

URBAN AREAS PERFORMANCE INDEX 2017: KISUMU



Institute of
Economic Affairs

August 2018

Kisumu Profile



Location

- Kisumu city is located Kisumu County

Population 2015

- Kisumu city: 419,072
- As a share of the County: 38%

Select Economy and Public Service Provision Indicators

Total County local revenue collection {2015/16}	Ksh 979 Mn
Urban area's local revenue collection {2015/16} per capita	Ksh 920
Urban area's local revenue collection as a percentage of the projected {2015/16}	52.40
Households in the urban area with water supply (%)	68
Share of deliveries in a health facility in 2014 (%)	69.50
Share of children fully immunized in the urban area 2015 (%)	78.00

Urban Areas Performance Index (UAPI)

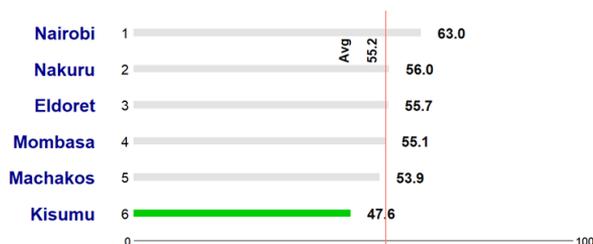
The Urban Areas Performance Index (UAPI) used 67 questions (indicators) to assess performance of urban areas in Kenya. The assessment is based on three clusters, namely: :

- Conditions for Residents (this is more about service delivery, that is, how good the urban area is for residents);
- Conditions for Investment (does the urban area provide a favourable environment for businesses and investors) and
- Principles of Good Governance (this is about effective and transparent asset and resource management)

This Index was used to calculate scores on a scale of 0-100 points for each of the six urban areas that were surveyed (see methodology section towards end of this brief). On this basis, urban areas were comparatively ranked using these scores. Those urban areas that ensure individual's free choice, create favourable business conditions, use public resources efficiently and ensure transparency of their activities are ranked higher.

The following sections break down results by cluster and sub-cluster to show reasons behind Kisumu's overall performance.

Chart 1: Overall Urban Areas Performance Index



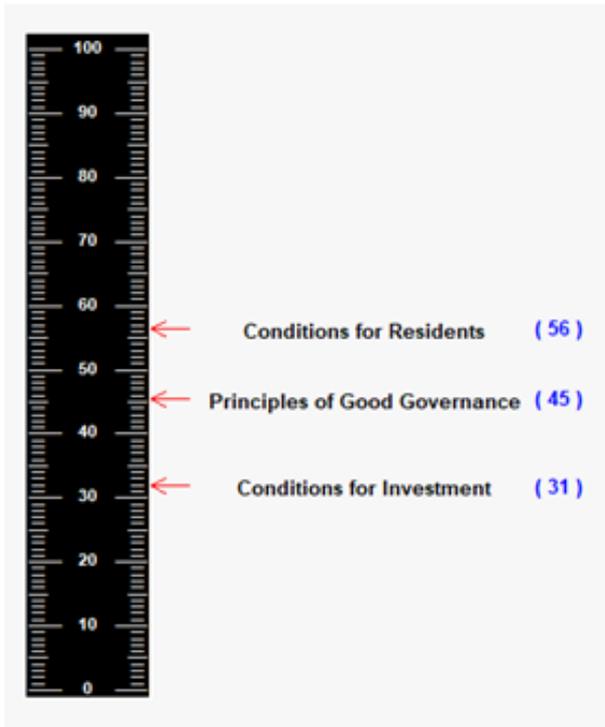
Kisumu is bottom ranked out of the six urban areas.

It's score of 47.6 is 7.6 points below the overall UAPI average score.

Kisumu's overall performance in service delivery, provision of an enabling environment for investment and in effective and transparent asset and resource management is below average.



Chart 2: Kisumu Performance by Clusters



Breakdown of Kisumu’s overall performance by the three clusters as shown in chart 2 reveals that it is driven by average performance in Conditions for Residents (56) and Principle of Good Governance clusters (45).

Overall performance is however weighed down by weak performance in providing Conditions for investment, with a score of 31, the lowest of the three clusters.

Despite best performance in Conditions for Residents Kisumu is ranked last out of the six urban areas in this cluster.

Kisumu is ranked second last out of the six urban areas in both the Principles of Good Governance and in Conditions for Investment clusters

Chart 3: Performance by Clusters across the Six Urban Areas

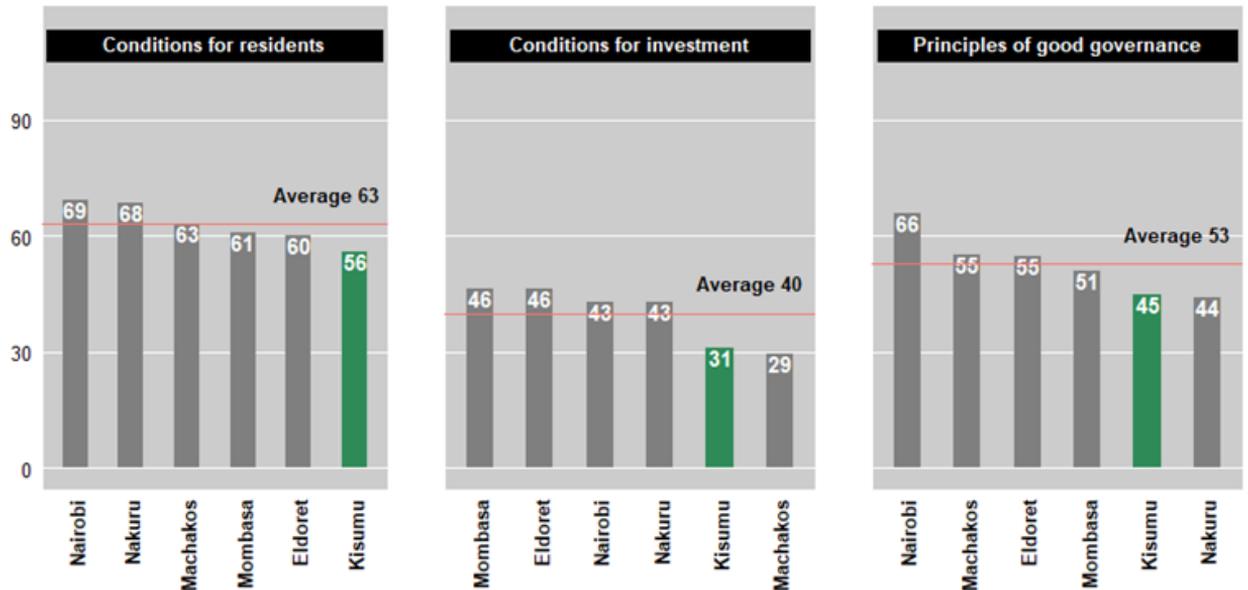
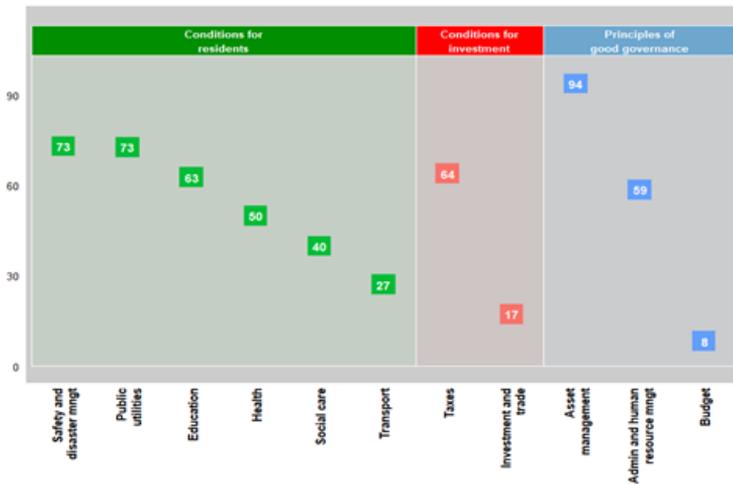


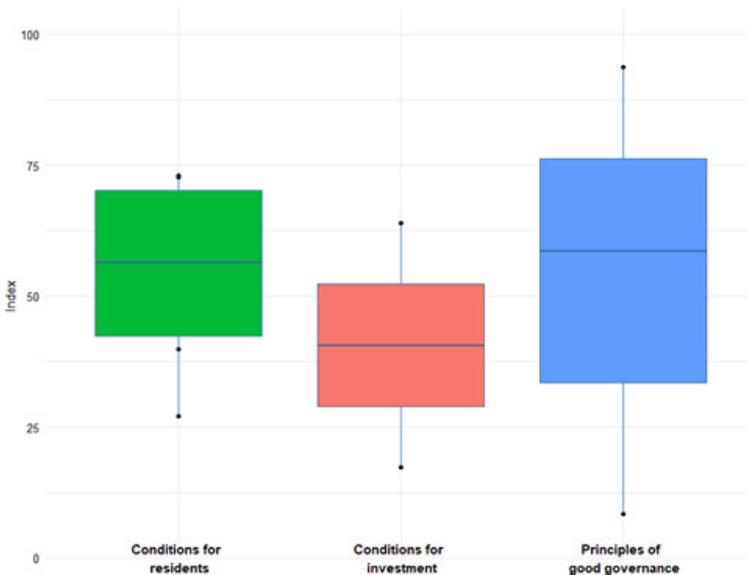
Chart 4: Kisumu Performance Disaggregated by Sub Clusters



Although it is ranked third on safety and disaster management, Kisumu has the second least cases of road accidents 30 per 1000 population against a mean of 34 cases per 1000 population. Similarly, it had the second highest drop in crime cases per capita, about 15% over the period 2014 and 2015.

With regards to public utilities, despite below target water coverage of 68%, Kisumu tops in terms of water reliability and modest pricing of consumption of water 0-6m at Ksh 62, among the lowest of the six urban areas. Further there is a plan for improvement of solid waste collection and management. However, Kisumu and Eldoret are the only urban areas that collect waste weekly while the other four do it twice a week in residential areas, an area for improvement.

Chart 5: Box Plot Showing Spread of Scores by Clusters



On education, Kisumu is ranked second last despite above average performance. It lacks a policy on youth polytechnic and with 73 pupils for every ECDE centers against a mean of 56 is third largest.

Overall cluster performance was undermined by average scores in health and social care and exacerbated by below average scores in transport.

Among the indicators pulling down the mean score of Kisumu on health include high cases of malaria, 32,463 per 100,000 in 2015 and equally high HIV prevalence of 19.9% in 2015. On the entire health sub-cluster Kisumu is bottom ranked.

Moreover, on social care, with a score of 27 Kisumu is again ranked last. This is explained by comparatively high child poverty rate (31%) and equally high unemployment rate is estimated at 12.5%.

It is equally ranked last on transport on account of lack of policy on non-motorized transport and *boda boda* as a foundation for traffic management

Conditions for Residents

Overall performance in this cluster is explained by aggregation of individual performance in each of the six sub-clusters.

Chart 4 and 5 reveal wide variations in scores and performance among the six sub-clusters with the range of 27 to 73 points

Kisumu's average performance in Conditions for Residents is attributed to above average score of 73 apiece in safety and disaster management and in public utilities sub clusters. Education with a score of 63 is another reason for overall average cluster performance.



Conditions for Investment	Principles of Good Governance
<p>The weakest performance by Kisumu is in this cluster on Condition for Investment. Despite above average performance (score of 64) in provision of tax friendly environment, Kisumu's overall performance in this cluster is undermined by poor performance in investment and trade (score of 17) sub-cluster.</p> <p>Comparatively, Kisumu is ranked fourth on the taxes sub-cluster and second last on the investment and trade sub-cluster.</p> <p>Although Kisumu provides information on taxes and other levies for business like the other five urban areas, its charges considerably high fees on single business permit for general merchant shop at Ksh 6,250, against a mean of Ksh 5,367.</p> <p>In part, the reason for sub-par performance by Kisumu within the investment and trade sub cluster is due to low issuance of building permits 486 per 1,000 people in 2015. Besides it takes relatively high amount of time to register business in Kisumu, on average 53 days.</p> <p>Furthermore, the low performance is exacerbated by unavailability of data on the number of foreign direct investment, and the number of public-private partnerships contracts as important indicators of investment and trade. The officers interviewed did not provide this information. Such a situation where information is not disclosed is treated as a case of lack of transparency. This together with circumstances where information for indicators is not available for whatever reasons are assigned a score of zero as per the UAPI methodology.</p>	<p>Of the three sub clusters that constitute the Principles of Good Governance cluster, performance on asset management is exceptional while that on administration and human resources is average. This is contrasted by poor performance in the budget sub cluster, with a score of 8. Overall performance in this cluster is scaled down primarily as a consequence of poor results in the budget sub-cluster.</p> <p>In details, Kisumu is ranked first on asset management and like the rest of the urban areas it keeps an asset register. More importantly and for administration purposes the high score on asset management is explained by low ownership of assets vehicles and funeral homes and shareholding, a sign of outsourcing and privatisation of non-core functions.</p> <p>With a score of 59 Kisumu is ranked fourth on administration and human resource management. It was noted that it keeps staff register that is accessible to the public upon formal request. Findings show that it has a staff size of 4 for every 1,000 urban population above the mean of 3 staff for every 1,000 population. Further for every 100 shillings spent by Kisumu in 2015/16, about Ksh 51 was used for payment of staff salaries</p> <p>Kisumu is ranked last on the budget sub-cluster owing to low scores on local revenue mobilization effort and expenditure management. For example, local revenue mobilization per capita of Ksh 920 was only better to Eldoret. Equally performance on expenditure management is wanting as Kisumu did not comply with expenditure threshold of 30% of the budget set aside for development. Besides a substantial portion of the development budget, slightly over a half (55%) was unspent by the end of 2015/16.</p>

Recommendations

Kisumu should in the short term establish urban area/city structures. In addition, they should operationalize the County Statistics Office as a data repository and information centre not only for the entire County but also for the urban area of Kisumu. This is useful to facilitate planning and also as a way of promoting transparency.

Improving Service Delivery

Kisumu should prioritize and focus reforms in the following areas:

- Scale up investment in provision of water supply and management through its public utility for wider coverage.
- Develop a non-motorised transport and boda boda policies in short to medium term as a foundation for overall traffic management
- Prioritize budgetary allocation and efficient spending towards child interventions and programmes to reduce the child poverty levels which are among the highest at 31%.
- Put in place deliberate budgetary efforts towards addressing relatively high incidences of malaria and prevalence of HIV/AIDS.



Improving Conditions for Investment

Kisumu should focus action on the following areas in order to provide a favorable environment for businesses and investment:

- There is need to collect information that is important for understanding investment climate including on foreign direct investment, information or indicators of promoting private enterprise such as public private partnership contracts and so on.
- Tax principle of fairness should be factored in informing single business fees for general merchant shops for enhanced competition.

Improving Principle of Good Governance

Kisumu should focus reforms in the following areas in order to improve on the principle of good governance cluster:

- Enhance automation and use of technology in revenue collection and administration to reduce tax leakages and increase efficiency.
- Focus efforts on public expenditure management by ensuring that expenditure and procurement plans are synchronized in order to increase uptake of development budget.
- Undertake reforms towards staff rationalization to curb high levels of wage bill
- Update the Asset Register and also ensure that it is made available to public for transparency

Methodology

The Urban Areas Performance Index (UAPI) was adopted and modified from the Municipal Performance Index that has successfully been used by Lithuania Free Market Institute (LFMI) for eight years since 2011. This Index was compiled from a questionnaire with 67 questions (indicators) that was completed using information gathered from County officers and secondary data based on the year 2015. Data was collected from the six largest urban areas in Kenya which were covered in this research, namely: *Eldoret, Kisumu, Machakos, Mombasa, Nairobi and Nakuru* from November 2016 to May 2017.



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With Funding from

