URBAN AREAS PERFORMANCE INDEX 2017: ELDORET

Institute of Economic Affairs

Eldoret Profile

Location

- Eldoret is located in Uasin Gishu County and serves as its headquarters

Population 2015

- Eldoret urban area: 324,323
- As a share of county: 29%

Select Economy and Public Service Provision Indicators

Total County local revenue collection {2015/16}	**Ksh 719 Mn**
Urban area's local revenue collection {2015/16} per capita	**Ksh 640**
Urban area's local revenue collection as a percentage of the projected {2015/16}	**69.3**
Households in the urban area with water supply (%)	**72.0**
Share of deliveries in a health facility in 2014 (%)	**57.4**
Share of children fully immunized in the urban area 2015 (%)	**68.9**

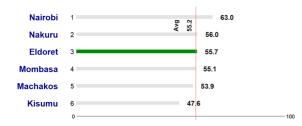## Urban Areas Performance Index (UAPI)

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)

TThis 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 section breaks down results by cluster and sub-cluster to show reasons behind Eldoret's overall performance.

Chart 1: Overall Urban Areas Performance Index

Eldoret is ranked third out of the six urban areas.

Its score of 55.7 is slightly above overall UAPI average score by 0.5 points (see chart 1).

Eldoret's performance in service delivery, provision of an enabling environment for investment and in effectives and transparent asset and resource management is **average.**

Chart 2: Eldoret Performance by Clusters

Breakdown of Eldoret's performance by the three clusters as shown in chart 2 reveals that its overall performance is driven by average performance in Conditions for Residents and Principle of Good Governance clusters.
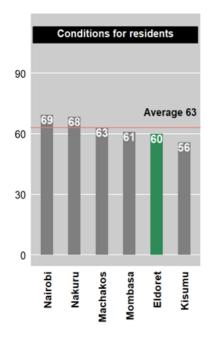
Although performance in Conditions for Investment is average, the gap in scores between this cluster and the other two is substantially wide.
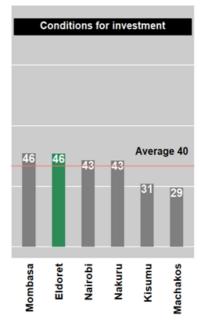
Despite best performance in the Conditions for Residents cluster with a score of 60, Eldoret is ranked fifth out of the six urban areas. (See chart 3).

Eldoret ties with Mombasa as the top ranked urban areas in Conditions for Investment with a score of 48, six points above mean cluster score.

Similarly, Eldoret ties with Machakos in position two on Principles of Good Governance cluster with a score of 55

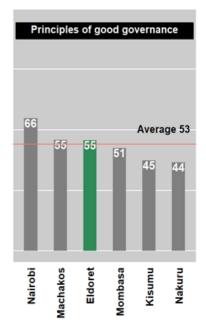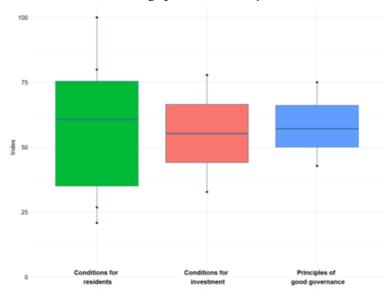**Chart 3: Performance by Clusters across the Six Urban Areas**

Chart 4: Eldoret Performance Disaggregated by Sub Clusters

Chart 5: Box Plot Showing Spread of Scores by Clusters

Conditions for Residents

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

As shown in the box plot, scores in health, social care and transport sub-clusters are more spread out than for the other three sub-clusters.

Eldoret's performance in Condition for Residents is explained by excellent and well above average scores in education (100) and in public utilities (80) as shown in chart 4. For example, in provision of Early Childhood Development and Education (ECDE) Eldoret has the lowest pupil-ECDE

centre ratio (17:1)of the six urban areas which is below the mean of 56 pupils per ECDE for the six urban areas.

As for public utilities sub cluster which is ranked second, it recorded high scores in indicators such as water pricing, plans for solid waste collection and management and frequency in collection of waste practices (twice a week) including efforts to promote competition scored high. However, its water supply coverage of 72% by 2015 which was below the target of 80% calls for attention.

Performance in delivery of health care service as well as in safety and disaster management is average. Nevertheless it is ranked fifth and fourth respectively in these two sub clusters. For example, Eldoret had 101 cases of road accidents per 1000 population against a mean of 34 cases per 1000 population, one of the highest under safety and disaster management sub cluster.

On health, despite posting commendable performance in relatively low cases of cholera and HIV prevalence rates, Eldoret's challenge is with regard to deliveries in health facilities in 2014, which was 57% and amongst the lowest as was children fully immunized, 69% in 2015.

Performance in social care and transport sub cluster is less than average. It is the reason why Eldoret's overall performance in Conditions for Residents is average. For example, with a score of 27, Eldoret is ranked last in social care due to comparatively high child poverty levels of 44%.

Similarly, Eldoret is 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 Investment	Principles of Good Governance

The weakest performance by Eldoret is in this cluster on Condition for Investment. Despite above average performance (score of 78) in provision of tax friendly environment, Eldoret overall performance in this cluster is undermined by weak performance in investment and trade (score of 33) sub-cluster.

Comparatively, Eldoret is ranked second as a tax friendly urban area but third on the investment and trade sub-cluster.

Analysis on taxes sub cluster shows that like the other urban areas, Eldoret provides some information on taxes and levies. It levies Ksh 100 for parking service but what explains above average performance is that its single business permit levies for general merchant shops at Ksh 5,000 against a mean of Ksh 5,367 is amongst the lowest. On a related point but under investment and trade sub-cluster Eldoret registered the highest growth of business licenses issued per capita, 17% between 2014 and 2015.

Conversely part of the reason for weak performance by not only Eldoret but also for the other five urban areas in the investment and trade sub-cluster is zero scores due to non-disclosure of information on a number of important indicators. For example, no information was provided on the number of public private partnership contracts created. As per the UAPI methodology this is treated as a case of lack of transparency.

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. Due to lack of data on this indicator it was assigned a score of zero as per the UAPI methodology. It is noteworthy that the overall performance in the investment and trade sub-cluster is worsened by the fact that Eldoret issued the lowest number of building permits, 0.05 per 1000 people of the six urban areas.

Performance on asset management is above average. This is contrasted by average performance in administration and human resources management and in the budget sub cluster, with scores of 57 and 43 respectively.

On asset management, overall performance is above average, the challenge administratively being that Eldoret owns a substantial number of cars, 12 for every 100 staff. This is the highest of the three urban areas, including Kisumu and Machakos which provided information on this indicator. It raises the question on effective asset management as opposed to outsourcing non-core functions.

With a score of 57 on administration and human resource management sub-cluster, Eldoret is ranked last despite having the least administrative budget, with 39 shillings used to pay staff for every 100 shillings spent.

Although the score in the budget sub-cluster is the lowest of the three sub-clusters, Eldoret is ranked second of the six urban areas. This ranking is attributed to relatively better performance in expenditure management. For example, Eldoret did not only meet expenditure spending threshold (slightly over 30% of its budget was allocated to development expenditure) but also had the highest, 75% absorption of development expenditure. The area of concern however is on local revenue mobilization effort, which is indeed among the lowest of the six urban areas. It is Ksh 640 against an average of Ksh 1,528.

Recommendations

The County of Uasin Gishu should establish Eldoret urban area structures. In addition they should also operationalize the County Statistics Office as a data repository and information centre not only for county information but also for Eldoret as a way of promoting transparency.

Improving Service Delivery
Uasin Gishu should prioritize and focus reforms in the following areas:

- Scale up investment in provision of water supply through its public utility.
- Develop non-motorized transport and boda boda policies for overall traffic management
- Focus prioritization of its health budget to maternal and child health cost effective interventions and immunization programme for better maternal and child health outcomes

Improving Conditions for Investment

Eldoret should focus action on the following to provide for 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.
- There is need to review the tax and regulatory regime including the time it takes to evaluate building plans and its impact on the issuance of building permits

Improving Principle of Good Governance

- Enhance automation and use of technology in revenue collection and administration to reduce tax leakages and increase efficiency.
- For effective asset management there is need to consider rationalizing car ownership and other assets not necessary for performing core functions

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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Improving Performance of Kenya's Urban Areas