

**NAVIGATING THROUGH A DIFFICULT
TERRAIN: THE SALARY AND
REMUNERATION COMMISSION ON
MANAGING DETERMINATION OF
PUBLIC SECTOR REMUNERATION IN
KENYA**

Presentation
World Bank Seminar
1st April 2015

Presentation Outline

- 1) Mandate of SRC
- 2) Background Information
- 3) The Public Wage bill
- 4) The Draft Public Service Remuneration & Benefits Policy
- 5) Conclusion
- 6) Appreciation

Mandate of SRC

The Salaries and Remuneration Commission (SRC) is established under chapter 12, Article 230 of the constitution of Kenya, 2010 and mandated to;

Set and regularly review the remuneration and benefits of all state officers.

Advise the national and county governments on the remuneration and benefits of all other public servants.

Background information

- The Commission inherited a Public Service remuneration structure that did not recognise/reflect productivity
- Remuneration and benefits were set through ad hoc Committees and Commissions and undue pressure from unions
- Many public service institutions determined their salaries independently
- Consequently, there was great vertical and horizontal disparity and inequity in the payment of remuneration and benefits leading to discontent and frequency of industrial unrest.

The Public Wage Bill

- The public sector is the largest employer in Kenya with about 680,000 employees;
- Currently, the total estimated public sector wage bill for FY 2014/15 is Kshs.568 billion; against a budget of Kshs.1.8 trillion.
- The wage bill to GDP ratio is about 11 per cent, which is higher than the internationally desirable level of not more than 7 per cent.
- The wage bill to revenue ratio is about 53 per cent which is way above the desirable level of not more than 35 per cent.

Efforts towards wage sustainability

- Undertaken Job Evaluation for ALL State Officers (about 3,000)
- Setting and harmonization of remuneration benefits levels for state officers
- Harmonization and restoration of equity in remuneration cycle
- Policy and legal framework – management of CBA hence reduction in industrial unrest
- Stakeholders engagement and public participation
- Analysis of Allowances Payable to the Public officers

Efforts towards wage sustainability cont..

➤ **Job Evaluation for State Officers;**

- ✓ The Job Evaluation was conducted in 2012
- ✓ All the state officers were interviewed, positions assessed and hierarchical order determined from scores.
- ✓ Remuneration levels were then attached to the positions

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Efforts towards wage sustainability cont..

➤ **Job Evaluation for Other Public Officers;**

- ✓ The Commission has embarked on a comprehensive job evaluation exercise for the rest of the public service.
- ✓ The intent, just like in the case of the State officers, is to reduce the compression ratio between the highest and the lowest paid public officers and entrench the principle of equal pay for work of equal value.

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Benefits of JE

- Rational wage structure
- Remove inequalities
- Recruitment and Selection
- Performance Appraisal
- Training and Development

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Challenges

- The Job evaluation exercise will cost over Kshs. 700 Million out of which the government has committed Kshs. 429 million hence a shortfall of over Kshs. 370 million.
- The need to conduct civic education is hampered by inadequate resources
- Productivity is low in public service hence the need for comprehensive performance management system.



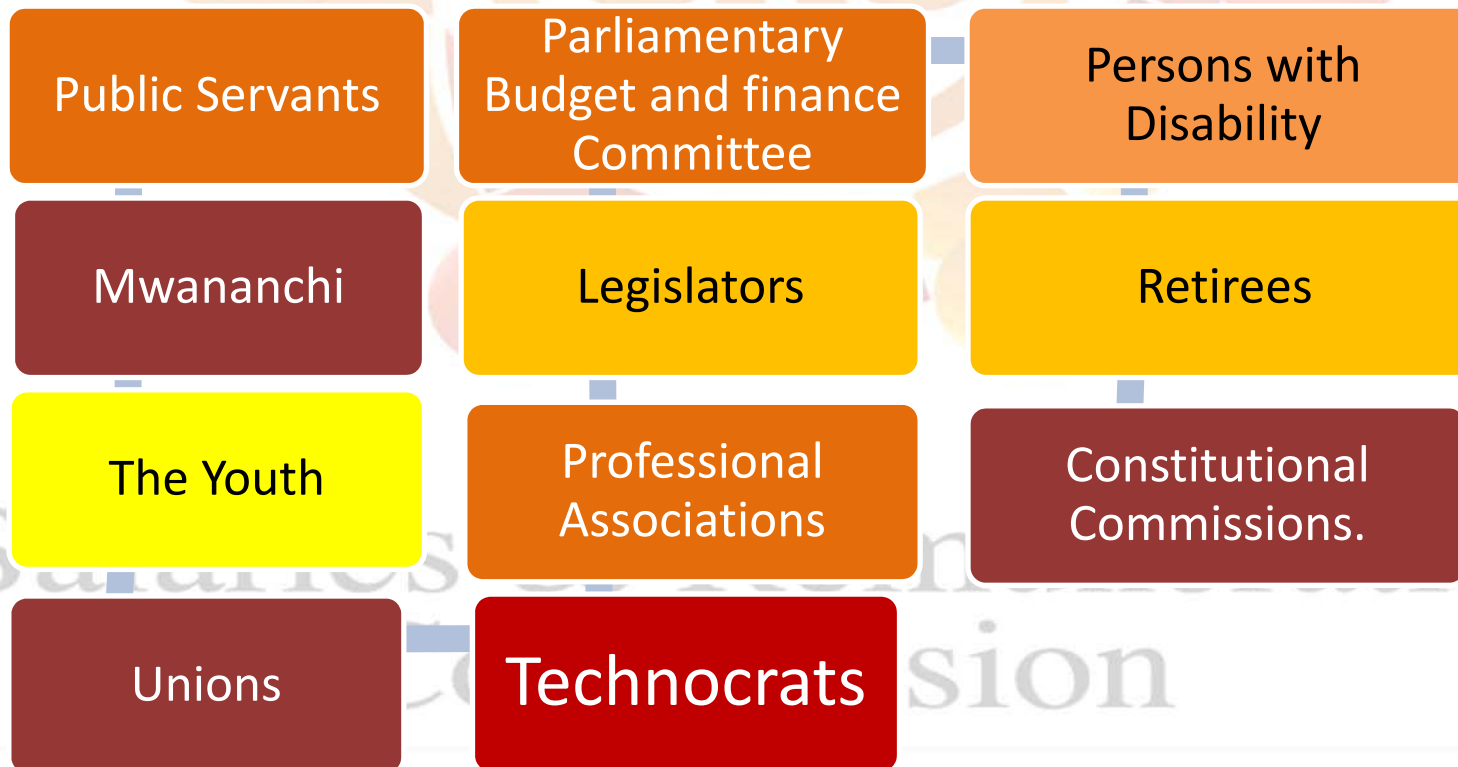
**Public Service
Remuneration
and Benefits Policy Development
Process**

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R e w a r d i n g p r o d u c t i v i t y

Stakeholders involved in the process

- With the support of World Bank, the commission convened various stakeholders forums across the 47 counties in the country where over 8,300 Kenyans participated;



Wajir County Meeting



February 17, 2016

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Rewarding Productivity

Muranga County Dialogue



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Rewarding p r o d u c t i v i t y

Mandera County Dialogue



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Rewarding Productivity

A stylized graphic at the top of the page shows two human figures in profile, facing each other as if in conversation. They are rendered in a gradient of colors from light orange to yellow. The figures are composed of simple geometric shapes like circles for heads and trapezoids for bodies.

The Draft Public Service Remuneration and Benefits Policy

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R e w a r d i n g p r o d u c t i v i t y

Why the Policy?

- For over 50 years now, determination of public sector remuneration in Kenya was being undertaken by different bodies with varying outcomes.
- The lack of overarching policy and a centralized institutional framework for pay determination resulted to;
 - ✓ **inequalities** within the different cadres and institutions;
 - ✓ **perpetual agitation** for higher pay;
 - ✓ **frequent industrial unrest**; and
 - ✓ **unsustainable wage bill.**



The Purpose

To achieve an effective remuneration and benefits system, where all public sector employees are satisfied that they are fairly, equitably and transparently compensated for their labour.

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Specific Policy Objectives

- A wage bill that is **fiscally sustainable** & aligned to the tenets of national development;
- Public Sector as a **competitive employer** for highly competent technical and professional personnel;
- Fully **transparent, fair and equitable** Public Sector remuneration and benefits system; and
- **Productivity and performance-related pay** that is the dominant component of the remuneration and benefits package for Public Service employees

The Situation Analysis

1. Unsustainable Public Sector Wage bill;
2. Inability to attract and retain adequate number of competent technical and professional staff.
3. Remuneration and Benefits Practices that do not promote Productivity and Performance;
4. Unfairness and inequity
5. Remuneration Systems do not support Professional Development and Career Progression
6. Unfair, inadequate and unsustainable retirement benefits

The Situation Analysis cont...

Remuneration System is not aligned to the National Development Strategy;

8. Non appreciation of SRC Mandate

9. Alignment of Remuneration System to National Development Goals

Absence of a shared National Philosophy on Remuneration and Benefits

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Policy Objectives

1. To achieve and sustain Public Sector wage bill
2. To achieve competitive Public Sector remuneration and benefits packages
3. To promote fairness in the Public Sector remuneration and benefits system
4. To restructure the remuneration and benefits system to support professional development and career progression

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Policy Objectives conti..

5. To achieve full transparency of Public Sector remuneration and benefits
6. To achieve fairness, adequacy, affordability and sustainability in retirement benefits
7. To promote productivity and performance related pay.
8. To institutionalize procedures for determination of remuneration and benefits across the Public Sector

Implementation Framework

- The Remuneration and Benefits Policy is a public service-wide policy document whose implementation will be done by all State Organs.
- A bill for an Act of Parliament will be drafted to deal with policy issues that may require enforcement mechanism
- A medium and long term monitoring and evaluation framework will be developed to ensure policy objectives are achieved.
- Annual M&E reports will be prepared and distributed to all key stakeholders.

Implementation Framework conti..

- Meeting with the Legislators (Senate and National Assembly) to share the Policy;
- Cabinet Approval of Policy
- Publishing of the Policy
- Preparation of Legislative Framework to support implementation of the Policy.

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Conclusion

❑ In our view, consensus building and pulling together by all arms of Government, all public service and the general public on economic development of this country is vital.

❑ Appreciation of the gravity and impact of the wage-bill issue

❑ SRC work really is to ensure that all arms of Government deliver to the people the Constitutional promise recorded under Article

43.

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Appreciation

- Support to the National Wage Bill debate launch;
- Preparation of the Public Service Remuneration and Benefits Policy Framework;
- Support for ALL the stakeholder engagements to discuss the draft Policy;
- Printing of the policy;



**THE
END**

**THANK
YOU**

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