NATIONAL PRODUCTIVITY AND PERFORMANCE CONFERENCE | 2026

NATIONAL PRODUCTIVITY AND PERFORMANCE CONFERENCE - 2026

17-19 JUNE 2026

KENYA SCHOOL OF GOVERNMENT - NAIROBI

Theme: Productivity for Fiscal Sustainability and Efficient Service Delivery

Enhancing Public Sector Productivity and Performance Through Sustainable Revenue Generation

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https://productivityconference.src.go.ke

Presentation outline

1. Introduction
2. Kenya's Fiscal Context: Why this matters
3. Revenue and Productivity: A Two-Way Relationship
4. County Governments and Own-Source Revenue
5. Key Challenges Affecting Revenue Generation
6. Strategies for Enhancing Revenue Generation
7. Global Lessons for Kenya
8. Policy Recommendations
9. Conclusion

Introduction

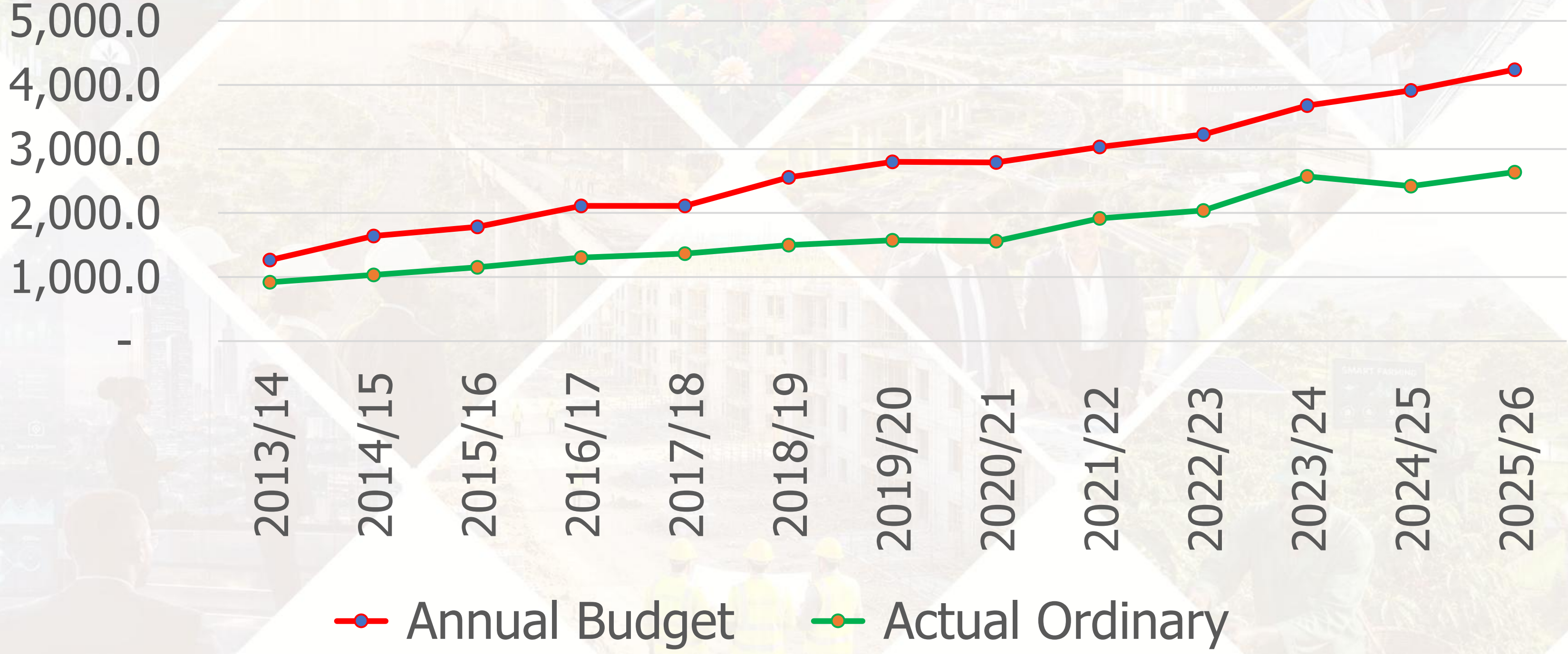
- Sustainable revenue generation is central to fiscal resilience, service delivery, and institutional effectiveness.
- Kenya faces rising expenditure pressures, debt obligations, and constrained fiscal space.
- Effective revenue mobilization supports improved service delivery
- Revenue productivity as a governance agenda

Kenya's Fiscal Context: Why this matters

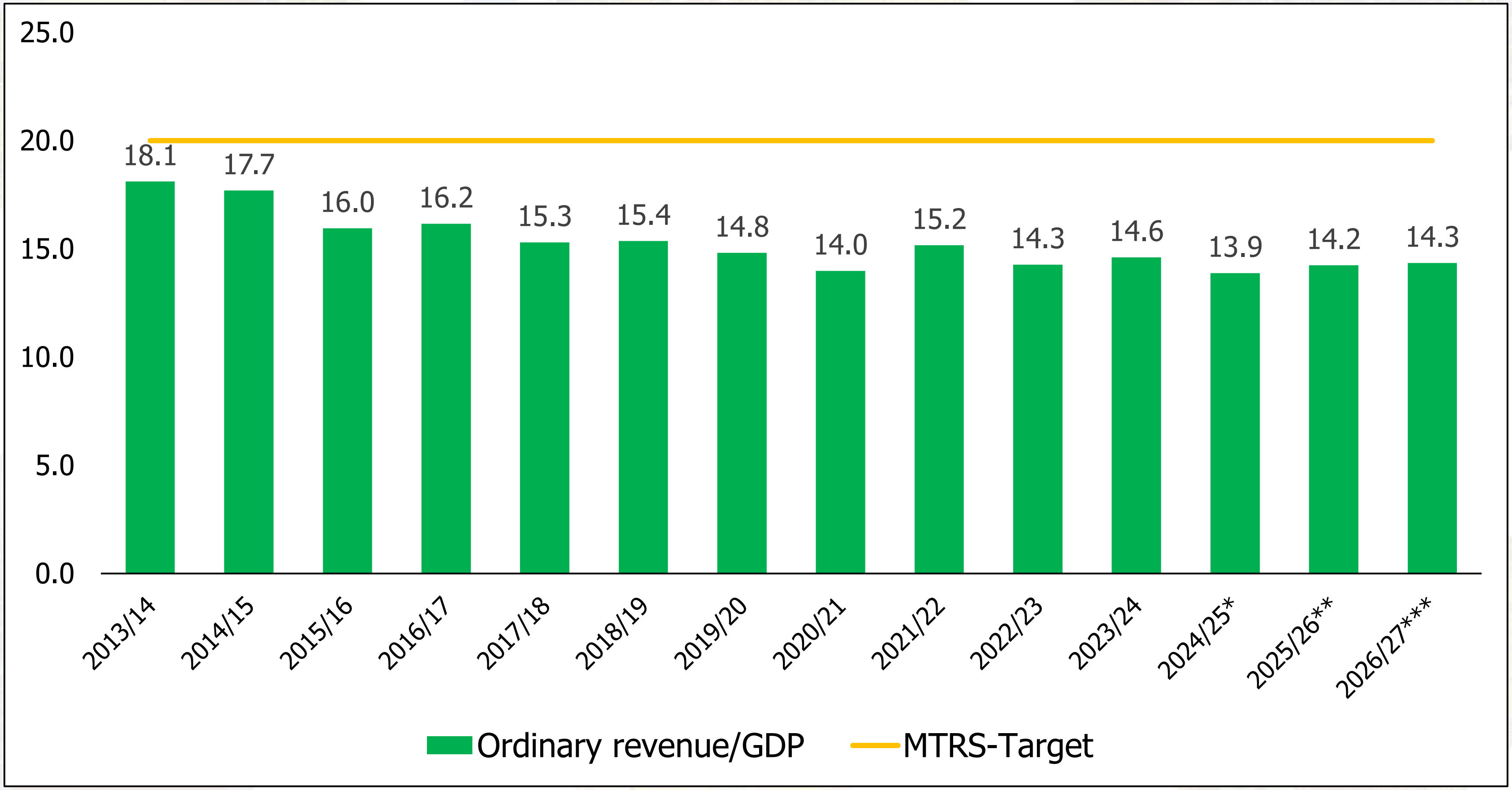
- Growing expenditure demands driven by devolution, infrastructure, health, education, and debt servicing.
- Tax-to-GDP ratio remains below desired benchmarks.
- Counties revenue comprises: equitable share transfers, grants, and own-source revenue (OSR).
- Revenue leakages, fragmented systems, and weak compliance continue to constrain revenue growth.

Kenya's Fiscal Context

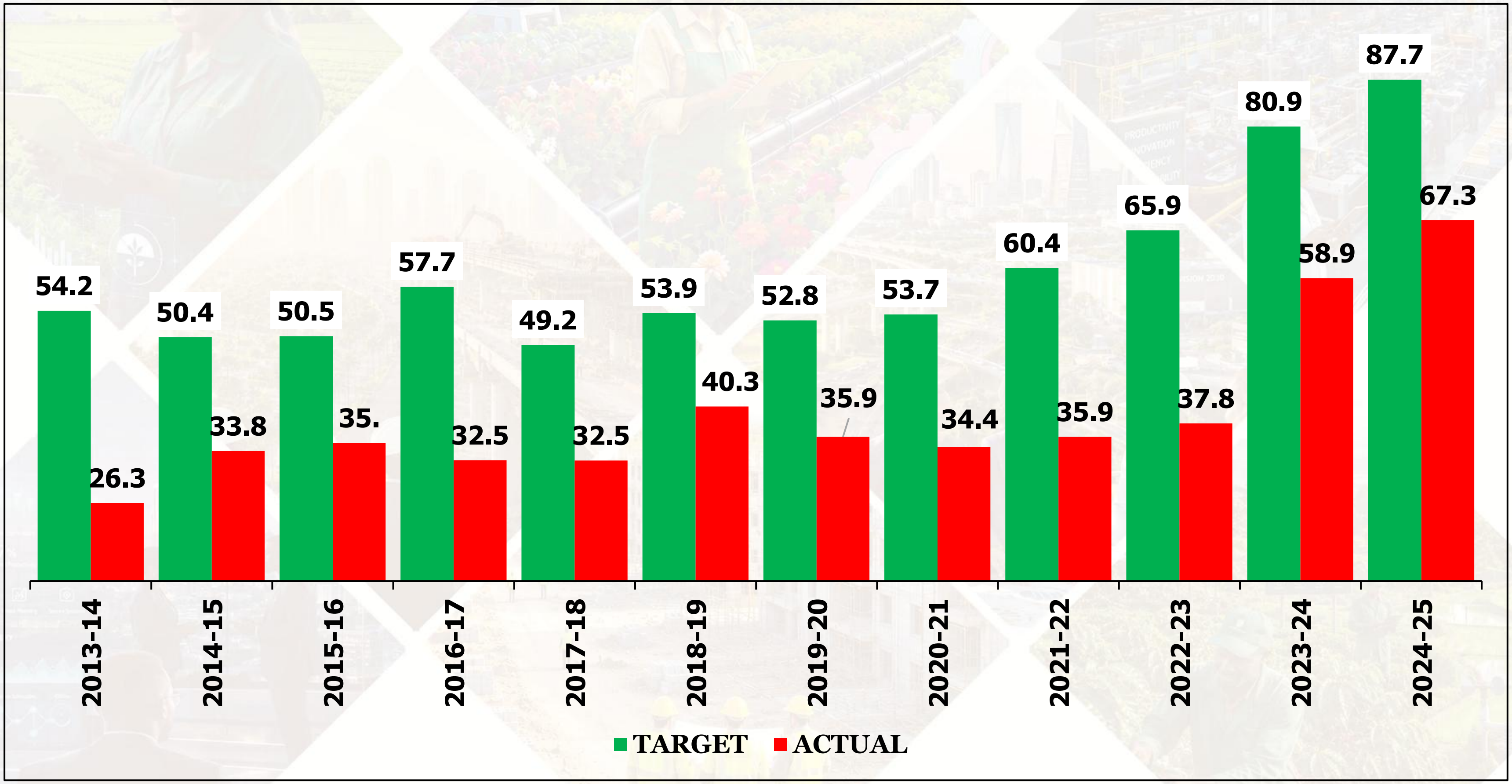
Trends of Annual budget and Actual Ordinary Revenues over years in KES Billion



Ordinary Revenue to GDP for FYs 2013/14 to 2026/27



OSR Performance for FYs 2013/14 to 2024/25 in KES B



Revenue and Productivity: A Two-Way Relationship

- ❑Adequate revenue enables investment in infrastructure, digital systems, and institutional capacity.
- ❑Efficient institutions improve compliance, reduce leakages, and strengthen collection systems.
- ❑Productive public institutions improve service delivery and citizen confidence.
- ❑Stronger governance enhances fiscal sustainability and development outcomes.

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Revenue and Productivity: A Two-Way Relationship

INDEPENDENT VARIABLE (Core Driver 1)

HUMAN CAPITAL PRODUCTIVITY

- Skills, competencies and knowledge
- Technical and digital capabilities
- Innovation and problem solving
- Efficiency and effectiveness of employees
- Motivation and commitment
- Performance management and accountability
- Learning and continuous development
- Work environment and employee well-being

Key Employee Roles

- Revenue officers
- Tax administrators
- Financial managers
- Auditors
- Planners
- Public administrators

MEDIATING / INTERVENING VARIABLE (Core Driver 2)

SUSTAINABLE REVENUE GENERATION

- Efficient tax administration
- Broad tax base
- Strong compliance and enforcement
- Effective non-tax revenue administration
- Digitized systems and automation
- Revenue forecasting and planning
- Transparency and accountability
- Reduced leakages and improved collection efficiency
- Predictable and adequate revenue flow

OUTCOMES (Dependent Variables)

PUBLIC SECTOR PRODUCTIVITY

- Efficient resource utilization
- Timely and quality service delivery
- Innovation and continuous improvement
- Cost reduction and waste minimization
- Transparency and accountability

PUBLIC SECTOR PERFORMANCE

- Achievement of policy goals and objectives
- Outputs, outcomes and impact
- Efficiency and effectiveness
- Citizen satisfaction and trust
- Institutional effectiveness

MUTUALLY REINFORCING RELATIONSHIP (FEEDBACK LOOP)

Sustainable revenue generation provides fiscal capacity for investments in human capital development

↓

Investments enhance employee productivity, innovation and effectiveness

↓

Enhanced productivity further strengthens revenue generation

ENABLING FACTORS / CONTEXTUAL MODERATORS

Institutional Capacity & Governance

- Strong institutions
- Clear mandates
- Good governance

Leadership & Accountability

- Ethical leadership
- Accountability mechanisms

Technology & Digitalization

- Digital tools
- Data systems
- Automation

Resource Allocation Efficiency

- Adequate funding
- Efficient use of resources

Performance Management Systems

- Monitoring & evaluation
- KPIs and targets
- Continuous improvement

KEY TO ARROWS

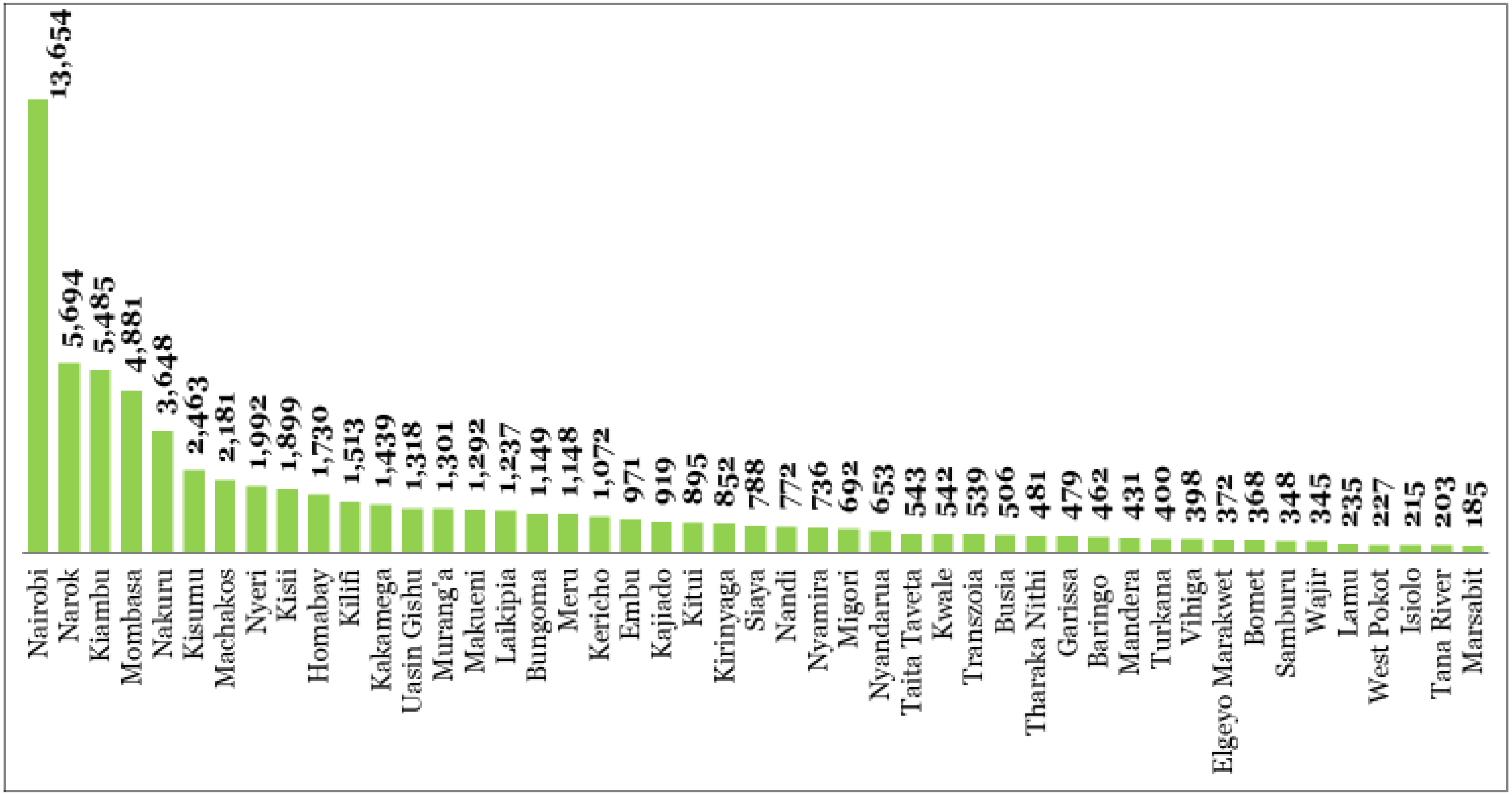
- Direct influence
- Direct influence
- Feedback / Reinforcing influence

County Own Source Revenue (OSR)

- OSR growth since devolution but significant untapped potential
- Wide differences in county performance
- Need for stronger revenue administration management

County Own Source Revenue (OSR)

OSR PERFORMANCE FY 2024/25 KES million



County Own Source Revenue (OSR)

Category	County	FY 2024/25 OSR Performance	Actual OSR/Target FY 2024/25	Key Lesson
Top OSR collectors (absolute value)	Nairobi City	~KSh 13.19B	66%	Largest business and property tax base; digitised collection systems; diversified revenue streams (parking, permits, licences, health services).
	Narok	~KSh 5.66B	94%	Effective monetisation of tourism and local natural assets; diversified local economy
	Mombasa	~KSh 5.13B	74%	Strong commerce, tourism and port-linked economic activity support collections.
	Kiambu	~KSh 5.06B	70%	Strong peri-urban economy, property development and industrial activity.
	Nakuru	~KSh 3.65B	82%	Diversified economy across agriculture, trade, logistics and urban growth.

County Own Source Revenue (OSR)

Category	County	FY 2024/25 OSR Performance	Key Lesson
Best performers against target (efficiency)	Kisii	178% of target achieved	Demonstrates that strong OSR performance is possible even outside major urban centres.
	Tana River	133% of target achieved	High collection efficiency and stronger alignment between targets and actual collections.
	Mandera	123% of target achieved	Shows disciplined collection and realistic target setting.
	Wajir	123% of target achieved	Improved revenue mobilisation and stronger collection performance.

County Own Source Revenue (OSR)

Category	County	FY 2024/25 OSR Performance	Key Lesson
Counties facing bigger OSR challenges	Siaya	47% of target achieved	Challenges may include leakage, informal economy and ambitious targets.
	Kajiado	55% of target achieved	Collection constraints despite economic activity potential.
	Machakos	56% of target achieved	Indicates room to strengthen systems and expand revenue capture.

Challenges Affecting Sustainable Revenue Generation in Kenya

- ❑Narrow Tax Base
- ❑Revenue Leakages
- ❑Fragmented Revenue Systems
- ❑Limited Digitization
- ❑Weak Institutional Capacity
- ❑Weak Link Between Performance and Incentives
- ❑Low Public Trust
- ❑Growing Citizen Activism and Demand for Fiscal Accountability

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Strategies for Enhancing Sustainable Revenue Generation

- ❑Strengthening Tax and Non-Tax Revenue Administration
- ❑Digitization and Automation
- ❑Performance-Based Management Systems
- ❑Productivity-Linked Incentive Frameworks
- ❑Capacity Building and Skills Development
- ❑Strengthening Accountability and Transparency
- ❑Enhancing Intergovernmental Coordination

Global Lessons for Kenya

Country	Major Reform Area	Lesson for Kenya
Estonia	Integrated Digital Government	Develop integrated systems across government institutions
Singapore	Performance-Oriented Public Administration	Strengthen accountability, meritocracy, and performance management
Private Sector	Data Analytics and Performance Monitoring	Adopt evidence-based decision-making and real-time performance tracking

Policy Recommendations

- ❑Establish a National Revenue Productivity Framework
- ❑Institutionalize continuous Public Sector Innovation
- ❑Promote Transparency, Accountability, and Citizen Engagement
- ❑Promote Evidence-Based Revenue Policy Formulation
- ❑Strengthen Human Capital Productivity as a Revenue Strategy

Policy Recommendations

- ❑Strengthen Public Engagement in Revenue Policy Formulation
- ❑Accelerate Digital Transformation and System Integration (Leverage on Emerging Technologies)
- ❑Institutionalize Performance-Based Revenue Management
- ❑Strengthen Intergovernmental Collaboration

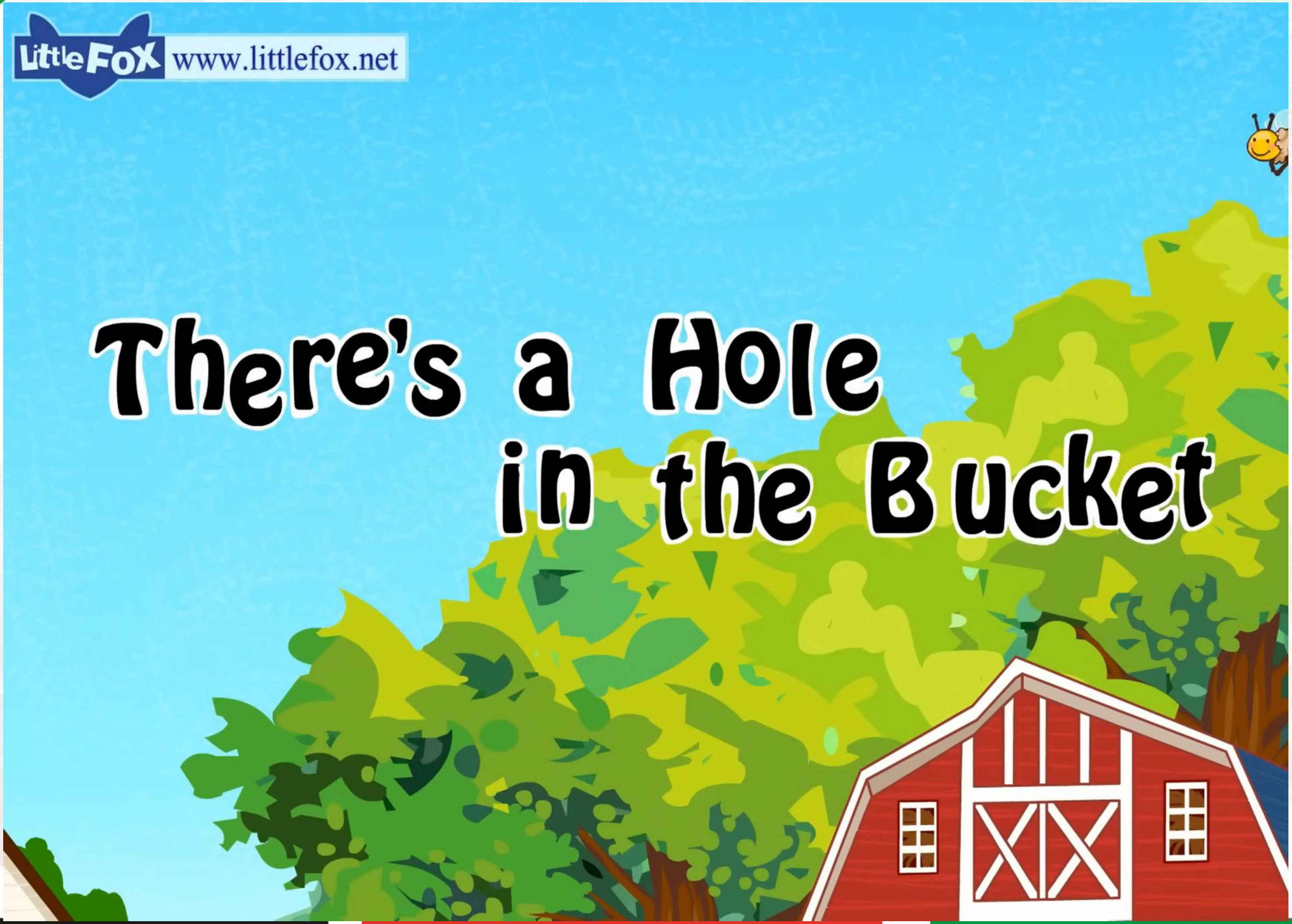
Conclusion

- ❑Sustainable revenue generation is not only a taxation issue but a governance and productivity agenda.
- ❑Fiscal sustainability requires efficient institutions, digital transformation, and accountability.
- ❑Kenya's long-term development depends on productive, transparent, and citizen-centered public institutions.
- ❑A coordinated national and county reform agenda is essential for resilient economic growth.

Closing Message

Kenya's long-term fiscal sustainability will depend not only on how much revenue is collected, but also on how efficiently and effectively public institutions operate through productivity, accountability, digital transformation, and improved service delivery.

Hole in the Bucket



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Thank You

PUBLIC SERVICE COMMISSION KENYA — HONOUR COMMITMENT TRUST

SCAC State Corporations Advisory Committee — Diligent in Serving

REPUBLIC OF KENYA

SRC Salaries & Remuneration Commission — Rewarding productivity

COUNCIL OF GOVERNORS — 48 Governments 1 Nation

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