



REPUBLIC OF KENYA

**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**

**APRIL 17TH, 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.



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.

6. 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.
7. 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.
8. 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.
9. 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.



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.

10. 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.
11. The Constitution mandates the government to ensure that public expenditure promotes the equitable development of the country.
12. 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.
13. 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.
14. 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.



15. 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.
16. 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.
17. 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.
18. 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.
19. 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.



20. 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.
21. 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.
22. 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.



23. 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.
24. 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.
25. 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.**

