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NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT- THIRD SESSION

THE DEPARTMENTAL COMMITTEE ON LABOUR AND SOCIAL WELFARE

REPORT ON
SESSIONAL PAPER NO.3 OF 2013 ON THE NATIONAL PRODUCTIVITY POLICY

CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI.

JULY, 2015

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1.0 Preface

On behalf of the Departmental Committee on Labour and Social Welfare, it is my pleasure and duty to present the Committees report on the Sessional Paper No.3 of 2013 on the National Productivity Policy.

The Ministry intends to transform the Current Productivity Centre of Kenya into a strengthened National Productivity Council to effectively deal with Productivity in the Country through the aforesaid Policy which was tabled on 17th July, 2013.

1.1 Mandate of the Committee

As set out in standing order 216 (5), the Committee is mandated to;

- *Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments.*
- *Study the programme and policy objectives of ministries and departments and the effectiveness of the implementation.*
- *Study and review all legislation referred to it.*
- *Investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary and as may be referred to them by the House.*
- *Vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments); and*
- *Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.*

1.2 The Committee Membership

The Departmental Committee on Labour and Social Welfare was constituted on Thursday 16th May 2013 and comprises the following members:

1. Hon. David Were, MP - Chairperson
2. Hon. Tiyah Galgalo, MP - Vice Chairperson
3. Hon. Janet Teyiaa, MP
4. Hon. Peris Tobiko, MP

5. Hon. John Ndirangu Kariuki, MP
6. Hon. Winnie Karimi Njuguna, MP
7. Hon. Janet Nangabo, MP
8. Hon. John Serut, MP
9. Hon. Samuel Gichigi, MP
10. Hon. Elijah Lagat, MP
11. Hon. Cornelly Serem, MP
12. Hon. Abdi Noor Ali, MP
13. Hon. Daniel Wanyama, MP
14. Hon. Regina Nyeris, MP
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17. Hon. Elijah Mosomi Moindi, MP
18. Hon. James Onyango K'Oyoo, MP
19. Hon. Omondi John Ogutu, MP
20. Hon. Aisha Jumwa Karisa, MP
21. Hon. Patrick Wangamati, MP
22. Hon. Rose Museo Mumo, MP
23. Hon. Silvanice Onyango Osele, MP
24. Hon. Mustafa Idd, MP
25. Hon. Nyasuna Gladys Wanga, MP
26. Hon. John Owuor Onyango Kobado, MP
27. Hon. Mwanyoha Hassan Mohammed, MP
28. Hon. Mlolwa Jones Mwangogo, MP
29. Hon. Ferdinand Waititu, MP

1.3 Committee Sitings

The Committee held two sittings on 26th and 27th June, 2015 in which the Principal Secretary Ministry of Labour, Social Security and Services and the relevant officials were invited by the Committee in considering the Sessional Paper after being laid in the House on 17th July, 2015.

1.4 Adoption of the Report.

The following Members of the Departmental Committee on Labour and Social Welfare, pursuant to Standing Order 199 adopted this report and affixed their signatures to affirm their approval and confirm its accuracy, validity and authenticity on 2nd July, 2015.

- 1) Hon. David Were, MP - Chairperson

- 2) Hon. Tiyah Galgalo, MP - Vice Chairperson
- 3) Hon. Peris Tobiko, MP
- 4) Hon. Winnie Karimi Njuguna, MP
- 5) Hon. John Serut, MP
- 6) Hon. Elijah Lagat, MP
- 7) Hon. Abdi Noor Ali, MP
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- 13) Hon. Omondi John Ogutu, MP
- 14) Hon. Patrick Wangamati, MP
- 15) Hon. John Owuor Onyango Kobado, MP
- 16) Hon. Mwanyoha Hassan Mohammed, MP
- 17) Hon. Mlolwa Jones Mwagogo, MP

1.5 Acknowledgements.

1. The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the necessary support extended to it in the execution of its mandate.
2. The Chairperson of the Committee takes this opportunity to thank all Members for their useful contribution in the production of this report which enabled the Committee to complete the task within the stipulated period.
3. The Committee wishes to record its appreciation for services rendered by the staff of the National Assembly attached to the Committee, their efforts and input made the work of the Committee and compilation of this Report possible.
4. On behalf of the Departmental Committee on Labour and Social Welfare it is my pleasure and duty to present the Committee's observations and recommendations on Sessional Paper No.3 of 2013 on the National Productivity Policy.

1.6 Committee Observations and Recommendations

1.6.1 Committee Observations


Having interrogated the Principal Secretary, Ministry of Labour, Social Security & Services and the relevant Heads of Departments while scrutinizing the policy paper, the Committee made the following observations, that;

1. The Country's level of productivity remains low and this is responsible for the low unsustainable economic growth.
2. The Country lacks policy, legal and Institutional framework to anchor the existing productivity initiatives and provide the required impetus for effective productivity management in the Country.
3. Well defined productivity policy guarantees an increased global competitiveness, creation of productive and sustainable jobs, rapid economic growth and high standard of living for all Kenyans.
4. A Country with a high productive organization is able to produce more quality and cost effective goods and services with the same amount of resources that are competitive in the local, regional and global markets.
5. Productivity is a key driver in economic growth of newly industrialized Countries in Asia, e.g. Japan, Malaysia, China etc.
6. The Ministry intends to transform the current Productivity Centre into a strengthened National Productivity Council to effectively deal with Productivity in the Country.

1.6.2 Committee Recommendations

The Committee recommended that;

1. The House adopts the National Productivity Policy as contained in the Sessional Paper No. 3 of 2013.
2. The Ministry of Labour, Social Security and Services should ensure that the policy;
 - I. Reflects productivity across all sectors of the economy
 - II. Incorporates aspects of quality in productivity clearly
 - III. Articulates the objectives

SIGNED.......... DATE. 02-07-2015.....

Hon. David Were, MP (Chairperson)

Departmental Committee on Labour and Social Welfare

2.0. CONSIDERATION OF SESSSIONAL PAPER NO.3 OF 2013 ON NATIONAL PRODUCTIVITY POLICY

The Principal Secretary, Ministry of Labour, Social Security and Services Mr. Alinoor Ismail appeared before the Committee and briefed the Members on the aforesaid Sessional Paper as follows;

2.1. Background

1. Productivity is defined as a relationship between inputs and outputs in the production of goods and services. Socially, productivity is viewed as an attitude of mind which seeks to continually improve what already exist.
2. Productivity is also the efficiency and effectiveness with which factors of production are combined and utilized in an economically and environmentally sustainable manner to produce quality and cost effective goods and services.
3. Kenya has in the past made several attempts aimed at promoting productivity. Some of these initiatives are contained in the first National Development Plan (1964-1970); Wage Guidelines (1973-2005); Sessional paper No.1 of 1986 on Renewed Economic Growth; National Development Plan(1997-2001);Economic Recovery Strategy for Wealth and Employment Creation(2003-2007);Kenya Vision 2030 and its first medium Term Plan(2008-2012).
4. Kenya is faced with low productivity levels with a total factor productivity index of less than a unit. The Country's labour and capital productivity indices were 0.84 and 0.46 respectively in 2009.This is in contrast with the benchmark of a productivity index of at least 5 for global competitiveness. This is an implication Kenya's competitiveness is low.
5. Kenya is ranked behind Tunisia, South Africa, Mauritius Egypt, Morocco, Algeria and Libya in terms of global competitiveness.
6. Generally productivity has been incorrectly equated to production; that it only benefits the employers; is applicable to blue collar job workers; that productivity improvement leads to loss of jobs; and is just a means of working harder.

7. However productivity is about efficiency in resource utilization in the production of quality goods and services. Productivity leads to increased production with available resources and also leads to job creation and retention.

3.0. ANALYSIS OF THE NATIONAL PRODUCTIVITY POLICY

3.1 Scope of the policy.

The policy addresses the multiple challenges impending productivity advancement in the economy under four pillars namely; productivity culture, labour market, development, technological change and innovation; and institutional and legal arrangements.

3.2 Rationale for developing a productivity policy.

1. Whereas Kenya has implemented several productivity improvement interventions in the past, the country's level of productivity remains dismally low and is responsible for the low, unstable and unsustainable economic growth.
2. The previous productivity improvement interventions lacked focus were non comprehensive, poorly coordinated and hardly implemented. The Country also lacked policy, and legal and institutional framework to anchor the productivity initiatives and provide the required impetus for effective productivity management in the Country.
3. This Sessional Paper on National Productivity contains specific measure that will be undertaken to address past weaknesses. The ultimate goal is to guarantee increased global competitiveness, creation of productive and sustainable jobs, rapid economic growth and high standards of living for all Kenyans.

Indicator – Total Factor Productivity Index (TFP)

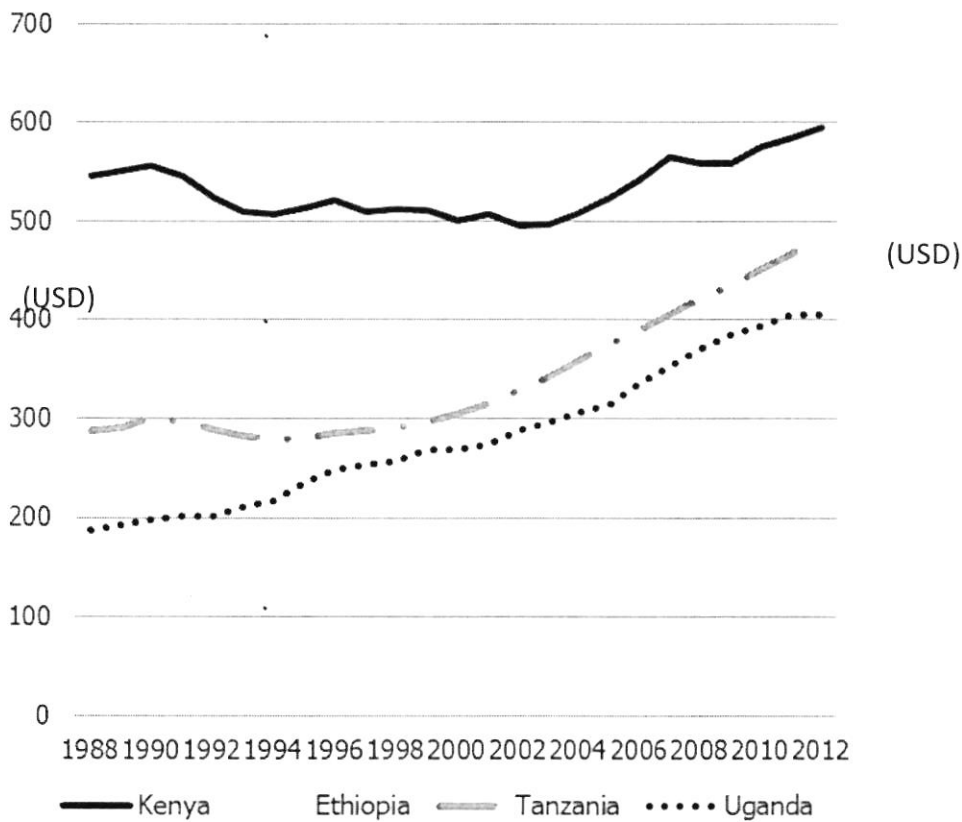
Country	TFP Level
Kenya	2.2

South Africa	4.0
Malaysia	5.6
Japan	7.0
Global std	5.0

TPF measures overall efficiency in the use of resources

Comparison of Productivity (Indicator - GDP per capita)

GDP per capita
Kenya-Ethiopia-Tanzania-Uganda



3.3 Emerging issues and Challenges.

1. Poor productivity culture- work ethics
2. Weak human resource base- A well educated workforce but lacking in key skills, ingenuity and creativity, skills mismatch
3. Weak labour-management partnership. Manifested in poor involvement of employees in decision making
4. Poor work environment.
5. Lack of productivity measurement
6. Low prioritization of research & development – critical for innovation and inventions
7. Slow pace in technological adoption – due to lack of relevant information & cost aspects
8. Lack of legal and institutional framework

4.0. COMMITTEE OBSERVATIONS.

Having interrogated the principal secretary, Ministry of Labour, Social Security & Services and the relevant Heads of Department while scrutinizing the policy paper, the Committee made the following observations. That;

7. The Country's level of productivity remains low and this is responsible for the low unsustainable economic growth.
8. The Country lacks policy, legal and Institutional framework to anchor the existing productivity initiatives and provide the required impetus for effective productivity management in the Country.
9. Well defined productivity policy guarantees an increased global competitiveness, creation of productive and sustainable jobs, rapid economic growth and high standard of living for all Kenyans.
10. A Country with a high productive organization is able to produce more quality and cost effective goods and services with the same amount of resources that are competitive in the Local, regional and global markets.
11. Productivity has acted as the key driver in economic growth of newly industrialized countries in Asia. e.g. Japan, Malaysia, and China.
12. The Ministry intends to transform the Current Productivity Centre of Kenya into a strengthened National Productivity Council to effectively deal with Productivity in the Country.

5.0 COMMITTEE RECOMMENDATIONS

The Committee recommended that;

1. The House adopts the National Productivity Policy as contained in the Sessional Paper No. 3 of 2013.

2. The Ministry of Labour, Social Security and Services should ensure that the policy:-
 - i. Reflects productivity across all sectors of the economy
 - ii. Incorporates aspects of quality in productivity clearly
 - iii. Articulates the objectives.

MINUTES OF THE 40TH SITTING OF THE DEPARTMENTAL COMMITTEE ON LABOUR
AND SOCIAL WELFARE HELD AT NEW MEMBER LOUNGE ON 2ND JULY, 2015 AT
10.00A.M

PRESENT

1. Hon. David Were, MP - Chairperson
2. Hon. Tiyah Galgalo, MP- Vice Chairperson
3. Hon. Elijah Mosomi Moindi, MP
4. Hon. Dan Wanyama, MP
5. Hon. Mwanyoha H. Mohammed, MP
6. Hon. Jones Mlolwa, Mp
7. Hon. John B. Serut, MP
8. Hon. Kinoti Gatobu, MP
9. Hon. Peris Tobiko, MP
10. Hon. Abdinoor Mohamed Ali, MP
11. Hon. Wesley Korir, MP
12. Hon. Winnie Karimi, MP
13. Hon. John Omondi Ogutu, MP
14. Hon. Elijah Lagat, MP
15. Hon. Patrick Wangamati, MP
16. Hon. James Onyango K'oyoo, MP
17. Hon. John Owuor Onyango Kobado, MP

ABSENT

1. Hon. Mustafa Idd, MP
2. Hon. Samuel Gichigi, MP
3. Hon. Cornelly Serem, Mp
4. Hon. John Ndirangu Kariuki, MP
5. Hon. Silvance Onyango Osele, MP
6. Hon. Janet Teyiaa, MP
7. Hon. Regina Nyeris, MP
8. Hon. Gladys Wanga, MP
9. Hon. Janet Nangabo, MP
10. Hon. Rose Museo Mumo, MP
11. Hon. Ferdinand Waititu, MP
12. Hon. Aisha Jumwa Karisa, MP

National Assembly Secretariat

1. Mr. Erick Nyambati -Third Clerk Assistant
2. Ms. Ella Kendi Mwenda -Third Clerk Assistant

3. Mr.Abdirahman Gele Hassan -Third Clerk Assistant.
4. Mr.Donald Manyala -Research Officer

Minute No.101 /2015 Preliminaries

The meeting was called to order at 10.20 a.m. and prayers were said by the Chairperson.

Minute No.102 /2015 Confirmation of the Minutes.

Confirmation of the Minutes of the previous sitting was deferred to the next meeting.

Minute No.103/2015 Adoption of the reports on the Sessional Papers.

The Committee unanimously adopted the reports on the following Sessional Papers without any amendments;

1. Sessional Paper No. 2 of 2014 on the National Social Protection Policy
2. Sessional Paper No. 2 of 2013 on the National Industrial Training and Attachment Policy
3. Sessional No. 3 of 2013 on the National Productivity Policy
4. Sessional No. 4 of 2013 on the National Employment Policy and Strategy for Kenya.

Minute No.104/2015/Adjournment

There being no any other business to transact, the meeting was adjourned at 11.40a.m

Signature.....

Hon. Tiyah Galgalo Ali, Mp (Vice Chairperson)

Date.....

DEPARTMENTAL COMMITTEE ON LABOUR AND SOCIAL WELFARE

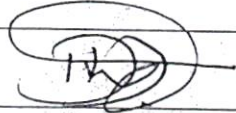
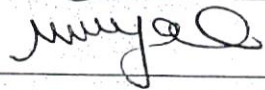
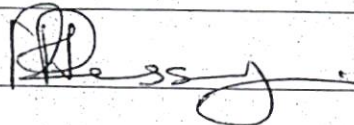
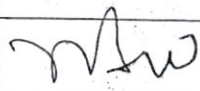
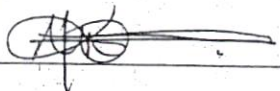
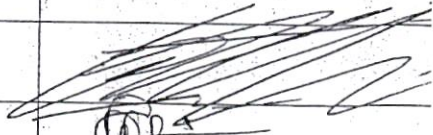

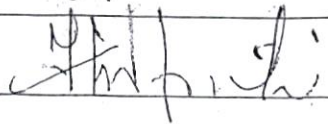
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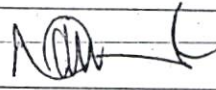
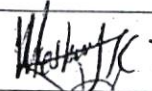
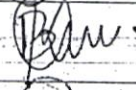
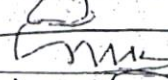
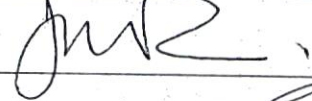
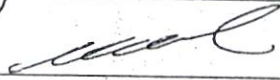
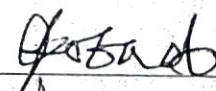

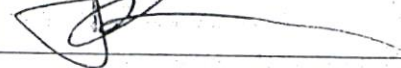
Date: 2nd July, 2015

Venue: New Members Lounge

Agenda: Consideration and adoption of the Reports on the following:

1. Sessional Paper No. 2 of 2014 on the National Social Protection Policy
2. Sessional Paper No. 4 of 2013 on the National Employment Policy and Strategy for Kenya
3. Sessional Paper No. 2 of 2013 on the National Industrial Training and Attachment Policy
4. Sessional Paper No. 3 of 2013 on the National Productivity Policy

NO	NAME	SIGNATURE
1	Hon David Were, Mp -Chairperson	
2	Hon. Tiyah Galgalo, Mp- Vice -Chairperson	
3	Hon Janet Teiyaa, Mp	
4	Hon. Peris Tobiko, Mp	
5	Hon. John Ndirangu Kariuki, Mp	
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	Hon. Silvanice Onyango Osele, MP	
	Hon. Omondi John Ogutu, MP	
	Hon. Aisha Jumwa Karissa, MP	
	Hon. Ferdinand Waititu	

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