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2.0 INTRODUCTION

Gross Domestic Product (GDP) growth in 2017 was 5.8% driven by government offered services which amounted to 66% and industry, which amounted for 19%. Agriculture amounting to 15%, which was the lowest growth according to the year's statistics. Agricultural growth in services was driven by real estate which grew by 12%.

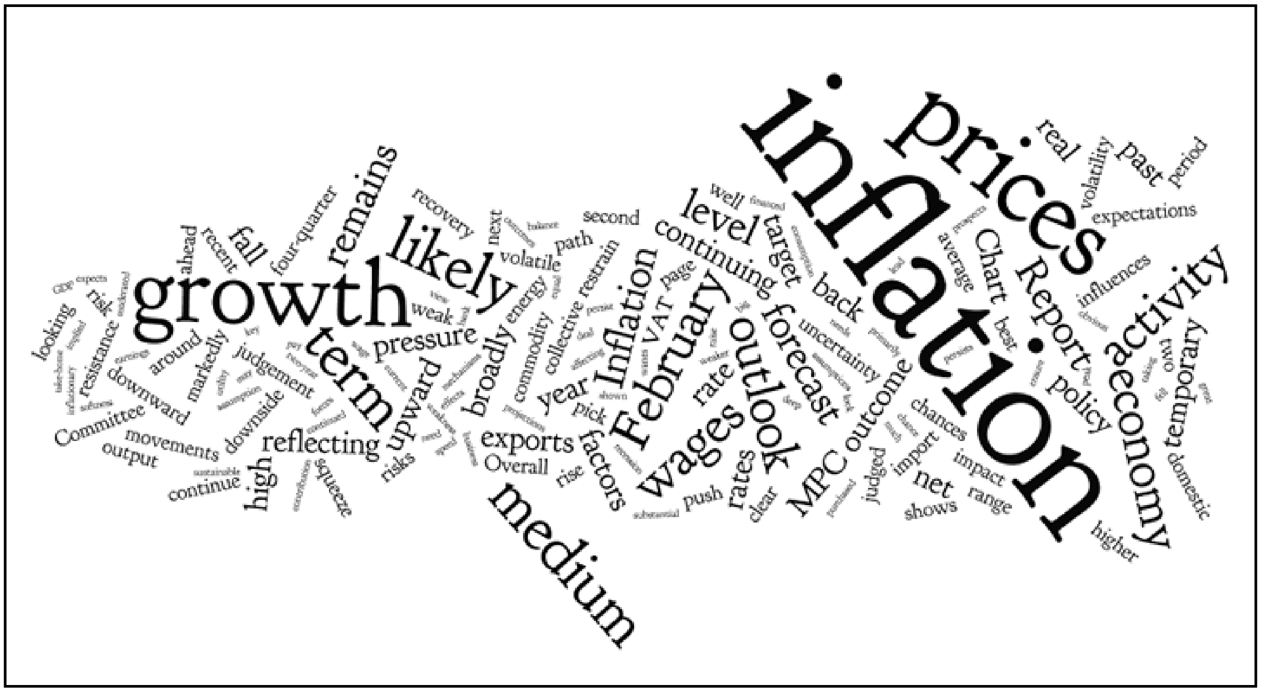
Transport and storage grew by 10% as an industry which was driven by construction, amounting to 8.2% and manufacturing which grew by 6.2%. The GDP declined by an estimate of 5% in 2017 due to subdue credit, drought and prolonged political impasse over Presidential Elections.

Half year estimates showed that the economy remained resiliently growing at 4.8%. The Economy is projected to rebound to a GDP growth of 5.6% in 2017 and 6.2% in 2018.

In 2017 the prices of goods and services were low but "horrifically" raising due to a prolonged drought that hit the Agricultural sector. This culminated into the importation of maize which is the staple food in East Africa.

The same natural calamity has continued to hit the sector and expected to have ceased by around early April 2018.

The ongoing drought has led to crop growth failure, dying herds of livestock and increased food insecurity. Since hydropower is the cheapest source of energy in Kenya poor rains have hence caused increase in energy costs. The rise of food and energy prices drove inflation from a five year height of 6.6% to 6.3% in March 2017 and this has persisted to date, since the drought period has not ceased yet.



Secondly, Kenya faces a marked slowdown in credit growth to private sector. At 43% this remains way below the ten-year average of 19%.

Thirdly, as a net oil importer the rise in global oil prices compared to the statistics of 2016, has had an unpleasant and dampening effect exerted on Economic activities of the Country.

Therefore while the medium to a long term outlook appear favorable, Kenya's economy remains vulnerable to downside risks.

These risks include potential for fiscal and slippages and more prolonged drought in 2017 let alone uncertainties relating to US interest rate elevation and the resultant very unfavorably high dollar rates.

2.1 WAGE GUIDELINES

Guideline No 1: The wages of workers are a primary determinant of worker's standard of living. The workers are entitled to be accorded, at least, a just minimum standard of living.

The Employment and Labour relations Court will, in its awards, endeavor to decide the levels of wage earners remuneration that will protect the desired minimum standard of living and guarantees the worker an existence worthy of human dignity as shown by attainment of basic human needs. Towards this end, the Court will consider how the lower unionized wage earners and statutory minimum wages as well as the average small-scale farmer in rural areas compare, with a view to reducing wide income differentials and promoting employment creation.

Guideline No 2: Collective Bargaining Agreements and revision of wages should be in line with productivity increases in order to protect Kenya's competitiveness and increase employment, Wage claims by wage earners arising from erosion in their purchasing power owing to inflation, or claims arising as a consequence of greater labour productivity in their firms should be considered along the following lines:

a) (i) Allow the lower wage earners up to 100% compensation measured by the Nairobi Lower Income Group Consumer Price Index since the most recent revision of wages. Compensation as a decreasing percentage of the rise in the cost of living should be awarded to the higher wage earners so as to narrow overall wage differentials. To the extent that price increases due to taxation can be identified, these should not be compensated.

(ii) Where deconsolidation of consolidated wage is deemed necessary, the housing element shall be deemed to be no more than 15 percent of the prevailing minimum wage for the particular groups covered. Separate compensation for rent in addition to (a) (i) above should be allowed provided that this will not exceed one half ½ of the permissible compensation due for a particular group as provided for in (a) (i) above.\

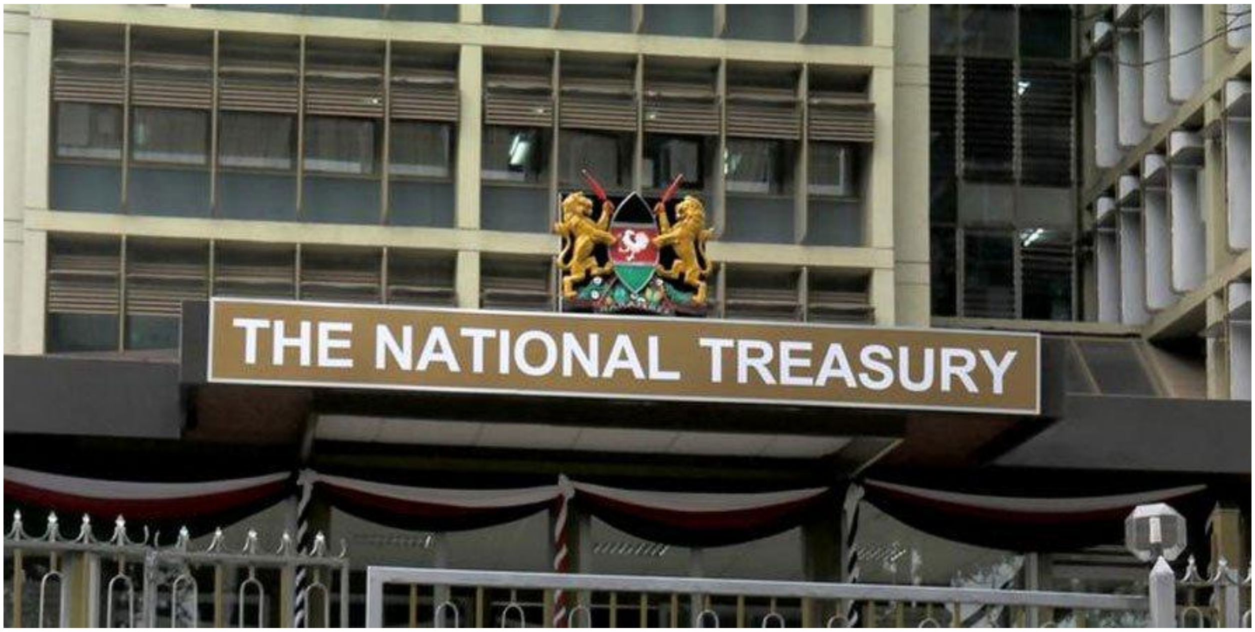
b) Allow wage adjustments follow the growth of firm productivity so that productivity forms the major factor for any additional wage compensation considerations.

Guideline No. 3: Trends in salaries and wages in any occupation or sector should industry/sector specific, relating to actual returns to industry emanating from increased labour productivity and efficiency. Salary/wage demands based on wage trends or awards in other occupations or sectors
per ser is not to be allowed. Acquisition of skills and further training of workers should, nonetheless, be rewarded appropriately as this will enhance efficiency and productivity in the firm and the country as a whole.

Guideline No. 4: Salary/Wage contracts, together with all other negotiable terms 6 and conditions of service, should be reviewed more often than once every twenty four months. Such reviews would only be determined by causes for new awards due to changes relating to factors determined in the first three Guidelines

Guideline No 5: Public enterprises will be subject to all the foregoing Guidelines in relation to union sable staff. Reference should also be made to the Guidelines on terms and conditions of service for State Corporations and Civil Service, regularly released by the Office of the President. To endure effective and efficient management and administration of the payrolls of State Corporations, pay related decisions are delegated to the appointing authorities with a clear emphasis to link with performance and wage compensation.

Guideline No 6: All parties should be made aware that Treasury would honour wage awards so long as there is prior budgetary provision. In this respect, wage awards should be integrated within the budget framework.



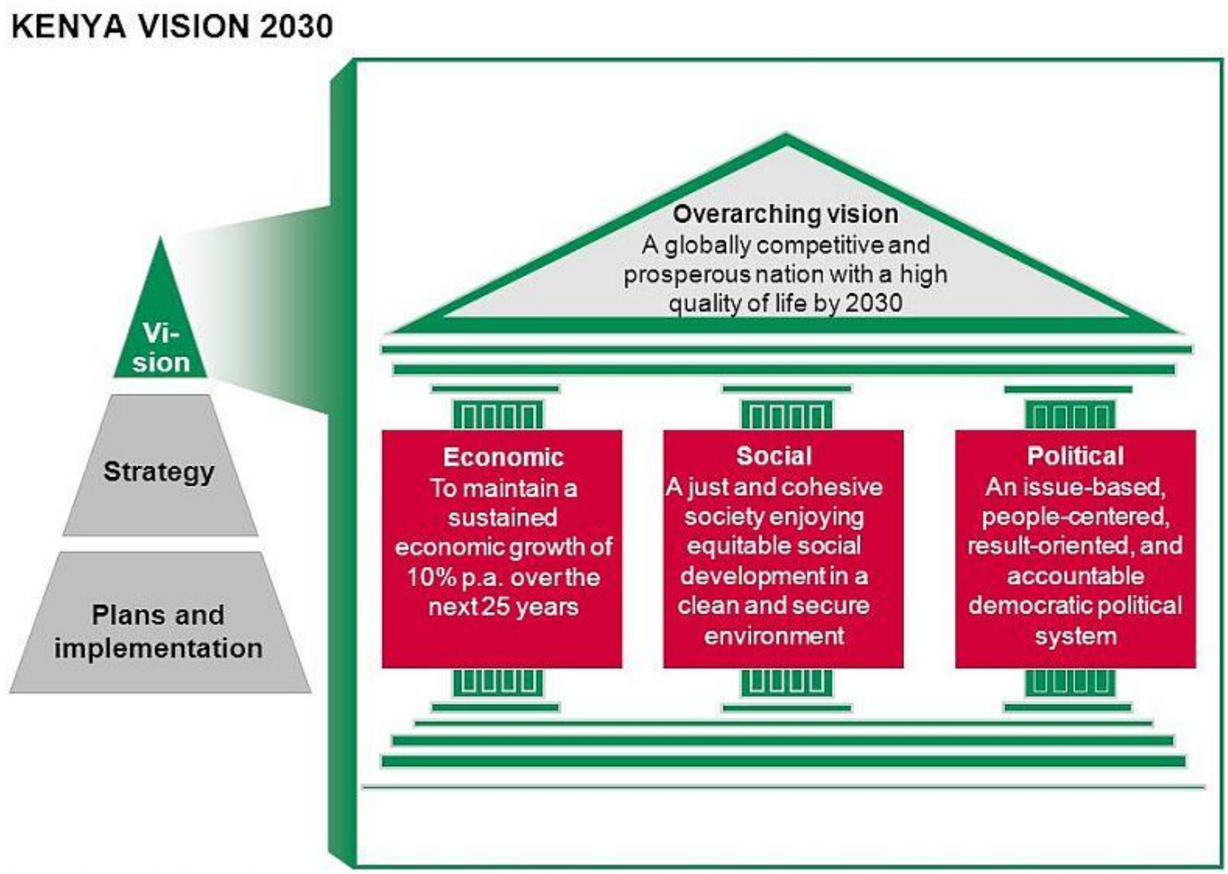
Guideline No. 7: Ability to pay higher wage should not necessarily be regarded as adequate and conclusive reason for the increase if it means that one group of workers will increase awards significantly out of step with those being given to other workers of similar skills. Conversely, financial inability to pay higher wages should be a factor in determining the level and timing of wage awards.

Guideline No 8: The compensation for price increases should be spread out so that the later year(s) of the contract period are not left without any increase in wages.

VISION 2030

Vision 2030 is the long term development for Kenya and it is anchored on the three pillars namely; Economic, Political, and Social.

The vision is expected to transform Kenya into an industrialized middle income country promising high quality of life to all the citizens by the year 2030.



The National development blue print vision 2030 guides all other short medium term development plans and strategies including the big four agenda which is President Uhuru Kenyatta Official legacy project.

The big four is built on four pillars namely;

a) Manufacturing, Affordable housing, Universal health care, and Food security for all Kenyans.

The success of these four sectors will depend on availability of resources. Bearing in mind therefore that if the big four are to succeed, County Governments must buy into the idea. Under the sub sectors the big four recognize the following;

i. Agro processing
ii. Leather and Textile
iii. Blue Economy

As part of the big four Coffee processing, meat, Fruits and vegetables will be processed locally.

Therefore if the big four are not supported by County Governments there will be lower than expected development.

It is important to note that Political stability and harmonious Labour relations are key to Economic prosperity and is the bedrock on which we will achieve a robust manufacturing sector.

In a nutshell, to achieve economic development, we shall need political stability and Harmonious labour relations.

In this regard, therefore we call upon the president to ensure that The Ministry of Labour is a stand alone with its Cabinet Secretary - and be allocated sufficient resources for inspection and for other core function of the Ministry.

The period for the four years to wait before the next Collective Bargaining Agreement is too long. The period should remain two rather than 4 years.

SOCIAL DIALOGUE

Despite the efforts made by the Social partners, unemployment and poverty remain a big challenge. As the theme of the Labour Day 2018 states "Let reason together for sustainable Economic growth and Job Security", Poverty and Unemployment especially among the youth still persist.

We in Kenya are lucky that we have institutions for social dialogue. Earlier in this paper we point out that political stability and Harmonious Industrial relations as key to Economic Development. Political stability should not be among Social partners only but should be extended to the Political practitioners of Kenya and their subordinates or followers who often suffer the effects of any short coming.

We in Kenya have wasted the whole of 2017 in Political wrangling. Leaders of this Country should come together and amicably resolve their differences.

We in the trade unions have always engaged in Social dialogue with our Social partners and it has always worked. So let all Kenyans at all levels engage in dialogue to enable the country move forward. By giving dialogue a chance, harmony and unity shall be easily realized, while disputes or differences are ferried to a common ground where amicable understanding will be reached with no or less damages inflicted upon each other. We are "One Nation after all". It is a pity that instead of creating jobs and elevating our economy, we are busy - as Kenyans - involved in destroying the few that we have in a very short time yet they took us years of resource sacrifice to build.

It is estimated that from 2017 to date, we have lost over 100,000 jobs through Post elections violence.

CONCLUSION

2017 was an election year for Kenya. It was unfortunately that we lost very many jobs. Three issues made it difficult to achieve economic growth. And these issues were: Drought, interest rates, Government high expenditures. Unless here is really commitment from Kenyatta Government and County all the efforts made are a waste of resources and time.

There is need to urgently focus on employment for the Youth and poverty alleviation mechanism should be put in place to ensure that income distribution is reaching the poor.