

URBAN AREAS PERFORMANCE INDEX 2017: MACHAKOS



Institute of
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Machakos Profile



Location

- Machakos urban area is located in Machakos County and serves as its headquarter

Population 2015

- Machakos urban area: 224,610
- As a share of County: 18%

Select Economy and Public Service Provision Indicators

Total County local revenue collection {2015/16}	Ksh 1.12 bn
Urban area's local revenue collection {2015/16} per capita (divided by population)	Ksh 904
Urban area's local revenue collection as a percentage of the projected {2015/16}	47.3%
Households in the urban area with water supply (%)	57
Share of deliveries in a health facility in 2014 (%)	62.9
Share of children fully immunized in the urban area 2015 (%)	78.2

Urban Areas Performance Index (UAPI)

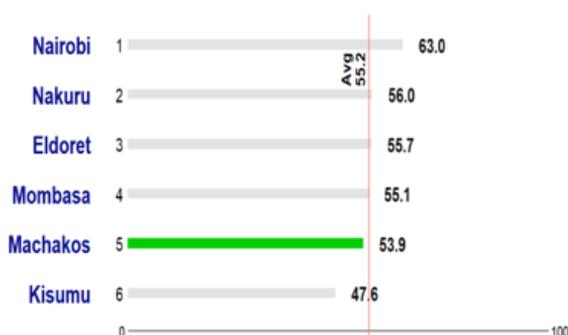
The Urban Areas Performance Index (UAPI) used 67 questions (indicators) a broad set of indicators (a total of 67) to assess performance of urban areas in Kenya. The assessment is based on three clusters, namely:

- 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 breakdown results by cluster and sub-cluster to show reasons behind Machakos' overall performance.

Chart 1: Overall Urban Areas Performance Index

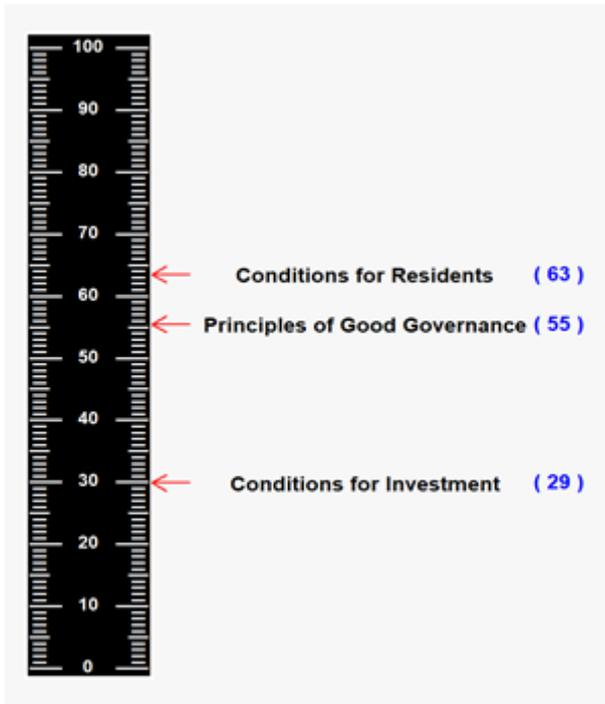


Machakos is ranked fifth out the six urban areas.

Its score of 53.9 is 1.3 points below the overall UAPI average score as shown in Chart 1.

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

Chart 2: Machakos Performance by Clusters



Breakdown of Machakos’ performance by the three clusters as shown in chart 2 reveals that its overall performance is driven by average performance in Conditions for Residents (63) and Principle of Good Governance clusters (55).

Overall performance is however weighed down by weak performance in providing Conditions for Investment with a score of 29, the lowest of the three clusters.

Despite best performance in the Conditions for Residents, Machakos is ranked third in this cluster (see chart 3).

On the Principles of Good Governance cluster, Machakos ties with Eldoret at position two.

By contrast, Machakos is ranked last in Conditions for Investment; eleven points below the UAPI mean cluster score of 40.

Chart 3: Performance by Clusters across the Six Urban Areas

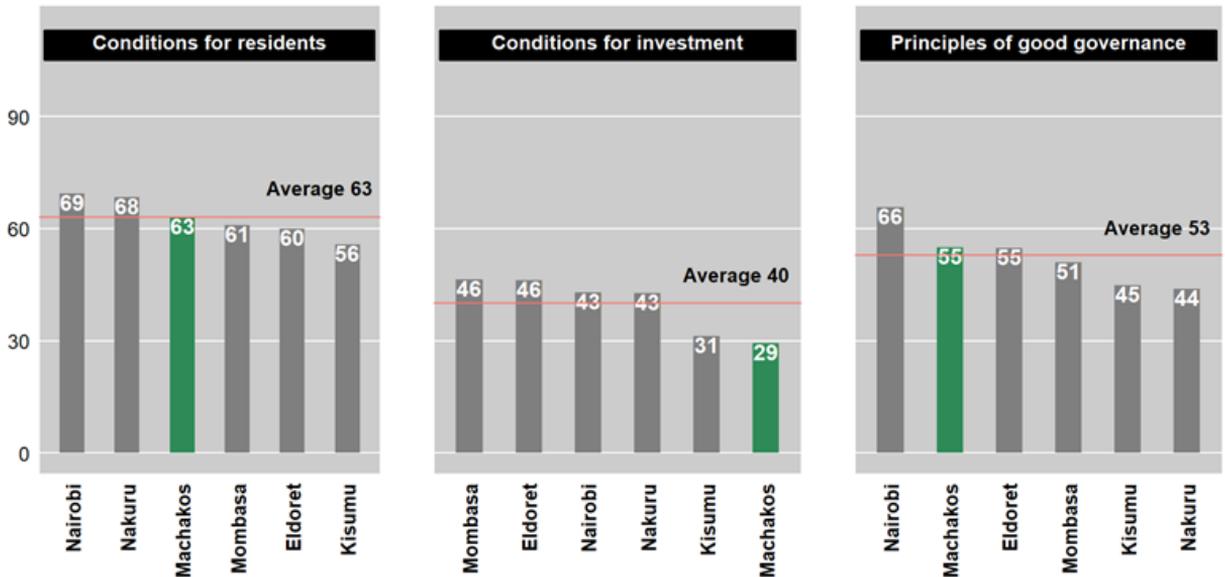
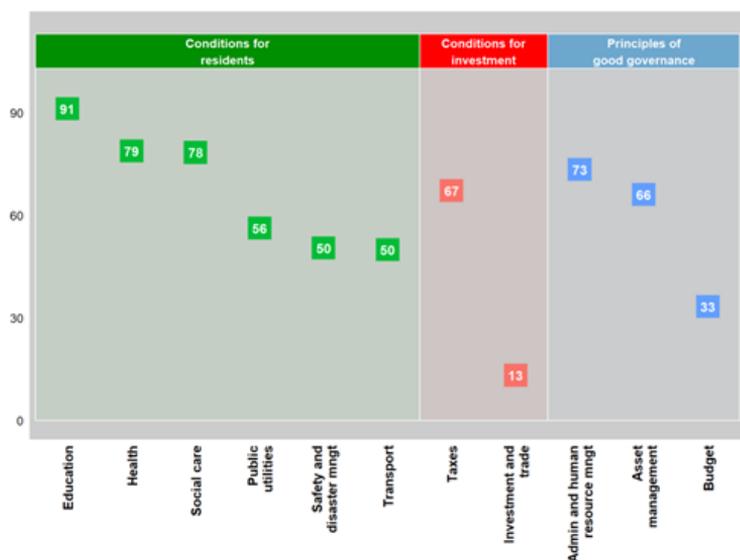


Chart 4: Machakos Performance Disaggregated by Sub Clusters

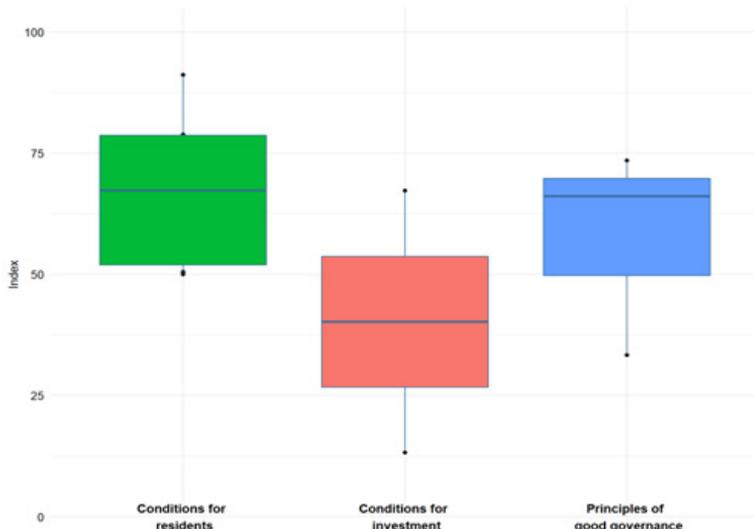


below the mean, 56 pupils per ECDE centre of the six urban areas assessed. Nevertheless, it is ranked third in this indicator.

In relation to delivery of health care service as well as in social care, Machakos is ranked second and first in these two sub clusters respectively.

Performance in health is on account of high comparative number of fully immunized children, 78% in 2015, low cases of malaria (465 per 100,000 population) and modest 63% of deliveries in health facilities in 2014. Similarly performance on social care is on the back of improved social welfare kitty for women and persons with disabilities (PWDs) as well as the lowest unemployment rate (9.4%) against average of 12.3% for the six urban areas.

Chart 5: Box Plot Showing Spread of Scores by Clusters



Overall performance in Conditions for Residents is lowered by average performance in public utilities, safety and disaster management and transport sub clusters.

Under public utilities, Machakos water supply coverage of 57% is well below the target of 80% by 2015 and among the lowest. Further performance in this sub-cluster is exacerbated by relatively high water losses. Although solid waste collection is done twice a week in residential areas, Machakos is the only urban area of the six that did not create tenders for waste collection service providers, a measure for promotion of competition.

Conditions for Residents

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

The box plot shows that higher scores, those above the mean score of 63 that is, for education, health and social care sub-clusters, are more spread out than those for the other three sub clusters.

Machakos' average performance in Conditions for Residents is attributed to exceptional scores (91) in provision of Early Childhood Development Education (ECDE) and above average scores in health and social care, 79 and 78 respectively. For example, Machakos has 41 pupils per ECDE centre

Conditions for Investment	Principles of Good Governance
<p>The weakest performance by Machakos is in this cluster on Condition for Investment. Despite above average performance (score of 67) in provision of tax friendly environment, Machakos' overall performance in this cluster is undermined by poor performance in investment and trade (score of 13) sub-cluster.</p>	<p>Of the three-sub cluster that constitutes this cluster, performance on administration and human resources and that on asset management is above average. This is contrasted by weak performance in the budget sub cluster, with a score of 33, which is attributed to lowering Machakos' overall performance in this cluster.</p>
<p>Comparatively, Machakos is ranked third on the taxes sub-cluster but last on the investment and trade sub-cluster.</p>	<p>On asset management Machakos is ranked fourth despite above average performance. It was indicated that Machakos keeps an asset register. On some indicators, there are 8 cars for every 100 employees for administration purpose but information on whether Machakos has any shareholding was not clear.</p>
<p>Machakos compares well with the other urban areas in provision of information on taxes and other levies for business and on parking fees levied. However, on single business permit, fees levied for general merchant shops (Ksh 5,950 against an average of Ksh 5,367) for Machakos is comparatively the fourth most expensive.</p>	<p>With a score of 73, Machakos is ranked second on administration and human resource management. It was noted that Machakos keeps staff register that is accessible to the public upon formal request. Study findings show that it has a staff size of 1 for every 1,000 urban population below the mean of 3 staff for every 1,000 population. Further for every 100 shillings spent by Machakos in 2015/16, about Ksh 46 was used as staff salaries</p>
<p>In part, the reason for weak performance for not only Machakos but also for the five other urban areas is zero scores due to non-disclosure of information on number of important indicators. For example, no information was provided on the number of business permits issued and the number of public private partnership contracts created under the investment and trade sub-cluster. As per the UAPI methodology this is treated as a case of lack of transparency.</p>	<p>As for the budget sub-cluster, Machakos is ranked fourth. This is explained by the lowest local revenue mobilization effort, better only to Eldoret. Equally performance on expenditure management is wanting. For example, Machakos did not comply with expenditure spending threshold of 30% budget set aside for development. Besides 55% of its development budget was unspent by end of 2015/16.</p>
<p>In addition, officers interviewed did not have any information on the number of foreign direct investment and neither is there a record on this. As an important indicator for investment, lack of such information was assigned a score of zero, again as per the UAPI methodology.</p>	<p>.</p>

Recommendations

Machakos should in the short term establish urban area/municipality 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 Machakos. This is useful to facilitate planning and also as a way of promoting transparency.

Improving Service Delivery.

Machakos should prioritize and focus reforms in the following areas:

- Scale up investment in provision of water supply and management through its public utility and work towards ensuring reliability.
- Develop a boda boda policy in the short to medium term as a foundation for overall traffic management and in facilitating and regulating public transport whether as a stand-alone policy or as an integrated transport policy.
- For improved child health outcome, it should focus on better prioritization of health budget to maternal and child health cost effective interventions.
- To better facilitate and regulate public transport, there is need to invest in campaigns for road safety towards curbing cases of road accidents

Improving Conditions for Investment

Machakos should focus 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.
- Improve transparency on parameters on conditions for investment by disclosing information on building permits issued.
- Tax principle of fairness should be factored in informing single business fees for general merchant shops for enhanced competition.

Improving Principle of Good Governance

Machakos 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 harmonization of their wage bill.

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) 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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