Director, Corporate Services; Head of Supply Chain; Head of Finance and Accounts; Head of Information, Communication and Technology; and Head of Human Resource and Administration.
3) Co-opted – DRS; Head of Corporate Communications; DDPP; and DDR,M&E.

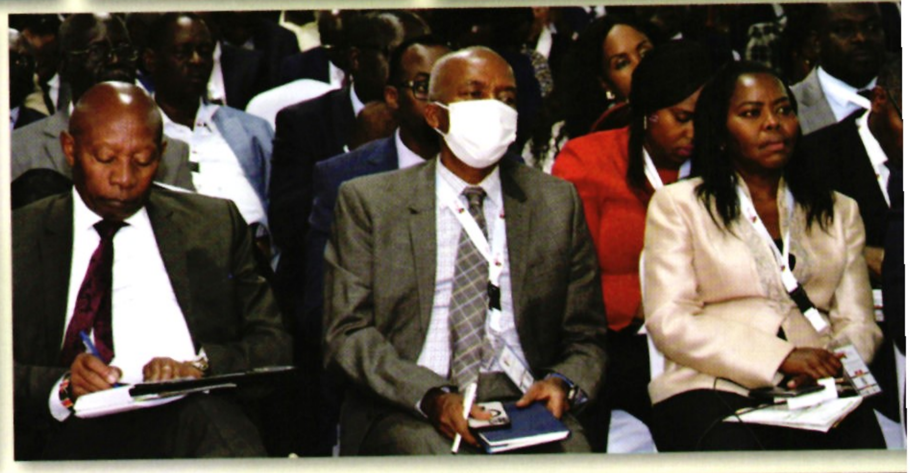
(iv) National Wage Bill Conference Stakeholders and Communications Committee

The membership of the Stakeholders and Communications Committee (SRC) includes:

1) Members of the Corporate Image and Stakeholder Management Committee.
2) Head of Corporate Communications; DRS; DDPP; and DDR,M&E.

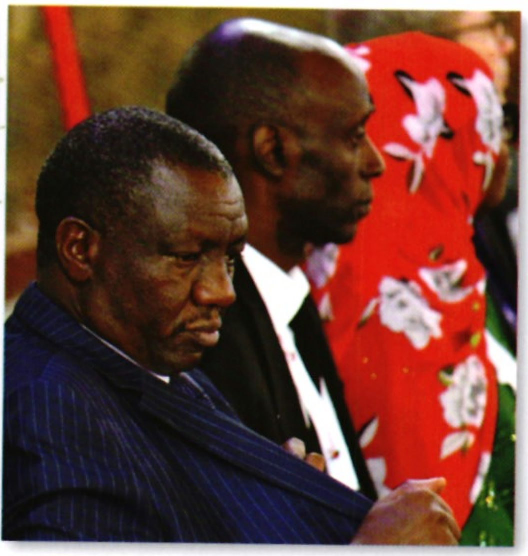













NATIONAL WAGE BILL CONFERENCE - 2024

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REPUBLIC OF KENYA

Salaries & Remuneration Commission
Rewarding productivity

COUNCIL OF GOVERNORS

SCAC
Diligent in Serving

IGRTC
INTERGOVERNMENTAL RELATIONS TECHNICAL COMMITTEE
Consultation, Cooperation & Coordination in Devolution

PUBLIC SERVICE COMMISSION
KENYA