

**ACCOUNTING FOR THE C/CITY:
ANALYZING KISUMU'S FISCAL CONFIGURATIONS**

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DECLARATION

I, Liza Rose Cirolia, declare that this thesis is my own unaided work. It is being submitted to the Degree of Doctor of Philosophy to the University of Cape Town. It has not been submitted before for any degree or examination to any other University.

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ACRONYMS AND ABBREVIATIONS

AFD	Agence Française de Développement
AfDB	African Development Bank
ANT	actor network theory
CBD	central business district
CBROP	County Budget Review and Outlook Paper
CDS	City Development Strategy
CEC	County Executive Committee
CIDP	County Integrated Development Plan
CO	Chief Officer
COB	Office of Controller of the Budget
DFID	UK Department for International Development
DMM	Delegated Management Model
DoC	Department of the City of Kisumu
EAP	East African Protectorate
FORD-K	Forum for the Restoration of Democracy–Kenya
FY	financial year
GDP	gross domestic product
HIPC	Heavily Indebted Poor Countries
HIV	human immunodeficiency virus
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
ISUD-Plan	Integrated Strategic Urban Development Plan
KANU	Kenya African National Union
KAT	Kisumu Action Team
KCB	Kenya Commercial Bank
KeNHA	Kenya National Highways Authority
KeRRA	Kenya Rural Roads Authority
KIWASCO	Kisumu Water and Sewerage Company
KLIP	Kisumu Local Interaction Platform
KRB	Kenya Roads Board
KSh	Kenyan shillings
KTPA	Kisumu Town Planning Authority
K-TSSP	Kenya-Transport Sector Support Project
KUP	Kisumu Urban Project
KURA	Kenya Urban Roads Authority
LAIFOMS	Local Authority Integrated Financial Operations Management System
LATF	Local Authorities Transfer Fund
LVSWSB	Lake Victoria South Water Services Board
MCA	Member of the County Assembly

MCK	Municipal Council of Kisumu
NCTPI	Northern Corridor Transport Improvement Project
NGO	non-governmental organization
NRW	non-revenue water
NTSA	National Transport Safety Authority
NUA	New Urban Agenda
NUAA	Native Urban Areas Act (South Africa)
O&M	operations and maintenance
OCCR	Operating Cost Coverage Ratio
OECD	Organization for Economic Cooperation and Development
P3	public-private partnership
PFMA	Public Finance Management Act (No.18 of 2012)
PPP	public-private partnership
PSV	Passenger Service Vehicle
Rs	Indian rupees
RMLF	Road Maintenance Levy Fund
SACCO	saving and credit cooperative
SDG	Sustainable Development Goal
SIDA	Swedish International Development Cooperation Agency
SOE	state-owned enterprise
STS	science and technology studies
TIF	tax increment finance
UMP	Urban Management Programme
UN-Habitat	United Nations Centre for Human Settlements
WASREB	Water Services Regulatory Board
WSB	Water Services Board
WSP	Water Service Provider

ABSTRACT

Urban public finance is a hidden force shaping cities and their development. This thesis draws attention to the powerful insights which can be gained from studying cities through a fiscal lens. It argues for an interdisciplinary and relational approach which infuses the fiscal study of cities with political and social interpretations of urban dynamics.

Accounting for the city through two very different registers, this thesis draws from urban public finance and from critical scholarship on urban infrastructure. The conventional urban public finance literature is largely technical, produced by urban policy and fiscal experts. In contrast, social and political theorization on urban infrastructure provides a critical reading of the technicist approach and contributes to the refinement of key theoretical concepts within urban studies. There are many incommensurabilities between these two scholarly registers. They have different framings of politics, technical knowledge, and the priorities for change. However, there are several shared interests. They are both concerned with urban institutions, urban places, and the necessity for change.

These shared interests provide the foundation for a revised approach to the fiscal study of cities. This synthetic approach is spelled out in a series of conceptual and methodological propositions. The first proposition is the device of the C/city, which distinguishes between an urban settlement (the small c-city) and its governing authorities (the big-C City). The C/city device foregrounds the importance of the city, the City, and the fiscal relationships which operate at the intersections between them. The second proposition frames urban public finance not just as a means of financing urban infrastructure but as an infrastructure itself. Drawing from the infrastructure scholarship, the concept of ‘configurations’ is deployed creatively to trace fiscal histories, instruments, and relationships. The third proposition is the importance of grounding inquiry in particular places. To address this, the case study method is used. The case method allows for the use of a variety of types of data and analytical tools, grounded in contextualized experiences. The fourth proposition presents Kisumu, a secondary city in Kenya, as an exemplary case for exploring fiscal C/city configurations.

Kisumu provides a useful case for wider generalization precisely because it is an ordinary (African) city. Not only is Kisumu on the margins of Western theorization, its unsensational nature also excludes it from dominant discourses on African cities. However, historically, administratively, and politically, Kisumu has many parallels with smaller urban centers in British East Africa and beyond. It provides a fascinating and widely relevant case of the differentiated nature of fiscal decentralization processes and dynamics. There is much which can be learned from Kisumu and its fiscal story.

The bulk of this thesis is dedicated to unpacking the Kisumu case. First, there is a focus on the City. This includes tracing the historical development of Kisumu’s urban institutions and unpacking the ways in which the contemporary City shapes and is shaped by public finance. This is followed by a

deeper exploration of particular city infrastructures and their fiscal configurations. The fiscal configurations related to property rates, the corporatized water utility company, and transport finance are traced and exposed.

The Kisumu case provides a series of valuable insights. First, it demonstrates the potential and limitations of conventional fiscal analysis. The limitations posed by accounting are particularly important in the context of Kisumu, where the C/city has many misalignments. Second, it makes the case for reading public finance as an urban infrastructure. The process of tracing fiscal configurations illuminates the social, political, material and technical dimensions of public finance. Third, it draws attention to the de facto challenges and complexities related to decentralization (and in fact, the unique recentralization which Kenya has undergone). This includes how the sub-national urban state is constructed and deconstructed, over time and in complex ways. Fourth, it foregrounds the fiscal functionaries whose practices shape the everyday operations of the public finance system. These actors shape fiscal configurations. However, they are often hidden in conventional fiscal analyses. Fifth, it reads the practices of fiscal functionaries as a micro-politics of the state. The heterogeneity of the state and multidimensional nature of power are foregrounded. Finally, the case highlights the challenge of urban infrastructure finance in the context of a post-networked city. It shows the necessity of moving beyond common academic and policy tropes related to infrastructure and services. Collectively, these insights provide a compelling case for urban studies to more deeply engage with the fiscal C/city, in Africa and beyond.

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CHAPTER 1 | INTRODUCTION

1.1 Introduction

Cities are dynamic and complex. The overlapping material, discursive, political, administrative, technological, social, and ecologic dimensions of cities are not reducible to a single theorem or discipline. Trying to better understand this complexity, and the power dynamics which shape it, is at the heart of contemporary urban research (Pieterse 2008; Amin & Thrift 2017). This endeavour undeniably requires accounting for many urban dynamics and processes.

When people speak of ‘cities’ we think of bustling and dynamic places. The global metropolises often come to mind, for example New York, Johannesburg, or Hong Kong. As material places, cities are agglomerations of transactions, densifying material investment and facilitating spatial movements. They are filled with homes and businesses, people and firms. They are rooted ‘in place’ through infrastructural systems and social fabrics, part fixed and part fluid (Hodson & Marvin 2009). These urban interactions form networks – however partial – onto which social and economic interactions are hinged (Graham 2000a).

However, the term ‘city’ is not only used to describe places. It is also used to speak of sub-national urban institutions (Bahl & Linn 1992). The City of Cape Town, the City of Oakland, and many other sub-national urban authorities use the term ‘City’ to describe their municipality or town government. Such Cities are growing in both quantity and importance (Satterthwaite 2007). Decades of decentralization reforms across the developing world have increased the scope of urban local government mandate, shifting responsibilities (and sometimes resources) into the hands of urban local governments (Farvacque & Godin 1998; Smoke 2001).

In this thesis, I frequently differentiate between the material ‘city’ and the institutional ‘City’. However, I recognize that these are not fixed categories. The spatial form of the material city is constantly changing. In many cases, the fringes and peripheries experience incremental development. Urban infrastructural networks evolve and even traverse multiple urban areas. The city therefore, has blurry and dynamic boundaries. Equally, sub-national urban governments, Cities, are often various and many. While the City, as a term, is often used to describe particular municipal governments, Bahl and Lin (1992) argue that the study of City governments is not limited to municipalities. Rather, the City includes the overlapping range of sub-national public actors who are involved in developing urban areas.

These definitions of the city and the City are my point of departure. They are undeniably interrelated. For example, the City is defined in relation to the urban area, the city. In turn, the city is managed by a range of public actors who together constitute the City. To highlight the interconnections and co-

constitution of the city and the City, I also deploy the concept of the 'C/city', which can be found in the title of this thesis, as a device to understand both, and their relationality.

It is nearly impossible to think about the C/city without understanding finance. Finance is vital to the making of both material places and urban institutions. Put crudely finance relates to the management of money (Moeti 2014: 2). In this thesis, I focus on 'urban public finance', a subset of finance which draws attention to the management of public money in urban areas and by City governments. Among other things, it relates to the taxes and charges levied for urban services, the City's expenditure on salaries, maintenance, operations, and infrastructure, and the processes of accounting for these flows.

Financing cities and the fiscal empowerment of City governments is high on the agenda of the international development community. There is widespread interest in this issue on the part of multilateral institutions, think tanks, and policy-oriented scholars (UN-Habitat 2009; United Cities and Local Governments 2010; Lincoln Institute & World Bank 2016). Within global policy arenas, financing is seen to be a critical component of ensuring socially, ecologically, and politically sustainable urbanization and urban development. Undeniably, any attempt to respond to the United Nations' New Urban Agenda (NUA) and Sustainable Development Goals (SDGs) requires scaled mobilization of resources (Kharas et al. 2014). Development banks, national governments, and local governments will need to work together towards sustainable funding mechanisms to meet these goals (United Nations 2017). The United Nations Capital Development Fund went so far as to claim that the 'challenge of municipal finance is fundamental to the SDGs (and indeed to our survival on the planet)' (United Nations Capital Development Fund 2018). The effective and just use of these finances is contingent on the existence of capable state institutions, particularly at the local level (Palmer et al. 2017).

African cities are a critical part of the public finance story (Tanzi 2016; Turok 2016). Sub-Saharan African countries have some of the lowest levels of urbanization in the world. While definitions and data are muddled, it is undeniable that African countries will continue to urbanize in the coming decades (Parnell & Pieterse 2014). Despite their relatively small urban populations, many of these cities already experience acute urban challenges (Fox 2014). Rapid urbanization, daunting infrastructure backlogs, strained management capacity, and weak data pose a formidable set of challenges to the resource base and institutional development of African cities and countries (Parnell & Pieterse 2014).

The urbanization of Africa will continue, driven by natural growth of the existing urban population, the movement of people to urban areas, and the reclassification of local areas – and the populations within them - from rural to urban. The daunting and exciting absolute growth of cities like Lagos (with a population of 13.1 million) or Cairo (11.9 million) is difficult to grasp fully (UN-Habitat 2014). These cities actively defy the theorizations of academics, prescriptions of policy advisors, and

management strategies of administrators (Pieterse 2011). It is not without reason that Africa's metropolises, and indeed mega cities across the global South, have received significant attention within both theoretical and policy arenas (Mbembe & Nuttall 2004; Roy 2013).

Of magnitudes smaller than these primary hubs are the dozens of secondary cities in Africa with populations of between two hundred and fifty thousand and half a million (Roberts 2014). From Huambo (Angola) to Dire Dawa (Ethiopia), M'Bour (Senegal) to Tamale (Ghana), these places are fundamentally urban, performing vital – even if seldom recognized – roles in the urban systems of countries and regions. More importantly than their size or designation within national urban hierarchies, these cities represent 'ordinary' expressions of African urban conditions (Robinson 2006). Both materially and institutionally, they are neither sensational nor extraordinary. This ordinariness advances the scope for their conceptual generalizability (Yin 2013b). Equally, the sheer number of cities which can be roughly grouped under the 'secondary city' banner expands the arena of potential conceptual applicability still further.

By thinking from ordinary cities, and reading these cities 'on their own terms', it may be possible to provide fresh and provocative views on urban public finance – views which engage more carefully and contextually with finance and money, looking 'beyond neoliberalism', on the one hand, and global 'best practice', on the other (Parnell & Robinson 2013). As urban academics and practitioners strive to move beyond the constraints of their disciplines and traditions, finance generally and public finance specifically become important sites for interstitial interrogation.

In short, it is necessary to better understand, both materially and institutionally, what is happening in African's mundane urban centres. It is particularly important to apply a fiscal lens to understanding these urban dynamics. In doing so, it is essential to avoid the trap of infinite particularism, on the one hand, and 'best practice' prescriptions, on the other. Deep empirical work should distinguish and clarify the conceptual contributions which mundane places make to emergent debates on urban Africa and urban public finance.

My thesis works to do exactly this. I read a mundane city – Kisumu, in Kenya – through its financial flows. I work to understand how public money interfaces with and mediates the C/city. In doing so, I unearth useful empirical insights on Kisumu and how it operates, conceptual insights relevant to urban studies, and practical insights relevant to urban public finance and the fiscal study of African cities.

1.2 The approach

There are many ways to study cities and interesting things which can and should be accounted for in this process. This thesis focusses its account on the fiscal C/city. Kisumu is used as an exemplary case. The term 'accounting' is used throughout this thesis. It is used more narrowly in reference to

public finance accounts and accounting. It is also used more generously. As Littleton notes, ‘To ‘account for’ refers to an explanation (verbal or numerical) of the outcome of antecedent events’ (2016: 403).

To aid in my endeavour to account for Kisumu through its fiscal flows, I draw from the field of urban public finance (Farvacque & Godin 1998; Paulais 2012). I focus here on the smaller body of work on African cities. This literature provides a shared technical vocabulary and toolkit drawn from development studies, public economics, public management, accounting, and political science. Using public finance analysis, it is possible to explore many interesting trends in cities, for example revenue and expenditure, financial management, and dynamics related to fiscal decentralization.

I argue that while the public finance field can be critiqued, financial analysis and the sorts of policy-oriented recommendations which emerge from it should not be rejected outright on the basis of its normative language, aggregative tendencies, or relationship with institutions deemed to be anti-progressive or capitalist. Across the thesis I demonstrate that this body of work and style of analysis is not without value even when applied partially and critically. On its own, however, it is not sufficient for contexts like Kisumu. Empirically, methodologically, and conceptually, more work is needed.

Public finance must be understood ‘within context’ and explored as a situated and complex system. It is here that the growing body of social and humanities work on urban infrastructure becomes useful (Graham & Marvin 2001; Coutard & Rutherford 2016). The ‘infrastructure turn’ in urban studies argues against a false binary between the technical, on the one hand, and the social/political, on the other (Amin 2014). This complexity calls for infrastructure to be studied as socio-technical and techno-political networks, configurations and *dispositifs*. These terms help scholars to trace and make sense of the relationships between materiality, calculations, flows, discourses, and actors.

I am inspired by this critical reading of infrastructure and argue that urban public finance can be seen not only as an important part of developing infrastructure, but as an urban infrastructure itself.

Reading public finance as an infrastructure of the state, allows us to extend the technical fiscal toolkit and infuse it with stronger social and political sensibilities. In doing so, we can contribute to critical urban scholarship which has, to date, had limited interactions with public finance. At the same time, we can push public finance beyond its more technical comfort zone.

To situate this work, my research focuses on a city in Kenya, Kisumu. For decades, Kisumu has been considered an important smaller city in the East African region. It has, over the past half-century, maintained its position as the urban hub in Kenya’s western region, albeit precariously (Richardson 1980). While Kisumu featured heavily in Kenya’s ‘growth poles’ debates of the 1970s (Otiso 2005), the 2009 census indicates that Kisumu city has more in common with smaller cities, such as Nakuru and Eldoret, than with the current city-counties of Nairobi and Mombasa (Table 1.1).

Table 1.1: Population figures for Kenya’s largest urban areas, 2009

Urban area	Total population
Nairobi	3 109 861
Mombasa	925 137
Kisumu	383 444
Nakuru	367 183
Eldoret	312 315

Source: NCPD 2013: 196

Today, there are wildly different estimates of Kisumu’s current population. This confusion can be attributed to the common conflation within reports of Kisumu, the county, and Kisumu, the city, as well as the differentiation between the core-urban and peri-urban areas used by the national government (NCPD 2013). It can also be attributed to the varied growth rates used for projecting the current population, on the back of decade-old census statistics. Despite this, a safe estimate of Kisumu’s city population – one which is used locally for most purposes, and which I use in this thesis, is that the urban area of Kisumu, i.e. Kisumu city, has just under half a million people. This is a significant increase from the last census numbers (see Table 1.1).

While Kisumu of course has its own idiosyncratic history, as a small city it is not exceptional, in Kenya or in East Africa. In Kenya there are 22 cities of between one hundred thousand and a million people, many of which experience similar challenges of governance and infrastructure (NCPD 2013). What makes Kisumu interesting, and worthy of making a wider theoretical contribution to urban studies, is precisely its ordinary nature. By grounding the present research in a mundane African city, and using a methodology that brings together conventional public finance studies with more interdisciplinary studies of infrastructural configurations, I seek to contribute to debates in urban studies and the African urban sector.

The way in which I approach urban public finance in this thesis is unconventional for many reasons. The conventional entry point is quantitative. However, I begin the empirical section of the thesis with a historical analysis of the City government in Kisumu. I arrive at a more conventional and quantitative reading only in the second empirical chapter, once I have clarified the trajectory which led Kisumu to the institutional arrangements currently in place. In the latter chapters, I weave together quantitative and qualitative analysis in a narrative format. Public finance studies conventionally ask straightforward, ‘solvable’ fiscal questions such as ‘how can cities improve revenue generation?’ or ‘what urban public expenditures will maximize economic growth?’ In contrast, I study public finance to better understand the complex interface between public finance and the C/city. I ask ‘how do fiscal configurations shape the C/city?’

1.3 Objectives

My starting point in this thesis is the hypothesis that an interdisciplinary fiscal lens, applied to a particular case, has the potential to provide deep insights which are relevant both for urban studies and for the field of public finance. In other words, I ask the general question: how does the study of fiscal configurations help us to better understand urban areas and how they operate? And the more specific question: how do fiscal configurations mediate the relationships between the city and the City?

Within the wider project of using a grounded case study to understand the intersections and relationships between the C/city and public finance, I have distilled several concrete objectives. These research objectives guide the research and writing process.

Empirically, my objective is to understand how urban public finance operates in Kisumu. This process is not straightforward, and thus requires entering Kisumu empirically from several perspectives. I trace the historical development of Kisumu's urban government. I map public finance policy and financial management in Kisumu. And I focus on three specific urban sectors and their corollary fiscal interfaces to better understand how public finance shapes the C/city in different ways in each embedded case. This empirical engagement with a particular place, Kisumu, provides the groundwork for the conceptual contribution which Kisumu can make to urban scholarship.

Conceptually, my objectives are not at the level of grand theory. Instead, I develop meso-level theoretical insights. These insights emerge from the interplay of apparently competing conceptual and methodological points of departure for 'seeing the city'. The main objective of this work, which uses urban public finance configurations in an ecumenical sense, is to shed light on the development of the city as a place and the City as an institution. In doing so, I contribute to urban scholarship on interlinked concepts of infrastructure, (in)formality, decentralization, and administration. I aim to show that a generous reading of Kisumu's fiscal configurations widens the urban debates, particularly those on African cities.

Practically, my objective is to understand the implications for policy and practice. In particular, I am interested in urban and fiscal policy and practice. The practical contribution of this work, however, is limited. It cannot ascertain the creditworthiness of Kisumu or the city's optimal tax rate; nor do I attempt to ascertain what a more just or sustainable urban future for Kisumu should be. It is imperative, I believe, that the vision for Kisumu be negotiated and regularly revised among those implicated in its long-term development. In this sense, and perhaps to the disappointment of many, I present urban public finance as a propositional tool for realizing more sustainable and just cities, not a model for determining what sustainability or justice is or should be.

1.4 Structure of the thesis

The structure of this thesis responds to the aims and objectives of the research endeavour. Following this introduction, the thesis is broken down into three parts. Part 1 develops the conceptual and methodological framework for the thesis. Part 2 traces the development and operations of the fiscal City. And Part 3 explores three traces three fiscal configurations in detail. The concluding chapter of this thesis foregrounds the key insights which the Kisumu case offers.

Part 1: Into focus

Part 1 consists of three conceptual chapters. Together, these three chapters set out the conceptual and technical foundation of the thesis. They bring ‘into focus’ the way in which I will frame and analyze public finance. Given the ambition of the thesis to lay bare the fiscal dynamics of both the City and the city, the empirical work is shaped by a series of epistemologically very different conceptual frameworks.

Chapter 2 unpacks the ‘conventional’ urban public finance framework used to analyze African cities. I outline the two approaches to urban public finance, one of which focuses on the financing of urban areas and the other on the financing of urban institutions. The major part of the chapter focuses on the latter, and gives an overview of the tools available for analyzing sub-national urban governments. Here I draw heavily on local government and municipal finance policy literature. To provide a useful frame for Kisumu, I focus on the public finance policy and public finance management terminology which are most commonly used in policy and scholarly work on Anglophone Africa. I end this chapter by returning to the wider challenges around urban finance, providing an overview of the contemporary fiscal and financial challenges in African cities and the emerging consensus within the development sector on how they should be addressed.

Chapter 3 introduces a powerful body of work on urban infrastructure that is being developed by scholars of social science and the humanities. This body of work provides a useful set of tools for tracing the socially, politically, and historically contingent nature of urban infrastructure. In some ways, this work can be seen as ‘speaking back’ to the heavily technical and managerial body of work on infrastructure driven by engineers and economists. What emerges from the discussion in this chapter is that the urban debates within the ‘infrastructure turn’ are not homogeneous, and reflect many parallel conversations and overlapping theoretical and rhetorical deployments. However, they provide useful devices for ‘beyond technical’ explorations of infrastructure.

I refer to these two introductory chapters as ‘lenses’ because they offer us unique perspectives through which we can see cities and account for urban dynamics. Others might call these chapters ‘the literature review’ of the thesis, as they heavily reflect the existing literature in both fields. They

provide a set of useful conceptual and methodological tools for seeing and understanding cities. While neither offers a homogeneous epistemic framework, and both have notable limitations, I suggest that there are useful tools which can be drawn from each and deployed in creative and powerful ways.

I draw from Chapters 2 and 3 selectively and in conversation with each other to develop the conceptual and methodological framework of this thesis, which is outlined in Chapter 4. In this chapter I have combined the commonly separated presentations of a conceptual framework and a methodological framework because my research design is fundamentally shaped by the conceptual arguments which I seek to advance. To structure Chapter 4 I make a series of propositions which are both conceptual and methodological in nature. I propose the device of the *C/city* as a way of drawing together the financing of material places and of urban institutions. I argue that urban public finance can be read as an urban infrastructure and traced through fiscal configurations. I suggest that place-based research can allow for interdisciplinary work on public finance. And I suggest that Kisumu can be used as an exemplar. In addition, I provide details of the case study method, the data which I collected for the Kisumu case study, and how I analyzed the data.

Together, the three chapters in Part 1 provide the groundwork for this thesis. At the same time, they flag the important conceptual questions with which the empirical work on Kisumu seeks to engage.

Part 2: The development of Kisumu ‘City’

Part 2 consists of two overview chapters on Kisumu’s public finance. These chapters focus on the development of Kisumu through its urban institutions – what I refer to as ‘the City’. They highlight the evolving institutional design of the City – both *de facto* and *de jure* – in relation to flows of public money. Both chapters demonstrate the inseparability of the fiscal architecture and fiscal flows in the making of the City.

Chapter 5 describes the historical evolution of Kisumu City. It traces the City’s development in the colonial, post-colonial, and contemporary periods. It situates Kisumu City in relation to the broader structures of fiscal decentralization in Kisumu County and Kenya, and shows the ways in which there has been both change and continuity over time. This chapter takes the reader from the early colonial establishment of the Township of Kisumu through to the outcomes of the contemporary devolution process. Here I show how the newly formed Department of the City of Kisumu is embedded in the county structures. This embedding sets in place a fuzzy and complex framework for understanding the City. In this chapter, I show that the current City formations in Kisumu are the result of both historical and very recent reform efforts.

Chapter 6 focuses on Kisumu’s urban public finance in the contemporary context. This section responds to the following questions: in Kisumu today, how does the City shape public finance, and how does public finance shape the City? The recent reforms, discussed in Chapter 5, make answering

this question difficult. Attempting to do so involves drawing on quantitative and qualitative sources, working around holes in the processes of data collection and documentation.

Much can be learnt from an explicit study of the fiscal City. Together these chapters show that Kisumu's urban and fiscal history reflects both colonial and post-colonial experimentation. The current outcome, while still in transition, does not lend itself to strong urban autonomy or tight alignment between the urban form and institutions tasked with urban development.

This part shows the inseparability of flows of money from the design of institutions. Through Kisumu's history and in the contemporary context, the quantity and characteristics of the flow of public money have fundamentally shaped and been shaped by the *de facto* structures of urban institutions. Importantly, disconnections between efforts to decentralize and the empowerment of urban authorities militate against the conflation of 'the City' with whatever formal government structure has been given a *de jure* mandate over the urban areas. Understanding these disconnections requires an understanding of City-making as a relational and contested process.

While useful, there remain significant gaps in this City-driven account of Kisumu. There is much which is unaccounted for and left untold. To more deeply understand the intermediation between finance and the C/city, I turn my attention in Part 3 to three particular fiscal interfaces in Kisumu.

Part 3: Fiscal configurations of the C/city

While Part 2 approaches Kisumu from the perspective of public institutions, Part 3 begins with the city and its particular material infrastructures. To demarcate a clear path between the urban sector and urban public finance, I select a 'fiscal interface' for each chapter in this section. Since public finance is inextricable from the state, this fiscal interface is in each case the site of intermediation between the 'small-c city' and the 'big-C City'. Of course, all material infrastructures and sectors are linked to public finance in some way – even if only through the absence of fiscal commitment or recognition. However, for these chapters, I have selected urban infrastructure sectors which have strong and clear relationships with the urban public finance system discussed in Chapters 5 and 6. Equally, I have selected sectors which are often considered to be 'urban services', and where there is local/sub-national state responsibility for fiscal provision, oversight or management.

Chapter 7 begins with the question of urban land and explores the key source of Kisumu's own revenue: property tax. This chapter traces the way in which property tax is conceptualized and implemented in Kisumu. This examination hones our understanding of the relationships that are forged between urban land, calculations of value, and bureaucracies of collection and non-collection of revenue. Here I show that the operations of property tax reflect the deep power dynamics in the city. Tax administrators are unable to intervene in these underlying dynamics, but find ways to work around them, incrementally expanding taxation in the city.

Chapter 8 focuses on the question of urban water and explores the operations of the corporatized water utility in Kisumu. This chapter traces the multi-scalar spatial and institutional relationships which exist in the water sector and the tensions evident in financing urban water provision. In doing so, the chapter draws attention to the conflicting fiscal, operational and social performance metrics. To navigate this tension, the utility deploys both conventional and innovative tactics which work to expand the material network and the revenue base.

Chapter 9 explores two aspects of the urban transport network. On the one hand, it looks at the investment in Kisumu's road networks and the fiscal architecture which supports this. On the other hand, it examines how, in the absence of any state investment in public transport in Kisumu, the presence of paratransit becomes central. The result of these dual processes is that Kisumu County, which is legally mandated to address urban transportation, has no ability to shape its configuration in Kisumu. Out of this flows a hostile relationship with both national authorities and paratransit providers.

These chapters can be read in two ways. They can be read as narrative explanations of what is going on in each sector. In this sense, they make legible the fiscal relationships which operate in the sectors of water, land, and transport in Kisumu. As such, they allow me to tell a detailed and empirically grounded story about what is going on in Kisumu. The insights which can be drawn from Kisumu's operations provide levels of nuance and intricacy that are much needed in the current debates on the application of fiscal instruments in African cities. At the same time, the chapters can be read as careful articulations of how the city and the City are co-constitutive of one another and of public financing. As I endeavour to show across the three chapters, the particularities of their co-constitution are different in the various sectors. However, in all cases, these configurations draw our attention to the dynamic ways in which the fiscal interface is configured by, and simultaneously configures, the C/city.

Conclusion

The concluding chapter is primarily dedicated to extracting the key insights which the Kisumu case provides. It focuses on the ways in which the fiscal lens deployed in this thesis enables us to see new and important things about cities and how they operate. It draws attention to the importance of finance and the need to expand the fiscal toolkit. The case of Kisumu also draws attention to the ways in which fiscal policy lands in places and the ways in which micro-practices shape fiscal configurations. There are clear implications of this work for urban studies and for the field of public finance, both of which can benefit from tighter engagement with one and other.

PART 1 | INTO FOCUS



Source: Author (2017)

Image: Downtown Kisumu

CHAPTER 2 | URBAN PUBLIC FINANCE IN AFRICA

2.1 Introduction

The focus of this thesis is on urban public finance – the management of public money in urban areas and by urban governments. It is fitting to begin this thesis with a chapter which provides an overview of some of the core aspects of the urban public finance sector and debates in Africa. There is much to say about a subject which has been the focus of scholarly and policy debate for decades. For the purposes of this thesis, I have curated this chapter to provide the most essential information for an understanding of public finance in African cities generally, and in my case study of Kisumu, Kenya, specifically. This chapter aims to be accessible and informative, even to readers who may find public finance ‘dull and obscure’ (Reed & Swain 1997 1).

Structure of the chapter

In the Introduction to this thesis (Chapter 1), I have argued that public finance can assist us to refine our understanding of cities, as both urban places (‘small-c’ cities) and urban institutions (‘big-C’ Cities). This chapter sets in place the groundwork for this argument. It also points to some of the limitations that confront the conventional study of urban public finance.

Section 2 of the chapter provides an overview of the various ways that ‘urban public finance in Africa’ is defined within the policy debates. I show that these terms are messy and their boundaries are not discrete. The primary purpose of this section is to clarify the way in which I will be using these terms in the chapter. However, there is a broader conceptual significance to these messy boundaries, particularly in defining what makes public finance ‘urban’. These implications will become clearer in later chapters, when I dive into the case of Kisumu.

Section 3 explains what public finance policy is, and why it matters for an understanding of sub-national urban government. Here I explain how the fiscal architecture of countries can be designed. These designs have implications for sub-national urban governments – for their room for manoeuvre and their fiscal empowerment. I show that the argument for the assignment of functions and revenues to small units of government is variously termed subsidiarity, decentralization and fiscal federalism. This scholarship has evolved over the years, incorporating new political economy theorization on the operations of the state and lessons from decades of reforms. However, there continues to be consensus that public finance policy should decentralize responsibilities and resources wherever possible.

Section 4 develops a framework for understanding sub-national urban government finances. In this section, I unpack the key components of financial management, including revenue raising, expenditure, budgeting, accounting, and auditing. This section focuses on the operations of public

finance at the local level. I will deploy aspects of this framework when I discuss Kisumu's finances in Chapter 6.

Section 5 unpacks the challenge of public finance which currently confronts sub-national urban governments in many African countries. I argue that the history of decentralization reform and urban infrastructure investment has left many sub-national urban governments in deeply compromised positions: incomplete decentralization processes are overlaid on fragmented urban infrastructure networks. There is consensus that Africa's sub-national urban governments should play a central role in the implementation of post-2015 development agendas. However, on the back of this history, there is a dire need for more creative and grounded inquiry into the contemporary and potential fiscal arrangements in African cities.

2.2 Defining 'urban public finance' and 'Africa'

Public finance is, at its core, about how the state manages money (Tanzi 2016). The state is required to expend money to provide goods and services which are agreed to be public or social in nature. The state must raise money to undertake these activities (Rosen 2004).

Urban public finance focuses on cities and urban areas. As Bahl and Bird (2000) point out, this can be cut in two distinct but interrelated ways. One way to look at urban public finance is to look at urban areas and trace the public money which flows through them. This approach tends to be conflated with city financing or urban infrastructure finance. It looks at the finance required to develop urban areas, regardless of which tier of government or state agency is responsible for providing it. The well referenced finance or infrastructure 'gap' calculated by a number of development finance institutions takes this approach, estimating the total urban infrastructure investment needed in African cities in comparison to the available funds (Paulais 2012). Another way to look at urban public finance is to look at the public institutions with mandates over urban areas, analyzing their financial conditions and arrangements. In this case, the term urban public finance is often used interchangeably with terms like urban sub-national finance, municipal finance, and local government finance. Notably, the definition of 'urban' used across African countries is not uniform (Farvacque-Vitkovic et al. 2008). There is not consensus on what the definitive features of an urban area or urban government are. Nor is it common that the spatial boundaries of urban areas and the administrative boundaries of urban governments perfectly align.

In this chapter, particularly in sections 3 and 4, I focus on 'urban sub-national governments', or City governments. In focusing on urban sub-national governments, I am concerned with the public finance policy and the public financial management issues which most directly affect them. In the final section, I retreat from the focus on urban institutions, and I touch on some of the issues related to the financing of urban areas. Moving between financing the city as a place and the City as an institution is

a theme and a structuring element throughout this thesis.

There is an extended literature on theoretical and practical issues related to urban public finance. Urban public finance in Africa – the focus of this chapter – fits within a bigger body of literature on public finance and development economics in countries which are categorized as ‘low-income’ or ‘developing’, based on various metrics and indices (Bahl & Linn 1992). Bounding ‘Africa’ for the sake of discussing urban public finance in African cities or countries remains an issue. Within the broader field of development economics, Africa is broken down in several ways. For the African Development Bank (AfDB) and the United Nations (among others), Africa includes the entire continent. When the World Bank and other donors (such as the Agence Française de Développement (AFD)) speak of Africa, they are referring to Sub-Saharan Africa; North Africa is grouped with the Middle East (Paulais 2012). Within Africa, there are further differentiations which can be used to group countries and regions. Within a geographical framework, the regions West Africa, Central Africa, East Africa, North Africa and Southern Africa are commonly used. Africa can also be broken down by colonial language group, such as Anglophone Africa, Francophone Africa, and Lusophone Africa. These groups are important for public finance as they reflect different colonial legacies of administration. In some World Bank documents, African countries are grouped instead in terms of political economy categories, for example as middle-income, oil-exporting, low-income (non-fragile), and low-income (fragile) countries (Briceño-Garmendia et al. 2009). These various divisions seek to foreground the differences and similarities among the countries in Africa.

Within this chapter and the thesis as a whole, ‘Africa’ is used as shorthand for Sub-Saharan Africa. The focus on Africa aims not to ‘exceptionalize’ the continent; rather, it aims to draw attention to the conditions which are evident in many African countries, for example fragmented urban investment and urban governance, and focus on the contemporary issues that urban sub-national (in particular local) governments are facing. Notably, my own bias towards Anglophone public finance literature and Anglophone African countries shapes this selective reading. However, I recognize that the Anglo-Saxon tradition of public economics and the Anglophone African literature on public finance should not be taken as the universal.

Based on the above framing, in the following sections of this chapter I focus on the key urban public finance questions in Africa, with the intention of providing the insights relevant to an understanding of public finance in Kisumu.

2.3 Public finance policy

Public finance policy deals with the structure of intergovernmental relationships and the assignment of functions. There are many terms used to discuss the assignment of government functions to various levels, tiers, or spheres of government. For example, the term ‘multi-level governance’ is often used

in the Organisation for Economic Cooperation and Development (OECD) (Liesbet & Gary 2003). The terms ‘assignment’ and ‘distribution’ of ‘powers and functions’ are used in the Kenyan Constitution. In much of the public finance scholarship, the term ‘fiscal federalism’ is used to describe the vertical division of governmental functions and financial relations among levels of government (Musgrave & Peacock 1964).

In the context of this chapter, the most important public finance policy issue relates to the roles, responsibilities, and rights granted to urban sub-national governments, particularly to local governments. By definition, sub-national government refers to all tiers of government excluding the central state (i.e. all decentralized levels of government). Local government is a part of the sub-national government and refers to the lowest level of government, for example municipalities in South Africa or communes in Senegal. In much of the literature on Africa, urban local government and urban sub-national government are used interchangeably (despite the fact that many larger cities cover multiple local government jurisdictions). Public finance policy provides the architecture for urban sub-national government finance. This could be called the ‘enabling framework’ within which urban sub-national governments operate.

There are several interrelated concepts which together have produced a strong discourse around the most appropriate assignment of functions to sub-national governments. These theories have shaped public finance policy and reform in important ways (Smoke 2001). The first significant concept is the principle of subsidiarity. Subsidiarity refers to the idea that public goods or service provision should be assigned to the smallest and lowest level of government where this is practicable (Boadway & Shah 2007). Subsidiarity is closely aligned with the neoclassical ‘decentralization theorem’, which argues that assignment should be made to the lowest level at which provision is efficient and public good maximized (Oates 2008). These concepts are predicated on similar arguments. They argue that lower levels of government are better suited to the provision of public goods, and the prioritization of competing demands, than central governments (Oates 2008). Lower levels of government are seen to be more knowledgeable about local circumstances and more responsive to the needs of the people under their jurisdiction, often referred to as ‘constituents’ (Oates 1993; Bird & Vaillancourt 2008). Matching local priorities, constituents’ willingness to pay for these priorities, and public spending is seen to ‘maximize’ welfare gains. This is enhanced when there is also political decentralization and sub-national government decision-makers are held to account by their constituents.

Decentralization not only describes a theory about the ideal assignment of functions. It also describes the process of shifting power away from the centre, or the central state. In practice, there are many variants and critical differences in the way this process works. One of the key differences is between a unitary system (such as that which exists in South Africa or Kenya) and federal systems (such as those in Ethiopia and Nigeria) (Agrawal & Ribot 1999).

Some of the terms which describe the process of diffusing centralized state power, and which are commonly used in conversations on Africa, include (Agrawal & Ribot 1999; Bardhan 2002; Ribot 2002):

- **Devolution:** Devolution, a term used in Kenya, prioritizes the political decentring of power, with the administrative and fiscal changes as a secondary order.
- **Deconcentration:** Deconcentration is the transfer of power to local branches of central government. This is also referred to as ‘administrative decentralization’.
- **Delegation:** Delegation occurs when public sphere functions are transferred to lower tiers of government, private agencies or parastatals. In these cases, the receiving agency is implementing on behalf of the mandated agency.
- **Privatization:** Privatization describes what happens when public sphere functions are permanently granted to non-state entities – including non-governmental organizations (NGOs), corporations and individuals (Barbieri & Salvatore 2010). While privatization is not strictly a form of decentralization, their logics have tended to go hand-in-hand, removing power from more centralized bodies of government. An intermediate form of privatization is ‘corporatization’. This is when government functions are given to state-owned entities, which operate like businesses.

Most of these terms are used in the Kenyan fiscal literature and will be picked up on in later chapters.

Importantly, the assignment of functions relates both to the assignment of expenditure roles as well as revenue rights. The argument for the assignment of decision-making and functions to local levels is mirrored in the assignment of revenue. A ‘golden rule’ in public finance and vertical coordination is that ‘finance follows function’. In short: the agency or level of government responsible for the provision of a good or service should have control over the resources needed to fulfil this task (Ross & Yinger 1999). Therefore, whatever the assignment of expenditure is, it should be accompanied by the appropriate assignment of revenue rights. In this context, revenue rights include the right to collect revenue from particular sources, for example taxes or charges, and grants to cover the shortfalls between responsibilities and funding (Bird 2011).

While decentralization as a term suggests that revenue and expenditure functions are moving further and further away from the centre, there is shared recognition, particularly in the policy debates, that the appropriate level for a particular good or revenue stream depends on its particular characteristics and might change over time (Bahl & Bird 2000). Some services require economies of scale to be sustainably and efficiently delivered (Smoke 2001). There are also externalities which cannot be confined to the jurisdictions where they are incurred. These issues can be addressed through horizontal coordination among local authorities, or through vertical assignment to a higher level of government (Ostrom et al. 1961).

In recent years, there has been a great deal of scholarly debate around these concepts and the economic and political assumptions which underpin them. These debates reflect the deeply interdisciplinary nature of public finance theory and practice. One of the recent debates, most relevant for thinking about urban sub-national government, concerns what is termed ‘first generation’ fiscal federalism and ‘second generation’ fiscal federalism. The earlier form of fiscal federalism and decentralization, developed in the 1950s and 1960s, has recently been termed first generation fiscal federalism, or what Oates (2005) calls ‘mainline fiscal federalism’. It aligns closely with neoclassical economic models which focus on maximizing welfare gains from public investments. Most importantly, the assumption underpinning the early work is that the state operates as a ‘benevolent social planner’ (Weingast 2006, 2014). Second generation fiscal federalism draws more heavily on theories of political science and political economy. It sees decision-makers and voters as self-interested and self-maximizing agents (Desmarais-Tremblay 2014). In contrast to the first-generation work, which assumes that public decision-makers are acting on behalf of their constituents and that both decision-makers and voters are operating in a context of information symmetry, second generation work recognizes the competing objectives and knowledge asymmetries at play (Buchanan 1989; Oates 2005). While the second generation scholarship continues to advocate for the merits of decentralization overall, this scholarship takes a less normative and more grounded view of the potentials and pitfalls of the decentralization of political and fiscal power (Weingast 2006, 2014).

While the scholarly debates over the intricacies of subsidiarity, fiscal federalism, and decentralization continue, the implications of decades of decentralization reforms in the developing world are being felt in practice (Bardhan 2002). Now more than ever, sub-national, and particularly local, governments are responsible (at least on paper) for the provision of public services and infrastructure. For urban local governments, this means providing services and infrastructure to growing populations, often with diverse needs and priorities.

2.4 Public finance management

In this section, I turn attention away from the design of the national financial system, within which sub-national governments are given their roles and responsibilities, and towards the financial operations of sub-national government. In this section I am particularly attentive to local government finance, largely framed in the context of a unitary, rather than a federal, system.

Financial management, as the name suggests, refers to the various processes necessary for the effective management of public money. Sound financial management aims to ensure that sub-national governments deploy their resources in an effective, efficient and transparent manner.

This section presents an overview of key components of sub-national government financial management that are relevant for the urban context. It aims to provide a common language for

discussion of these components, and to make accessible the vocabulary of public finance in a way that has traction for the scholar of urban Africa.

Income categorization within conventional public finance discourse

The public finance literature identifies two key ways in which urban sub-national governments raise money: through transfers and through ‘own-source’ collection. These are broken down into various sub-categories and classifications. In Table 2.1, I set out one common way in which sub-national government income is categorized and classified (common Francophone variations are not included).

Table 2.1: Categorization of sub-national government income

Income category	Transfers		Own-source revenue	
Definition	A ‘transfer’ refers to funding which is transferred from a higher tier of government to sub-national governments.		Own-source revenue refers to the revenue collected by urban sub-national governments.	
Sub-categories	Unconditional	Conditional	Charges/tariffs/fees	Taxes
Description	Unconditional transfers have no conditions on their spending. They aim to address vertical and horizontal inequalities in revenue-raising power.	Conditional transfers are transferred with a set expenditure obligation, or against a defined output or outcome.	A fee or user charge is an amount charged which is directly related to the use of a service or a penalty. Charges are based on the principle of ‘user pays’.	A tax is a proportional payment without the direct exchange of a good or service. Taxes are generally used for the provision of public, non-divisible expenditure or for redistribution.
Examples	Equitable share, equalization grants	Road maintenance grants, health and education grants, grants for housing subsidies	Water and electricity tariffs, land leasing, developer charges (DCs), planning review fees, building permits, business licences	Property tax, goods and services taxes, business taxes, entertainment taxes
Public finance theory rationale (Anglo-Saxon tradition in public economics)	Vertical and horizontal equity (Musgrave 1990)	Conditional transfers allow national governments to pursue a national policy goal which requires sub-national government delivery (Bahl et al. 2013).	Charges follow the principle of ‘user pays’ (Paulais 2012).	Tax is ideal for the non-divisible expenditure or for redistribution (Oates 1993; Bahl et al. 2013; Kelly 2013).

Transfers and own-source revenue together make up the ‘income’ of sub-national governments. The relative importance of each of them varies considerably across different countries; for example, in South Africa and Senegal, transfers are a small contribution to the income of municipalities and communes respectively. In Kenya, Ethiopia (excluding Addis Ababa) and many other African countries, transfers dominate sub-national income sources (Briceño-Garmendia et al. 2009; Goodfellow 2015b; McCluskey et al. 2017).

There are sources of revenue which do not fit neatly into the categories in Table 2.1. For example, external aid and donations are prevalent in many low-income countries. Aid and donations can be given directly to urban sub-national governments, channelled through NGOs, or granted to national governments or regional bodies and subsequently released to urban sub-national governments. Equally, there are other ways of segmenting income streams into different categories – for example, distinguishing between operating and capital income streams. Some of the more recent literature has included separate sub-sections on land-based financing or land-value capture. These are catch-all terms for instruments (including taxes, charges, and bonds) which draw on the rising value of urban land and demand for development rights to generate sub-national income (Berrisford et al. 2018).

In Part 2 of this thesis I discuss how Kisumu’s income is structured along the lines of the categories discussed above. In Part 3 of the thesis, I discuss the way in which different types of income – property tax, water tariffs, and road grants – operate in Kisumu.

Expenditure categorization within conventional public finance discourse

Public expenditure refers to the spending of public money. The most basic way to classify public expenditure is as either capital or operating expenditure. Operating expenditure is often referred to as current or recurrent spending. This can be further broken down into staff costs (often called personal emoluments) and operations and maintenance (O&M). Table 2.2 outlines which expenses fall under each category.

Table 2.2: Categorization of sub-national government expenditure

Expenditure category	Capital expenditure	Operating expenditure	
Sub-categories		Staff costs	O&M
Description	Capital expenditure includes spending on fixed assets or spending which increases the value of fixed assets. Capital expenditure is generally a one-off investment (often phased over several years), with value accruing over a long period.	Staff costs refer to all costs associated with personnel.	O&M refers to the costs of maintaining and operating the urban systems. These costs are incurred on an annual basis.

Examples	Capital expenditure includes investment in the development or rehabilitation of road, water, or sewerage infrastructure.	Staff costs include salaries, stipends, pensions and the like of the staff who work for the sub-national government	Operating costs include the cost of fuel to operate government vehicles, labour and materials costs to maintain and operate public infrastructure, fixing of potholes, chemicals for treating public water supplies and the like. (Typically operating costs cover external contracts, energy costs, and materials and supplies.)
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Spending on capital and operations together makes up the total expenditure of the sub-national government. As with revenue, the proportion of sub-national government expenditure which is used for capital and operations respectively varies considerably from place to place (Peterson & Annnez 2007). Many urban sub-national governments in Africa, for example, can cover little more than their basic operational costs. In these cases, there is a tendency to spend on new infrastructure, at the expense of maintaining the existing infrastructure. Others have sufficient income to invest in both maintenance and new infrastructure. However, even in cases like South Africa, where sub-national government units are well financed, trade-offs are made as resources are limited (Bahl et al. 2013; Brand 2016).

Table 2.2 is a simplification. It does not capture the complex and diverse nature of expenditure classifications used across the world. For example, it does not deal with the classification of debt repayments, which are categorized in diverse ways under different systems of accounting. Most importantly, the table does not reflect a common trend in East Africa to differentiate between ‘development expenditure’ and ‘recurrent expenditure’, wherein development expenditure is not exclusively used for capital projects, but also to pay for the technical expertise and other one-off costs associated with development projects. This classification issue affects the case of Kisumu discussed in later chapters of this thesis.

Budgets

Budgeting is a key link between income and expenditure. Based on projected income, urban sub-national governments make budgets to plan their expenditure. The ‘budget cycle’ refers to the life of a budget, from its preparation to its evaluation. Budgets, according to Moeti et al. (2007: 93), are ‘plans expressed in monetary terms’. Public budgeting has evolved over the years. The move from line-item budgeting (where the focus is on the good or service and its cost) to performance budgeting (which focuses on the activities performed), to multi-year programme budgeting, represents one of the important ‘best practice’ transitions in public budgeting (Moeti et al. 2007).

Budgets can be critical tools for achieving financial management and accountability in the budget cycle (Simson et al. 2011). However, they can also be compliance-oriented, undertaken to meet legislative requirements but detached from actual local needs, expenditure, and planning.

Financial statements

Financial statements, often mandated by law, provide an overview of the financial condition of an urban sub-national government. Financial statements tend to be developed at regular intervals, for example monthly, quarterly, or annually. Generally, they include four components, which together can provide useful insights into sub-national government financial management. These components are:

- **Income statement:** The income statement includes information on revenues and expenditures of the urban sub-national government over the accounting period. In accrual accounting, the income statement is a summary of the ‘payments’ and ‘receipts’ which have been invoiced over the reporting period, regardless of whether these have been paid.
- **Statement of financial position:** The statement of financial position sets out the sub-national government’s assets and liabilities at the time of reporting (this is more like a snapshot in time). Assets and liabilities may be broken down into current and non-current sub-categories.
- **Cash flow statement:** The cash flow statement includes the actual cash inflows and outflows over the accounting period. In contrast to the income statement, which documents billing and receipts (in an accrual-based accounting system), this statement documents actual money transactions.
- **Notes:** Financial statements include a section called ‘notes’ which provides additional information pertaining to operations and financial position. Throughout the statement, there will be references to the notes, which can be found at the end of the statement and which provide more detail about or explanation of particular items.

While financial statements generally follow this format, the categorization of particular items/ information will depend on the type of accounting used. The two important types of accounting are accrual accounting and cash accounting. The main difference is that in accrual accounting, revenue and expenditure are documented when they occur, not when the cash is transacted. In contrast, cash-basis accounting documents transactions when the money is exchanged. The different forms of accounting have huge implications for – among other things – how outstanding payments, loans and loan repayments, non-cash assets, aid and donations are accounted for (Chan 2006). The Kenyan national government and county governments currently use cash-basis accounting. Kenyan utilities, in contrast, use accrual accounting.

Financial statements can be incredibly useful for sub-national government financial planning and investment programmes. However, interpreting financial statements for sub-national governments is more of an art than a science. Understanding the accounts requires a clear grasp of the roles and responsibilities of the sub-national government, the type of accounting used, and the comparison of ratios and metrics year-on-year. Moreover, financial reporting can also be a ‘compliance exercise’, produced to report to higher levels of government, and not for meaningful local engagement.

Auditing

Auditing is the process of providing oversight of financial documentation (Lincoln Institute & World Bank 2016). Reflecting on financial accountability, Brand (2016: 17) notes that ‘accountability would usually include proper financial statements, which must be audited’. In this sense, externally audited financial statements help to ensure accountability to citizens as well as to other spheres of government. The application of uniform principles of accounting provides a systemic language through which this information can be communicated.

Sub-national government borrowing

Depending on the applicable legislation of the country, urban sub-national governments may be allowed to borrow money to provide city infrastructure, leveraging their future revenue surpluses to pay for the lumpy capital costs. This, of course, contrasts with short-term borrowing necessary to overcome operational cash flow issues.

Within the public finance sector, borrowing is an important component of sub-national sustainability. Creating ‘bankable’ projects and creditworthy governments forms part of an increasingly strong narrative within development policy.¹ The main reasons for sub-national governments in developing countries to include debt in their financial management plans are: to accelerate local growth through investment; to make spending more equitable, to spread infrastructure costs between current and future users; to support the proper pricing of urban services; and to build the long-term sustainability and autonomy of the sub-national government (Bahl & Bird 2000; UN-Habitat 2009; Paulais 2012; Lincoln Institute & World Bank 2016).

When a sub-national government takes on a debt, it creates a liability which it must settle over time. The taking on of a debt, also called borrowing, can occur in various ways. The two most common methods of municipal borrowing are through a loan (from a lender) and through issuing bonds (to buyers).

¹ See the World Bank’s City Creditworthiness programme: <http://www.worldbank.org/en/topic/urbandevelopment/brief/city-creditworthiness-initiative>. Also see PwC: <https://www.pwc.co.za/en/industries/public-sector/material-funding.html>

Loans

Sub-national governments can take loans from banks. Bank finance includes borrowing from commercial private sector banks, multilateral development banks (such as the AfDB or the World Bank) and national central banks. Loans from different types of bank can be characterized as follows:

- **Commercial bank loans:** Commonly seen as commercial finance, these loans are granted by private sector financial institutions. They tend to be granted on fully commercial terms and are often used for the purpose of a specific project or programme.
- **Development bank loans:** Although some countries have domestic development banks, most development banks are multilateral lenders. The institutions providing development finance often supply loans at lower interest rates than commercial banks, but attach more rules to the loan. Multilateral agreements can also be contrasted with bilateral agreements which exist between specific countries (for example, Chinese investment in Africa often takes place through bilateral national agreements, which I speak about in the following section).

In general, banks have short-term liabilities and thus prefer not to make long-term loans (a challenge intensified by the Basel III regulations established in the wake of the 2008 financial crisis) (Arezki & Sy 2016). However, loans are still used for financing projects.

Bonds

Bonds are the most commonly used capital market instrument exercised by governments. Together with loans, bonds are considered ‘debt finance’. Like loans, bonds are a finance tool that is available to various levels of government, depending on the country and legislation. Unlike loans, whereby the receiving party agrees with a select group of financiers on the terms and conditions of the obligation, bonds are issued for the purpose of attracting a larger group of investors (Gorelick 2018).

Theoretically, the risks and returns on municipal bonds are lower than on other forms of finance. Since the time frames for repayment are long, bonds attract more conservative and long-term investors. The two common types of bonds are.

- **General obligation bonds:** General obligation bonds are repaid from the general fiscus and can generally be used flexibly to meet programmatic goals set out in sub-national government budgets. From an investor’s perspective, these tend to be lower-risk and lower-return than revenue bonds (see below).
- **Revenue bonds:** Revenue bonds are paid back through the revenue generated from a particular project or dedicated revenue stream (for example, a toll road or a special levy). There is therefore often a linkage between the revenue generated from such bonds and the project being funded by them.

While bonds are a common form of debt financing for local government globally, this has not been the case in the African context. A number of local governments in African countries do regularly raise bonds (for example, in South Africa), but efforts to develop city bonds in other places have stalled (Gorelick 2018).

Constraints to sub-national borrowing

There are several important requirements without which sub-national, and particularly local, government borrowing becomes difficult. As I discussed above, the basic regulatory framework must be in place which allow sub-national tiers, spheres, and units of government to borrow legally (United Cities and Local Governments 2010). There must also be investors and lenders who are willing to lend to sub-national governments and have the capital to do so. After all, the capital market is a market for money, and there must be willing sellers in this market. To be attractive to a seller of long-term capital, sub-national governments need to have stable and adequate revenues to repay debts, strong financial management, and a credible investment strategy for how the capital will be deployed and the benefits it will bring (Alm 2010; Brand 2016).

Owing to the absence of many of these prerequisite conditions, African urban sub-national governments have struggled to access debt finance. High reliance on grants, low revenue surplus, and perceived political instability shape lenders' attitudes towards sub-national governments. In addition, large urban infrastructure projects – and regional projects which affect urban areas – can require much larger organization, resourcing, and brokerage than it is possible for sub-national governments to achieve. Therefore, financing for urban infrastructure – when it flows at all – tends to flow through state-owned enterprises (SOEs), public-private partnership (PPP) arrangements, or directly into revenue-producing infrastructure projects. The benefits of having (semi-)private sector players undertake such developments is that they are able to leverage capital either through debt or equity or a combination thereof. This can shift the risk–return ratios of the development, and thus expose the project in favour of certain types of investors. The drawback, however, is that these flows circumvent the sub-national governments, leaving them outside of critical decision-making processes which affect their urban development trajectory.

2.5 Contemporary themes in African urban public finance

Africa is a huge continent with a long history. There are many stories that could be told about African urban public finance which would, undoubtedly, be useful for understanding where we are today and situating Kisumu, Kenya in a broader context. I have picked three issues relevant in the contemporary context for discussion in this section. The first two issues are decentralization in Africa and financing for African urban infrastructure. In considering each of them I provide a brief history, starting roughly with the independence period. I show that decentralization reforms are an important part of Africa's

urban local government history, but that decentralization has also been deeply contested and rarely explicitly framed in urban terms. I also show that African cities have historically not been the focus of international infrastructure lenders. To this day, lending for networked urban infrastructure in African cities remains constrained. On the back of these contemporary challenges, in the final part of this section I turn my attention to post-2015 international development agendas and their treatment of urban Africa and urban local governments in Africa. Here I use the term ‘local government’ rather than ‘sub-national government’, both because I would like to focus on the lowest level of government (i.e. the local government) and because this is the most common term used for discussing public finance in African cities.

Decentralization in Africa

Since the advent of post-colonial states, in most African countries local governments have been weak, granted few powers and functions as well as limited resources (Bahl & Bird 2000; Smoke 2001). Emerging from colonization, strong liberation parties used centralized power to build national identity and embark on nationally driven development projects. They used or adapted the local authorities put in place by the colonial governments for purposes of management or basic administration, with little attention to their resourcing (Smoke 2001). In many places, for example Kenya, continued centralization was internationally supported. Centralization allowed for colonial powers and multi-lateral lenders to sustain their access to decision-makers and continue to exert influence on country-level processes.

Despite mixed evidence of the benefits of decentralization globally, fiscal decentralization reforms have been pursued aggressively in Africa since the 1980s (Ribot 2002; Smoke 2003). These policy projects were underpinned by neoclassical economic arguments for efficiency, political arguments for democracy and accountability, and fiscal arguments for austerity (Farvacque & Godin 1998; Ribot 2002). Dovetailing with the structural adjustment of African economies, decentralization formed part of a suite of reforms which focused on ‘institution building’ and ‘good governance’, terms which had become ubiquitous in development discourse by the mid-1990s (Becker et al. 1994; Clarke Annez et al. 2008). In some African countries, such reforms were supported by central states in order to access debt relief. In other cases, decentralization allowed states to ‘neutralize regional ethnic tensions’, offering fiscal, administrative, or political power to regional elites and curbing opposition (Smoke 2003: 12). Regardless of the reason, most African countries agreed, at least on paper, to undergo reform.

A large part of these decentralization reforms involved new classifications of territorial units. As Paulais (2012) describes, the 1990s saw a rapid growth in the number of small local governments, called by all manner of names – towns, communes, municipalities, villages and the like. Following on from the rapid formation of local government units was the need to build their capacity to fund

themselves and their growing local functions (Clarke Annez et al. 2008). A range of international projects were developed which focused on municipal and local government service provision, some of which targeted newly developed urban authorities. For example, the World Bank, the United Nations Development Programme and the United Nations Centre for Human Settlements (UN-Habitat) developed the Urban Management Programme (UMP). The programme's first phase began in 1986; its focus was on issues of public finance, in particular financial management and revenue generation for participating local governments (Farvacque & McAuslan 1991; Pieterse 2008). The sub-national financial management focus of the UMP was paralleled by efforts on the part of the World Bank and other multilaterals to streamline national financial management information systems, implementing large-scale IT programmes across the continent (Wegelin 1994; Dener et al. 2011).

Studies of decentralization across Africa demonstrate the diversity and challenges evident in the design and implementation of decentralization reforms. Perhaps most consistently, the African cases show the sustained resistance of central governments to decentralization (despite constitutions and legislations which purport to support it) (Brosio 2000; Ribot 2002; Rocaboy et al. 2013). Even when local governments are provided with political power, few national governments have taken sufficient steps to also decentralize fiscal power. For example, there is a common trend towards the national financing of SOEs, rather than resourcing local governments to provide services (Foster & Briceño-Garmendia 2010). The design and development of robust systems for local government revenue-raising, grant transfers, and borrowing have been the anomaly. Where they have existed, they have been limited to capital cities, which often have special designations (for example, Nairobi City County), revenue-sharing arrangements (for example, in Addis Ababa), or revenue-raising capacity (for example, in Cape Town).

In much of Africa, decentralization has been partial and fragmented. Local governments remain fiscally weak and are placed under strain by rapidly expanding catalogues of responsibilities without the necessary fiscal instruments to meet these (Ribot 2002; Pieterse 2008). This is particularly true for urban local governments which have experienced not only growth in their mandates, but also urbanization pressures that increase the spatial jurisdiction and populations they need to serve.

Funding African urban infrastructure

Not only are urban local governments in Africa burdened with many responsibilities and few resources, they are attempting to meet their growing mandates on the back of a dated and patchy infrastructure network.

In much of Africa, colonial infrastructure development focused on infrastructure to service the colonial project. This included modest investments in the settler towns and large-scale regional connectivity infrastructure. Particularly for smaller urban centres, regional transport development (i.e. rail) and the extractive sectors (i.e. mining) shaped the infrastructure investments which were made in

these regions, impacting on which cities grew and which withered (Roberts 2014).

When African countries gained independence in the 1950s and 1960s, the focus on regional infrastructure shifted towards large-scale national infrastructure projects. The World Bank provided finance for these developments, lending to the central governments of newly formed African states. National ports, for example, were developed in Gambia, and national highways in Rwanda, Equatorial Guinea, Comoros, and Guinea-Bissau. A second important area of post-colonial investment was in rural infrastructure development. These projects were seen to be necessary correctives to the colonial focus on planning and development of urban areas. For example, World Bank projects in Kenya, Libya, Liberia, and Cameroon focused on agricultural modernization (Arrobbio et al. 2014). Both lenders and African leaders concurred that Sub-Saharan Africa was largely rural and required rural investment.

While thinking on urban development was filtering into the development agenda of multilateral institutions in Asia and Latin America in the 1970s, infrastructure and development attention in Africa remained focused on regional infrastructure and rural social development (Arrobbio et al. 2014). However, the increasingly obvious housing crisis in growing African cities such as Nairobi and Dar es Salaam led to the development of site-and-service schemes (Simon 1992; Buckley & Kalarickal 2006). These were large housing projects which provided partially subsidized land (sites) and infrastructure (services). Between 1972 and 1996, almost three-and-a-half billion dollars were spent on housing programmes in Sub-Saharan Africa (Farvacque & Godin 1998). These projects can be seen as the first *de facto* urban infrastructure projects in African cities (World Bank 1981, 1984).

On the back of international borrowing for large-scale infrastructure and manufacturing, by 1990 the non-concessional debt of African countries had reached 63% of countries' GDP (Becker et al. 1994). The World Bank and the International Monetary Fund (IMF) moved to 'restructure' loan agreements with the intention of making loan repayments more manageable for national governments. African governments experienced extreme 'structural adjustment' in the 1990s through the Heavily Indebted Poor Countries (HIPC) debt relief programme.

Loan restructuring curbed lending across Africa and the developing world and coincided with the World Bank's global repositioning. In 1996, the president of the World Bank, James Wolfensohn, announced a 'new development compact' and the Bank's transition from a focus on lending to being a 'knowledge organization' (Arrobbio et al 2014: 310). The result was that the World Bank focused on 'technical assistance', moving away from the large-scale infrastructure investments which had dominated its earlier lending practices (Buckley & Kalarickal 2006). Thus, over a critical period in the expansion of African cities, infrastructure investments to support their growth were limited as they underwent programmes of austerity.

It was only in the mid-2000s that Africa's urban infrastructure deficit gained the attention of the

international multilateral institutions and lenders (Smoke 2003; Paulais 2012). Since the mid-2000s, the World Bank and other lenders and donors have undertaken projects in various sectors in African cities (Arrobbio et al. 2014). However, these projects have often not been coordinated with one another, and have not flowed through the local governments as, in theory, had been promoted in the decades before (Briceño-Garmendia et al. 2009; Foster & Briceño-Garmendia 2010). In addition to the rising interest of multilateral lenders in African urban infrastructure, bilateral country agreements have become more prevalent. For example, the establishment of the China-Africa Development Fund in 2007 has grown Chinese private equity investments in Africa through the Chinese Development Bank (Corkin et al. 2008). There are a growing number of large-scale urban transport infrastructure projects funded by Chinese lenders (Paulais 2012), for example the ring roads in Luanda (2004) and Addis Ababa (2006), major road projects in Nairobi (2006 and 2007) and Kigali (2003), a rail line in Abuja (2006), and light rail in Addis Ababa (Foster 2009; Shen 2015).²

The widespread interest in Africa's urban infrastructure shown by both traditional and non-traditional lenders is overlaid on and contributes to decades of patchworked, *ad hoc* and uncoordinated investments in cities. The outcomes have been sustained gaps in African urban infrastructure, particularly in smaller urban centres, with partial networks of uncoordinated and nationally driven investment (Banerjee et al. 2008).

Urban Africa and international development agendas

In the past three years there has been a landslide of development agendas. Global agendas, for example the Sustainable Development Goals (SDGs), the Paris Agreement, and the New Urban Agenda (NUA) commit African national governments to a catalogue of targets and goals. There are also Pan-African agendas such as Agenda 2063, a vision for the future of the continent shared by the African Union and the United Nations Economic Commission for Africa.

African national governments are undoubtedly the central players in the implementation of these goals. National ministries of housing, finance, and the environment sign these declarations. However, many of the goals also require the commitment and delivery of urban local governments. This is particularly true in contexts where functions have been decentralized and cities are growing.

The SDGs and the NUA articulate a consolidated vision for urban development in the post-Millennium Development Goals era. However, there is little attention being paid to how urban local governments will finance these mandates. The SDGs have an urban goal (goal 11); but there is not much consideration of the sub-national financing arrangements which would be needed to realize it. The NUA provides suggestions for local government financing, including attracting private sector and commercial investments, creating supportive frameworks for sub-national borrowing, making use of

² Dates refer to the starting dates of the projects.

land-based financing, and fiscal decentralization. However, these are very general.

Two other important international agendas which are committed to addressing questions of finance also fail to provide robust guidance for urban local government. The Addis Ababa Action Agenda (United Nations 2015) and the World Bank's document 'From Billions to Trillions' (World Bank 2015a) both mention only briefly the need for sub-national fiscal empowerment. These documents do, however, provide insights into their vision for financing infrastructure which will serve cities. In this respect, the World Bank articulates a vision of 'cascading', 'leveraging', 'blending', 'matching' finance which uses 'billions' of dollars in development finance to catalyze the 'trillions' of private sector investment dollars needed to fulfil global development goals (World Bank 2015a; World Bank Group 2017a, 2017b).

The dearth of explicit attention to urban public finance is perhaps explained by the wide diversity of sub-national financial arrangements and conditions across the world (OECD & UCLG 2016). Top-down mandates, such as international agendas, are inherently general statements of goals and strategies. Beyond the shared call for fiscal empowerment, it is perhaps unrealistic (and maybe undesirable) to articulate a global agenda for urban local government finance.

However, 'Towards an African Urban Agenda' reminds us that the nature of Africa's urban growth trends is daunting and complex (UN-Habitat & United Nations Economic Commission for Africa 2015). Incredibly high levels of urban primacy, sprawling and costly urban fabrics, tripling urban populations over the next 25 years, high levels of inequality which stretch the redistributive apparatus of the state, and pervasive data gaps pose considerable challenges for all levels of government, particularly at the urban scale. In many cases, functions have been at least partially decentralized, and as such, the various global agendas commit local governments to a rapid development agenda. However, many urban local governments will struggle to meet these mandates based on the inherited, fragmented, and poorly maintained infrastructure networks of their towns and cities. High reliance on national grants, limited revenue raising powers, and the privatization or ring-fencing of lucrative services (such as water and energy) continue to ensure that urban local governments' role is precarious and peripheral (Briceño-Garmendia et al. 2009; Foster & Briceño-Garmendia 2010).

It is against this backdrop that there is an incredible need for urban public finance interventions in African cities which are attuned to their historical complexity, and to the contemporary structural challenges faced by African urban local governments. These interventions must be able to interface with the complex social, political, bureaucratic, regulatory, and fiscal conditions which shape contemporary urban dynamics.

2.6 Reflections and conclusions

Urban public finance in Africa is a hot topic within contemporary development debates. It covers both the financing of urban areas and the financing of City governments, and draws on a range of disciplines, including economics, accounting, political science, and finance. In this chapter, I have unpacked a basic framework for understanding urban public finance in urban Africa. I have covered fiscal policy and decentralization; financial management related to income, expenditure, budgets, auditing and borrowing; and several contemporary themes regarding governance, infrastructure, and finance in Africa.

While it is seldom explicitly conceived in this way, I have shown that urban public finance is not a discrete category, but operates dynamically at intersections between sub-national urban government and the central state, between urban areas and the public entities tasked with their management, and between the technical science of the sector and the political nature of the practice. It is at these intersections that the most interesting questions can be asked and answered.

Overall, the story of public finance in African cities is one of constraint and contestation. Despite the proliferation of policy literature on the merits of fiscal autonomy, African City governments remain largely unable to shape their own development strategies and processes. Despite ambitious plans, capital spending by most African local governments is minimal. This means that most African cities are either not receiving, or unable to influence, long-term investment in their jurisdictions. The various global development agendas support the empowerment of Cities, but are hardly speaking a coherent message and say little about addressing the deeply political challenges that beset efforts to improve the functioning of urban sub-national governments.

These realities pose challenges to contemporary urban public finance frameworks, pushing both the sector and the development agenda beyond their comfort zones. However, as I will argue throughout this thesis, to move beyond the comfort zones of conventional urban public finance analysis it is necessary to understand, deploy, critique, and extend the tools of conventional analysis. For the thesis, this chapter provides us with a set of tools which will help us to analyze Kisumu, reading the city and the City from the perspective of urban public finance. Equally, this chapter helps to situate the contemporary material investments and governance interventions in Kisumu within a longer history of infrastructure development and decentralization reform in urban Africa. Importantly, by understanding these tools we can see both their contributions and their limitations, which is an essential starting point for constructing a fuller understanding of what has happened, is happening, and could happen in Kisumu and elsewhere.

CHAPTER 3 | THE URBAN INFRASTRUCTURE TURN

3.1 Introduction

The previous chapter focused on the basic building blocks of urban public finance. I provided what might be considered a ‘technical’ reading of public finance, full of terms and concepts grounded in the techniques of the field. However, critical urban scholarship is deeply sceptical of city readings which profess to be technical, particularly those which claim to be universally applicable and a-political. Beyond scholarly critique, the actual experiences of implementing public finance reforms – particularly in Africa – have demonstrated the persistent impossibility of separating the seemingly technical aspects of public finance from social and political processes. There is a clear need to consider ways to study technical systems which go ‘beyond the technical’.

One of the areas of beyond-technical inquiry is the growing body of social and political research on infrastructure. Within the social sciences and humanities, there has been growing attention to urban infrastructure (see Graham 2010; Howe et al. 2015). Amin (2014) refers to this wide body of work as an ‘infrastructure turn’. Critical authors have sought to open the ‘black box’ of infrastructure, revealing its inner workings and expanding its study beyond the confines of the technical disciplines (Furlong 2011). The ‘unblackboxing’ of infrastructure, as Graham and Marvin (2001: 430) describe it, ‘[is] the process through which black boxed technological systems become (re)problematized, exposing their inner workings and performance to scrutiny’. This requires uncovering the underlying logics, coding and rationalities of the infrastructure in question.

The seminal work of Star (1999) on the ‘ethnography of infrastructure’ remains one of the most cited texts within this field. Star argues that the ‘work [of studying boring things] opens a more ecological understanding of workplaces, materiality, and interaction’ (1999: 377). The list of characteristics that she uses to define infrastructure is particularly useful. She argues, among other things, that infrastructure is embedded in scaled structures and arrangements (which could be social, political, technical or ecological etc.). It has scope, temporally or geographically. It is shaped by and simultaneously shapes conventions of practice. This is necessarily a co-constitutive and reciprocal process. It is built onto existing systems and networks. Infrastructure is always part of a progression of systemic development. And it is more visible in some contexts than others, and becomes more visible when it breaks down or fails. Undeniably, this definition of infrastructure is generous and somewhat esoteric. It contrasts with purely technical and material definitions of infrastructure, such as those driven by engineering or economics. Moreover, it allows for studies of infrastructure to reveal new insights into the tried and true domains of social and humanities scholars. In most of this research, particular infrastructures or services – such as water or electricity provision – are used as

empirical and analytical devices to unpack social and political concepts.

Urban scholarship has been a core element of this extra-technical infrastructure work. This literature provides new and fresh insights into social, political, material, and ecological urban issues. For example, Graham and Marvin (1996) argue that urban telecommunications infrastructure reproduces and restructures social and economic relations in the city. Kaika and Swyngedouw (2000) show how infrastructure acts as a mediator between nature and the city. McFarlane and Rutherford (2008) show how urban water infrastructure sheds light on governance, and on the ‘civilized subject’ in the post-colonial context. Von Schnitzler (2016) uses water meters – and resistance to them – to unpack the ‘social life’ of technopolitical infrastructures in South African townships. Amin and Thrift (2017) argue that infrastructure drives a ‘logic of governance’ in cities.

Amin and Thrift (2017), in their explicitly urban account, *Seeing Like a City*, argue that the concept of ‘infrastructure...does not refer simply to the actual physical lineaments. It is also, on one level, caught up with the moments of standardization, technical compatibility, professional rivalry, and general dispositions which allow things, quite literally, to fit together and, on another level with the different practices of maintenance and repair which allow infrastructure to continue working in at least some form which continues to guarantee presents’ (2017: 35).

In tracing urban infrastructure, various terminologies are used (often with slippage between them). ‘Socio-technical’ (Amin 2014) and ‘techno-political’ (Kaika & Swyngedouw 2000; Von Schnitzler 2013) are frequently used as descriptors, adjectives which are used to *describe* the object of study. ‘Networks’ (Graham & Marvin 1995; Graham 2000a), ‘arrangements’ (Ferguson 2012), ‘assemblages’ (Farías 2011; McFarlane 2011a), ‘entanglements’ (Klaeger 2013), ‘configurations’ (Jaglin 2016), and many other terms are used interchangeably *as* the object of study. Notably, the emergent and generous framing of infrastructure in the urban debates (for example Amin and Thrift (2017)), and within the broader infrastructure turn (for example Star (1999) or Larkin (2013)), has not been confined to a particular discipline or intellectual lineage. This chapter unpacks these perspectives and approaches.

Structure of the chapter

This chapter is structured around three threads within the critical studies of urban infrastructure. This grouping reflects what I think is the most useful way to organise the thinking of a diverse group of scholars for the purpose of my study; it is neither the only way to do so, nor is it necessarily the best way to group them for other purposes.

Section 2 explores the structural perspective on urban infrastructure. Structural scholarship on urban infrastructure explores the ways in which modes of capitalist accumulation can be exposed through studies of infrastructure (Ferguson 2012). At the core of this wide body of work is a deep concern that

the evolving modes of infrastructure provision are producing inequality, fragmentation, and deep injustices in cities. Of particular concern is how urban infrastructure has been privatized and financialized.

Section 3 explores the technological transitions scholarship. Technological transitions literature on urban infrastructure focuses on the historical and socio-technical evolution of infrastructure technologies (Geels 2004). It is concerned with processes of change, evolution, and adaptation as technologies interface with social contexts. Technological transitions scholarship has tended to develop complex multi-scale schemes to try to understand these processes, and to trace infrastructure and infrastructural change through history.

Section 4 explores the relational scholarship: Relational scholarship on urban infrastructure tends to be post-structural, drawing from science and technology studies (STS), anthropology and subsets of geography and planning (Amin 2014). Its core intention is to trace complex configurations. Importantly, much of this work aims to use particular infrastructures as ‘lenses’ to refine social and political theorizations. In addition (in contrast to the technological transitions work) it stresses the socially and politically constructed nature of technical knowledge and technology.

In Section 5 I reflect on the application of these approaches to the study of public finance. I conclude by arguing that the ‘infrastructure turn’ in urban scholarship offers valuable tools for studying public finance, in particular, for looking ‘beyond the technical’. In examining these threads of scholarship and reflecting on their relevance for this thesis, I make the following three arguments.

First, I show that within the infrastructure turn there are different traditions. While all working to demonstrate the social and political characteristics and implications of urban infrastructure, each body of scholarship takes as a point of departure its own assumptions and ideals about how cities operate, and why they operate in this way. Each has its own cache of terms, methodological tools, and strengths.

Second, I show that a relational approach to ‘tracing’ configurations, assemblages and networks is a powerful method for unpacking urban infrastructure. This tracing breaks down the false binary between the ‘social’ and ‘the technical’, allowing for a more holistic and interdisciplinary reading of technological systems, such as city infrastructure. In addition, it draws attention to the ways in which power dynamics and politics play out through urban infrastructure systems. Despite these important possibilities, however, there are some notable pitfalls in this approach. The most important relates to the techno-fetishism (i.e. a fixation on technology) and techno-phobia (i.e. a fear of technology) evident in much of the infrastructural writing. Both tendencies narrow the potentially powerful effect which interdisciplinary studies of urban infrastructure configurations could have.

Finally, I argue that despite the inclusive (perhaps even overly generous) definition of infrastructure used within the wider body of work informed by the infrastructure turn, urban scholars have focused their studies of infrastructure on a limited set of ‘hard’ urban systems. Public finance has not been framed or studied as an urban infrastructure, despite the fact that it shares many of the same characteristics as other well-studied infrastructures. I argue that the tools used to study these ‘hard’ infrastructures are incredibly useful for the study of public finance, despite its less material nature.

3.2 A structural perspective on urban infrastructure

The most seminal and influential structural readings of urban infrastructure are the works of Graham and Marvin. *Telecommunications and the City: Electronic Spaces, Urban Places* (1996) and *Splintering Urbanism: Networked Infrastructures, Technological Mobilities and the Urban Condition* (2001) have inspired a landslide of studies over the past 30 years. The idea of ‘splintering urbanism’, Graham and Marvin (2001) explain, describes a technical, social, spatial, and political process evident in cities across the world. Macro forces fragment urban areas in response to capitalist logics of accumulation. These processes create enclaves of access in landscapes of deprivation, a compartmentalisation of infrastructure and service provision (Graham 2000b). Networkedness, once core to the conceptualisation and unity of cities, is torn apart, with disastrous effects on the urban populace, in particular the poor. Within this ‘splintered’ networkedness, the development of more localized and off-grid technologies reinforces spatial and fiscal fragmentation, driving a systematic unbundling of centralized and networked infrastructural systems and the state.

Underpinning this splintering is the neoliberalization, privatization, and financialization of infrastructure services and networks (Postone 2007; Peck et al. 2009; Brenner et al. 2011; Ward 2017). Neoliberalization refers to the ‘belief that open, competitive, and unregulated markets, liberated from all forms of state interference, represent the optimal mechanism for economic development’ (Brenner & Theodore 2002: 350). Across the world, the ideology of neoliberalism has led to the privatization of urban infrastructure and services, their provision no longer occurring under the ambit of the state. Financialization is an extension of neoliberalism (Van der Zwan 2014). Aalbers (2015: 3) defines financialization as ‘the increasing dominance of financial actors, markets, practices, measurements and narratives, at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states and households’.

Urban infrastructure has become an important site of financialization and the study of it. Peck and Whiteside (2016), reflecting on what they call the ‘not-so-special-case’ (235) of Detroit, provocatively call finance the ‘infrastructure of infrastructure’ (247). This argument builds on the concept of capital ‘switching’, which argues that surplus capital acquired in the ‘primary circuit of capital’ (i.e. production) is moved to the ‘secondary circuit’ of capital (i.e. fixed assets and the built

environment) (Christophers 2011: 1361). In this way, infrastructure becomes an important ‘asset class’ appealing, in particular, to institutional investors (Hebb & Sharma 2013). Authors argue that urban infrastructure is increasingly financialized through complex instruments used to package and sell future revenue flows and returns (Torrance 2008).

‘Instrumentalization’, a term used by Peck and Whiteside (2016), refers to the creation of instruments and specialized products that facilitate complex methods of financing urban infrastructure. The growing prevalence of these instruments both facilitates and defines financialization in its contingent and material contexts. This instrumentalization allows for ‘first-degree institutional investors’ (i.e. pension funds, insurers, banks etc.) to invest in infrastructure as they would in stocks or bonds (Theurillat & Crevoisier 2013: 2054). However, for these investors to avoid buying physical buildings and roads directly, ‘second-degree investors’ are required to mediate the transaction (ibid.). Second-degree investors transform a tangible asset, like a building or road, into a package which can be traded on the financial markets. They work to build ‘portfolios of investments’, spreading risk and distancing the investor from the material investments (and by extension the implications/outcomes of these investments) (Theurillat & Crevoisier 2013).

Many financialization overview studies list catalogues of instruments which form part of the public infrastructure repackaging. For example, Peck and Whiteside (2016: 255) argue that ‘revenue bonds, general obligation bonds, certificates of participation (COPs), swaps, bond insurance (wraps), private financing through P3s [public-private partnerships], TIFs [tax increment finance], tax liens, and social impact bonds’ work to make public infrastructure into private asset classes. These tools build and deepen the relationship between financial markets and flows and local governments. While much of this literature glosses over the details of how these tools operate, it is useful to examine a few of the tools which are particularly prevalent in structural accounts:

- **Public-private partnerships:** Public-private partnerships (also known as PPPs or P3s) are increasingly critiqued as a cornerstone of the financialized municipal asset complex. Examples of PPPs discussed in the critical financialization literature include concessionary agreements, such as Chicago’s sale of collection rights for parking fees discussed by Ashton et al. (2014), and mega-project developments, such as airports and stadiums (Theurillat & Crevoisier 2013). Importantly, and much to the concern of critical scholars, PPPs can only be used to deliver ‘market viable’ infrastructure, thereby challenging the public nature of infrastructure networks and services (Peck & Whiteside 2016). Equally, PPPs tend to push for cost recovery, building the full costs of the infrastructure into the tariff structures, which is another point of contention (Swyngedouw 2009; Bayliss 2014).
- **Tax increment finance:** Tax increment finance (TIF) is a fiscal instrument used primarily for the redevelopment of brownfield, degenerated urban areas. TIFs allow the state to ring-

fence and securitize the future (and hopefully increased) tax revenues in particular parts of cities, in many ways making these revenues act like an infrastructure bond. However, and as lamented by critical scholars, the ring-fencing is undeniably based on a capitalist and profit-driven logic. TIFs have been critiqued by several scholars (Weber 2002; Strickland 2013; Pacewicz 2016).

- **New era municipal bonds:** Special purpose bonds, disaster bonds, green/climate bonds, social impact bonds and many other instruments are used to raise money for infrastructure. Many types of bonds, such as the development impact bonds pushed by the World Bank and the vaccine bonds pushed by the Gates Foundation, are backed by international donor or aid organisations, hedging some of the risk for investors and thus making them more attractive (Mawdsley 2018). The range of new bond instruments has been critiqued by structural scholarship (Pacewicz 2016).

Critical scholars see these tools as ‘financializing innovations’ which emerge out of existing failures in capitalist systems – or what might be called an ongoing process of ‘creative destruction’ brought on by the perpetual failures of orthodox economic theory (Peck et al. 2009). They work to continually respond to and reproduce the contradictions in the capitalist system.

These financializing instruments are increasingly being adopted by local governments. In many parts of the world, local governments have become integrally involved in capital markets for the financing of public infrastructure (Peck & Whiteside 2016). Many authors reflecting on the European and United States’ local government financialization processes argue that the turn to capital markets should be seen against a backdrop of decreasing fiscal transfers from central governments, austerity measures, slowing growth, and eroding tax bases; cities have been pitted against each other in a quest to attract business and investment (Sassen 2012; Bassens & Van Meeteren 2015; Peck & Whiteside 2016; O’Brien & Pike 2017; Lauermaun 2018).

The concern with the ‘financialization’ of local governments goes beyond the often-cited obsession with balancing municipal books and ‘morality tales of austerity urbanism’ (Peck & Whiteside 2016: 250). It goes deep into the (re)structuring of municipal governance institutions (Peck & Whiteside 2016). City governments organize themselves along similar lines to private sector counterparts (with officials operating less like bureaucrats/administrators and more like entrepreneurs or ‘deal makers’). The financialization logic is therefore about self-regulation as much as it is about structural dynamics (Peck & Whiteside 2016). Entrepreneurial urban governance caters to a second citizenry which consists not of a local constituency, but of shareholders and lenders; in other words, infrastructure debt holders increasingly control the politics of local governments (Peck & Whiteside 2016). The application of financialization to state institutions means that public institutions are increasingly assessed and governed like firms (Aalbers 2015). A range of new buzz words and tools, for example,

‘new public management’, key performance indicator scorecards, and citizens as consumers are all part of the shift towards making local governments more entrepreneurial.

Structural readings of urban infrastructure and local government have critical appeal. They capture global trends and situate local experiences within broader global processes (Brenner 2009; Ward 2017). They point the finger at the prevailing logic of finance, the distinctive and calculable operations of risk and return. However, structural readings of urban infrastructure are critiqued. Sympathetic concerns expressed in some of these critiques include paying insufficient attention to complexity, reinforcing ‘crisis’ narratives, and – in their unwavering critique of capitalism – failing to provide space for imagining and creating alternatives (Pieterse 2011; McFarlane & Vasudevan 2014; Cirolia & Scheba 2018). By focusing almost exclusively on capitalism, the structural account is unable to intervene in city-scale reconfiguration debates and proposals.

3.3 A technological transitions perspective on urban infrastructure

Another important body of work on urban infrastructure – with a very different lineage and focus to the structural accounts discussed above – falls in the camp of technological transitions. Transitions work focuses on the historical evolution of particular material infrastructure systems, inspired by the broader field of technology studies (Monstadt 2009). Scholars trace historical shifts from one infrastructure regime to another – for example, from the horse-drawn carriage to the automobile (Geels 2005). The term ‘regimes’ is used to describe ‘relatively stable configurations of institutions, techniques and artefacts, as well as rules, practices and networks that determine the “normal” development and use of technologies’ (Smith et al. 2005: 1493).

Transitions work was brought to popularity by universities in the Netherlands and has since gained significance in the environmental and urban debates more widely (Rip & Kemp 1998; Geels 2004, 2005; Hodson & Marvin 2009). Today the research on urban infrastructure transitions is diverse, bringing together issues of technological, socio-cultural, organizational, and economic change (Shove & Walker 2007; Batty 2013). Underlying much of the urban-focused work on transitions is the argument that the current infrastructure systems in cities are unsustainable, and that technological transitions are needed to move towards more just and resource-efficient ecological and metabolic paths (Monstadt 2009; Swilling 2011; Seyfang & Haxeltine 2012; Bulkeley et al. 2014).

To better understand, predict, and shape processes of infrastructural change, technological transition accounts have developed complex multi-scale schemes to try to understand these processes and identify the different types and triggers of transition. The aim of these schemes is to enable a deeper understanding of how change happens, and how system reconfiguration can be achieved (Geels 2005).

The ‘multi-level model’ developed by Rip and Kemp is one of the most well-recognized (Rip & Kemp 1998). The model breaks regimes down into three components: the macro landscape, the meso regime, and the micro niche. The macro landscape refers to the context within which particular socio-technical regimes operate. The meso regime refers to the formation of the infrastructure or technological regime itself. The micro niche refers to the innovations, changes, and disruptions which allow for new regimes to develop and take hold. Building on multi-level models for transition developed by Rip and Kemp, Freeman and Perez (1988) identify four types of innovation: incremental innovation, radical innovation, technology system changes, and techno-economic paradigm change. Geels (2005) repackages these typologies, identifying architectural, market niche, regular, and revolutionary innovations. Working against such innovations are processes of ‘lock-in’ and the entrenching of dominant technologies (Cowan & Hultén 1996). These processes create path dependency and inertia in the system. They provide insights not only into why transitions do happen, but also why they do not.

Transition scholars, in their attempts to ‘make sense’ of change, provide attractive frameworks for understanding historical production of, and contemporary intervention in, material infrastructure regimes. In an effort to create generalizable frameworks for understanding change, authors focus on the possibilities for material and technological reconfiguration, and the contextual factors which facilitate or resist change. The focus on regime changes within particular infrastructure systems is incredibly valuable. Transition scholars aim to contribute to the debates about the actual infrastructure that they study, resisting the temptation to offer narrow insights into and critiques of social, political and economic injustices. At the same time, transition scholarship has been critiqued for its fixation on categorization, taxonomies and hierarchies (Shove & Walker 2007). There is concern that the real messiness of cities is ignored in an effort to fit change processes into recognizable categories. There is also concern that, in the deep tracing of material infrastructure, there is a tendency to over-emphasize the role of technology, rather than, for example, that of the capitalist system or social actors, as a driver of change (Smith et al. 2005).

3.4 A relational perspective on urban infrastructure

Relational perspectives of urban infrastructure have none of the ordering and structuring tendencies of the structural and technological transition accounts discussed above. While many relational scholars draw from these literatures, and there is some overlap in concepts and terms, the relational approach has some fundamental differences of focus and interest.

In terms of focus, most relational scholarship uses urban infrastructure to support social and political theorization. In this way, water meters are used to understand democracy, pipes to understand power, and cables to understand modernity (Nilsson 2016). Relational accounts of urban infrastructure deploy

post-structural and (co-)constructionist critiques. They resist grand narratives or evolutionary logics (Gandy 2005; Monstadt 2009; Guy & Karvonen 2012) and are critical of the reductionist and simplifying tendencies of the technological transitions and structural accounts (McFarlane 2011c; Anand 2012; Ferguson 2012). For example, recent relational work on urban infrastructure in the global South critiques the Marxist ‘networked infrastructure ideal’ which underpins the ‘splintering urbanism’ concept (Jaglin 2014, 2016; Coutard & Rutherford 2016). In doing so, relational accounts embrace the messy, complex, and unpredictable nature of infrastructure (Coutard & Guy 2007; Mol 2010).

In terms of their view of what infrastructure is, relational accounts study infrastructures as both objects and sets of relationships. Theorizing the ‘poetics of infrastructure’, Larkin (2013) reflects on the ‘peculiar ontology’ of infrastructure as both ‘things’ and relationships between things. Scholars producing relational accounts deploy many terms to capture the relationality of infrastructure. The concept of the ‘network’ is often used by those drawing on actor network theory (ANT) and science and technology studies (STS) (Law 2008, 2009; Fariás & Bender 2010). Authors using the terms ‘assemblages’, ‘configurations’ and ‘*dispositifs*’ (Jaglin 2016) draw on Deleuzian and Foucauldian theories (Braun 2014; Wakefield & Braun 2014). However, there is substantial slippage in the terminology (Fariás 2010; McFarlane 2011b; Müller & Schurr 2016).

Across these variations in terminology, however, there is a commitment to capturing the coming together of a diverse catalogue of elements and influences. The definition of a *dispositif* (translated into English as ‘apparatus’ or ‘device’) is a good example of the types of elements which are considered to be part of these assemblages (Deleuze 1992). Foucault (1980: 194) defines a *dispositif* as a ‘thoroughly heterogeneous ensemble consisting of discourses, institutions, architectural forms, regulatory decisions, laws, administrative measures, scientific statements, philosophical, moral and philanthropic propositions – in short, the said as much as the unsaid’.

Infrastructure configurations/assemblages/networks/*dispositifs* are understood to be constructed and contingent (Ferguson 2012). In contrast to the technological transitions account, which sees the social and the technical as coexisting and equally important, the relational account argues that the technical aspects of infrastructure are, in fact, socially and politically produced (Hommels 2005). In other words, there is no standalone technical category which can be isolated. In this sense, terms like socio-technical refer to the ways in which the technical is socially constructed. This contrasts with the use of socio-technical in the transitions work, which sees the social and the technical as coexisting. Much of the relational work, particularly that inspired by STS refers to the ‘so-called technical’, using inverted commas to suggest an inherent falseness in the term (Von Schnitzler 2013).

In the relational approach, infrastructural configurations are neither inherently good nor bad, but are regarded as ambivalent (Von Schnitzler 2013). Ambivalence, in this case, is not to be confused with

neutrality. Infrastructure is explicitly not seen to be neutral by any of the scholars who contribute to the infrastructure turn outlined in this chapter. Instead, infrastructure is understood as ‘suspended between different possibilities’ and a ‘scene of struggle’ (Feenberg 1991: 12). In this sense, contemporary infrastructure arrangements reflect a contingent history of decisions, and the contemporary options for alternatives are neither infinite nor fixed.

As in most social studies on urban infrastructure, power dynamics and politics (with a small p) are seen as fundamental to the shaping of infrastructure configurations. Relational scholars are committed to a distributed, multi-scalar, and multi-directional reading of power (often inspired by Foucault (1998)) and politics (Larkin 2013; Te Lintelo 2017). This reading opens up space for consideration of more bottom-up processes which contribute to the shaping of infrastructure through resistance, evasion, non-payment, and other tactics of negotiation.

The interest in bottom-up practices of claiming power has given rise to a growing body of work that shows the contribution of everyday and grounded micro-practices and micro-politics. Simone (2004) discusses ‘people as infrastructure’, celebrating the ways in which people use their bodies and labour to fill the gaps in incomplete systems of provision and maintenance. The result is a blurring of the boundaries between the human and the non-human (Graham & Thrift 2007; De Boeck 2013). ‘People as infrastructure’ fits within a larger body of work on incrementalism, informality, and prefigurative infrastructure arrangements.

With a lineage in anarchist studies, the concept of prefigurative urban infrastructure forms part of a growing valorisation of the incremental and informal practices of ‘knitting’ and ‘suturing’ the city (Pieterse 2008; De Boeck & Baloji 2016; Simone & Pieterse 2018). For example, Silver (2014) discusses ‘material improvising’ in Accra, whereby people access electricity networks in all manner of incremental and informal ways. Simone (2008) discusses the ‘politics of the possible’ in Phnom Penh, reflecting on contingency and alternatives. Pieterse (2008) writes on ‘radical incrementalism’ as a mode of urban change and practice which is both small and large. De Boeck and Amin explore the ‘absence-presence’ of urban infrastructure, reflecting on the ways in which missing infrastructure plays an active role in shaping urban dynamics (De Boeck 2013; Amin 2014). Using pop-up health centres in India as an example, Bhan (2019) extends the concept of squatting from a micro-politics of subaltern residents, to a political practice of the urban state.

This Southern and relational work holds a unique sort of optimism, one which positions developing (and particularly African) cities not as passive sites of neoliberal destruction, but as places of imaginative experiments, perpetual becoming, radical revision, and post-networkedness (Simone 2008). Reflecting on the perpetual consolidation and multiplicity of socio-technical systems in cities, Bhan (2019: 11) argues that scholarship should ‘begin from existing practices of service delivery on their own terms, recognize the contexts that they come from, understand why they have emerged, and

then reassess whether the network is the most feasible (and not just the most theoretically desirable) mode through which to reach the outcomes we want’.

A selection of relational scholars are interested in money and finance. Von Schnitzler (2013), for example, engages with questions of tariff pricing and the politics of cost recovery. Similarly, Jaglin (2008) discusses how municipal finance ‘drives’ service delivery decisions in cities. While attention is given to money, it is not ascribed an overpowering or structuring logic, as is the case in the structural literature (Young & Keil 2010; De Boeck 2011; Anand 2012; Von Schnitzler 2013; Collier et al. 2016).

Relational accounts of urban infrastructure are powerful in their ability to use infrastructure to provide commentary on and insights into social and political urban theorization. Their commitment to a post-structural approach allows for a healthy suspicion of existing normative ideas, and a reading of cities and infrastructure on their own terms. The risks and critiques, however, are many. Infinite particularism, the romanticization of struggle, and inability to speak to wider infrastructure debates are some of the challenges (Pieterse 2011). Regardless, relinquishing the longstanding focus on fully networked systems offers opportunities to reframe and reform our understanding of what is possible and desirable from the vantage point of particular cities and contextualized urban experiences.

3.5 Reflections and conclusions

In this chapter I have reviewed three scholarly perspectives on urban infrastructure. These together form part of the wider infrastructure turn in the social studies and humanities. The purpose of this review is not to critique the extent to which public finance is incorporated into each of the accounts. In all three groups, material urban infrastructure – water, energy, waste, and the like – is the main character. Finance and money, public or otherwise, is part of the context, and a means to an end. Attention to finance is, of course, most apparent in the structural accounts of infrastructure, owing to these accounts’ heterodox economic commitment. However, even here, there is a ‘brushing over’ of the details of finance – an assumption about how it operates and to what effect.

Instead of critiquing the ways in which finance is featured in these accounts, my intention in this chapter is to look at how the infrastructure turn, and the various strands of thinking within it, provide insights applicable for thinking ‘beyond the technical’. As I have shown, there is a large and growing body of urban scholarship committed to exploring how systems which are conventionally cast as ‘technical’ can be read in different ways. Urban infrastructure, as a conceptual device, has powerful appeal for scholars looking for creative insights into emergent urban phenomena and questions. It opens up new and interdisciplinary ways of recognizing and analyzing city processes. It allows for an exploration of both the material and the institutional, the technical and the social.

Public finance, I argue, is one such system which is often seen to be dull and technical. It has all of the characteristics of a so-called technical infrastructure: it is embedded in scaled structures and relationships, often hidden, and opaque to those who are not part of the financial and administrative fraternity. It is developed incrementally, with new systems of accounting, budgeting and the like, building on existing practices and programmes. More than just being an infrastructure, it is also clearly an urban infrastructure as it is fundamental to the development of cities, and the state recognizes the public value of the system. However, to date, public finance has not been studied ‘as an urban infrastructure’. Important questions about the way in which public finance – its administration, flows, calculations, and technologies – is contingent, social, and political have been overlooked, even by those who claim to revel in unpacking seemingly boring and dense ‘black boxes’ (for example, Star (1999)).

In considering how to draw together the scholarship on the infrastructure turn and urban public finance, the diversity of the urban infrastructure perspectives reviewed in this chapter is immediately apparent. The structural perspective provides insights into the ways in which urban public finance intersects with broader capitalist and financialized logics. It describes a ‘big picture’ situation which, at the very least, must be considered when thinking about finance. The technological transition perspective makes sense of processes of change. The close relationship of these accounts with sustainability studies allows them to have a much more ambivalent relationship with technology than the relational accounts, since they recognize the value of the technical, in addition to the social and political. They also allow for diverse and city-specific normative agendas. The relational perspective creates space for wider readings and recognition of more multi-directional flows of power, a critical contribution when seeking to resist master narratives on finance. I deploy the concepts of configurations, *dispositifs*, and constellations in order to trace urban public finance as an infrastructure. I also draw on the work of Simone and Pieterse (2018) on the ways in which fiscal practices work to manoeuvre, resist and knit the city.

These perspectives, and their underlying methods, are useful for different purposes. However, as I have shown, there is also slippage between the accounts; they are not discrete and disengaged bodies of literature. There is shared terminology (particularly between the technical transitions and the relational accounts). It is therefore possible (and in fact necessary) to draw selectively from them, recognizing their epistemic, ideological, and methodological differences. Together, these infrastructure accounts can contribute to the studies of both sector infrastructures and urban studies. To ensure productive conversation, however, it is important to avoid fetishizing ‘the technical’, veering towards techno-pessimism, infinite description and particularism, or ‘re-black boxing’ (Coutard & Guy 2007). Understanding how the social and the technical are co-produced should not result in a narrowing of contributions to conceptual debates and an avoidance of the sector debates (for example, energy, water and the like). Instead this understanding should support more robust

propositions which deploy the full breadth of technical, social, and political possibility.

While public finance, has yet to be analyzed through the urban infrastructure lens, there is at least metaphorical understanding that finance is an infrastructure. For example, Amin and Thrift (2017: 55) refer to money as a 'pervasive infrastructure'. Peck and Whiteside (2016) refer to finance as the 'infrastructure of infrastructure'. Along similar lines (though not explicitly referring to finance), Star (1999: 379) argues for seeing computers as 'symbolic sewers'. Thus, there is scope to study urban public finance in the same way in which we study heterogeneous and complex infrastructural configurations. I unpack this potential in more detail in the following chapter.

CHAPTER 4 | CONCEPTUAL AND METHODOLOGICAL FRAMEWORK

4.1 Introduction

In the previous chapters I have disaggregated two important ‘ways of seeing’, or accounting for, the city. Chapter 2 provides a technical fiscal framework for understanding sub-national urban governments (Cities) and how they operate. Chapter 3, in contrast, uses infrastructure as a lens for understanding cities and their development. These two bodies of literature provide compelling tools for studying urban systems in creative ways. In addition, it draws our attention to the material construction of cities, and the roles which infrastructure play in these processes.

I do not argue that either of these two approaches is a more ‘true’ way of understanding cities. Nor do I argue that each is internally coherent. Instead, each provides a unique lens – and a set of tools and instruments. These tools provide insights which are interesting and constructive. Equally, both approaches have limitations. They have gaps that cannot be mended using the same methodological and conceptual tools which produced them. In a sense, both lenses reveal and conceal. The productive tensions and limitations which presented themselves in the previous two chapters provide fertile ground for the exploration of a ‘third way’. In this chapter I chart a conceptual and methodological approach to studying cities which celebrates the alignment and dissonances that are surfaced when disciplinary techniques are brought into conversation and applied to particular contexts.

Calls for interdisciplinary and even transdisciplinary perspectives on cities are now firmly in the mainstream of urban scholarship (Amin & Thrift 2017; Parnell & Robinson 2017). There is widespread recognition that cities cannot be read through single epistemic registers. The need for interdisciplinarity is evidently neither a new nor a novel call in the contemporary context of urban debates. However, it remains a challenge to *actually do* interdisciplinary work. Fundamentally different methodological and analytical tools, ideological positions, and logics of prioritization make the prospect of collective understanding a Habermasian utopia. Bringing together fundamentally different lenses for reading cities is neither conceptually nor methodologically self-explanatory.

In studying public finance, this tension is evident. Critical scholarship, such as is outlined in Chapter 3, is essential to the quest for more sensitive and just public finance policy and practice. However, its deep scepticism of science, expert knowledge, and technology imbues friction when it is brought into conversation with technicist public finance work. This friction is amplified by the common structural and post-structural cynicism regarding the state, markets, and modes of societal categorization, all of which are inherent to public finance.

The technician approach to public finance is hardly more generous or capable of incorporating critical readings. Despite the fact that a large body of work *within* the public finance studies field identifies the need to incorporate social and political analytical components, there remains a practical commitment to more narrow interpretations. The fundamentally normative nature of public finance is often in conflict with messier and more contextualized narratives.

While contributing to this exciting and challenging tension, this thesis does not seek to produce a meta-theory of interdisciplinarity and cities. It does not arrogantly endeavour to draw together all facets of city complexity into a unifying explication. Instead, I carefully and selectively draw together urban public finance, on the one hand, and urban infrastructure studies, on the other. I work to distil why and how conceptual approaches to studying cities are different; how they can operate in parallel and in their application to particular places; and how these places can be or are formative and reformative of those conceptual ideas.

Structure of the chapter

As a point of departure for this chapter, I reject the artificial separation of theory, data, method, and writing. As a result, I have structured section 2 into a series of four conceptual *and* methodological propositions. These propositions are key devices deployed and clarified throughout the thesis. They lay the groundwork for the core arguments of the thesis. Sections 3 and 4 provide an overview of the data collection and analysis process. I outline the various sources which I use to develop the case study, and the approach taken to make sense of the wide variety of types of data collected. Section 5 reflects on the limitations of this interdisciplinary research process. Since the development of a mixed-method framework is critical to the thesis overall, it is important to be transparent about the challenges and limitations faced in its development and deployment. Section 6 provides a concise conclusion to this chapter and to Part 1, as a transition towards the empirical chapters of this thesis.

4.2 Four conceptual and methodological propositions

As Amin and Thrift (2017) point out, it is difficult to reconcile divergent bodies of work. In the case of urban public finance and critical reading of urban infrastructure, there are clashes around several themes. One important area where they clash is around ‘the technical’ and expert knowledge. Urban public finance studies see technical knowledge, in particular of economics and finance and to a lesser extent quantitative political science, as core to good decision-making. Technical knowledge is seen to provide a predictable and neutral analysis, based on instruments which have been confirmed by quantitative data and tests. In contrast, urban studies sees the technical and expert knowledge as a ‘black box’ which must be forced open to expose its unjust, constructed (rather than deterministic) and even sinister inner workings. Another important area where they depart from each other is around politics. Urban studies scholars argue that the politics of infrastructure are messy, dynamic and

inclusive of a range of state and non-state actors. In contrast, urban public finance sector literature frames infrastructure politics as predictable and utilitarian.

The differences evident in the framing of basic and key concepts are not inconsequential. They play out in terms of prioritization. Urban studies prioritizes understanding the social and political implications of what they call ‘so-called technical’ decisions. Water or energy systems are used as lenses to explore social or political issues. It prioritizes social methods of data collection and analysis. In contrast, urban public finance studies prioritizes defensible technical analysis which enables scholars and practitioners to provide assessments and recommendations for improving institutional arrangements, fiscal health, and financial management. For example, the leading voice in African public finance, the World Bank, is ‘principally concerned with rendering sound advice and assistance’ (Sarwar Lateef 2017: 25).

Notwithstanding important differences, both urban studies and urban public finance studies have several shared interests and concerns. Central to this thesis is that they share a concern with institutions and governance. They do not frame this concern in exactly the same way. However, they both recognize the importance of understanding who makes decision and how these decisions are made. In some ways, public finance’s concern with levels of government has interesting overlaps with urban studies’ concern with questions of scale. How decisions made in international or national domains shape and are shaped by local places and contexts is key in this regard.

At the same time, they both recognize the importance of material places. Again, this is not framed in the same way in each body of scholarship, but both work to account for things like infrastructure, land, and services. In terms of questions of change, they both recognize that change is needed (particularly in African cities), but that not everything can be changed. This is referred to as contingency by critical scholars of technology and infrastructure (Luke 2010) and pragmatism in public finance debates. In my endeavour to provide a truly interdisciplinary framework for studying urban public finance, these commonalities are important and inform the propositions which guide this thesis. The conceptual and methodological propositions which I explain in this section serve as key devices that will be deployed and clarified throughout the thesis. These propositions are:

1. The C/city is a useful device to explore the ‘city’ as place, the ‘City’ as institution, and the relationships between them.
2. Urban public finance has many of the characteristics of urban infrastructure, thus enabling the study of fiscal configurations.
3. The study of specific ‘places’ is a valuable entry point for studying fiscal configurations.
4. Kisumu, as a methodological example, is a place through which conceptualization of the three propositions above can be undertaken.

These propositions lay the groundwork for the thesis. They are unpacked below. They provide a

foundation for addressing the objectives and questions of the thesis. To reiterate, I ask: how does the study of fiscal configurations help us to better understand urban areas and how they operate? More specifically, how do fiscal configurations mediate the relationships between the city and the City? I ask this question with the core objective of refining our understanding of the relationships between the C/city and public finance, in the context of Kisumu and more generally. There are empirical, conceptual, and practical sub-objectives to this endeavour (see Section 1.3 of Chapter 1).

Proposition 1: The city as place and the City as institution – the ‘C/city’

In the Introduction to this thesis, I discussed how the term ‘city’ is often used in two discrete ways: to talk about ‘cities’ as urban places, and to talk about ‘Cities’ as urban governments or institutions. The city and the City are undeniably very different. The former draws attention to material spaces, physical infrastructures, and the lived experiences of urban life. The latter, in contrast, draws attention to public authorities, governance, and the operations of the state.

This same double meaning is found in the urban public finance literature. As I have shown in Chapter 2, in the policy and scholarly literature there are two common uses of the term ‘urban public finance’. The first is synonymous with local government, municipal or metropolitan finance. This framing tracks the flows of money and systems of financial management of particular institution, often within a context of multi-level government/governance. This can be viewed as ‘City finance’. The second approach to urban public finance focuses on the financing of cities. This relates to the flows of public money through urban areas, and the resulting material development of places. This can be seen as ‘city finance’. Different insights are garnered from the two approaches to studying urban public finance. The study of City finance brings into focus the fiscal health of public institutions, the nitty-gritty of their administration and management. In contrast, the study of city finance brings into focus the often many and multi-scale public investments in infrastructure and services of urban areas and the ways in which these investments shape urban conditions and development.

I suggest that, in urban studies generally and urban public finance studies specifically, it is necessary to understand both the city and the City. However, inspired by a relational reading of urban infrastructures, I do not see these as finite and binary categories. I see them as both dynamic and firmly positioned in relation to one another. To draw attention to the relationships between them, I deploy the device of the ‘C/city’. The relationships between the city and the City are many and heterogeneous. In this thesis I focus my attention on the fiscal relationships between them, the way in which public finance intermediates and interfaces with the C/city.

Proposition 2: Public finance as an urban infrastructure

In Chapter 3, I discussed how Peck and Whiteside (2016) refer to finance as ‘the infrastructure of infrastructure’. While Peck and Whiteside are primarily concerned with the private financing of

public infrastructure, the broader concept holds true for public finance as well.

Public finance has many of the characteristics of urban infrastructure. Notably, finance is different from a sanitation network or an electricity grid. Computers and a cash currency are undeniably different from pipes and cables. However, the fundamental qualities are the same. It is a multi-scalar system, one which is relatively fixed in place by legacy investments in technologies and the practices of administrators and technocrats. As an infrastructure, it facilitates the flow of money through places and governments, cities and Cities. Framing urban public finance as an urban infrastructure provides a wider toolbox for urban analysis.

In doing so, and in line with the literature I have discussed in Chapter 3, I reject the binary between studying urban public finance as technical and institutional *or* as social and political. The methodological approach necessary for studying urban public finance as an infrastructure requires the merging of tools and instruments, drawing from many disciplines. Here I take inspiration from a recent infrastructural contribution made by Amin and Thrift (2017) in their book, *Seeing Like a City*. Amin and Thrift argue for an approach to city studies which works across diverse sources of data, including maps, numbers, ethnographies, surveys, imaginaries, and more.

From the technical perspective on public finance, I focus on the importance of subject knowledge. In this conceptual and methodological framework, subject knowledge of urban public finance is central to the research endeavour. The content of Chapter 2 sets up the framework for understanding and deploying urban public finance knowledge. Most critically, the urban public finance literature starts with the intention of understanding the technical and institutional processes of the management of money in cities (Bahl & Linn 1992; Bahl et al. 2013).

At the same time, I borrow the concepts of socio-technical ‘configurations’ and ‘interfaces’ from the urban infrastructure literature (Coutard & Rutherford 2016). I do this to draw attention to the complex relationships which are formed within, and sustain, urban public finance systems. Core to these relationships is understanding the way in which power and politics are embedded in configurations, sustained through multi-scalar and multi-directional processes and practices. In this sense, I am interested in placing finance at the center of the analysis and understanding its structuring nature (inspired by the structural perspective), taking seriously historical and technical processes (inspired by the technological transitions perspective), and seeing power as diffuse and dynamic (inspired by the relational perspective).

Among these three approaches, my own epistemic commitment to querying the usefulness of meta-theoretical generalization and my interest in concepts emanating from Southern discourses (e.g. absence-presence, incrementalism etc.) also inform my embrace of more relational perspectives. I pick this up again in the discussion on place, in proposition 3.

As I have described in Chapter 3, understanding socio-technical configurations (variously termed networks, regimes, and assemblages across the accounts) requires exploring the (power-laden, multi-scalar and complex) interrelationships among the following elements:

- **Flows:** The quantities of money flowing through the system or infrastructure. This requires looking at income and expenditure, budgets, financial statements, expenditure logs, and audits.
- **Actors and institutional entities:** The regime members that are involved in the system. In the case of public finance, this includes sub-national governments, national governments, SOEs, lenders, donors, NGOs, and a range of others. Interviews and reports can be used to map these actors and their relationships onto one another. How these actors are arranged, and what roles and functions they have within the system, is critical.
- **Artefacts and materials:** The technologies, instruments, and objects of public finance. Examples include spreadsheets and reports, statements of financial position, cash flow statements, income statements, financial reports, software, receipts etc.
- **Practices:** The regular practices and rituals of actors, in particular relating to the adoption and adaptation of the public finance system(s). Understanding these practices requires spending time with actors involved in the system.
- **Regulation and standards:** The ‘rules of the game’ (both formal and informal) governing the system. Knowledge of these can be acquired through legislation, accounting rules and standards, and mathematical equations (used to calculate risk, creditworthiness etc.). However, there are also informal rules which can only be understood through engagement with those who make or follow them.
- **Discourses or imaginaries:** The way in which words and images are used to create a sense of what the system is and how it should be understood. These can be found in policy documents, reports, interviews, signage, and other sites of data.

By reading urban public finance as an urban infrastructure, I commit to an understanding of urban public finance as ‘ambivalent’ and contingent, as technology more generally is seen across the social and political accounts discussed in Chapter 3. Rather than seeing public finance systems – and the configurations which these systems are made up of – as neutral or fixed, I read urban public finance configurations as holding within them many possibilities. In this sense, there are many alternative configurations which are possible.

Proposition 3: The value of place

A useful entry point for the study of public finance as an urban infrastructure is ‘place’. Entering this debate through the study of a specific place offers a platform on which this method can be

development and deployed.

As noted above, the importance of place has not gone unnoticed in urban scholarship (Pieterse 2010; Sheppard et al. 2013; Parnell & Oldfield 2014; Mbembe & Nuttall 2004; Roy 2013). Southern urban theory has worked tirelessly to make sense of the contribution of place to theory (Pieterse 2010). This work recognizes that theory is *placed*, in the sense that it comes from particular places, and from the things which scholars have seen and studied there (Bhan 2019). Importantly, the purpose of thinking from place, and in particular from the global South, is not to reject all dominant and canonical theory, be its origin economics, geography or political science (Ong 2011; Parnell & Robinson 2013). Nor is the intention to avoid generalization and fixate indefinitely on the particularities of place. Instead, placing theory aims to interrogate the usefulness of the tools which we have, destabilize their universalizing tendencies, and supplement them with new conceptions and instruments. This is particularly (though not exclusively) true when seeking to analyze urban conditions beyond Northern and Western contexts (Simone 2011).

In addition to the productive tension between structural and relational lenses discussed in proposition 2, I am inspired by the importance of places and their particularity in two important ways. First, drawing inspiration from Robinson (2006), I have selected a mundane secondary city for study, one which is not only on the margins of urban studies generally, but is equally on the margins of African urban inquiry. Africa's secondary cities have little of the allure and appeal of the generally much larger primate cities (Ammann & Sanogo 2017). These larger agglomerations come with extreme narratives of deprivation and luxury – the popular story of sprawling slums next to glitzy high-rises. In contrast, smaller cities in Africa and globally can forge a more moderate path between these extremes, drawing attention to the more moderate urban experiences which are prevalent on the continent. They can provide a mundane contribution to understanding C/cities. Second, I have approached the African functionaries, bureaucrats, technocrats, and administrators through whom most of my access and insights were mediated, as key contributors to knowledge production. I do not use any terms related to these categories, such as technocrat/ism, bureaucracies, administrators and the like, in a pejorative or cynical manner.

My approach is inspired by the aims and methodologies of 'research co-production' (Pohl et al. 2010; Anderson et al. 2013). Based on my work at the African Centre for Cities, I have extensive experience in this method of knowledge production. I see my interviewees as active research subjects with valuable insights into both their own work and wider theorization. Bureaucrats understand in detail the functioning of the system in which they are employed, and are instrumental in shaping it (Walker & Gilson 2004). Equally, they have sophisticated ideas about why this system is not working, and what could be done to fix it. Paying attention to the contributions of officials contrasts with an approach to interview material which views research subjects as exclusively the providers of 'raw

data', to be processed by the academic. This might be seen as contributing to the 'ethics of placing'. Notably, this ethical research tendency has, over the years, focused on producing knowledge *with*, rather than *on* or *for*, vulnerable groups such as the poor (Duminy et al. 2014; Ernstson et al. 2014; Winkler & Duminy 2014). The expansion of this logic to agents of the state and experts represents more recent academic efforts.

To ground my research in place, I deploy the case study method. The case study method is 'the collection and study of multiple forms of evidence, in sufficient detail to achieve understanding' (Gillham 2000: 19). Easton (2010: 119) argues that 'case research allows the researcher the opportunity to tease out and disentangle a complex set of factors and relationships, albeit in one or a small number of instances'. The case study method is a powerful and complex research approach. According to Yin (2013), it is a suitable method under the following conditions:

- When the content of the study is current. This stands in contrast to the study of past events that might focus on archival or historical analysis.
- When the researcher has little or no control over the events which they are seeking to study. This is in contrast to, for example, an experiment which the researcher is conducting.
- When the research questions are focused on the 'how' and 'why' of a particular phenomenon.
- When the research is exploratory in nature.
- When the boundary of the issue which is being studied is not easily separable from the context within which the phenomenon is situated.

Importantly, case studies enable the researcher to draw on a range of sources of both qualitative and quantitative data, triangulating the sources to obtain a richer and more nuanced picture. Depending on the study, different sources may be drawn on more heavily. Case research embraces triangulation and crystallization of data (Yin 2013). Triangulation and crystallization are both processes of using multiple data sources in conversation with one another to arrive at an insight (Creswell & Miller 2000). Triangulation is often seen as more 'linear' than crystallization. Crystallization, at least conceptually, embraces a messier process of data combination. Both triangulation and crystallization aim to improve the quality of the data, using multiple and reinforcing sources to improve their validity and nuance.

Within this messiness, the challenge of generalization and theory-building should not be overlooked (Flyvbjerg 2006). Findings from case studies can be analytically generalized; however, they are not statistically generalizable (as might be the case with surveys). This means that the insights gained from case studies can be used to improve our understanding of concepts, not to make statistical claims about other places (Flyvbjerg 2006). In the case of this research, the aim is to improve theorizing

about cities, finance and their relationship. It is also to explore how smaller urban centers in Africa can contribute to these debates. Importantly, theory-building through case study research should be as close to ‘no hypothesis to test’ as possible (Eisenhardt 1989). As a researcher, you should not arrive at a clear answer to the quest you are on. Likewise, there should not be predetermined or assumed relationships between variables which are being explored. Therefore, while I began this research with the aim of making a connection between (smaller) cities and finance, at the outset I did not have a clear idea of what these connections and relationships would look like. The aim of the case study method is to uncover and explain relationships (Yin 2013).

Proposition 4: Kisumu as exemplar

In this thesis, I use as my case urban public finance in Kisumu. Kisumu is a secondary and relatively mundane city in Kenya. Both my focus on Kisumu and my approach to urban knowledge production (discussed above) form part of a larger research process. Kisumu is one of the five cities that form part of the Mistra Urban Futures Programme (together with the City of Cape Town, Manchester, Sheffield, and Gothenburg) (Onyango & Obera 2015; Polk 2015). This programme is dedicated to drawing together academics and decision-makers, producing policy-relevant knowledge, and using practice-based insights to strengthen urban theorization. In Kisumu, I was hosted by the Kisumu Local Interaction Platform (KLIP), which is the leading partner in the Mistra network (much the equivalent of the African Centre for Cities in Cape Town). My research in Kisumu forms part of this umbrella programme. As part of this programme, I start from the assumption that urban decision-makers contribute substantial value to urban theorization and conceptualization. In other words, the access which I gained to decision-makers through this network was not just pragmatic and facilitatory, but also informed my approach to my informants and the information which they shared with me.

I use Kisumu as an exemplar through which to draw together the first three propositions discussed above: the C/city relationship, public finance as a socio-technical infrastructure, and place/case as a source of research data. Kisumu is therefore the place through which conceptualization of these three propositions will be undertaken. In other words, Kisumu allows us to study the everyday, relational, and particular nature of the fiscal C/city. The case of Kisumu is used to generalize to theory, with a focus on mid-range theorizing (rather than meta-theory). In other words, Kisumu helps us refine important (urban) concepts related to infrastructure and government/governance. These concepts have useful application to African cities – in particular African cities which are smaller, have heterogeneous service delivery systems, and may be experiencing recent transformations in their fiscal governance systems.

The process of placing – particularly as used in the case study method – requires addressing a number of methodological questions related to the scales and boundaries of inquiry. Here I look at the context, the case, and embedded cases in Kisumu:

- **Contextualization:** To contextualize Kisumu’s urban public finance, it is necessary to explore the broader environment of Kenyan history, law, policy, and finance.
- **Case boundary:** In this research design the case study is urban public finance in Kisumu. The focus is explicitly on Kisumu city, the largest urban agglomeration in Kisumu County. The case study includes exploration of Kisumu’s urban institutions (the City) and its characteristics as an urban agglomeration (the city).
- **Embedded cases:** After reviewing a large range of urban public infrastructures, (see Table 4.1), three embedded cases (or sub-cases) were selected for their distinctive abilities to offer different insights into public finance in Kisumu. Each sub-case relates to an urban sector and the corollary fiscal instruments which link the city to the City: land, water, and transport. These sub-cases are all viewed through the lens of public finance.

The strategy underlying this case study is twofold; I seek to provide both empirical and conceptual insights from the Kisumu case (see Yin 2013). Empirically, I work to show how things are actually operating in Kisumu’s public finance system. This sort of rich description rarely exists in either public finance studies or in studies of African secondary cities. Conceptually, the research strategy traces the configurations of urban public finance which can be surfaced through the case and the sub-cases. It maps the connections between the various components of the infrastructure (i.e. materials equations, flows, etc.), showing the ways in which these fiscal configurations assist us to make sense of the C/city. Importantly, the chapters are written to provide narratives which can weave together the empirical material and the conceptual themes, drawing selectively from the data collected.

To highlight the potential and limitations of studying urban areas from the interlinked perspectives of the City and the city, the structure of this thesis deploys the following schema. Part 2 enters Kisumu from the perspective of the City. It focuses on the historical tracing of the development of the City as an urban institution, and it unpacks the current financing of the urban government. Part 3, in contrast, enters Kisumu through the lens of particular infrastructural sectors, and their fiscal corollaries, which operate throughout the city as an urban area. The Conclusion articulates the contribution which the Kisumu case makes to the wider debates about public finance, infrastructure and African cities. The decision to structure the thesis in this way is not arbitrary or made for the sake of convenience: rather, it reflects a particular conceptual and methodological position, a deployment of Kisumu as an exemplar of my propositions towards this collective endeavour of a new science of cities.

4.3 Data collection

As I have outlined in the propositions discussed above, I am conducting research on public finance as an infrastructure in the C/city of Kisumu. I am using a case study approach which allows me to draw on a range of types of qualitative and quantitative data. The following data were collected:

Interviews

The core source of data for the case study is semi-structured interviews. Semi-structured interviews are interviews which have a basic structure, but can evolve in response to the direction of the conversation. In order to access most interviewees, it was necessary to first send a formal and signed letter, including a list of interview questions, to each official I wished to interview. This had to be signed off by the head of each respective department where the official was employed before it was possible to conduct the interviews. Because of this, it was not possible to stray too far from the interview template, as officials were given a copy of the questions. Often they had printed the questions and prepared for them in some detail, so introducing new questions was a challenge. However, as trust was built, this process became easier.

The following key individuals and organisations were interviewed:

- Officials involved in public finance
- Sector departments in the embedded case sectors
- Private sector and civil society organizations involved in public finance and the case sectors
- Experts in the field of public finance and in the case sectors

Interviewees were asked about their experiences and perspectives related to the themes of the study. In some cases, the research utilized ‘snowballing’ – receiving contacts for a future interview in the course of the interview process. However, this was not as common as I had expected. By and large I was able to stick to the schedule and list of interviewees which I had originally planned, and expanded this list based mostly on searching the internet and making direct connections with relevant individuals and organizations. Interviews were conducted in Kisumu and Nairobi during three periods:

- May/June 2016 (three weeks)
- April/May 2017 (six weeks)
- November 2017 (four weeks)

In total, 66 interviews were conducted. For a full list of the interviews conducted, their dates and locations, see the list of primary sources at the end of the thesis.

Notably, the field visits listed above were officially part of my PhD research. On two prior occasions I

had conducted fieldwork in Kenya, both of which were interview-based. In 2011, I spent time in Kenya as part of work towards my master's dissertation on informal land markets. In 2015, I returned to conduct research for a project on land value capture in African cities funded by the UK Department for International Development (DFID), working closely with leading infrastructure finance specialists. This provided useful contextual material which I could use during the PhD research process. Most importantly, both studies required an extensive review of national policy frameworks with regard to urban development.

In addition, over the past seven years, I have worked on urban public finance, urban administration, and city development in a number of African cities: Dakar, Harare, Addis Ababa, and Cape Town (Cirolia & Berrisford 2017; Cirolia & Smit 2017; Amin & Cirolia 2018; Berrisford et al. 2018). I have also drawn from this wider experience in reflecting on the data collected in Kisumu.

Legislation, policies, and reports

Legislation, policies, and reports are vital sources of information, particularly in the context of public finance. In this research process, I collected and analyzed legislation, policies, and reports from the following sources:

- The (now defunct) Municipal Council of Kisumu (MCK)
- The Department of the City of Kisumu
- The County Government of Kisumu
- County parastatals
- The national government of Kenya
- National parastatals
- Donor agency reports, most notably the World Bank and the Agence Française de Développement
- NGOs operating in Kisumu
- Relevant private sector actors

Financial documentation

Financial documentation was used to track the flows of money through various institutions. While audited financial statements tend to be considered 'government reports', the financial documentation which I collected is more diverse. It includes audited and unaudited financial statements, data given to me by officials, budget documents, and 'grey material'. Below is a list of the financial documentation which I received:

- **Kisumu Municipality and the Department of the City of Kisumu:**

- Various financial statements for the (now defunct) MCK (hard copy material in poor condition)
 - Monthly revenue documentation (2008–2016) (Excel spreadsheets)
- **Kisumu County:**
- County budgets (including allocations to the Department of the City of Kisumu) (hard copies, some in draft form)
 - Financial statements for Kisumu County for select years (mostly unaudited)
 - Office of Controller of the Budget (COB) Reports on the Implementation of the Budget
 - Annual revenue documentation of Kisumu County (Excel spreadsheets)
 - Financial statements for Kisumu County parastatals (notably Kisumu Water and Sewerage Company (KIWASCO)) (included in their annual reports)
 - Miscellaneous reports related to the County budgeting process
- **National Government of Kenya:**
- Financial statements for national parastatals operating in Kisumu (hard copies for selected years)
 - National information on revenue collection and division (in legislation and national budgets)
 - National financial agreements with donor agencies (largely located on the World Bank’s website)
- **Donors:**
- Financial statements of the Kisumu Urban Project (KUP)
 - World Bank donor reports

While all of these data were collected, this was not always done systematically. Often there were missing years or entries in a data set. The aim was to collect sufficient data to get an understanding of the system as a whole.

Field notes and images

Field notes were used to document my daily experiences. These field notes were entered directly into the Nvivo program. Nvivo is a qualitative software which allows for organising interviews, images, notes, and other qualitative material. My daily field notes include reflections on the following topics: moving around the city (on foot and using public transport); scheduling and attending interviews; attending NGO and civil society events; reflecting on the ongoing national and county election process; informal engagements with colleagues at the office where I was working; informal engagements with people I encountered in Kisumu city; site visits to various parts of the city; and

reflections on daily life in Kisumu. During my fieldwork, I took many photographs. The images I used for analysis include content about the following:

- **Meetings and events:** Interviews, meetings, and events were an important part of my field work. I documented these experiences and have used them in my analysis.
- **Infrastructure:** To document the texture of the place, I took pictures of urban infrastructure investments. These images are useful for recalling the material nature of urban investments.
- **Public signage:** In many government offices, there are notices and posters. I took many photos of these signs. This information is useful both for its content and its intention. Images of notice boards, signs, and circulars in government offices formed part of the analysis.
- **Maps and plans:** There were important maps which only existed in hard copies. Taking photos of these maps and plans allowed for further analysis. In many cases, people did not have the right to give me full documents which were in their possession. As a workaround, they offered to let me take photos of particular pages. These images formed part of the analysis.

Secondary literature on Kisumu

Secondary literature was used to understand the context and triangulate the information I collected. In comparison to major cities in Africa, such as Nairobi or Cape Town, relatively little academic work has been produced on Kisumu as a city. Luckily, more has been written about Kisumu than about many other secondary cities of the same size (for example, smaller Francophone and Lusophone cities often have little to no academic documentation, an even smaller sample of which is accessible to Anglophone audiences). The majority of scholarly work on Kisumu is not urban studies-related. It focuses on issues of health (for example, HIV, male circumcision, malaria transmission) (Prince 2013). However, there are a select number of studies which focus on service delivery and urban governance (for example, Anyumba 1995; Olima & Obala 1998). These studies are used in my analysis for the purpose of triangulation and comparison (for example, between their findings and my interview material).

4.4 Data analysis

In order to process my data, I undertook the following steps: coding, thematic/conceptual identification, relationship tracing, and narrative formation.

Coding

In order to ‘make sense’ of the wide range of data which I collected, all of the data were inputted into the Nvivo program. Among many other useful features, Nvivo allows for the various items of data to

be ‘coded’ in terms of what are called ‘nodes’. These nodes can be concepts, themes, places, people, or other markers; they store information across the various sources of data. In the first phase, I coded data in relation to three nodes: public finance, infrastructure configurations, and urban services. Table 4.1 shows the sub-themes within each of these categories.

Table 4.1: A priori coding of data collected and nodes

Public finance nodes	Aspects of infrastructure configurations nodes	Urban services nodes
Accounting and auditing	Artefacts and materials	Energy
Assets	Actors and institutions	Land and planning
Budgeting	Discourse and imaginaries	Water
Income	Flows (of money) through the system	Sanitation
Expenditure	Historical evolution of the system	Transport
Legislation and rules	Practices of people working in the system	Waste
Liabilities and debts	Regulations and standards	Markets
Roles and responsibilities (according to legislation)	Beyond monetization	
Technologies		

The collection of material under these nodes formed the basis of the subsequent process of analysis. It should be noted that this system of coding was both *a priori* and incrementally developed. I began the coding process with a desire to understand my material from a conventional public finance perspective and from an infrastructure configurations perspective.

I later added the urban services node when I decided that it was necessary to develop the analysis further in chapters centred on the fiscal configurations which play out in particular infrastructure sectors. I undertook interviews with officials across all of the above urban service sectors; however, I excluded from the coding process interviews with sectors which were not included in the fiscal configurations chapters (for example, interviews with Kenya Power and Lighting Company (Ohaga interview) and public health (Obongo interview)).

Fiscal analysis

Based on the data which I collected and coded, particularly as listed in column 1 of Table 4.1, I undertook basic quantitative analysis of the financial information. For example, I looked for quantitative trends in revenue and expenditure categories such as property rates (revenue) and development (budgeting and expenditure). The financial analysis aimed to arrive at an understanding of the role of Kisumu city and the Department of the City of Kisumu within the fiscal structures of the county and national governments.

In this thesis, all fiscal analysis is undertaken in Kenyan shillings (KSh), as this is the national currency of Kenya. I have, where useful, provided comparisons with US dollar amounts. However, I

would caution against direct comparisons being made between places and currencies, as fluctuating exchange rates and purchasing power introduce other elements into comparisons beyond direct numerical conversions.

At the time of submission of this thesis, 1 dollar is equal to 100.6 KSh.

Interdisciplinary theme identification

Qualitative coding supplements and supports, rather than replaces, the process of quantitative data analysis. While the coding is useful and allows the researcher to group huge amounts of disparate data, it is still necessary to do the mental work to ‘make sense’ of this material.

The first step in the analysis of the coding was to identify interesting and recurrent concepts and ideas. Importantly, I looked for concepts which came up across a number of nodes, where the data could be triangulated to get a more dynamic and fuller understanding of the concept.

A good example is the concept of the City Board – the board of decision-makers that the County recently established to manage the city area of Kisumu. Notably, the City Board had yet to be established when my research was conducted. The idea of the establishment of a City Board arose under the nodes ‘roles and responsibilities’ (as per the national Urban Areas and Cities Act No. 13 of 2011), ‘discourses and imaginaries’ (visions which officials and politicians had of what the City Board would do for Kisumu and how it would operate), and ‘land and planning’ (since urban planning was identified as one of the key potential competencies which the City Board would take on). Another example is revenue collection from bus parks. Bus park revenue collection featured under the nodes ‘income’ (since it brings in money to the County), ‘technologies’ (since hand-held devices are used for collection), ‘imaginaries’ (since these hand-held devices are imagined as curbing corruption in various ways), and ‘transport’ (since the collections shape the transport system of the city).

Through this process, a catalogue of context-specific concepts was drawn out from the case study data. This long list of concepts forms the basis of the following stage of the analysis, which focuses on the tracing of relationships.

Tracing relationships and constructing narratives

In order to develop a clear understanding of how particular elements relate to one another, I traced the relationships between the various nodes outlined in Table 4.1 (Flyvbjerg 2004). Tracing is a commonly used qualitative instrument within the case study method; it is used to identify relationships and causation often present among heterogeneous aspects of complex systems (Beach 2017). Tracing is therefore useful for understanding configurations, as configurations are made up of complex relationships. To trace the key configurations in operation in Kisumu’s urban public finance system, I undertook a two-step process.

First, I mapped the evolution and contemporary operations of the public finance system in Kisumu. I used the ‘urban public finance’ nodes as the point of departure for this. This necessarily required starting with an understanding of the urban state – the City. For example, I wanted to understand how much City income was collected every year, the regulation of this income by state and non-state actors, the discourses about what made that revenue ‘legitimate’ to collect or receive, and the artefacts used to facilitate (and contest) collection. This tracing forms the basis of Chapters 5 and 6.

Second, to drill down deeper into the case, I picked three particularly compelling urban services to trace. In this sense, the tracing of the fiscal configurations around these services began with the material city – the ‘city’. I intentionally selected services which had tight relationships with the public finance system in an endeavour to show the relationships between the city and the City. These fiscal configurations, which are the subject of Chapters 7, 8, and 9, can be seen as ‘sub-cases’ within the wider case.

Importantly, narrative formation is a key part of a data analysis such as the one undertaken in this thesis. The creation of narratives or stories allows the researcher to ‘make sense’ of important questions about how relationships operate, and what their implications are. In each of the chapters in Parts 2 and 3, I endeavour to tell a fiscal story, a story about how finance intersects and interfaces with the C/city. I do not, however, unpack every element of the fiscal configuration in the text. After reviewing all of the data, I have selectively used the particular aspects of the fiscal configurations which offer the most explanatory power and insights.

4.5 Challenges and limitations in the research process

All research processes have limitations. Importantly, the limitations of the study do more than simply provide an excuse for what I could not achieve. In the spirit of learning from failure or silences, they provide insights into deeper conceptual and methodological challenges, some of which I had to grapple with and some of which require further work.

The most significant limitation relates to accessing financial data. There are gaps in the financial data presented in this thesis. In some cases, these gaps can be attributed to the data in question never having been collected. In other cases, the information was collected and then lost. In still others, the data may have been there, but I was unable to secure access for a whole host of reasons. Financial research presents particular challenges across the world, but particularly in the context of African research. One important challenge which impacted on this research is global fixation on corruption in Africa. This fixation leads many officials to be wary about the intentions of researchers who are poking around and tracking flows of money. This was particularly the case in Kisumu, in the midst of the 2017 elections at both county and national levels, in an environment fraught with disputes and violence, where allegiance to particular candidates, or perception thereof, could make or break the

career of technocrats and administrators. These fears, more than any legal mandate or the mundanity of the data, shaped what was and was not shared. Undeniably, building longer and more sustained partnerships between the academy and governance institutions would be of benefit. It may be a cliché, but trust is important in such situations.

The second challenge I encountered relates to the more serious dearth of financial data collected by African governments. The challenges involved in data collection generally, and financial data collection specifically, are already well documented (Parnell & Robinson 2017). For example, the way in which financial data is collected and documented in Kisumu often fails to reveal critical urban patterns which need to be identified for an understanding of the city. The different actors who collect the data may use templates which do not align, or do not include all the necessary information. After all, financial data collection is most often used for the purpose of auditing and compliance of the specific institutions, and not for reflecting on broader urban development patterns or processes.

Another important limitation which I faced was the timing of this research in relation to the fiscal transitions under way in Kisumu County. All research takes place at a particular time, and is influenced by this timing. This is particularly true for Kisumu. The data collection presents a picture of Kisumu only half a decade after the implementation of Kenya's most recent and involved political, fiscal and administrative decentralization reforms. The implications for Kisumu have been vast, and have led to the incremental consolidation of power at the county scale. In this sense, it very much reflects a fiscal structure in the making. This is not to suggest that data collected at other historical points would offer a more 'fixed' view of the city, or that the changes which will come in future years will nullify the claims about C/city-making which this thesis makes. Instead, it is to foreground the very contemporary – and therefore 'in progress' – nature of the case research.

Beyond the fiscal and data questions, there are other limitations of this work. One of the limitations which was pointed out to me many times is my reticence to engage critically with ideas of colonization, modernity, race, and related social and political projects and processes in Kisumu. In my research, I did encounter many opportunities to link the harder finance debates to these issues. For example, financial allocations and urban infrastructure play an important role in the imaginaries of people in Kisumu. Throughout my interviews I encountered references to infrastructure. People often expressed their appreciation for colonization and their admiration for the British colonizers, asserting that they had brought both infrastructure and Christianity to Kisumu. While this perspective might seem shocking (especially for those trained in the post-colonial debates in South Africa or the USA), it was shared by many of the academics and professionals I spoke to. These discourses are not easy to make sense of. I did not feel I could do justice to their complexity within this thesis; however, I hope that future scholars of infrastructure and finance – particularly those with a much deeper sense of the Kenyan experience than I have – will endeavour to do so.

A final limitation is the (in)ability of this thesis to offer clear and prescriptive policy solutions, for Kisumu, Kenya, the continent as a whole, or a larger international sphere. The development community, at all scales, is looking for solutions and feeling unsatisfied with the tools and frameworks they have available. When embarking on an ambitious and explicitly propositional project of this nature, it is not surprising that there is an expectation that you will provide these solutions. After many interviews, interviewees would ask me what I thought they should do about everything from financial management to water service access. While this work does provide scope for the making of propositions, it cannot provide simple or universal answers to the urban problems with which people are grappling. This method of fiscal analysis does not lead to an assessment of the creditworthiness or bankability of Kisumu County, or of any of the agencies and authorities which operate within it. This is not the aim of the analysis. Rather, this approach foregrounds the C/city-finance nexus, helping us to better understand how finance and urban institutions shape each other.

4.6 Reflections and conclusions

This thesis represents an attempt to expand how we study finance in cities. This chapter offers a framework for beginning this project, one which reflects both a conceptual and methodological programme of work. I have presented this framework as a series of four propositions that shape the structure of the thesis and the approach I have taken to the research and writing. Building on these, I argue that urban public finance configurations are important arenas through which the C/city is realized, enacted and given meaning. Tracing the C/city-finance nexus, as I do in the chapters that follow, allows for a dynamic approach to addressing challenges in the public finance sector. In Parts 2 and 3 of the thesis, I deploy this framework for analyzing Kisumu's fiscal configurations.

PART 2 | THE DEVELOPMENT OF KISUMU ‘CITY’



Source: Author (2017)

Image: Kisumu rail line

CHAPTER 5 | THE HISTORICAL DEVELOPMENT OF KISUMU CITY

5.1 Introduction

The Kenyan city of Kisumu is located at the north-eastern tip of Lake Victoria's Winam Gulf (Figure 5.1). Kisumu forms part of a string of East African cities which surround the second-largest freshwater lake in the world. Within its national context, Kisumu forms part of a 'western hub' of clustered Kenyan towns which includes Kisumu, Eldoret, Nakuru and Kericho (Cira et al. 2016).

Figure 5.1: Kisumu in the context of Africa and the region



Source: Adapted from ISUD-Plan (County Government of Kisumu 2013a).

This chapter outlines the historical development of Kisumu, paying particular attention to the institutional and fiscal evolution of its urban local government. In the chapter I refer to the urban government actors who operate in Kisumu as the 'City', despite the fact that there is not – and never has been – a single City institution. Through a selective historical account, this chapter situates the contemporary structure of this urban government.

The chapter serves a critical role in the thesis in that, in addition to providing valuable contextual information about Kisumu and Kenya, I draw links between the current institutional and fiscal arrangements and the lineages which have shaped them. I provide a potted history, demonstrating the ways in which historical choices have shaped the possibilities for the contemporary City configurations. Importantly, the institutional and fiscal arrangements that currently constitute the City, and which I explain towards the end of the chapter, constrain conventional public finance analysis, with impacts for future chapters in this thesis.

The historical trajectory outlined in this chapter provides two important insights relevant for this thesis. First, it shows that structures of urban local government *and* the flows of money through these structures are integrally linked. Understanding the formation and nature of the City requires an

understanding of money: where it flows from, who manages it, how much of it there is, and what it is used for. Second, in tracing the history of decentralization reforms in Kenya, this chapter shows that the 2008 violence which affected Kisumu and the country at large was a trigger for the creation of a renewed regional decentralization framework. Kisumu's ambitious city-branding and urban development exercise also developed out of the post-2008 destruction, and subsequent donor interest in the city. While these processes are chronologically linked, however, the arrival of devolution in Kisumu should not be read as an 'urban moment'. Urban autonomy and investment were in fact undermined rather than strengthened through decentralization reforms.

Structure of the chapter

To this end, Section 2 of the chapter covers the early formation of the Township of Kisumu, under the colonial administration of the territory known first as the British East African Protectorate, and then, from 1920, as the Kenya Colony (Anderson 2005). It traces the transformation of Kisumu from township to municipality, and the integral use of revenue collection and spatial planning in the early years of its establishment under colonial rule. In this section, I draw heavily on what is arguably the most comprehensive piece of historical work on Kisumu, 'Kisumu Town: History of the Built Form, Planning and Environment: 1890–1990', a doctoral thesis published by Godfrey Anyumba in 1995. While Anyumba's explicit concern related to the intersections between Kisumu's built form and its colonial culture, deep in the bowels of this 400-page text there are hundreds of references – both explicit and implicit – to the institutional and fiscal development of Kisumu. I draw heavily on this work, and on other secondary sources, in this selective historical tracing. In this section of the chapter I use the terminology of the day and that which is used in the sources I quote. These terms are often contested, for example terms such as 'tribes' and the categorization of racial groups (both of which are still common in Kenya, but critiqued within the social literature).

Section 3 looks at the post-colonial institutional and fiscal arrangements in contemporary Kisumu. While maintaining urban Kisumu as the object of the study, this section draws insights from the broader body of work on Kenya's development from the mid-1960s to the early 2000s. Owing to the strongly nationalizing project of post-colonial institutional development in Kenya, Kisumu's institutional development in the post-colonial period comes to be deeply entrenched in the broader debates over decentralization in the country. Importantly, however, Kisumu's role is not a passive one. Events in Kisumu, particularly in the early 2000s, have been formative contributions to the national project and the subsequent political settlement which laid the groundwork for constitutional reform.

Section 4 of the chapter looks at the transitions which took place between 2010 and the present. Here I explore the institutional restructuring that occurred during 'devolution', and the resultant structure of Kisumu today. Understanding this urban government structure, and how it reflects elements of both

continuity and reform, provides a framework – however imperfect – for analyzing urban public finance in Kisumu in the following chapters. This section draws on empirical work conducted during the course of my research, as well as secondary literature.

Section 5 concludes the chapter and argues that the contemporary fiscal structure of Kisumu, which is the focus of this thesis, must be understood as part of this longer history which reflects both continuity and change. These conceptual and empirical realities fundamentally shape how I approach the study of Kisumu in the thesis.

5.2 Colonial development of the town

The contemporary city of Kisumu is one of hundreds of towns founded by the British in the course of their expansive global project of colonization. Kisumu was a strategic site for the East African Protectorate (EAP) within the broader geo-political colonial landscape, linking Lake Victoria to the Kenyan coast. I recognize the problem with starting Kisumu’s story from the moment of its colonization. Framing African cities as colonial constructs is not my intention (O’Connor 2013). However, from the perspective of public finance, and particularly urban public finance, the colonial establishment of the town serves as a useful starting point for understanding Kisumu’s development as it was the moment at which the implementation of centralized taxation in the area began.

Under colonial administration, the town of Kisumu grew from only a few hundred people in the early 1990s to nearly 25 000 by the time of independence (Anyumba 1995). Over this period, Kisumu’s urban administration developed in tight conversation with fiscal questions, particularly relating to taxes and grants. Early on, the EAP put in place a ‘deconcentrated’ apparatus of government across its territory: the Provincial Administration. In Kenya, the Provincial Administration was maintained after decolonization and was only unravelled through the promulgation of the 2010 Constitution (discussed later in this chapter). Table 5.1 outlines the most critical players in Kisumu’s colonial narrative, and their roles in the fiscal and administrative operations of colonial Kisumu. These complex relationships shaped the development of Kisumu’s urban institutions and city fabric.

Table 5.1: The colonial situation of Kisumu

Colonial government entity	Description
East African Protectorate (EAP)	The area of the EAP (also known as British East Africa) was subject to British colonial rule. The EAP was responsible for colonial policy, often drawing on experiences, policies, and laws used in other British colonies (such as India). The EAP provided grants-in-aid to townships (Anyumba 1995:134). The EAP was transformed into the ‘colony of Kenya’ in 1920.
Provincial Administration of Kisumu Province: Nyanza	Across the EAP a deconcentrated system of government was implemented. As a deconcentrated structure, smaller units of the central government operated at the regional and local level. Under the provincial system, Kisumu was located in Nyanza Province. The

Province District: Nyanza Central	Provincial Administration, at the scale of the province, was headed by the Provincial Commissioner. The Provincial Commissioner oversaw the District Commissioners. The District Administration was headed by the District Commissioner. For most of the colonial period, the District Commissioner of Nyanza Central was the chairman of Kisumu's municipal board, and was the leading decision-maker in the peri-urban areas beyond the city boundaries. Imperial taxes were paid to the District Commissioner's office (Anyumba 1995: 134).
Kisumu Township/ Municipality	Kisumu Township included the colonial boundaries of the city. Establishment of a settlement as a township, and later a municipality, conferred particular responsibilities on the local authorities. Townships received 'grants-in-aid' from the EAP for operating costs.
Kisumu Conservancy	The Kisumu Conservancy was a department within Kisumu Township, largely responsible for services (i.e. public health, urban management etc.) in the township. Conservancy appears to have been one of the main arguments for racial segregation in the early colonial period. For most of the colonial period, the majority of township fees and charges were paid directly to the Conservancy.

Sources: Compiled from East African Protectorate (1908); Annual Report on the Social and Economic Progress of the People of the Kenya Colony and Protectorate of Kenya (1938); Anyumba (1995).

The early formation of the town of Kisumu

Prior to colonial settlement in Kisumu, the governance of the area can be characterised as based primarily on 'chieftainship' roles played by Luo sub-tribes (Ochieng 2002). British occupation of the Lake Victoria region coincided with military 'pacification' of the tribes in the area in the late 1800s (Ochieng 2002).

British control of the area that includes present-day Kisumu city slightly predated the arrival of the 'Lunatic Line', as the rail line laid from Mombasa to Lake Victoria was infamously known (Mills & Yonge 2012). In 1901, when the rail line reached Kisumu, the British settlement (briefly named Port Florence) was founded (Anyumba 1995). It was at this point that European development of Kisumu, as a colonial town, began in earnest. This was when a large number of engineers, administrators, and Uganda Railway workers arrived and settled in the town (Anyumba 1995). The Luo inhabitants who lived in the area were pushed to the edges of the settlement.

The rail line's arrival consolidated Kisumu's position as both a key port on the banks of Lake Victoria and a railway terminus. In its early years of settlement, Kisumu's position within the larger EAP was significant precisely because of its strategic location. It was a major port, connecting both the British EAP and the German EAP to international markets.

The development of colonial administration in Kisumu

One of the colonial fixations in the early years of Kisumu's development was the formation of an administration to oversee the operations of the budding town. Kisumu was established as a 'Township' under the 1903 Township Establishment Ordinance. Home (2012: 175), citing the official government gazette notice, writes that 'Kisumu Township was defined as a 2.5 mile radius of the

collector's office, and with beacons, distances and bearings... delineated, edged red, on Land Surveys Plan No. 15135' (Figure 5.2). This act of establishment excluded the large plots of land held by the Railway Authority, as this land was not under the control of the colonial government.

Figure 5.2: The colonial town of Kisumu



Source: Adapted from various sources (County Government of Kisumu 2013a, Anyumba 1995).

The development of the land administration system was a cornerstone of bureaucratic endeavours in British East Africa. Since the area which would later be designated as 'Kenya' was part of the protectorate and not formally annexed, the British administrators needed an alternative system of land control which did not require titles. The decision to use the 'Protectorate Power' and civil codes developed in India enabled formalized land occupation by colonial settlers (the British and Indians). This system formed the backbone of the leasehold tenure system used in the colonial city (still used today) (Figure 5.2). It enabled the acquisition of land for a wide range of colonial purposes such as government buildings, housing, the railway terminus etc. (Anyumba 1995).

A key aspect of the administration of the town was the development of a strong tax base. Europeans generally saw Kisumu as unsuitable for long-term settlement, because it lacked infrastructure and had humid weather. So, colonial administrators set to work to kick-start the local economy through the establishment of a viable revenue base. The colonial Nyanza Provincial Administration (see Table 5.1) collected hut tax and poll tax. The Native Hut Tax was the first tax implemented in Kisumu. The

tax was collected in Indian rupees at a rate of Rs 3 per hut (however, families could also contribute in kind labour). Tarus (2004: 19) points out that '[at] that time Africans earned three rupees for one month's labour'. Hut tax was a key source of revenue, forcing the local populations into trade and exchange with the Asian and British settlers. Between 1904 and 1911, hut tax collections in Kisumu rose from about Rs 100 000 to almost Rs 900 000 (Anyumba 1995).

Following the successful implementation of the hut tax, the Kisumu Conservancy (essentially the services department in Kisumu Township) started implementing a series of fees and charges for various services. For example, they collected revenues from charges on rateable buildings, cart fees, market fees, slaughter fees and the like (Anyumba 1995). In Kisumu, as in many other places in British East Africa, the hut tax, the later implemented poll tax, and the plethora of township charges aimed to sustain the operations of the colonial development project. While much of the revenue collected by the Provincial Administration in Kisumu was used elsewhere in the empire, township collections were used to lessen the financial burden on the central administration (Fjeldstad & Therkildsen 2008).

In 1907, Kisumu had a town clerk, a financial sub-committee and a Township Committee of Governance, which consisted of several officials. However, as Anyumba (1995) points out, in actual fact the Provincial Administration, working with the District Commissioner of Nyanza Central, took control of the city. They used the large 'grant-in-aid' transfer from the central administration to the Provincial Administration to ensure centralized control of the growing urban area. In fact, in 1908, the Township Committee was dissolved and Kisumu Township fell directly under the control of the Provincial Administration. The Provincial Commissioner and District Commissioners were supported by 'headmen', established in terms of the 1902 Village Headman Ordinance (Ogot 1963). Headmen were responsible for tax collection, law and order, and ensuring adequate supplies of labour for colonial public works projects (Bubba & Lamba 1991). They were appointed as civil servants of the Native Administration Service and paid by the colonial state (Ogot 1963; Nyende 2011).

Racial segregation was built into the early administrative and spatial architecture of the city. All decision-making positions were held by Europeans, employed by the colonial administration. Indian and Goan people who had settled in Kisumu were part of the backbone of the administration, working in the District Commissioner's offices as clerks, accountants, and tax collectors. To engage with African people, chiefs were identified and used for communication (Tarus 2004). Alongside the development of a system of chiefs which could be used for rule outside the colonial city, a spatial racial segregation system was put into effect in the formal town. The arguments for racial partition were made largely on grounds of health and hygiene (and were supported by the Conservancy, which was ostensibly concerned about the spread of disease). In Kisumu Township the groups that were designated as white and Asian (including Indians and Goans) lived within the official town

boundaries. Africans settled both within and, increasingly, beyond the boundaries of the town in the present-day 'slum belt'. In 1909, a survey found that out of a total of just over 3 000 people in Kisumu, 85% were Africans, 13% were Indian and Goan, and less than 2% were white European (Macoloo 1984). The town was divided into three zones: Zone A, Zone B, and Zone C. In this process, *de facto* racial segregation was legalized in the town's plans. Segregation was also built into the part of the town controlled by the Railway Authority, albeit less aggressively owing to its smaller size. The implication of this spatial structure was that investments in infrastructure, services, and planning were limited to the white and Asian areas of the town, with very limited investment in the African areas.

The formation of Kisumu Municipality

Kisumu's economic fate was inextricably tied up with colonial investments. The town experienced economic decline owing to the expansion of the regional rail network, which effectively enabled goods travelling from Uganda to the Kenyan coast to bypass Kisumu's railway station. The new line, completed in 1927, passed through the neighbouring small town of Eldoret, today one of Kenya's fastest-growing secondary cities.

However, the economic impact of this decline was lessened by the expansion of air travel. Kisumu's international airport acted as an important stop between Kenya, the United Kingdom and Egypt (Pirie 2004) (see Figure 5.2). In the *Annual Report on the Social and Economic Progress of the People of the Kenya Colony and Protectorate* (1938: 46), it is noted that 'Kenya is served by a thrice-weekly air service between Great Britain and Kisumu, and a twice-weekly air-service between South Africa (Durban) and Kisumu, both operated by Imperial Airways (Africa) Limited, which calls at Kisumu'. These regional transport investments did not contribute in any substantial way to the fiscal base of Kisumu Township, effectively bypassing the small administration. However, they did shape the economic development of the urban area, with resultant effects on revenue-raising locally.

Despite economic fluctuations, Kisumu continued to be a core source of revenue for the colonial administration well into the 1920s and 1930s. By the early 1920s, Kisumu Township was collecting more than 22 licences and fees, in addition to the poll and hut taxes (Anyumba 1995). The Provincial Administration, which controlled the area beyond the township boundaries, was particularly keen to increase taxes on African people in Kisumu, despite there being no improvements in social services in African areas or increases in wages paid to African workers (Ogot 1963). The continued extraction of payments, coupled with wider anti-colonial sentiments across the country, sparked anti-government campaigns in Kisumu. Several groups formed with the intention of representing African interests (for example, the Young Kavirondo Association and the Kavirondo Taxpayers Welfare Association). The Provincial Administration was deeply suspicious of these new formations and feared that these groups would agitate racial tensions. The colonial state had limited capacity and tact to manage this unrest.

For example, it was increasingly difficult to enforce the restriction of unemployed Africans from entering the colonial city boundaries or settling beyond the boundaries (Hay & Harris 2007). This created ongoing tensions and contradictions, exposing the cracks in and limits of the colonial governance apparatus.

Colonial government initiatives that occurred in the period between World War I and World War II, when African towns were first beginning to grow and consolidate, were instrumental in determining the intergovernmental relations and fiscal shape of Kisumu. In Kenya, the 1924 Feetham Commission – led by Justice Feetham, the former Town Clerk of Johannesburg – reinforced the call for a dual system of spatial and administrative management that was also deeply racialized. This commission was inspired and influenced by the recent experience of developing South Africa's Native Urban Areas Act of 1932 (NUAA) (Mabin & Smit 1997). Importantly, as Parnell (2002: 259) points out, the NUAA and its parallels in Kenya 'codified a system of municipal finance and... established separate systems of governance for African urban residents'.

African Native Councils (1924) and Local Government Councils (1929) were developed as a parallel representative framework. The formation of the Native Councils was framed as both a response to the 'native unrest' and an effort to ensure the 'paramountcy' of African interests in the colony, both of which were important colonial discourses of the time (Hay & Harris 2007). The intention of the Native Councils (later called African District Councils) was ostensibly to increase the representation of African people in the management of their own affairs. However, the more likely aim of this dual system was to distribute the financial and administrative burden which was held by the colonial administration onto African areas (Hay & Harris 2007). The Native Councils were responsible for the collection of the Local Native Rate (which was allocated to the Local Native Fund overseen by the Governor, and used to fund development in African areas).

Spatially, the core of the vision of racial segregation was the development of a much more robust spatial planning apparatus for the planned parts of the city. In Kisumu, the new organization responsible for this task was called the Kisumu Town Planning Authority (KTPA). In 1929, the KTPA insisted on bringing the Uganda Railways land into the fold of the planning of the city, in effect merging what had been two urban authorities. In the early 1930s, the KTPA was incorporated into the Kisumu Township and subsumed under its nascent municipal structure (Anyumba 1995). Notably, however, planning remained largely under the control of the District Commissioner, with the local authority having little real power to restrict development or expend capital. The dissolution of the KTPA coincided with the scheduling of Kisumu as a 'Grade A Township' under Kenyan law (Anyumba 1995). In effect, this demarcation allowed the Township Committee to move closer to becoming a fully-fledged municipality. With this designation, a Township Account was created to manage the expenditure and revenue in Kisumu and a valuation roll was produced to better account

for local land tax (Home 2012).

The Feetham Commission had, in addition to entrenching racial segregation, articulated a concern with the increasing costs of colonial administration (Home 2012). To minimize the fiscal burden on the central state, the Commission suggested some serious changes to the form of local government. Home (2012: 184) writes: ‘The Local Government (Municipalities) Ordinance 1928 followed Feetham in providing for the creation of municipalities, with half of their funds provided by central government and the balance from market and other fees.’ As part of the effort to increase the fiscal sustainability of several Kenyan towns, in 1941 Kisumu was granted municipality status, ending the era of the Kisumu Township and established a Municipal Board to manage the city. This launched an era of fiscal insecurity and deficit in Kisumu which would continue for decades.

The Municipal Board, while for the first time elected, only had a mandate over the colonial city area. The rapidly developing peri-urban areas remained under the watch of the Provincial Administration. The Board had little capital to spend on urban infrastructure. Instead, it fixated on the application of rigid development controls within the city boundaries. Beyond the planned city, however, a catalogue of housing schemes was developed for the African urban population. Many of these projects reflected both British ‘neighbourhood’ planning’ and South African ‘locations’ (Macoloo 1984). These projects reflected a *de facto* acceptance of African urban residence, despite the ongoing refusal to integrate the dual system of racialized governance.

Just three years before Kenya gained independence, Kisumu’s Board was upgraded to the status of ‘Municipal Council’. The Council elected the town’s first mayor in 1960. The formation of the Council weakened the control over the city administration previously enjoyed by the colonial District Commissioner who had, up to this point, also been the chairman of the Municipal Board. However, even with the increasing power of the Council, there were insufficient funds available to realize most of the town plans which had been developed by the KTPA and undertake the much-needed infrastructure and development projects (Anyumba 1995). Throughout the 1950s, Kisumu Municipality was marked by a condition of financial deficit. Despite gaining some level of *de jure* political control, the lack of locally controlled funds meant that there was little real decision-making power vested in the Council.

5.3 Post-colonial Kisumu City

From the early 1990s up to the present day, the city of Kisumu has grown rapidly. Its growth can be attributed to both urbanization and the expansion of the boundaries of the city administration. While in the 1960s there were roughly 25 000 people in Kisumu, today there are around half a million people in the city area and double that number in Kisumu County, which includes Kisumu city and a large peri-urban and rural area (discussed further in the next section of the chapter) (Figure 5.3).

Kisumu's post-colonial changes must be understood within the broader context of Kenya's evolving political formation. In the 1960s, Kenya's period of decolonization and independence, the dual system of governance was finally dismantled (Bubba & Lamba 1991). However, the Provincial Administration, and thus centralized control, remained in place until the promulgation of a new Constitution in 2010 (Ministry of Devolution and Planning 2016).

Negotiating decentralization in the transition period

A core site of negotiation for the 1963 Constitution was *majimbo*. *Majimbo* is a Swahili term – now heavily loaded – describing the ideal 'ethno-regional devolution' in post-colonial Kenya (Widner 1993; Cheeseman 2008). Devolution refers to the decentralization of political power; it contrasts with the deconcentrated Provincial Administration. Notably, as Pal-Ghai (2015) points out, at the time of Kenyan independence the British were integrally involved in the writing of the new Constitution and mapping of the new regional boundaries. They vacillated in their support for the devolution of power. In terms of local politics, decentralization was not supported by the dominant political party, the Kenya African National Union (KANU). KANU was the largest party, comprising the two majority ethnic groups in the country, the Luo and the Kikuyu (Anderson 2005). Devolution was, however, supported by a large coalition of minority parties which was formed to advocate for the minority groups' interests.

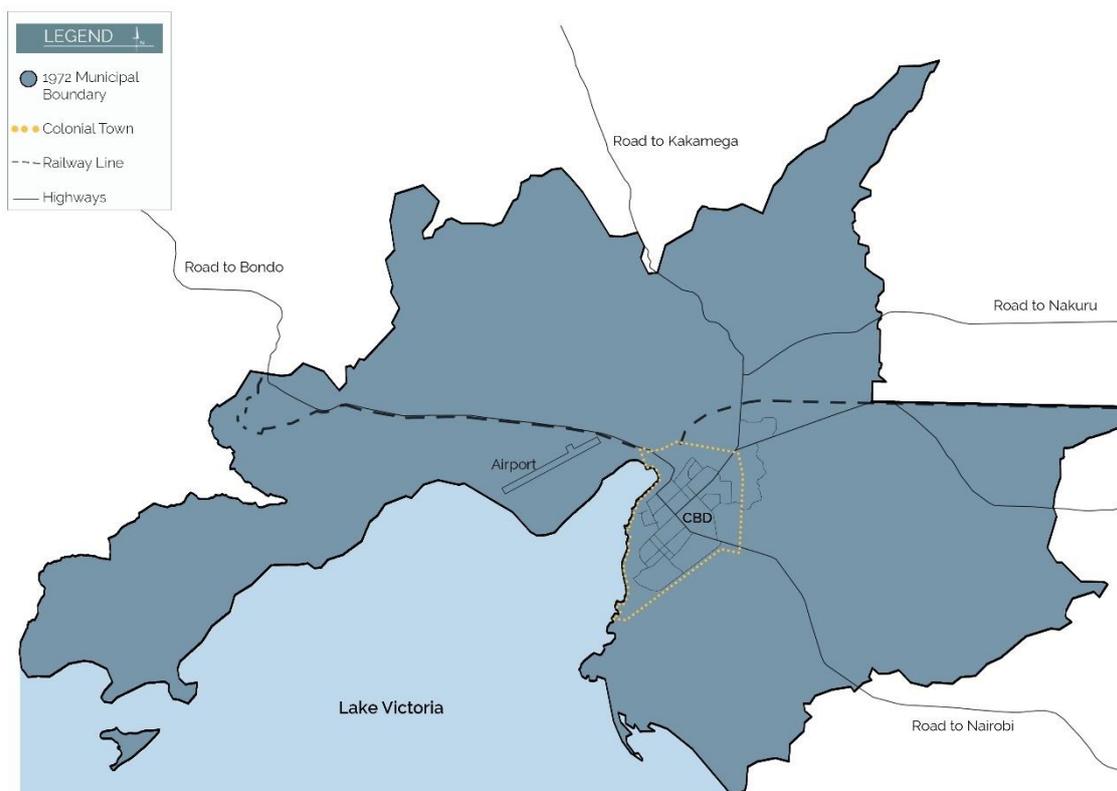
In response to *majimbo*, Regional Administrations were established for a short time to govern the various parts of the country. In Kisumu, many of the duties previously performed by the central government were briefly transferred to the newly established Nyanza Regional Assembly (Bassett 2016). However, Kenya's first president, Jomo Kenyatta, halted the implementation and refused to dismantle the Provincial Administration – a bedrock of centralization and colonial legacy (Rocaboy et al. 2013). For decades to come, the Provincial Administration would be used to ensure that the central government had a localized presence, down to the neighbourhood scale, across Kenya.

Not long after independence, the struggle icon Jaramogi Oginga Odinga broke away from KANU over policy disagreements with President Kenyatta. At the time, Odinga was the leader of the Luo Union, having led the development of the national headquarters in Kisumu in the late 1940s (Odinga 1995). The Luo Union quickly became both a political and an ethnic totem (Anyumba 1995), and Kisumu's constituents, the majority of whom are Luo, have followed Odinga's political lineage relentlessly. Since the mid-1960s, and through the formation of a catalogue of different political parties and coalitions, Kisumu has remained an opposition stronghold (Omolo 2002). Many blame the limited national investment in Kisumu on this continued opposition (Anyumba 1995).

Whatever the case, the fiscal demands which Kisumu faced evolved substantially in the first decade of independence. The urban area went from being a small town of 25 000 in 1963, to an emerging secondary city of over 150 000 people by 1979 (Anyumba 1995). The most instrumental factor in this

growth was the changing boundaries of the town. In 1972 Kisumu's boundary expanded significantly (Figure 5.3) (Syagga 1979) when the first peri-urban and slum areas were formally incorporated into the municipality for management and servicing (Olima & Obala 1998). In the years following independence, much of the land in the peri-urban and slum areas held in communal ownership under the colonial regime would be adjudicated, converted to freehold tenure, and transferred to its inhabitants. Kisumu's urbanization, coupled with changing land laws and limited fiscal transfers, placed the city on an enduring path of fiscal insecurity.

Figure 5.3: Extended municipal boundary (1972)



Source: Adapted from ISUD-Plan (County Government of Kisumu 2013a).

Recentralization of local government in Kisumu

In the 1970s and 1980s, the national government, driven by multilateral donors, declared Kisumu part of the 'growth pole' strategy (Roberts 2014). Growth poles were first mentioned in post-independence Kenya's Second Development Plan (1970–74) and were seen as a national government tool for weakening the primacy of Nairobi and, to a lesser extent, Mombasa (Otiso 2005). Kisumu and three other towns were identified as national 'industrial centres' (Richardson 1980). Of the four growth poles, Kisumu was seen to have the most potential; Richardson wrote that '[o]f the growth center candidates in Western Kenya, Kisumu is the most attractive. Its expansion would help to cement the linear axis running through the country from Lake Victoria to the coast via Nairobi' (1980: 111). However, these ambitious commitments did not result in the expected infrastructure development and

growth taking place in Kisumu (Otiso 2005).

Kisumu’s inability to develop over this period can be attributed to a range of factors, most of which are linked to the assignment of fiscal roles and responsibilities. Kisumu’s reliance on national investment was augmented by the recentralization reforms under way nationally. These reforms affected the local authority in Kisumu, ensuring that there was little scope for local investment in infrastructure and development. The Local Government (Transfer of Functions) Act (No. 20 of 1969) removed a range of important functions from local governments, the most important urban function being responsibility for roads (Rocaboy et al. 2013). The Graduate Person Tax, one of the most important sources of local government revenue, was centralized (Smoke 1993). Therefore, while the structure of the Kisumu Municipal Council maintained the nomenclature of a wide range of responsibilities (see Table 5.2), these departments were poorly staffed and funded (Syagga 1979).

Table 5.2: Structure of the Municipal Council of Kisumu

Council	Committees	Departments
Kisumu Municipal Council	Town Planning Finance and Staff Health, Welfare and Education	Public Health Engineering Treasury Housing and Social Services Education

Source: Adapted from Syagga (1979: 185).

Between the failed growth pole strategy and usurpation of the more lucrative local revenues, the prospects for development and autonomy in Kisumu were low. By the mid-1970s, the system of tax and fee collection in Kisumu had collapsed, leaving little local revenue to fill the gaps in national investment. The Kisumu Council could not pay for the city’s street lighting, and was in arrears to the electricity company. The adoption of new streets and roads came to bear heavily on the Council’s management and maintenance budgets (Anyumba 1995). Infrastructure enclaves for middle-class residents developed in the urban and peri-urban areas (Letema et al. 2014). Gaps in infrastructure provision were filled by the informal sector (i.e. hawkers and ‘spontaneous markets’). Attempts to fill some of these gaps were made by donors. For example, the Swedish International Development Cooperation Agency (SIDA) supported the development of Kenya Industrial Estate in Kisumu, and site-and-service housing was developed in the unplanned areas of Migosi, Manyatta, and Nyalenda by the World Bank’s Second Urban Project in Kisumu (Macoloo 1988). However, these projects were small compared to the city’s growing infrastructure and housing needs (Macoloo 1984).

In 1979, the National Ministry of Local Government dissolved the Municipality of Kisumu due to its poor financial performance, replacing the local authority with a Commission. Thus Kisumu’s urban local authority, while technically structured along the lines of the British approach (which favoured local-level control), experienced further recentralization of power to national government (Smoke

1993). As in many local authorities, the city was caught between the National Ministry, which controlled most of the important fiscal matters that affected it, and the deconcentrated Provincial Administration which had taken over many of its lucrative streams of revenue (Rocaboy et al. 2013).

Given the weak national and local economy during the 1970s and 1980s, the outcome for Kisumu was financial insecurity, regular non-payment of civil servants, and under-investment in infrastructure. During this time, Kisumu's planning unit continued to create ambitious plans for the city. For example, the 1983 Structure Plan included designs for ring roads and a by-pass road to the north of the city centre. However, with limited local and national funding available, plans to develop the peri-urban areas would only be realized almost 40 years later (Anyumba 1995).

Strengthening (urban) democracy

In Kenya, the 1990s ushered in mounting concern over centralization, transparency, and human rights violations (Pal-Ghai 2015). Driven by both local and international pressure, a multi-party democratic system was slowly developed in the country in the 1990s. As had been the case for the past three decades, Kisumu city and its surrounds remained a stronghold of the opposition party. In the 1992 elections, over 75% of Nyanza Province voted for the Forum for the Restoration of Democracy–Kenya (FORD-K) which was led by Oginga Odinga (Anyumba 1995).

Beyond questions of party politics, in the 1990s, Kisumu city also became a central site for the expansion of NGOs. Organizations that catered for all sorts of perceived deficiencies began to appear in numbers, as the general strengthening of civil society in the country was supported. Through these efforts, Kisumu became a core site for international donors concerned with everything from the environmental quality of Lake Victoria to meeting the Millennium Development Goals (Onyango & Obera 2015). In 2002, the Kisumu Municipal Council, supported by UN-Habitat, developed a City Development Strategy (CDS). Following this, the Kisumu Action Team (KAT) worked to improve the image of the town, in an effort to attract investment and address concerns over urban 'liveability' (Hayombe et al. 2012; Onyango & Obera 2015). In 2005, Kisumu was declared a 'Millennium City' under the United Nations Millennium Project.

Despite efforts to raise the profile of the city, the Council continued to face deep governance challenges. In the early years of the new century, Kisumu's administration was dominated by heavy wage bills and limited capital investment. In 2006/07, operating costs were higher than municipal income by 20%. The cost of staff salaries accounted for 60% of total spending (Municipal Council of Kisumu 2007). In a city profile, UN-Habitat (2006: 4) writes: 'Governance in Kisumu is facing several challenges [including] poor revenue collection, high rates of poverty within the city and the almost complete exclusion of slum communities in urban decision making. The MCK is ill-equipped to respond to these challenges in a holistic manner as it lacks the financial and human resource capacities.'

The parallel process of NGO-ization of urban Kisumu and the persistent turmoil of the fiscal state of the municipality are two sides of the same coin. Without a strong urban authority and adequate provision of infrastructure, the proliferation of governance- and development-related organizations came to hybridize and fragment, rather than transform, urban governance and material development in the city.

5.4 A new deal for Kisumu: the County is born

During Kenya's infamous 2007 post-election violence, Kisumu city was a hotspot for political and ethnic tensions. The election violence, while predictable to scholars of Kenya's post-colonial politics, shook the country (Cheeseman 2008; Roberts 2009). As Cheeseman (2008) points out, it was the longstanding perception of systematic exclusion from political processes by people in Kisumu (and other places like the infamous Kibera slum) that triggered the violent reaction to the announcement of the defeat of the political opposition by the ruling party. Kisumu, being the largest town in 'Luoland' and the heartland of the longstanding Odinga-led political opposition, was not surprisingly a central site of violence.

The negotiated pact between President Mwai Kibaki of the ruling party and Raila Odinga (the son of Jaramogi Oginga Odinga) of the opposition party came as a response to the violence which had swept across the country. This pact represented the start of a new era in Kisumu. Following the violence, the national government committed to improving the provision of grant resources to Kisumu, in the form of support for the Kisumu Urban Project (KUP). More fundamentally, it launched a process of devolved power through the formulation of a new Constitution.

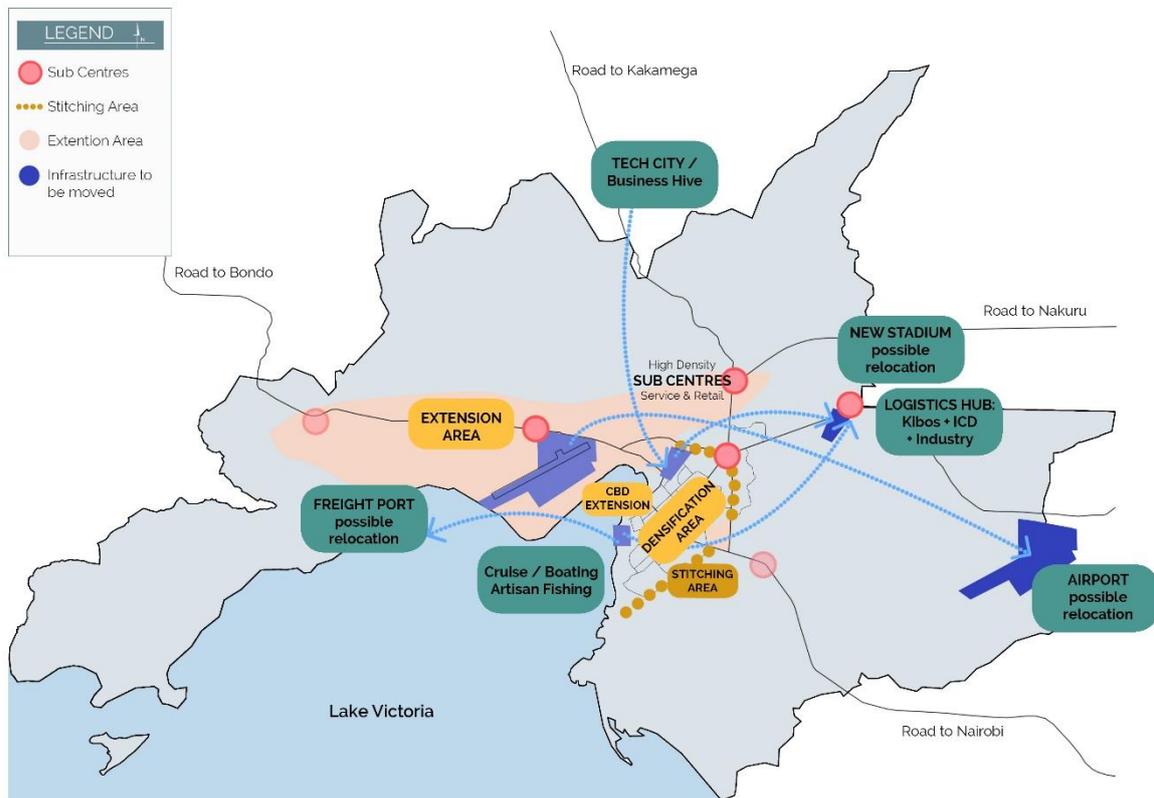
Urban branding and the Kisumu Urban Project

As a result of the dovetailing of the post-election violence and concern over the fiscal sustainability of the city, Kisumu city became the focus of intensive rebranding in 2008. A group of organised business owners and urban professionals sought to reposition Kisumu city, appealing to the international development community for support; they called themselves the Kisumu Action Team (KAT). They drafted the Kisumu Action Plan and presented it to an international panel of donors and lenders in late 2008 (one year after the violence) (Onyango & Obera 2015). This plan sparked the interest of several agencies, most notably the French Agence Française de Développement (AFD), which was expanding its activities focused on urban Africa (Onyango & Obera 2015).

The Municipal Council undertook an intensive planning exercise with AFD to develop a new plan for the city. This plan is called the Integrated Strategic Urban Development Plan (ISUD-Plan) (Agence Française de Développement 2013) (Figure 5.4). It envisions 'the city on the lake' to be 'a vibrant City, on the shores of the largest fresh water lake in Africa, able to accommodate & control growth

while supporting the development of a multipolar city through leveraging its economic assets in industrial processing, knowledge production, ultra-modern transport system and green cultural tourism’ (Agence Française de Développement 2013: 12). The ISUD-Plan calls on Kisumu to ‘capitalize on its unmatched assets’, including the lake, port, and airport.

Figure 5.4: Kisumu’s Integrated Strategic Urban Development Plan



Source: Adapted from ISUD-Plan (County Government of Kisumu 2013a).

In 2010, AFD launched the KUP, a pot of money which would be used to realize the ISUD-plan. The first agreement was signed at the end of 2009 by the French and the Kenyan governments.³ The KUP was based on a loan to the national government which would be transferred as a grant to the Kisumu Council.

Kisumu County

While the KUP focused on Kisumu city, a wider and more significant transformation was under way. The development of a new national Constitution and devolved system of government have shaped the nature of urban government in Kenya in profound ways.

In 2010, the new Constitution was promulgated. This Constitution, and the supporting Urban Areas

³ Personal communication, I. Salenson, AFD: informal conversation at the African Centre for Cities, University of Cape Town, 21 February 2018.

and Cities Act (No. 13 of 2011), created a new and decentralized governance framework with only two mandated tiers of government: the national government and the county government (Bassett 2016). In terms of this framework, the Kisumu Municipality was dissolved. Kisumu city and its surrounding peri-urban and rural areas came under the administration of the county.

Within the new two-tier system, the Provincial Administration, which had been established during the colonial era and upheld throughout the period of decolonization, lost significant power. This loss, however, did not happen without a fight. Years into Kisumu County’s first Governor’s term, the Nyanza Provincial Administration kept hold of the 15-storey Kisumu County headquarters (Figure 5.5), using small technicalities to block occupation by the incumbent County Government. By the time I conducted this research, however, the Administration had been removed. The new County system was accompanied by a new fiscal architecture of devolution. The implementation has been clunky and incremental. Many important functions were devolved without the necessary central government transfers of funds to support delivery. This created a ‘fiscal shock’ in 2013, when the system moved from paper to implementation (Cira et al. 2016).

The Fourth Schedule of the 2010 Constitution outlines the functions of county governments. Important urban functions now allocated to counties are set out in Table 5.3.

Table 5.3: Key urban functions of county governments

Function	Sub-activities
Pollution and nuisances	Public entertainment Outdoor advertising
Cultural activities	Gambling Liquor licensing Cinemas Libraries and museums Sports and cultural activities and facilities County parks, beaches and recreation facilities
County transport	County roads Street lighting Traffic and parking Public road transport Ferries and harbours
Trade development and regulation	Markets Trade licences Fair trading practices Local tourism Cooperative societies
County planning and development	Statistics Land survey and mapping Boundaries and fencing Housing Electricity and gas reticulation and energy regulation
Education	Pre-primary education Village polytechnics Homecraft centers

	Childcare
Public works	Storm water management systems in built-up areas Water and sanitation services
Emergency response	Fire fighting Disaster management
Participation	Coordinating local participation Developing local capacity to participate in county processes

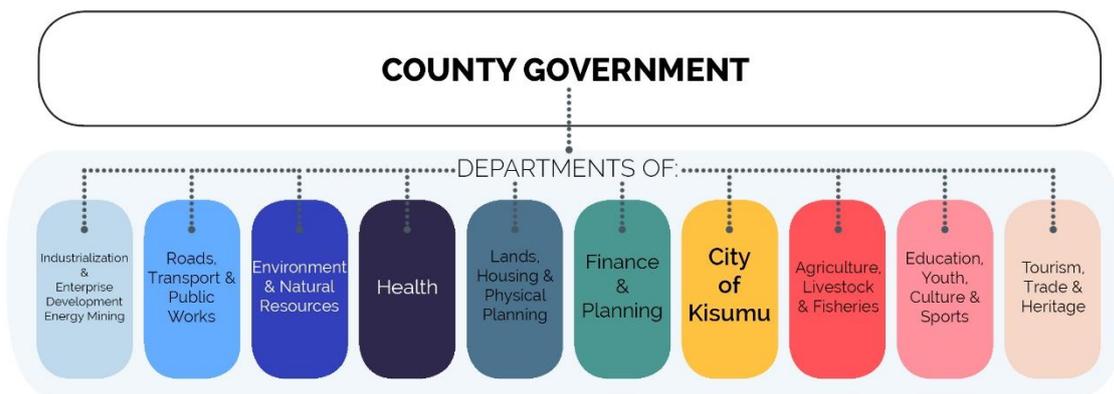
Source: Compiled by the author based on the Constitution of Republic of Kenya (2010).

Various supporting pieces of legislation outline the rights and responsibilities of county governments in relation to particular revenue and expenditure items, such as the collection of property tax. Additional functions which are often not characterized as ‘urban functions’ include health, agriculture, and the implementation of national conservation and resource management policies.

Given the recent changes, it is important to get a clear understanding of the political and administrative system in Kisumu County which is now taking form (Figure 5.5). The County Government of Kisumu is the only tier of sub-national government provided in the devolved system of governance spelled out in the 2010 Constitution. Kisumu County includes Kisumu city (Figure 5.7) and a number of smaller towns. It is one of the 47 counties in Kenya.

Kisumu County has ten departments within it (Figure 5.5). The Department of the City of Kisumu is located within the County. The Department manages the same area as the now defunct Municipal Council of Kisumu (based on the boundaries of the city from 1972) (Figure 5.7). However, unlike the Council, the Department has no autonomy.

Figure 5.5: County Government of Kisumu structure



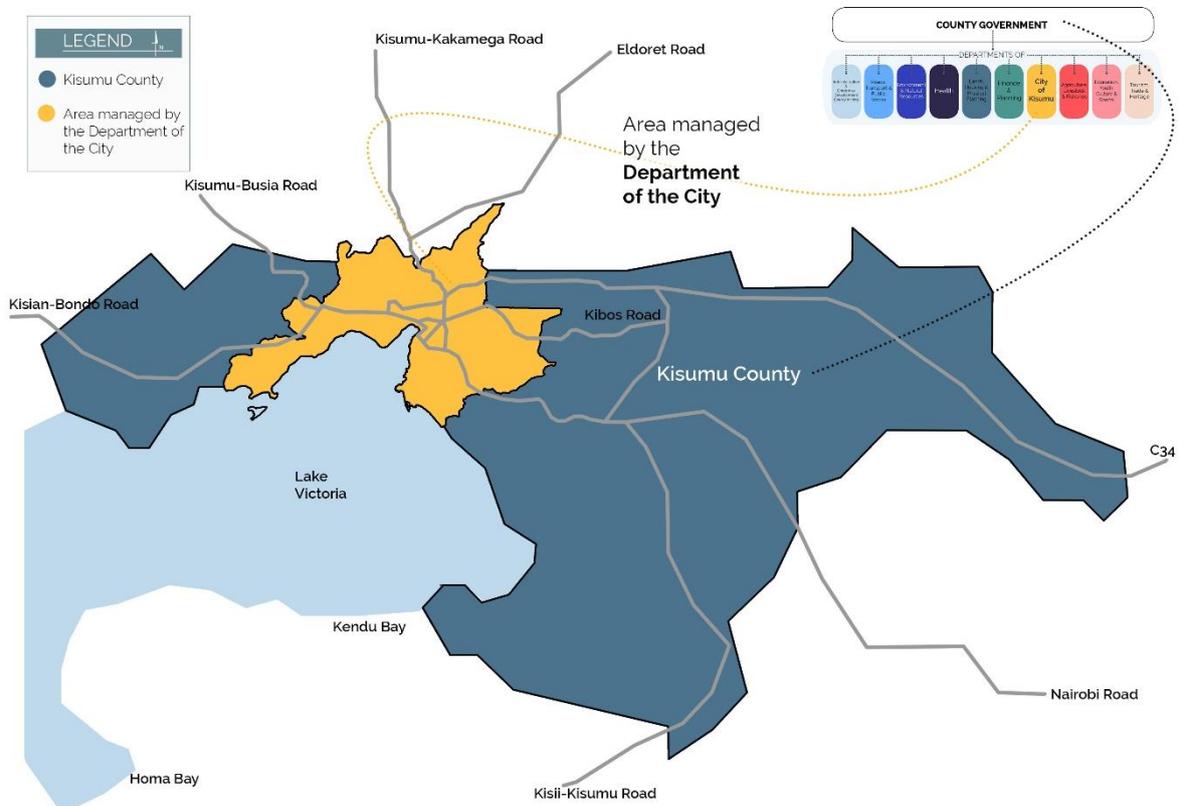
Source: Compiled by author based on Kisumu County Budget documents (which are structured by department).

Figure 5.6: Kisumu County Headquarters



Source: Author (2017)

Figure 5.7: Kisumu city within Kisumu County



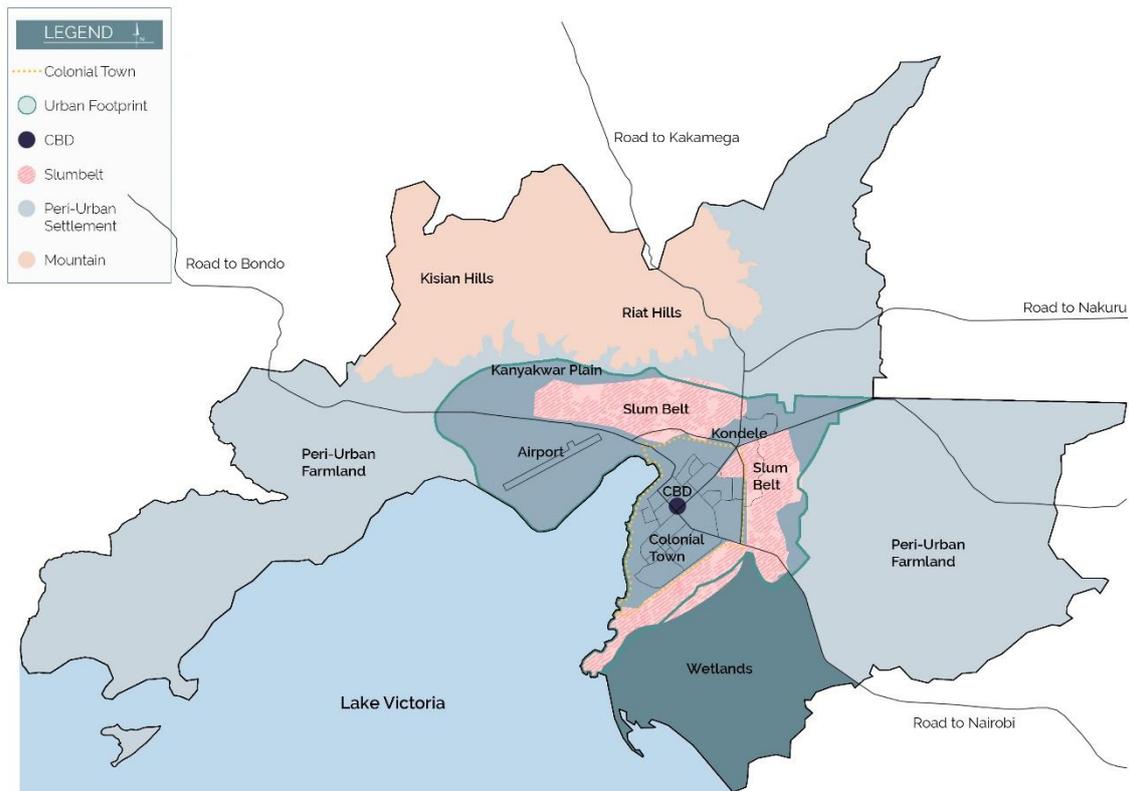
Source: Adapted from ISUD-Plan (County Government of Kisumu 2013a).

Within Kisumu city, as is the case across the country, areas are broken down into two political groupings: constituencies and wards. Constituencies represent communities at the national level, and elect representatives for the National Parliament. Kisumu city straddles three constituencies: Kisumu Central Constituency, Kisumu East Constituency, and Kisumu West Constituency. However, the boundaries of the city do not correspond with the boundaries of these constituencies, making urban analysis at this level difficult. Constituency boundaries align with the administrative terminology of 'sub-counties'. Smaller than constituencies are wards. Kisumu city is made up of fourteen wards; each ward elects members to the Kisumu County Assembly. Wards are the lowest level of political representation in the city.

Under the older Provincial Administration, the city was divided into 'locations' and 'sub-locations'. While location names are no longer used to refer to parts of the city (owing to the dissolution of the Provincial Administration as a legal structure), sub-location names remain important as they are used colloquially to describe suburbs and neighbourhoods and have some alignment with wards (see Annexure 1). Sub-locations are important reference points when talking about the spatial form of the city.

The spatial form of Kisumu city today very much reflects its colonial past. The current urban core of the city aligns with the colonial city centre. This is where the majority of government buildings and company headquarters are located. Along the Ring Road, wrapping around two-thirds of the city, is the 'slum belt'. This is the freehold area which was settled by Africans in the early years of Kisumu's colonial development. While individual rights to this land have been transferred, and some services have been extended to these areas, development here is more precarious than in the adjacent central business district (CBD). Beyond the CBD and the slum belt sit new development areas, suburbs which are being built incrementally, driven largely by middle-income families and small developers. Peri-urban farmland makes up a large amount of the land within the city boundaries (in the extended areas). In these areas, people continue to live in their family compounds and engage in small-scale farming activities. However, this is changing quickly, particularly in areas which are receiving infrastructure investment. On what was once rural land, middle- and upper-class developments are following the development of the highway infrastructure to the north. The Riat Hills, for example, has new high-income development of villas and expensive hotels being developed (Figure 5.8).

Figure 5.8: Kisumu’s contemporary spatial structure



Source: Adapted from ISUD-Plan (County Government of Kisumu 2013a).

5.5 Reflections and conclusions

In this chapter, I have traced the development of Kisumu. I have focused attention on the formations of urban authority which have arisen and persisted over the course of Kisumu’s colonial, post-colonial and contemporary periods. In other words, this chapter focussed on the development of the City. However, it also touches on important aspects of Kisumu’s development as a city, in particular those aspects which interface directly with questions of City formation and public financing.

It is impossible to situate the development of Kisumu as a City today without understanding the colonial position of Kisumu vis-à-vis the British empire, and its post-colonial role in the national political and institutional structures and imagination of Kenya. The current City structure is equal parts continuity and change. In this sense, it reflects the enduring deconstruction of a productive and autonomous local government.

I have used this historical tracing of the development of the City to do two things. First, I worked to show that the character of government action in Kisumu has always been deeply shaped by the ability of the local government to raise revenue, access grants, and dictate expenditure priorities. Throughout Kisumu’s history, the interface between the local authority, deconcentrated branches of central

administrations (i.e. the Provincial Administration), and Kisumu's urban constituents has been fundamentally mediated by flows of (public) money. In this sense, the making of the City and control over revenues and expenditures are inextricably linked. Second, this chapter shows that devolution reforms and City-making are not mutually supportive endeavours. In studying them, we cannot assume that their intentions or designs align. In the case of Kisumu, they do not. Decentralization reforms have in fact often undermined City development, transforming the semi-autonomous municipality into a fully embedded County department. The irony of this disempowerment is that it came at precisely the moment when intensive efforts were under way to (re-)envisage Kisumu 'as a city'.

These two core insights are the point of departure for the following empirical chapters. They militate against the common intellectual division between the design of the state, on the one hand, and the flow and characteristics of money, on the other. These are inextricably co-productive. They require that research on the finances of the City embrace the *de jure* and *de facto* governance arrangements, with central attention being paid to the calculations and quantities that drive the financial flows through these arrangements. Equally, they push back against the common assumption that decentralization and urban autonomy go hand-in-hand.

For the thesis as a whole, this chapter also throws up some practical challenges and questions. For example, if there is no longer an official 'urban state', how can we track money through the City? If the official decentralization reforms lead to the *de jure* recentralization and *de facto* continuation of constrained local autonomy, what terms do we use to describe this process?

CHAPTER 6 | FINANCING THE CITY

6.1 Introduction

The previous chapter traced the evolution and emergence of the contemporary institutional arrangements of local government in Kisumu. I showed that the past few years have brought major changes to the institutional architecture of government in Kenya, with tandem implications in Kisumu. The most important change has been the dissolution of the Kisumu Municipality and formation of Kisumu County. Chapter 5 concluded by showing that the dissolve of the small local government and formation of the much larger and more powerful county government has reshaped the City of Kisumu, with fundamental implications for a fiscal analysis of its operations.

Taking account of this recent institutional restructuring, in this chapter I dive deeper into the contemporary arrangements that govern Kisumu City's public finance. Central to the overarching argument of this thesis is that public finance shapes and is shaped by the urban state and the material city. In effect, public finance, 'the City', and 'the city' are co-constitutive. This chapter focuses on the first of these constitutive elements, drawing attention to the ways in which public finance and the urban state co-produce one another. However, it should always be borne in mind that this shaping has direct implications for the socio-material and lived city as well.

Importantly, and in keeping with the terminology of this thesis, I use the term 'City' not as a proxy for the Department of the City of Kisumu (explained in Chapter 5), but to capture the dynamic relationships among public urban institutions with fiscal power over Kisumu city. This broader scope complicates the fiscal analysis considerably. Working to distil the linkages between the City and public finance, this chapter draws from qualitative and quantitative analysis of the fiscal transitions under way, of the challenges which Kisumu's public authorities face in grappling with the new system, and of the patterns of urban revenue and expenditure. This chapter confirms the value of fiscal analysis, despite the limitations of the available data. Some of these limitations are addressed in Part 3 of this thesis

Structure of the chapter

To this effect, Section 2 of the chapter maps the 'big-C City' in Kisumu, reiterating the importance of understanding the arrangements which both shape and are shaped by the financial system in place. I argue here that fiscal policy decisions made at the national and county scales together shape the City. Building on Section 2, Section 3 of the chapter identifies key ways in which City processes and practices related to revenue collection, budgeting, and expenditure shape the urban public finance system. Section 4 complements Section 3 and explores the main ways in which the public finance system, in turn, shapes the City's processes and practices. The accounting standards, financial

management system, and grant allocation design have fundamental implications for the operations of the City. Section 5 investigates more closely the widespread perception of Kisumu city's disadvantage within the intergovernmental fiscal system. While the lack of financial data makes it difficult to confirm whether or not there is a rural investment bias in this system, I explore the powerful arguments put forward by people in Kisumu who think that this is the case. In the final section of the chapter, I argue that the impossibility of undertaking a conventional public finance analysis of the City does not completely militate against arriving at thoughtful insights about its fiscal condition. We can see, for example, the role of the Department of the City within the fiscal structures of the County, and the emergence of a City finance void.

6.2 Mapping the 'big-C' City in Kisumu

In my fieldwork process, I asked the majority of my interviewees in Kisumu and Nairobi, as well as friends, colleagues, and paratransit drivers for their perceptions of the recent reform processes. There is a keen sense among all those whom I spoke to, echoed in much of the literature on contemporary Kenya, that the new Constitution reflects a break from the past. Even in the early years of transition, there is widespread anticipation of more equal and accountable development taking place across the country. A suite of legislation reflects a concerted effort to break with the colonial, centralized, and undemocratic structures that have dominated Kenyan government for decades, and that undeniably contributed to the widespread perceptions of disadvantage which many regions have felt (Cheeseman 2008).

A national transition: Kenya's emerging policy framework

As discussed in Chapter 5, Kenya's national decentralization, referred to as 'devolution', produced a new intergovernmental system. The 47 newly formed county governments are at the apex of this political, fiscal, and administrative system. The groundwork for this major shift is spelled out in the 2010 Constitution, where the two-tier system of devolved government is legislated. The roles and functions of national and county government are set out in the Fourth Schedule of the Constitution. Many functions previously assigned to the central government, for example health care, are now the responsibility of counties. Additionally, many of the tasks which in the past were the responsibility of 175 local governments across the country, for example spatial planning, water provision, and waste collection, have also been allocated to the county governments.

Since 2010, the national state has been rigorously amending its legislation to align with the new Constitution. From the perspective of urban public finance, two Acts are most important. The Public Finance Management Act (PFMA) (No.18 of 2012) is a key document, requiring transparency and public participation in government finances. The PFMA, coupled with the Urban Areas and Cities Act (No.13 of 2011) provides a framework for the establishment and financing of City Boards to manage

areas which are classified as cities. In addition to Nairobi, which is a City-County, the Act indicates that the areas previously under the municipal councils of Mombasa and Kisumu are now classified as ‘cities’. A 2017 amendment to this Act also included Nakuru and Eldoret under this classification.

Kisumu’s new fiscal structure

The national decentralization process discussed above has had profound implications for Kisumu. With no legislated ‘local government’, the municipality has been dissolved. The urban area has been granted ‘city status’ under the Urban Areas and Cities Act; however, this designation has had no institutional corollary.

The newly formed County Government of Kisumu has full control over the urban area, and also over the surrounding smaller towns, peri-urban and rural areas. By design, Kisumu County has become the focal point of institutional, fiscal, and political change, absorbing staff from both the defunct municipal administrations and from national government. Kisumu County’s mandate is much wider than that of the old local authority, requiring substantially more capital and operational resources for its fulfilment (Figure 6.1).

Figure 6.1: The Kisumu County Service Delivery Charter in the office of the CO of Finance



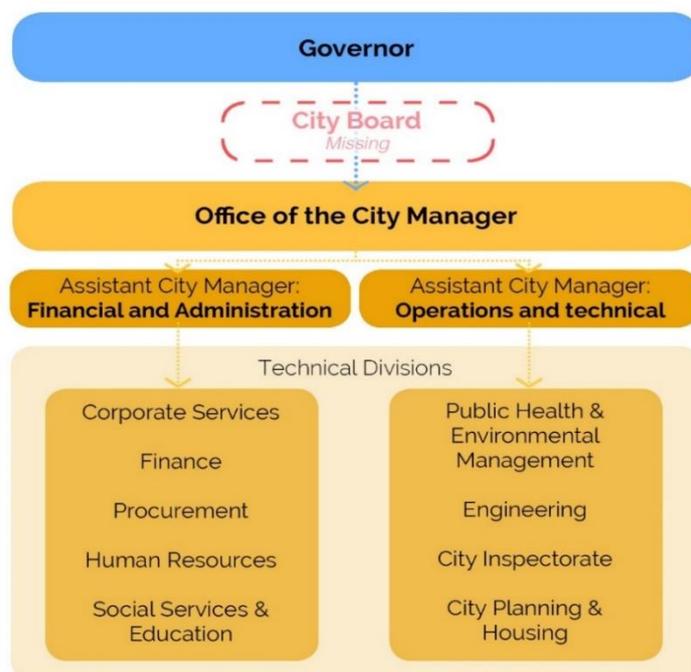
Source: Author (2017)

Devolution in Kenya, and by extension Kisumu, is first and foremost a political project, intended to decentralize political power. Kisumu County’s structure reflects this intention. It comprises the following elements:

- **Executive:** The executive arm of the County is headed by the Governor, the Deputy County Governor and the County Executive Committee.
- **Legislative:** The legislative arm of the County includes the County Assembly, which is primarily made up of elected Members of the County Assembly (MCAs). MCAs represent each of the wards within Kisumu County.
- **Departments:** Within Kisumu County, there are departments. Departments are responsible for the various functions of the County Government, for example ‘Roads, Transport and Public Works’ and ‘Health’. Each department is headed by a member of the County Executive Committee (CEC) and a Chief Officer (CO), which are political and technical positions, respectively. The CEC members are often referred to as County Ministers and the departments as ‘ministries’. In this chapter, I refer to them as ministries, in keeping with the local terminology.

The Department of the City of Kisumu is one of the departments within Kisumu County. As a department within the County, all staff employed in the Department of the City work for the County Government and all money collected by the department is collected on behalf of the County.

Figure 6.2: Structure of the Department of the City of Kisumu



Source: Personal communication, D. Okuta⁴

The Department of the City manages Kisumu city, based on the boundaries of the now defunct Municipal Council of Kisumu (the same ones which were established in 1972). In the absence of

⁴ The information used to construct this diagram is based on an email sent to me by Kisumu Assistant City Manager D. Okuta on 14 November 2017, which included an organogram of the Department of the City.

legislated local government, the Urban Areas and Cities Act of 2011 makes provision for the establishment of City Boards to manage cities such as Kisumu.

While the City Board was established in 2018, at the time that this research was conducted Kisumu County had not yet established a Board for Kisumu city. I discuss this in more detail later in this chapter. Since it remains unclear what the newly established Board currently does or will do in future, I have not incorporated these recent changes into the analysis in this chapter.⁵

Unlike the other ministries, the Department of the City of Kisumu does not have a CEC member/minister. Instead it has a City Manager. The City Manager, in theory, would report to the Board. However, in the absence of a Board, he or she reports to the Governor directly. The City Manager is deputized by two Assistant City Managers, one for finance and administration and one for operations and technical matters (Figure 6.2)

The institutional structure in Kisumu begs the question: Who is the ‘Big-C City’? In the complex institutional context of post-devolution Kisumu, and particularly given the Department of the City’s level of autonomy, the City is not a single agent or institution.

Figure 6.3: Sign pointing to the Kisumu City Hall (previously called Town Hall)



Source: Author 2017

⁵ In late 2018 I met several Kisumu representatives at a conference hosted by the African Centre for Cities. One of the representatives, Sam Okello, was on the newly established Board. While we spoke extensively about his appointment, none of my questions about its current fiscal operations were addressed.

6.3 How does the City shape public finance?

The core intention of this chapter is to show how the City and public finance shape each other. I began by unpacking the ways in which the structure of the City – the actors involved in the city area and the relationships between them – shape the urban public finance system in Kisumu. In this section of the chapter, I show how the arrangement of urban actors plays out in fiscal terms. To do this, I have selected three City practices which have fundamental fiscal implications. I begin with ‘revenue’, the money which is collected from the city area. I follow this with ‘budgeting’, the decision-making process for how revenues will be spent. And I end with ‘expenditure’, the actual spending which takes place in the city.

Department of the City revenue collection

Revenue collection provides clear insights into how the structure of the City shapes financial flows. Within the County, income from the city area is primarily collected by the Department of the City. Within the Department, income is documented and tracked by the Finance Division (see Figure 6.2).

The Finance Division has three sections. Of these, the revenue section is undeniably the weightiest, employing almost 200 people (see Table 6.1). This allocation of staff reflects the important role of the Department of the City as an agent of revenue collection, and of the city as a site of revenue generation.

Table 6.1: Structure of the Finance Division in the Department of the City of Kisumu

Director of Finance			
Sections of the Finance Division	Chief Accountant: Expenditure	Departmental Accountant	Chief Accountant: Revenue
Units within the Sections	<ul style="list-style-type: none"> • Payment Unit • Expenditure Unit • Economic Planning Unit 	<ul style="list-style-type: none"> • Planning and Engineering • Education and Social Services • Health • Housing • Human Resources • Other Donors’ Funds 	<ul style="list-style-type: none"> • Debt Collection Unit • Rent Unit • Cash Office • Bus Park Unit • Town Parking Unit • Markets Unit • Rates Unit • Single Business Permit Unit • Billboards/ Signage Unit
No. of clerks	9	n/a	178

Source: Compiled by author based on interview with D. Okuta, 2 May 2017.

Table 6.2 shows the trends in Department of the City revenue collection, by revenue category. This table provides several useful insights into the nature and scale of revenue collection in the city.

First, we can see that property tax is the main source of urban revenue. Smaller but comparatively significant revenue sources are charges for annual business permits, fees for buses entering the bus terminal (*matatu* bus parks), and charges for parking. Property tax is a very common source of sub-national revenue, making the situation in Kisumu relatively common (as discussed in Chapter 7). The same is true for business permits. The Department’s reliance on daily revenue from what would generally be considered ‘informal activities’ (i.e. informal buses) is a reminder both of the range of businesses from which the Department extracts revenue, and of the everyday nature of revenue collection. Second, we can see from this table that the more lucrative charges for electricity or water which many urban local governments rely on in other countries are not included in the revenue of the Department of the City of Kisumu. In fact, the majority of the revenue sources of the Department are not linked to any material service provision at all, and are regulatory in nature. Third, we can see growing revenues for most categories between 2014/15 and 2016/17 (Table 6.2) and even before then.⁶ The Department is making small advances in revenue collection (although there is also inflation to take account of). The lower collections of market and bus park fees in 2016/17 – resulting in the overall lower Departmental revenues in that year – are attributed to the protest action and campaigning that occurred in the course of the national election process and subsequent violence (Opetu interview). This is a reminder that revenue collection is clearly shaped by local political factors. Finally, despite minor improvements over the three years shown in the table, we can see that the overall revenue collections are low. In 2016/17, city revenue was KSh1 200 per capita.

Table 6.2: Department of the City of Kisumu post-devolution revenue collection (KSh)

Revenue streams	FY 2014/15	FY 2015/16	FY 2016/17
Land rates (property tax)	120 002 382	129 635 191	138 194 757
Single business permits	84 382 849	88 748 755	81 022 720
Rents (for gov. housing)	30 181 713	35 604 969	40 955 012
<i>Matatu</i> bus park fees	78 489 050	84 756 350	76 284 500
Market fees	63 856 275	61 723 245	52 459 370
Building plan approval	19 077 867	17 897 651	42 630 357
Sign board promotion	55 683 113	56 610 761	59 986 988
Sundry revenue	42 837 886	47 632 441	12 376 746
Public health	3 049 000	2 427 644	9 501 800
Parking fees	75 839 331	81 305 291	89 815 950
Sub-total	573 399 466	606 342 298	603 228 200

Source: Compiled by the author from data provided by J. Obera, Director of City Finance, Department of the City of Kisumu (personal communication).

⁶ This can be seen in the data for the past three years, which are based on personal communication with Director of City Finance J. Obera and from the pre-2014/15 data, given to me by Chief Accountant Revenue E. Opetu.

Since the Department is part of the County, the Department’s revenue collections form part of the total income of the County Government of Kisumu. County income is made up of the own-source revenue from the Department of the City and other areas in the County, together with national conditional and unconditional grants. Table 6.3 shows that within the context of own-source revenue, the Department’s revenue is significant, contributing around 60% to the overall County revenue. This is not particularly surprising given that the urban area, which accounts for more than half of the population, is the only area with a property rates system, and is a regional hub for *matatu* transport. The Department’s contribution would be a much larger proportion of the total were it not for the recently devolved health functions, which bring in fees from the hospitals and clinics. However, owing to the large grants that are transferred from the central government to Kisumu County, the Department’s contribution to the total income of the County is closer to 10% , as Table 6.3 shows.

Table 6.3: Comparison of Department of the City (DoC) own source revenue and County income (KSh)

FY	DoC own-source total	County own-source total	County total income (own-source + national grants)	DoC own-source as % of County own source	DoC own-source as % of County total	County own-source as % of County total
2014/15	573 399 466	970 900 000	5 200 000 000	59.1%	11.0%	18.79%
2015/16	606 342 298	978 900 000	6 257 890 000	61.9%	9.7%	15.6%
2016/17	603 228 199	1 000 000 000	6 829 250 000	60.3%	8.8%	14.6%

Source: Compiled by the author from Table 6.2 and COB data for County Income.

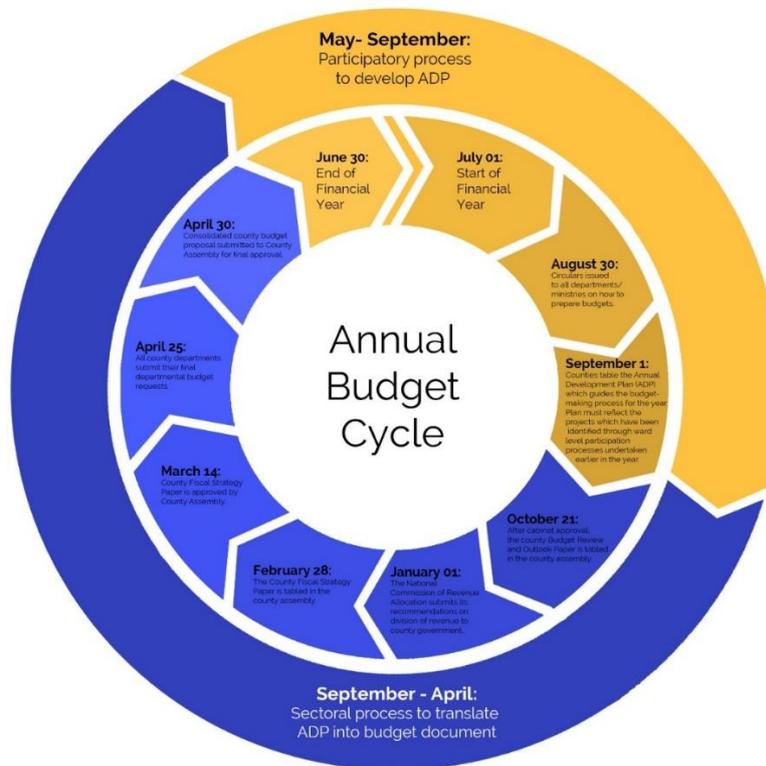
Overall, the institutional position of the Department of the City within the wider County and national structures plays out in its relationship to urban revenue. While structured primarily to collect revenue (the large number of revenue staff are a good indication of this), the Department has no control over the revenue it collects, nor does it collect very much in absolute or proportional terms.

County budgeting and the implications for urban allocation

As with the revenue collection situation outlined above, the position of the Department of the City within the County structures shapes budgeting processes in fundamental ways. Annually, the County Government of Kisumu creates a budget. The new dispensation provides for a rigorous process of budget preparation (as per the PFMA of 2012). As part of a ‘cascading budgeting process’, Kisumu County must produce a five-year County Integrated Development Plan (CIDP) and a yearly Development Plan, County Budget Review and Outlook Paper (CBROP), and Fiscal Strategy Paper. These strategies intend to guide the budgeting process (The County Government of Kisumu 2014a, 2016 a, 2017a). The formation of the strategy requires some level of public participation (although the nature of this is not spelled out in detail in the PFMA). The final budget is approved by the Assembly.

In this financial planning process, the County budgeting staff go to each of the 32 wards in the County to ascertain what people’s needs are (Ouma interview; Samba interview). They hold public meetings in each of the areas, and advertise the schedule in the newspaper (Ouma interview). Local interest groups of all sorts attend in the hope of getting their issues onto the final list of possible projects. Once a full list is on the table, the budget cycle moves into the Sectoral Planning phase. This is the phase in the process where the various County departments (including the Department of the City of Kisumu) decide which projects they are prepared to commit to in the final budget. This is an internal process, which aims to draw on the technical expertise of each ministry to determine what projects are technically viable, and in the best interests of the County and the area concerned. Each department, including the Department of the City, submits its requests for the budget by 25 April (Figure 6.4).

Figure 6.4: Budget cycle



Source: Compiled by author based on interview with M. Ouma and the Public Finance Management Act (No. 18 of 2012).

It is during the Sector Planning phase that there are complex manipulations of the budget. The MCAs, each representing a county ward, work to influence which projects get selected (Okello interview). Reflecting on this process, an economist in the budget team stated: ‘When we come to the last stage of the budget estimates, when we take it back to the people, we find that most of the projects the wards put forward are not factored into the final budgets which are going to the Assembly. Through the budget process, MCAs are forever walking from department to department... The stronger [MCAs] are able to push departments to commit budget for their wards’ (Ouma interview).

In the County budget process, the MCAs are primarily concerned with what is called the development expenditure. In the case of Kisumu, and Kenya more generally, ‘development’ is not limited to capital spending, but includes spending needed to support projects that are classified as ‘development’.⁷ This categorization is somewhat blurred, as it can include many things which most accounting standards would classify as operational spending. Regardless, MCAs recognize the importance of ensuring that their wards get development projects (Samba interview). MCAs are notably less concerned with how other spending is allocated. Spending on personnel is difficult to fix spatially, and operations and maintenance does not have the same political appeal as new development (Samba interview). As such, in the budgeting process it is the departments’ staffing needs which drive the recurrent allocation, and the politicians who drive the development allocations.

The structure of the County, and the position of the Department of the City within this structure, fundamentally shapes the budgeting process. The Department of the City is not allocated a large development budget. The development funding for the city area is allocated instead to the different line ministries. It is expected that they will then undertake substantial investments needed in the city through their own budgeting process. A review of the County Government of Kisumu’s Budget Estimates for 2015/16 and 2016/17 indicates that the Department of the City is allocated a large personnel budget and a very small development budget (The County Government of Kisumu 2015a, 2016b). The perception that other ministries are responsible for the development of the city translates to the Department of the City receiving only 3% of the County allocation for development expenditure (Table 6.4).

Table 6.4: Budgeted expenditure by category, FY 2016/17 (KSh)

	Department of the City budgeted expenditure	County budgeted expenditure	County budget allocation to DoC
Personnel	653 986 568	3 235 155 234	20.2%
Operations & Maintenance	111 410 000	3 122 009 213	3.6%
Development	120 450 000	3 650 865 997	3.3%
Total	885 846 568	10 008 030 444	8.9%

Source: Adapted from the County Government of Kisumu (2016b).

Of the Department’s budget, almost three-quarters of the expenditure is allocated to personnel costs. A much smaller amount is allocated to operations and maintenance (12% of the total budget) and to development (13%). To put this in perspective, the County allocates less to the Department’s development budget than the amount that the Department brings in in property rates revenue alone (Table 6.2). The implication of this is that the Department is almost entirely geared towards revenue

⁷ Personal communication, M. Glasser, East African public finance expert, 19 May 2018.

collection (none of which it gets to keep) and has no control over the development budget.

The proposed projects for the Department of the City (Table 6.5) indicate the nature of this development investment. The largest item includes the design and construction of a market (as I noted above, design services fall under development in the Kenyan classification system). Other large projects, such as an extension to the City Hall building, lockup facilities for traders, and the construction of an estate road are all useful but relatively minor investments in terms of scale of urban impact. They are also quantitatively low-cost, most projects being allocated only a few million shillings. The items listed in Table 6.5 show that the majority of the Department's development projects have little bearing on the fabric of the city. As the Department's Finance Director succinctly stated, 'our capital expenditure is recurrent in nature' (Obera interview).

Table 6.5: Proposed projects for the Department of the City of Kisumu, FY 2016/17 (KSh)

Proposed city projects	Budgeted cost	Constituency, ward, or sub-location
Extension & completion of City Hall offices	13 000 000	Kisumu Central
Sanitation block Manyatta Market	5 000 000	Kondele
Lockup shops Jomo Kenyatta	10 000 000	Market Milimani
Replacement of cover slabs CBD	2 500 000	City-wide
Mama Ngina perimeter wall	4 000 000	Shauri Moyo/Kaloleni
Design and construction of Nyamasaria Market	18 000 000	Kolwa
Numbering of buildings and naming of road	4 000 000	City-wide
Kosawo-Shule road	8 000 000	City-wide
Pothole patching	7 000 000	Kisumu Central
Building of drainage in CBD	6 000 000	City-wide
Toilet block at Kiboswa Market	2 500 000	North Kisumu*
Modern shade at fire station	3 450 000	Railways
Drainage construction outside Stadium	4 000 000	Shauri Moyo/Kaloleni
Toilets block Jua Kali	2 500 000	City-wide
ICT-splicing machines	4 000 000	Kisumu Central
Paving of roads Milimani Estate	5 500 000	Market Milimani
Rehabilitation of stormwater drain	5 000 000	Nyalenda B
Construction of Lolwe Estate road	10 000 000	Migosi
Rehabilitation of institutional houses	6 000 000	City-wide
Total	120 450 000	

Source: Adapted from the County Government of Kisumu (2016b). See Annexure 1 for clarity on city wards, locations, and constituencies.

**North Kisumu is outside of the boundaries of Kisumu city. It is unclear why the project was included as part of the Department of the City's budget. It is, however, very close to the city boundaries.*

It is unfortunately not possible to compare the nature and scale of these developments to the total allocation to city wards committed by the County line departments. While each ministry is supposed to provide ward-level data on its budget allocations, these data are not provided in full. In the hard copy budgets that I received from the County there is information missing for specific allocations, for example the ward name, or the KSh amount. Ultimately, this challenges our ability to analyze the overall urban budget commitments of the County.

In summary, the awkward position of the Department of the City within the County is reflected in the budgeting process. The Department is given only a partial budget, and the city area is reliant on the budgeting process of the ministries and MCAs for development spending. This process is a deeply political one, which pays little (if any) attention to city-wide and synergistic investment.

County expenditure on urban areas

While Kisumu County Treasury, line ministries and MCAs spend an inordinate amount of time on the County budget, the links the budget and actual expenditure are shaky (Ouma interview). A clear example of this can be seen in the budget utilization figures. In 2015/16 only 45% of the planned development expenditure was realized (Office of Controller of the Budget 2016). In 2016/17, the County's financial statements indicate that 59% of the development budget was actually spent, suggesting that the trend is improving but still far off its target (The County Government of Kisumu 2017b).

These budget utilization figures suggest that even if the ward-level budgeting data (discussed in the previous section) were more complete, to use these data as an indication of actual expenditure would be a mistake. This is because budgets are prepared before spending takes place. For this reason, I turn my attention now to the reviews of previous years' expenditures, which can be found in the reports published by the Office of the Controller of the Budget (COB). These reports indicate that the majority of Kisumu County's actual expenditure goes towards personnel costs (Table 6.6).

Table 6.6: Kisumu County spending breakdown (KSh)

FY	Personal Emoluments		Operations & Maintenance		Development		Total
	KSh	Annual spending	KSh	Annual spending	KSh	Annual spending	
2015/16	3 286 388 028	51.0%	1 324 899 748	20.6%	1 828 675 029	28.4%	6 439 962 805
2016/17	3 402 106 815	52.8%	1 453 178 949	22.6%	1 982 568 299	30.8%	6 837 854 063

Source: Controller of Budgets (2016, 2017)

From the COB reports and the financial statements, it is not possible to get a breakdown of spending in the urban area. Financial statements do not break spending down by ward or by ministry (I discuss

this in more detail later in this chapter). We can therefore say very little about the spending on the Department of the City or within the boundaries of the city by other ministries.

What we can say, however, is that the structure of the County, particularly its staffing, has fundamental effects on the county-wide expenditure patterns. It results in a relatively large commitment to personnel and a small commitment to operations and to development. Based on the Department of the City budget discussed earlier in this chapter, this appears to be true for the Department of the City as well. This development expenditure is even less robust when it is considered in absolute terms. Even if a large proportion of this were allocated to Kisumu city, it would be small in absolute terms. If the full development budget, of just under two billion shillings, were allocated to the urban area, it would still amount to only around KSh4 000 per capita.

6.4 How does public finance shape the City?

In the previous section I showed the many ways in which the City (in the form of the relationships between the Department of the City, the County and even national government) shapes the urban fiscal flows. It is clear that revenue, budgeting, and expenditure all reflect the compromised position of the Department of the City within the County structure. In this section of the chapter, I turn my attention to the ways in which the public finance system in turn shapes the City. I focus on the ways in which accounting standards, financial management, and grant allocation shape the relationship between public actors in the city.

Accounting standards

One of the most important aspects of public finance is the measurement, documentation, and communication of financial information – in other words, accounting. Financial statements are undeniably the most important accounts that are produced. In Kisumu, they are the only documents that are audited. The lessons and rules which underpin this accounting shape the sorts of stories that the financial accounts can tell.

A review of the financial statements of the Municipal Council of Kisumu (2008, 2011, 2012) and Kisumu County (The County Government of Kisumu 2015b, 2016c, 2017b) indicates that since 2009, Kisumu has reported its spending using International Public Sector Accounting Standards (IPSAS). IPSAS provides a uniform framework and rules for categorizing and tracking money.⁸ The IPSAS template which is provided to Kisumu County by the National Treasury has set categories for classifying revenue and expenditure. The distinctions which are made on the revenue and expenditure sides focus on financial classification. An example of the revenue classification can be found in Table

⁸ See: International Public Sector Accounting Standards Board (IPSASB), *IPSAS, Financial Reporting under the Cash Basis of Accounting*, <https://www.ifac.org/publications-resources/revise-cash-basis-ipsas>.

6.7.

Table 6.7: Kisumu County income as classified in the financial reporting template (KSh)

Receipts (KSh)	FY 2016/17	FY 2015/16
Kisumu' s own source revenue		
Tax Revenues	144 518 414	138 485 703
Other Revenues	859 525 492	846 308 704
Kisumu's grants/transfers		
Proceeds from Domestic and Foreign Grants	8 750 950	16 580 000
Transfers from National Treasury	6 130 158 037	5 681 265 568
Transfers from Other Government Entities	704 333 216	541 310 272
Income categories listed in financial statements but inapplicable in Kisumu		
Proceeds from Domestic Borrowings	-	-
Proceeds from Foreign Borrowings	-	-
Proceeds from Sale of Assets	-	-
Reimbursements and Refunds	-	-
Returns of Equity Holdings	-	-
Social Security Contributions	-	-
Total revenue	7 847 286 109	7 223 950 247

Source: Adapted from the County Government of Kisumu (2016c, 2017b).

While the Kisumu County budget breaks down spending by sector (ministry) and spatially (by ward), financial accounting does not. In these very important documents, both space and sector are rendered insignificant. For the Department of the City of Kisumu, this has huge implications. Neither the Department of the City nor the urban area of the city are taken into account in this final financial account. It is impossible, using these statements, to track urban spending. This impossibility makes it difficult for urban advocates to make the case for increased spending.

Beyond the issue of classification, the IPSAS accounting used by Kisumu County discourages a fiscal logic of investment. This is because of the way in which 'assets' are recorded. IPSAS's cash basis accounting, the accounting used by all the counties, requires that only 'cash' and 'cash equivalents' be recorded as assets. The same is true of the Kisumu Urban Project (KUP) team: although it does not follow the IPSAS cash basis for accounting, it still does not account for assets which are not liquid (Kisumu Urban Project 2015). This means that capital expenditures which the County makes are not recorded as assets.

The exclusion of important urban assets, for example property, equipment, or infrastructure owned by the County, from financial reporting is not trivial. It reflects a financial logic which is devoid of

concern for investment and for how urban investments can be leveraged. This has led to the production of County financial statements which are fundamentally focused on compliance with financial legislation, and not on understanding the fiscal health of the County. These statements serve the purpose of upward reporting, but do not provide the information that administrators would need to shape the development of urban areas in meaningful ways. The current method of accounting that is most visible in the financial statements provides no incentive for officials to consider possibilities for long-term value creation (Otiende interview).

By not capturing urban spending, the County fails to capture critical urban data necessary for making informed choices about the future of the city. As the public decision-makers with mandate over the development of the city area, the County – its ministries and the Department of the City – require sound financial information on which to base future investments and decision-making, of a kind that will not be produced within the structures of the current mode of financial reporting. By producing this knowledge void, the accounting system fundamentally shapes the City in undeniably negative ways.

Financial management systems

The Department of the City does not have to produce financial statements, and thus does not interface with the IPSAS accounting standards discussed above. However, the Department does need to track and report its revenue to the County Government. The way in which the Department does this tracking of revenue shapes various City relationships and practices.

The Department of the City documents its revenue collection on three different platforms: the Local Authority Integrated Financial Operations Management System (LAIFOMS), the Zizi handheld mobile device, and the eCitizen online platform. In Table 6.8 I outline how each system operates, and which revenue items are collected on each platform.

Table 6.8: Overview of collection platforms used by the Department of the City of Kisumu

Platform	Collection method	Scope of collection	Start date	System manager
LAIFOMS	Payments made at City Hall	'Structured revenues', for example property rates, advertisement fees etc.	Early 2000s	Department of the City of Kisumu and Kenya Commercial Bank (KCB)
Zizi	Handheld mobile device	'Unstructured revenues', for example charges paid at bus parks, street parking in the city etc.	2015/2016	Department of the City of Kisumu and KCB
eCitizen	Online	Trade/business licences, construction permits, health clearances	2014	National Government of Kenya

Source: Compiled by the author based on several interviews, triangulated with online documentation such as news reports and websites.

Each platform has a different focus. The LAIFOMS is the longest-standing system and covers the largest number of items. This system has been in use in Kisumu, and Kenya more broadly, for over a decade (Muganda-Ochara & Van Belle 2008). It was implemented by the Kisumu City Council and is now used by the Department of the City. Payments made for LAIFOMS revenues are paid to the Kenya Commercial Bank (KCB) tellers in the lobby of City Hall. Property tax and other important revenues are collected on LAIFOMS. In contrast, the Zizi revenue is collected on point-of-service machines which are carried around the city (Figure 6.5). The Zizi system was implemented to lower the ‘leakage’ which occurred in the manual collection of daily fees from sellers at major (informal) markets, the city bus parks, and street parking within the city (Opetu interview). Finally, the eCitizen platform is a growing online platform for revenue collection. This is a system which is managed by the national government, and allows people to pay for specific services via the internet.

Figure 6.5: The Zizi POS system used at the bus park



Source: Author (2017)

The three systems make it difficult to obtain clear and regular figures for the Department of the City’s revenue collection. This creates additional work for the officials tasked with monthly reporting to the County. The County Chief Accountant Revenue described his efforts to get a clear picture of total revenue: ‘You open each system and you run each system... Then you put them all in Excel and add them up’ (Opetu interview). Each system has a different format and output style. Adding to this laborious and manual process is the fact that the systems do not always function. ‘We also still do a

lot manually and move it over to the systems later’, Opetu informed me, in his office piled high with books of ledgers and documents (Figure 6.6). He attributed this to regular failures in electricity and internet services, which limited their access to the various platforms.

Figure 6.6: Revenue Office, Department of the City



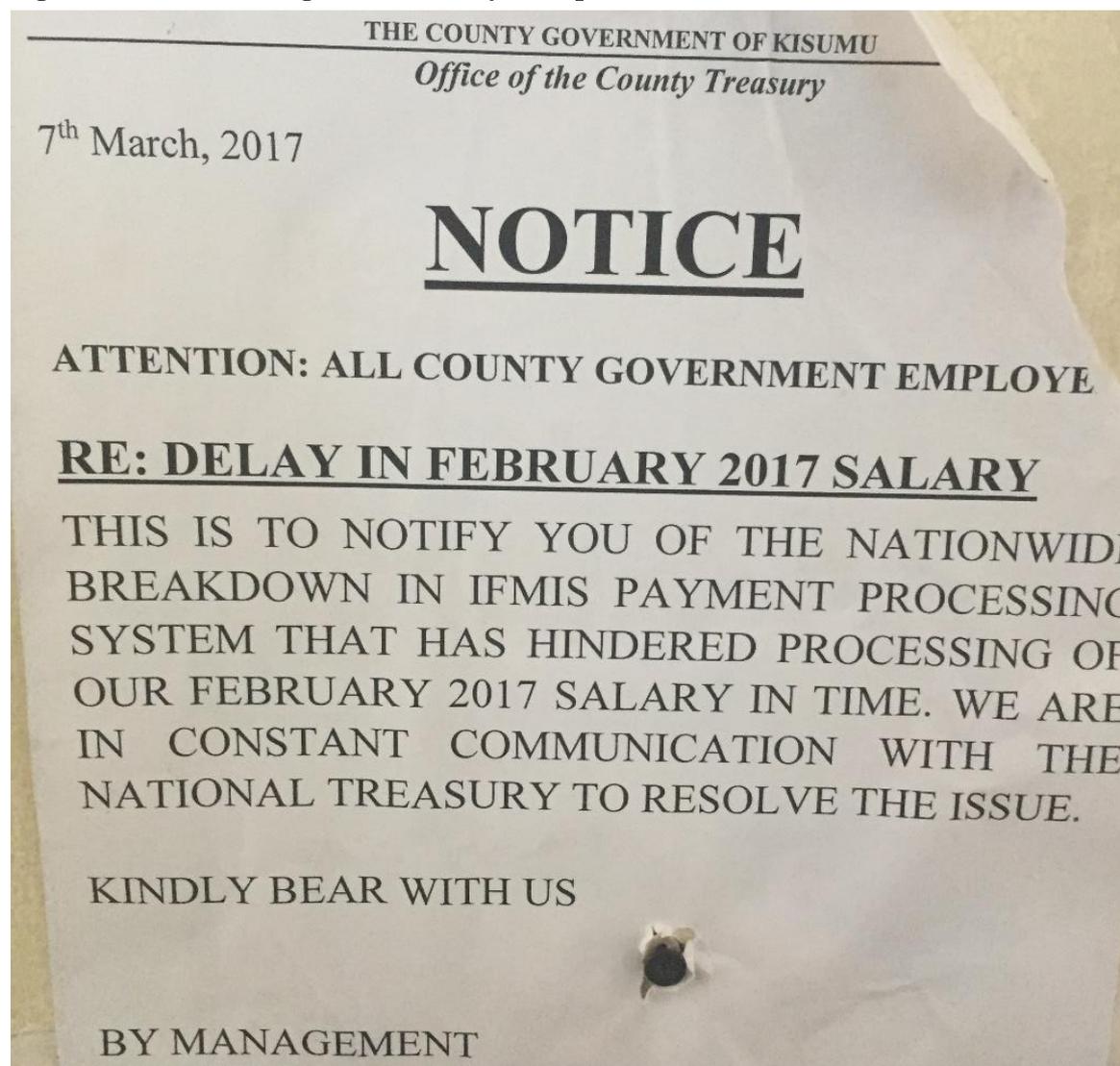
Source: Author (2017)

With the exception of the eCitizen platform, the systems used by the Department of the City do not correspond with those used by the County. The County is mandated to track all expenditure using the Integrated Financial Management Information System (IFMIS). While the IFMIS has been under

development in Kenya for a decade, its sub-national use was limited until 2013, when the counties were formed.

There is a clear logic in establishing a shared and digital system for the real-time tracking of County expenditure. However, the single system does not seem to alleviate the heavily manual approach to accounting. Julius Otiende, the County Head of Treasury, lamented that he must use flash drives, an Excel spreadsheet, and his personal laptop computer to get a full picture of the revenue situation in Kisumu County (Otiende interview). He went on to note that the constant breakdowns in the newly implemented IFMIS leave room for manipulation. When the national system is down, Kisumu County Treasury cannot make payments. Posted to the notice boards on every floor of the County headquarters are signs apologizing for the delay in salary payments due to IFMIS failures (Figure 6.7). It is during these system failures that irregular and creative accounting and procurement practices get used, some for personal gain and others simply to keep the system moving.

Figure 6.7: An IFMIS sign in the County headquarters



Source: Author (2017)

While often framed as ‘innovations’ in financial management, the overlaying of new technological programmes onto older accounting methods, and the subsequent manual stitching together of various sources of data, provides fertile ground for miscalculations, confusion, and breakdowns. It is in this fragmentation, and the stitching together of these systems, that we can most clearly see the ways in which the urban public finance system is an infrastructure of the City, facilitating the flows of money across many platforms and accounts. It is also here that we can see the central role played by public finance administrators in holding the system together. Importantly, these financial systems, and the work of keeping them going, give the practices of the City their manual and labour-intensive character. It is the task of the administrators to carry out their work in the in-between spaces between technological platforms, their dysfunctions, and the aim of ‘getting things done’.

Grant allocations

Grant allocations, in Kisumu and in most of Africa, are an essential part of the public finance system. The design and implementation of grant allocations has fundamental effects on the City, shaping the relationships between the Department, the County and national government. I have already discussed above the ways in which the reverse is true – that is, the way in which the structure of the City shapes grant allocation. Here I focus on grants and the impact that their design has had on City dynamics.

In Kisumu, the new intergovernmental fiscal architecture requires the national government to give more money to Kisumu County than it did to the Municipal Council, and to release this money in a more predictable and transparent manner (Otiende interview). In the past, the Municipal Council of Kisumu received small grants from the Local Authorities Transfer Fund (LATF). The release of these funds was often late and inconsistent (Obera interview). Under the new system, Kisumu County receives a prescribed share of the national revenue which is legislated in the annual County Allocation of Revenue Act. In terms of the Act, in 2017/18, Kisumu County received 2.17% of the national allocation to the 47 counties. Notwithstanding the differences in scale (the County being much larger than the Municipality), there has been clear growth in the amount allocated to Kisumu in the period from 2007/08 to 2017/18 (Table 6.9).

Table 6.9: Allocation of unconditional grants from National Treasury to Kisumu Municipality and County (KSh)

FY	Amount (KSh)	Unconditional grant	Recipient
2007/08	175 750 532	LATF	Municipal Council of Kisumu
2008/09	184 850 202	LATF	Municipal Council of Kisumu
2009/10	208 775 938	LATF	Municipal Council of Kisumu
2010/11	250 824 439	LATF	Municipal Council of Kisumu
2011/12	343 089 921	LATF	Municipal Council of Kisumu

2012/13	Missing data	Transition period	n/a
2013/14 (16 months)	4 550 934 547	Transition period	County Government of Kisumu
2014/15	4 957 051 804	Equitable Share	County Government of Kisumu
2015/16	5 681 265 569	Equitable Share	County Government of Kisumu
2016/17	6 130 158 037	Equitable Share	County Government of Kisumu
2017/18	6 553 400 000	Equitable Share	County Government of Kisumu

Source: Compiled by the author based on financial statements for the Municipal Council and County Government, national COB reports and County Allocation of Revenue Acts.

Note: The amounts allocated to the LATF can be found in the early financial statements, listed in each statement as a receipt. From 2013/14 onward, 'Transfers from National Government' are grouped together, not disaggregated. The allocations to Kisumu County for 2014/15, 2015/16 and 2016/17 can be found in the annual County Allocation of Revenue Act. The First Schedule includes a list of the counties and their share.

In addition to the Equitable Share allocations, which place no limitations on spending, the County gets conditional grants from the national government for particular development activities. These grants are small in comparison to the Equitable Share. This means that the County Government maintains discretion over the majority of its grant funding (Table 6.10).

Table 6.10: Kisumu County grants cumulative, FY 2012/13–2016/17 (KSh)

Grant type	Amount (KSh)	Type
Equitable Share	21 137 771 288	Unconditional
Level 5 Hospital	1 334 203 865	Conditional
Refurbishment of County Offices	61 592 200	Conditional
Leasing of equipment	191 489 362	Conditional
Free maternal health care	241 798 091	Conditional
Compensation for forgone user fees (Health care)	44 439 527	Conditional
Fuel levy allocation (Road Maintenance Levy Fund)	166 360 802	Conditional
Donor projects	526 273 716	Conditional
Total	23 703 928 851	

Source: Adapted from Commission on Revenue Allocation Kenya.

This total grant is large in comparison to the own-source revenue of the County. And this funding flows directly to the County Revenue Fund. This provides a relatively young entity with a large amount of money, and thus power. As the grant dwarfs the revenue contribution of the Department of the City, it provides the Department with little leverage to make claims on the expenditure (Maiyo interview).

The County is reticent to relinquish control of this large and flexible pot of funding. This has

translated into a resistance to the establishment of the City Board (as discussed in Chapter 5), despite being legally mandated to do so (Muwonge interview). Among officials, politicians, and sector experts in Kisumu, there is an overwhelming lack of clarity or consensus on what the establishment of this semi-autonomous Board would mean for the division of County revenue (Nixon interview; Ogalo interview; Opetu interview; Otiende interview). What is clear, however, is that the City Manager would no longer report to the County Governor, and some portion of the total income would need to be allocated to the Board. The Board would thus enhance urban autonomy and decentralize some fiscal resources.

It appears that counties must be actively persuaded to release the power which has been granted to them by the new fiscal arrangement. The World Bank is working to convince counties of the importance of City Boards, going as far as to craft a special conditional grant contingent on their establishment (Muwonge interview). We have yet to see if this incentive will prove sufficient to inspire the County Government of Kisumu to establish a Board, and if it does, the extent to which this Board will be given actual responsibilities and fiscal allocations.

At this point, it is clear that the national fiscal architecture reinforces the urban governance void evident in the post-devolution City arrangements. While the failure to establish the City Board has been critiqued as a ‘red herring’ by commentators concerned with the appointed, rather than elected, composition of its members (Bassett 2016; Ogalo interview), it remains a critical and unresolved component of the fiscal decentralization process.

6.5 Explanations for urban/city disadvantage

The previous section articulates the City-finance configurations. It is clear that these configurations do not produce a robust framework for urban investment. This is the result of the combination of a constrained budget for the Department of the City, the failure on the part of the County to document urban investment, and the relatively small development budget for the County overall.

It is therefore not surprising that there is a widespread perception that the County under-invests in Kisumu city, and that the city area is at a deep disadvantage (Maiyo interview; Okello interview; Opetu interview; Samba interview). Many interviewees indicated that the Department of the City and the city area are not getting a fair allocation of County resources, and that there is a rural bias in the County’s investments.

As shown above, it is not possible to ascertain definitively how the County budgets or spends its resources in the city area. While we can see what revenue the Department of the City brings in, we have very little idea of how much is spent by the various line ministries within the city area, or how much of the budget allocated to the Department of the City is realized. Despite this, the reasons given

for *why* there is this alleged (and very likely) under-investment are extremely telling. In this section I turn my attention to what can be learned from these qualitative explanations of the situation in Kisumu. These explanations are social, political, and technical in nature.

Donor funding as the *de facto* city budget

One of the reasons given for not allocating money to the city is that ‘the city has the KUP’ (Bernard interview; Obera interview). While the KUP funding is a loan from the AFD to the national government, it was given as a grant to the Municipal Council of Kisumu, supporting a direct partnership between the local government and the AFD (Omollo interview). Since devolution, the KUP has inhabited a complex position, still dedicated to the city area but technically located within the County. The financial statements of the KUP, documented separately from the County financial statements, include information on the actual projects funded under the programme. To date, the capital projects under the KUP include: 28 high mast lights, the rehabilitation of five schools, two gravel roads (one in the planning phase), and some development of drainage canals. Together, these projects account for a committed budget of KSh910 389 730.⁹

The KUP raises some interesting questions. First, only half of the budget committed to it has been released (KSh540 million out of the KSh910 million). KUP staff blame this under-spend on the challenges of procurement and project preparation (Bernard interview; J. Ochieng interview). This suggests that the issue of capital spending in the city is not simply one of quantity, but also relates to the capacity to package and implement projects. One AFD official described the KUP as ‘incredibly frustrating’, owing to the fact that the project has dragged on years past its allocated timeframes.¹⁰ Second, the impending end of the project signals another challenge. The KUP has been used as the *de facto* city budget for over half a decade. It has been used as a justification for non-allocation of funds to the city and the Department (Agong interview; Obera interview; Werrunga interview). When the KUP ends in 2019, the perception that donors will fund the city’s development may persist. Finally, a closer look at the KUP projects suggests that these projects remain minor and mostly maintenance-oriented investments (see the projects listed in Table 6.5). This suggests that the KUP is a red herring in the development landscape of the city.

Failure to establish the City Board

The failure to establish a Board which can actively advocate for the city area is presented as one of the reasons for the low level of urban investment (Maiyo interview; Mwongo interview 2017; Opetu interview). The issue of the delayed implementation of City Boards is of particular consequence to Kisumu and other smaller cities (Cira et al. 2016). Unlike Nairobi and Mombasa, Kisumu is not a

⁹ Personal communication, KUP accountant J. Ochieng: email with the financial information sent to me on 7 November 2017.

¹⁰ Personal communication with AFD member in Barcelona, May 2018.

City-County. A City-County is an area where the boundaries of the city and the boundaries of the county government align (Ngau interview). This makes the county government also the city government, and militates against the need for a separate Board to manage the urban areas. In Kisumu and many of the other smaller cities, this is not the case. Onyango and Agong (2018: 89) argue that the lack of establishment ‘could be a result of the Executive exploring ways to ensure that the city management does not develop as an alternative power center’.

With the establishment of this City Board in Kisumu, a range of capabilities, currently not bestowed on Kenya’s smaller cities, would become possible. This would include capabilities related to urban public finance, such as acquiring property and assets, borrowing money and making investments, entering into contracts, and others (as set out in the Urban Areas and Cities Act). While many of the officials within the Department of the City argue that the Board is necessary, ‘agitating’ for change is seen to be strictly beyond their mandate as County-hired officials; thus open advocacy of this sort could risk them losing their jobs (Obera interview; Obura interview; Okuta interview).

The political nature of the urban-rural divide

While a small group of urban advocates have tried to ‘brand’ Kisumu city as cosmopolitan, most decision-makers see it as a rural environment (Agong interview; Macoloo interview). Pointing out the importance of rural land to the Luo people, a minister argued that ‘if you don’t own a piece of land they might throw your body in the lake. You have to have a piece of land and a house here to be buried’ (Rana interview). There is a strong sense in Kisumu that focusing on rural development aligns closely with local cultural values and addresses historical injustices. As Director of Economic Planning in the County Government of Kisumu J. Okello pointed out, the city already has ‘good infrastructure’, whereas the rural areas do not (Okello interview).

However, several interviewees suggested that the rural focus is less benign, and in fact deeply political. Interviewees argued that politicians think ‘the cities are for everyone’, whereas rural areas are where ‘their people’ are ‘actually from’ (Macoloo interview; Olima interview). According to the Director of Economic Planning, certain rural communities are seen to be ‘home’ to high-level politicians (Okello interview). These areas, he argued, are where most of the funding ends up. However, the logic of rural patronage goes beyond the personal connections which people have to places. He explained that rural areas are seen to have more homogeneous needs which are easier to meet, and said, ‘You can please them more easily and secure the vote. In urban areas the needs are many and small, it is hard to get full buy-in and people prefer handouts’ (Okello interview). What he is suggesting here is that in urban areas it is easier to buy votes with cash than to commit to projects which secure these votes in the long term.¹¹

¹¹ My personal observations while in Kisumu during the 2017 election period were that local politicians do

6.6 Reflections and conclusions

This chapter described the intersections between urban public finance and the City. It unpacked the ways in which the City shapes urban public finance practices, and how urban public finance, in turn, shapes the practices of the City. I showed that the position of the Department of the City of Kisumu within the Kisumu County structures has implications for revenue collection, budgeting, and urban expenditure. To flip this, I showed how the accounting standards used, technologies of financial management, and grant allocation shape the relationship between the Department and the County.

Overall, the most important insight offered by this chapter is that the position of the Department of the City vis-à-vis the County does not facilitate easy financial analysis. Financial analysis requires the collection of specific financial information of the kind which is collected neither by the Department of the City nor by the County. While I was able to access data on urban revenue, there were limited data on urban expenditure. Nor is it possible to access data on public assets at the urban or County scale.

Not unlike the actual practices of financial management in Kisumu, understanding the city's urban public finance story requires stitching together information across many platforms, years, and data sets. This stitching draws together different agencies and modes of accounting. Longitudinal stitching requires an uncomfortable comparison between the dusty box of out-of-order financial documents of the now defunct municipality, and the financial documentation produced by the new, spatially larger and fiscally more powerful Kisumu County. However, piecing together quantitative and qualitative financial data, much of which is not in the public domain, provides very interesting insights into urban Kisumu. It is clear that much can be learned about urban governments, and how they operate, from an understanding of the formally documented flows of money in each city. The ways in which urban governments are structured shapes their access to finance and their collection of financial information. In addition, the way in which financial policy, management, and technologies are structured shapes the behaviours and practices of City governments and urban administrators. This is a mutual process.

This chapter highlighted the urban, fiscal, and institutional void in Kisumu city. This void, however, is being contested. The role and scope of urban authority in Kisumu is still being negotiated. The debates around the establishment of the City Board capture this contestation. Importantly, there is no consensus as to what the recent establishment of the City Board will in fact enable, in terms of fiscal control over city revenue and expenditure, political autonomy from the County administration, and accountability to urban constituents. The implications are that the development of the City, as a configuration of state institutions and in the context of the recent decentralization reforms, is not only unfinished, but also uncertain.

indeed hand out small amounts of money to people who come to hear them speak about their campaign. I often saw politicians handing out money at community meetings, night clubs, and in urban public spaces.

Beyond the configuration of the City, this chapter sheds light on the fragile, fragmented, and transitional nature of public finance infrastructure in Kisumu. The technologies which facilitate the flows of money through the public finance system are partial, under-developed, and at times subject to failure. At the points of breakage, overlap, and interstice, officials make the system work, often in creative, ad hoc and extra-legal ways. Bureaucrats and administrators, often seen as users of urban infrastructure, are in fact active agents in sustaining it. They play critical roles in stitching the various systems together, and manoeuvring within their limitations through perpetual and everyday workarounds. These practices – while often hidden – are in fact instrumental in the operation of the urban public finance system, shaping how money flows and is accounted for.

In this chapter I have made the case for the City-finance configuration. The design of financial systems and flows through these systems shapes the City and is also shaped by it. However, I have also shown that this shaping does not produce a robust structure, but rather a sustained void. Both the City and public finance operate as an ‘absence-presence’, much like what is discussed by Amin (2014), Bhan (2019), and De Boeck (2013): a hole that is constructed, resulting in an active absence. The result of this is limited real urban investment, and a system held together by the individual labour and personal professional conduct of officials.

However, when driving around the city, there are signs everywhere that new projects are under way. Scaffolding and placards can be seen on every corner. There is clearly a disjuncture between the story of ‘absence-presence’ and non-investment on the one hand, and what is happening in the material city, on the other. My analysis began with the City, as a configuration of institutions. However, there is a need for another, complementary line of analysis which begins with the material city, i.e. with what is happening on the ground. In the following three chapters, I explore how, where, to what extent, and with what implications these voids are produced and sustained by the City.

PART 3 | FISCAL CONFIGURATIONS OF THE C/CITY



Source: Author (2017)

Image: New road development in Kisumu

CHAPTER 7 | LAND'S FISCAL CONFIGURATIONS

7.1 Introduction

The previous two chapters focussed on the City. They provided valuable insights on the City-finance configurations in Kisumu. However, this tracing did not provide sufficient information into the operations of the material city, much of which remains unaccounted for in the formal fiscal accounts covered in Part 2. To address these gaps, this chapter forms part of a suite of chapters which use the material city as the starting point for an exploration of urban public finance configurations. These configurations can be read as C/city configurations as they operate at the interface between the city and the City.

In this chapter I focus on land, and how land value is converted into urban revenue. Land and land markets underpin the development of cities. The attributes of land, for example its location, connection to services, and historical significance, shape the material investments made by households, communities, firms, and governments (Peterson 2009; Berrisford et al. 2018).

In African cities, the financial value of land – what people are willing to buy and sell it for – increasingly dominates other land value systems. Financially driven land markets are increasingly dictating how and by whom land is used. This reflects the growing demand for urban land in and around African cities, largely owing to urban growth. It also reflects the increasing reliance of local governments on the quantification and capture of the rising value of urban land.

At the fiscal intersection of urban land with the operations of the urban state sits property taxation – the most basic form of land-based financing and land value capture. Property tax is a recurrent tax paid on land, property, or some combination of land and its improvements (Franzsen & McCluskey 2017). In many urban areas in Africa and globally, property taxation is one of the main sources of local government revenue generation, contributing significantly to the budgets of sub-national authorities (United Cities and Local Governments 2016).

According to conventional public finance theory, taxes are meant to provide for public goods that are difficult to charge for or which provide a social good that is unlikely to be provided for by the market. Taxes contrast with charges or tariffs (as explained in Chapter 2), as they are not paid in exchange for a particular service or provision. Examples of public goods which are often paid for through taxes include the operational costs of the state, parks, public markets, policing, and lighting (UN-Habitat 2009). While there are many economic theories of what specific public goods should be covered by taxes, in practice determining what the state spends money on is a political practice, shaped by context, ideology, and culture.

There are several positive attributes of property tax which the public finance literature identifies (Dillinger 1991; Kelly 2013; McCluskey & Franzsen 2013; Franzen & McCluskey 2017). Property tax is seen to be a progressive tax: it is often proportional to land or property value, thus charging higher taxes to those with more valuable land, which is presented as an appropriate proxy for wealth. Property tax is also responsive to state investment: a strong cycle can be developed between state investment and rising property tax revenues. Property taxation works on the principle of long-term capitalization on land value, meaning that the investments which the state makes to provide shared services are recouped through the rising value of land over time. Property tax is also particularly well placed as a ‘local tax’ owing to the immovable nature of property.

In 2017, the Lincoln Institute of Land Policy published a seminal review entitled *Property Tax in Africa: Status, Challenges, and Prospects* (Franzsen & McCluskey 2017). In the introduction to this book, the authors point out that ‘structural and administration problems with the property tax have been studied for a long time, and there is no shortage of recommendations for reform’ (2017: 30). The book rehearses the contemporary best practices in property tax, covering everything from selecting a tax basis to enforcement measures. The authors even discuss the trend towards digital innovation in the property tax sector. After reviewing the legislation and experience of property tax, country by country and region by region, the authors contend that taxation systems in most African countries remain half-baked, with their reform slowed or derailed by politics, governance fragmentation, and lack of capacity.

What is most striking about the arguments in this book – and indeed much of the work on property taxation in Africa – is the authors’ recognition that technical solutions to problems with the taxation system are insufficient, while they simultaneously refuse to engage with the messier, more political, and decidedly urban nature of taxation and its reform. There is only a small body of work that interrogates the oft-lamented lack of ‘political will’ and engages with the politics of property tax and revenue-raising in African cities (Olowu 2004; Goodfellow 2015b, 2017b; Jibao & Prichard 2015). These are notable contributions to the field, pushing property taxation literature beyond its more technical and managerial biases.

Structure of the chapter

This chapter explores the socio-technical operations of property taxation in Kisumu. I argue that Kisumu’s land rates transform land values into flows of public money. The process of converting land and land value into revenue requires calculations and collection. The institutions of the City are instrumental in this – creating the roll of properties, setting the rates, collecting the money, and updating the systems which track all of this. At the same time, the City is challenged by the material and spatial inequalities of the city and the dynamic nature of land values. In this sense, property tax can be seen as a fiscal interface between the City and the city, a mediator of the C/city in Kisumu.

In Section 2 of the chapter I position land – and by extension property tax – as a site for exploring Kisumu’s urban fiscal operations. I outline the rating system in Kisumu. Here I show that Kisumu has an established and complex property tax system, one which reflects the diversity of land arrangements evident in the city. In Section 3, I look at the actual property tax collections of the Department of the City. While Kisumu is extracting revenue from urban land, this is not yielding significant flows of money, either absolutely or proportionally. These low collections contrast with the ‘development renaissance’ in the city that is driving up land values in the extended areas. This ‘under-collection’ can be attributed to many factors, including a dated valuation role and resistance to payments. In Section 4, I show that the Department of the City and the County Government are working hard to make the system function, extending and manipulating it in both small and large ways. In the final section of the chapter, I conclude that efforts to extend the rates system are incremental and incomplete. However, administrators have found ways to keep the system going, despite limited incentives, significant institutional turmoil, and great public resistance.

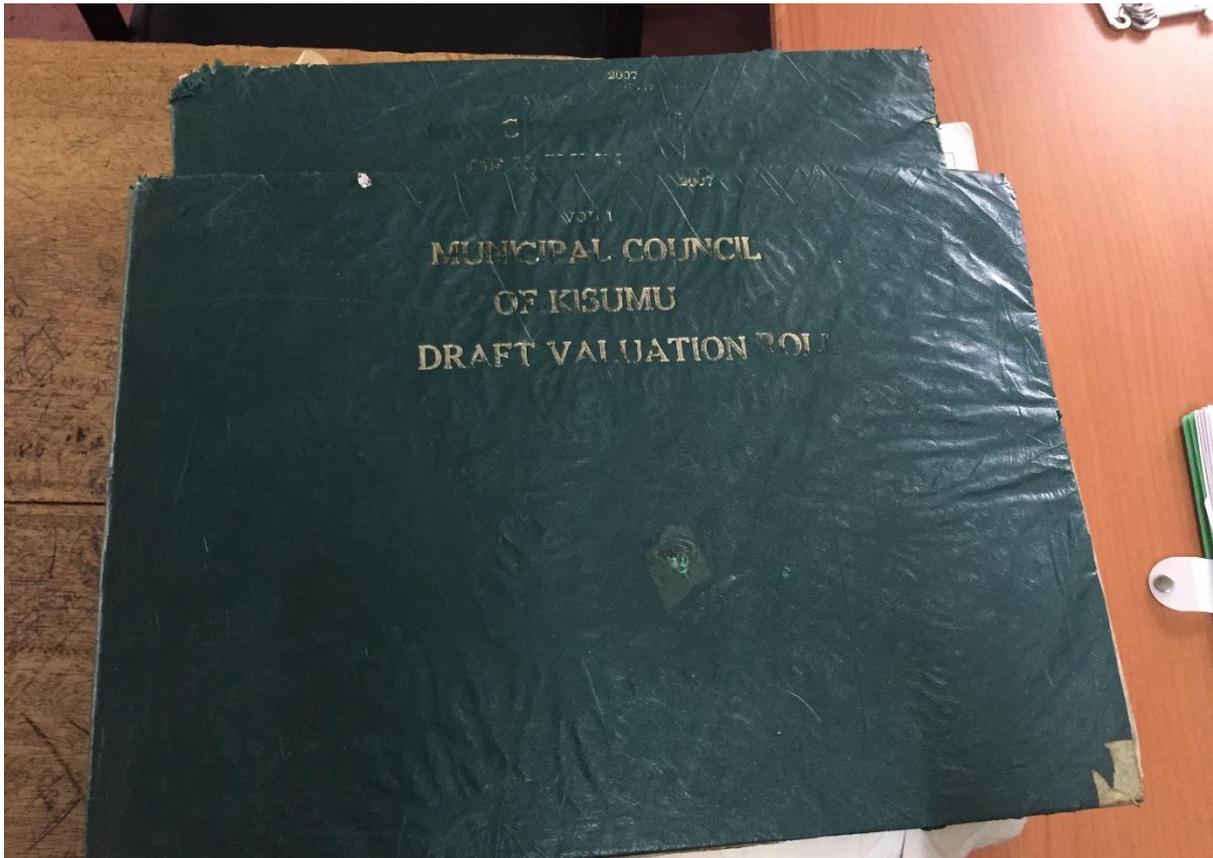
7.2 The rating system in Kisumu

While there is a common perception that smaller African cities are lacking in established institutions, there is, in fact, a well-established property tax system in place in Kisumu. The current property tax system builds on the long legacy of property tax collection first developed by the early colonial administration, later extended by the Municipal Council, and today used by the County Government of Kisumu.

In Kisumu, property tax is referred to as ‘land rates’. This is because in Kenya, property tax is charged based on the ‘unimproved site value’, and not taking into account the improvements. The recently revised Rating Act (No. 267 of 2012) and Valuation for Rating Act (No. 266 of 2015) allow for counties to decide on what *basis* property tax should be calculated, providing the newly formed county with ample flexibility. However, to date, Kisumu County has continued to implement the tax system that was in place prior to devolution. Unlike the notorious case of Nairobi, which relies on valuations undertaken in the early 1980s, Kisumu’s property tax is based on land valuation undertaken in 2007 by the now defunct Municipal Council of Kisumu.¹²

¹² Personal communication, N.I. Nyoike, Chief Valuer, Nairobi City County, 2016.

Figure 7.1: Valuation Roll



Source: Author (2017)

The 2007 Valuation Roll is a large book which provides a list of properties in Kisumu, including their location and the value of the land (Figure 7.1). The Valuation Roll covers the 16 blocks which make up the original boundaries of Kisumu Township (see Chapter 5). The original blocks were established under the colonial government and are still used today (see Figure 7.2). The roll also covers a selection of areas which are outside of the blocks, but are tangential to them. These areas use leasehold tenure. They include the leasehold areas of Migosi, Kanyakwar and Manyatta A. In these areas, a rate of 1.5% of the land value is used for rating purposes (see the Kisumu County Finance Bill of 2017). The blocks which cover the CBD and Milimani areas pay the highest average rates.

The Valuation Roll is supplemented by the Extended Area Gazette (Notice No. 3759 of 2008) which indicates that the extended areas of the city will pay: it states that this rate will be ‘a levy flat rate of KSh 1,000 on the land not incorporated in the Valuation Roll and falling within the extended areas (freehold) of the said municipal Council of Kisumu’. The following areas are listed in the Extended Area Gazette as parts of the flat rate extended areas of the city: Pandpieri, Nyalenda A, Nyalenda B, Kanyakwar A, Kanyakwar B, Kasule, Manyatta B, Konya, Mkendwa, Kogony, Dago, Nyahera, Korando, Ojolla, Marera, Wathorego, Buoye, Nyalunya, and Bar. Most of these areas are Kisumu city sub-locations (see Annexure 1 of Chapter 5). Since this Gazette, the flat rate payment has been increased to KSh1 500.

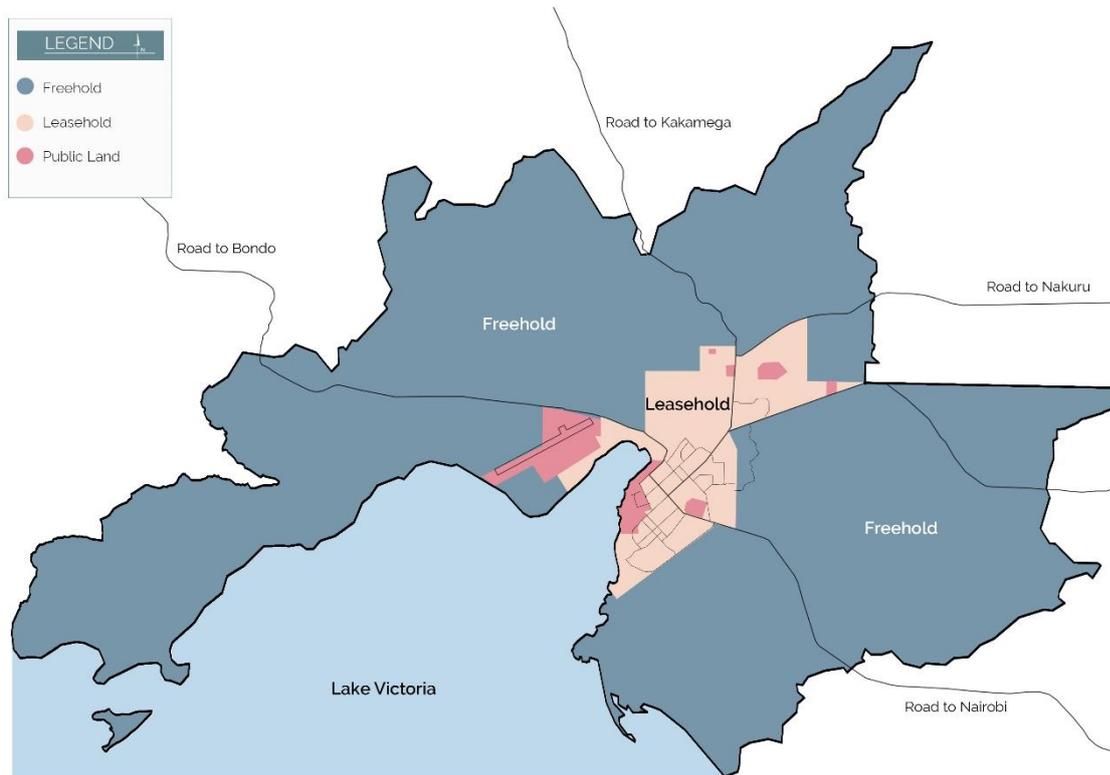
Figure 7.2: Map of 16 blocks



Source: Author (2017)

Together, the 2007 Valuation Roll and the 2008 Extended Area Gazette consolidated a dual system of rates in Kisumu with a deeply spatial logic. Properties covered by the Valuation Roll are expected to pay an amount proportional to the value of the land. Properties in the extended areas are expected to pay a flat rate, no matter the size or use of the land. The system roughly follows from the underlying tenure arrangements evident in the city. As I discussed in Chapter 5, the city centre of Kisumu uses leasehold tenure, while the majority of the extended areas – the city areas brought into the boundaries of the city in 1972 – use freehold (Syagga 1979).

Figure 7.3: Tenure map



Source: Adapted from ISUD-Plan (County Government of Kisumu 2013a).

Many of the officials who were involved in developing and legalizing this system under the previous dispensation contribute to its ongoing implementation today. And many aspects of the system have remained the same following devolution. Land owners in the city continue to pay their rates to the Kenya Commercial Bank tellers whose counters line the wall of the City Hall foyer. After being granted a proof of payment, ratepayers take this slip across the central courtyard of the City Hall, where their payment is input into the LAIFOM system by revenue clerks seated at a long open window, protected by thick blue bars.¹³

However, while these officials once collected rates for the Kisumu Municipality, they are now Kisumu County staff, working for the Department of the City. The money which is collected by the Department of the City is transferred directly from the Kenya Commercial Bank accounts to the County Revenue Fund (Otiende interview). While decisions about how much people should pay were previously made in the City Council, they are now made by the Kisumu County Assembly. The County Assembly now decides what percentage of the land value leasehold land owners should pay, and the flat rate amount which should be applied to the extended areas.

¹³ These insights are based on observations which I documented in my field notes. I spent time sitting in the City Hall, and had conversations with people who were waiting in line to pay their rates.

7.3 Rates collection

Collecting property rates in the city is an important function of the Department of the City of Kisumu. Implementing the system described above is the responsibility of the Sectional Head of Rates, who reports directly to the Department of the City's Chief Accountant of Revenue.

Total urban collection

Table 7.1 shows the trends in rates collection from 2007/08 to 2015/16 for the collections of the Municipal Council of Kisumu (up until 2013) and the Department of the City of Kisumu (up to the present). The table distinguishes between the rates paid for current years, rates paid for previous years, and penalties for late payments.

Table 7.1: Historical city rates collection (KSh)

Revenue item	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
Rates current year	50 725 299	114 482 354	50 799 180	92 003 634	63 338 464	111 389 230	83 673 978	82 033 290	83 955 815
Previous years	897 299	7 539 221	22 710 270	31 090 895	25 269 735	51 080 701	11 127 838	27 165 349	29 297 030
Penalties	2 738 955	7 795 606	8 574 266	24 260 983	25 714 370	24 955 194	11 298 862	8 217 254	13 387 581
Rates total	54 361 553	129 817 181	82 083 716	147 355 512	114 322 569	187 425 125	106 100 678	117 415 893	126 640 426

Source: LAIFOMS Excel data¹⁴

The decade of data shown in Table 7.1 indicates that rates collected from the city area are slowly growing. However, while an upward trend is clear, there are some spikes which are hard to account for. The 2007/08 spike is attributed to the implementation of the 2007 Valuation Roll, put into effect in March of 2008 (Opetu interview). However, officials could not offer any indication of why this increase did not persist beyond the single year, nor could they offer any explanation of the spike in 2010/11. The 2012/13 spike is attributed to widespread paranoia surrounding the national devolution reforms which were under way at the time (Leki interview). Many land owners believed that the incoming county governments would expropriate their land if there were rates arrears. Additionally, in 2012/13 there were waiver periods issued by the Municipal Council in order to earn money before they closed their books. People with rates arrears were informed that they would not be charged late payment penalties. These factors together led to the increase in rates collected in the 2012/13 financial year.

¹⁴ The LAIFOMS data were given to me by M. Opetu, in his capacity as the Chief Account Revenue, County Government of Kisumu for the Department of the City of Kisumu. Month-by-month revenue was given in the Excel spreadsheet. I converted the data to show annual collections.

Proportional collection

Regardless of these inconsistencies, rates are by far the largest revenue item collected by the Department of the City (see Chapter 6 for comparisons), and make up a considerable proportion of the Department's revenue: in 2016/17 rates accounted for nearly 25% of the City's total own-source collections (Table 7.2).

Table 7.2: Actual DoC revenue collections according to County data, FY 2016/17

FY 2016/17 DoC rates collection	
DoC land rates as % of DoC own-source revenue	22.9
DoC land rates as % of County own-source revenue	13.8
DoC land rates as % of County total income	2.0
Total rates collected in the DoC (KSh)	138 194 757
DoC rates collection per capita (KSh) (assuming a population of 496 395)	278

Source: County data sent to me via email by J. Obera, Director of City Finance.

Note: It was not possible to obtain the LAIFOM S data for 2016/17. Instead the data in this table were compiled by drawing on the consolidated rates documentation held by the County Government. Unfortunately, these reports do not break down the rates category in as much detail as the LAIFOMS did. Within most of Department of the City of Kisumu's more recent consolidated documentation on its revenue, these rates revenues are grouped together into one line-item, 'rates total'.

However, while the city area does generate rates, the city rates are the only real contributor to the County rates, and rates do bring in more than other revenue items, in the context of the County's total income and expenditures requirements the proportion of revenue contributed by the city rates is low. The 2016/17 data in Table 7.2 show that property rates account for only 14% of County own-source revenue and 2% of the County's total income. The County's own-source revenue is skewed by the devolution of the revenue for health services; its total income includes a large grant from the national government (as discussed in Chapter 6).¹⁵ In addition, the absolute amount of rates collected is low. The annual per capita rates payment amounts to less than 300 shillings, i.e. less than US\$3.00 per annum.

Kisumu's development renaissance

These low levels of collection hardly square with the widespread perception that Kisumu city is undergoing a 'development renaissance'. Despite the limited hard data on land values, experts – most of whom engage in the market both personally and professionally – argue that land values in Kisumu are rising, and the boundaries of the built form of the city are rapidly extending into the peri-urban surrounds (Agong interview; Madende interview; Olima interview). There is a resounding sense that

¹⁵ This information is based on an Excel spreadsheet given to be by J. Obera which indicated the annual County income from own sources and from transfers between 2013/14 and 2016/17.

the city is overcoming decades of stagnation and under-investment brought on by regional disadvantage and the decline following the post-2007 violence (Odek interview; Rana interview).

This perception of Kisumu's booming land market – while probably optimistic – is not without reason. One only needs to follow the partially built roads, which begin in the city centre and extend into the peri-urban areas, to see the rapid development often cited as evidence of rising land demand and value. I did this many times during my time in Kisumu, every time seeing new makeshift scaffolding and changes to the partially built structures. Amidst the dust of partially developed infrastructures and peri-urban greenery, there are signs advertising the sale of land and of the large buildings being erected, suggesting that there is still more development to come.

The concentration of Kisumu's new development and rapidly rising land values is not in the city centre. In the city, land values have always been high and are currently stagnating (Madende interview; Odek interview). Rather, it is in Kisumu's growing suburbs that construction is happening, often before services are installed. Recently empty areas are now seeing the rapid development of two- to three-storey buildings, accompanied by small shops, churches, and the extension of *matatu* (mini-bus) routes. In the course of my fieldwork in 2016 and 2017 I spoke to several people who had developed properties in areas like Migosi, Kondele, and Lolwe over the past five to seven years. They indicated that these areas were empty when they first purchased the land; there were no services or other dwellings there. Today, their buildings are surrounded by multi-storey developments and the areas are vibrant. Rising land value is being driven by major road investments in the peri-urban areas, most of which are being made by national road agencies (Odek interview). I will discuss these developments further in Chapter 9. Fixed rate areas are particularly attractive to developers as rising land values do not result in rising property taxation.

Figure 7.4: New residential developments along major transport routes



Source: Author (2017)

Making sense of under-collection

The mismatch between Kisumu's urban tax collection and rising land values is often explained by the dated and incomplete 2007 Valuation Roll, now over ten years old (Maiyo interview; Obura interview).¹⁶ The list of properties used by the Department of the City only includes 23 000 properties (in a context where there are almost 500 000 people in the city).¹⁷ This list is clearly out of date. Luke Madende, the lead consultant commissioned to develop the updated roll for the County, said, 'When we compare the number of rated properties against what we think is the potential, we see that only 30% of the properties which could be rated are' (Madende interview). Equally, land values have risen since 2007, and many of the subdivisions in the extended areas have not been communicated to the County.¹⁸ Much of this rising value is in the extended areas, where a flat rate continues to apply.

However, even with the existing roll and its many irregularities and inconsistencies, there is large-scale under-payment. Many land owners who are included on the roll or in the Extended Area Gazette

¹⁶ The need for a new valuation roll was spelled out in the *1st County Integrated Development Plan 2013–2017* (County Government of Kisumu 2013b: 181). The ISUD-Plan also notes the need for a new roll (County Government of Kisumu 2013a).

¹⁷ This information is included in a list of properties by area given to me by E. Leki, Head of Rates, County Government of Kisumu, Department of the City of Kisumu.

¹⁸ Some subdivisions are undertaken by the deconcentrated regional offices of the national Department of Land and Physical Planning. These changes are not communicated to the County.

simply do not pay. A large part of this is probably an outcome of the passive approach to collection.¹⁹ The Department does not issue bills informing land owners of their dues. However, even among those who are aware that payments should be made, there is a resistance to paying.

This non-payment has a distinctly spatial logic. Land owners in the city centre do not pay for different reasons than those in the extended areas. In the city centre, both land-holding elites and large parastatals resist payment. According to officials (Leki interview 23 November 2017; Obera interview), politically connected elites cannot be held accountable for refusal to pay. These property owners evade taxes by threatening to drag the Department into lengthy and costly court battles (Obera interview), or by remaining elusive and out of contact. According to E. Leki, the Head of Rates in County Government of Kisumu for the Department of the City of Kisumu, ‘when we come looking for them at their buildings, we can only find the caretaker’. National parastatals, SOEs, and deconcentrated departments are also a thorn in the side of the tax administrators. While owning large pieces of land in the city centre and surrounds, they commonly refuse to pay, claiming that their parent ministries have failed to release the necessary funds to cover these costs.

Beyond the city centre, the challenge of collection is even more acute. According to tax administrators, most people in possession of freehold rights to their land have been settled on it for generations. This land was once communal and rural land. It was converted to freehold title following Kenya’s independence, and incorporated into the city administration in 1972. Leki called this land ‘ancestral land’. In these areas, people tell the administrators, ‘we did not come to the city, the city came to us – so why should we pay you?’²⁰

Resistance to tax payment in the city’s extended areas is exacerbated by the popular perception that property rates should be paid for services. A chorus of tax experts, officials, and politicians adamantly agree that it is land owners’ right to refuse to pay land tax when urban services are not delivered (Leki interview 23 November 2017; Madende; Olima interview; Rana interview). Leki concurred: ‘You cannot go to a place and tell them to pay rates when you very well know you have given them nothing.’ This perspective is shared across Kenya (Ali et al. 2014). The Minister in the Department of Roads, Transport and Public Works, H. Rana, shared these sentiments, saying that ‘in Kenya we believe unless we get services we are not going to pay rates. If I have developed the place up, I pay rates for what? What have you brought? What has the state given?’²¹

¹⁹ I asked several people who live in the city how they are informed of their rates. All land owners told me you need to remember to go in and check on what you owe.

²⁰ This phrase was repeated to me many times in personal communications recorded in my field notes, for example in conversations with a colleague who worked at the Kisumu Local Interaction Platform and who was also a small-scale land developer. The Director of City Finance, J. Obera, also made this comment.

²¹ A common story related to me by many officials and experts is the case of a suburb of Nairobi, Karen. The independent consultant L. Madende, for example, insisted that people can and should refuse to pay property tax. Referencing a case of ‘judicial tax revolt’, he said: ‘In Karen the people refused to pay tax until they are given

In both the city centre and the extended areas, the Department of the City has little recourse to address non-payment. More importantly, there is also little incentive, financial or otherwise, for the Department to increase rates. Improving rates collection does not, for example, increase the fiscal allocation given by the County to the Department of the City. When asked what incentives there are to improve rates collection, the Head of Rates responded, ‘Nothing at all, we just care because now in my case... I’ll compare what my predecessors collected so I would expect mine to go up with time. Just that’ (Leki interview 23 November 2017).

7.4 Extending/enhancing the rating system

There are undoubtedly many issues of concern in the property tax sector in Kisumu, not least the incredibly small amount being collected. The 2007 Valuation Roll is out of date. In the city centre, elites and parastatals resist payment with few, if any, consequences. In the extended areas, where services are limited, the legitimacy of property tax is questioned, even by tax professionals.

There is little incentive on the part of administrators to make the system work better. Despite this, the Department of the City of Kisumu is making the system work – undertaking micro-steps to improve the functioning of the fiscal instrument, strengthening the link between the material city and the coffers of the state. In this section I identify several ways in which small efforts have been made to improve the functioning of the rates instrument.

Negotiating payments

On a regular basis, the Head of Rates spends her mornings walking around the city centre.²² She goes to the major land owners who have not paid rates, such as the wealthy businesses, wealthy estates, and national parastatals. Through negotiation, she attempts to convince them to pay, even if it is a reduced amount. She focuses her attention on those organizations and individuals who ‘have the will to pay’, even if they are not able to do so immediately (Leki interview 23 November 2017). These tend to be parastatals that have not paid due to delays in receipt of their funding allocation from the national government. She negotiates to allow them to pay in increments, or a reduced amount. This negotiation is based on the personal relationships which Leki has built with the financial managers at the national entities. The political nature of the tension between the local and national government means that it requires stealth and personal charisma to navigate between the two. Leki informed me that she is the

something from Nairobi City, this was upheld in law and the money is now put into a separate account until there is proof that the city can deliver’ (Madende interview). The case of Karen offers symbolic confirmation of the right to actual service delivery, a reference point for many who sought to persuade me of the legitimacy of non-payment. This is despite the fact that Karen is no longer allowed to ring-fence its own revenues under the new dispensation.

²² I often came to the City Hall looking for Leki and was told that she was out trying to persuade elite land owners to pay their rates.

only one in the unit who goes to negotiate with those owing rates; everyone else stays in the office documenting the transactions which are made at the City Hall.

Investing in infrastructure to increase legitimacy of rates

The Department of the City officials have a clear idea of what it would take to improve the legitimacy of rates collection in under-serviced areas. Leki noted that she would be ‘embarrassed’ to ask for rates in areas where there were no markets and roads. These two services, she argued, were the most basic ones which needed to be provided to legitimize rates collection (Leki interview 15 November 2017). Other interviewees concurred with her that roads and markets were essential urban infrastructures that legitimize rates payments (Obera interview; Rana interview).

The importance of these services is reflected in the budget and expenditures of Department of the City officials. Even with a very small capital budget, the Department of the City and the Kisumu Urban Project (KUP) invest in urban roads and markets. For example, the KUP had developed two gravel roads, and plans to develop three more. As I showed in Chapter 6, the project also produced designs for the improvement of three public markets. Similarly, the 2016/17 development budget for the Department of the City included a large market project and a number of road projects (County Government of Kisumu 2016b). While these projects are small, they represent a commitment to enhancing the legitimacy of rates collection.

Linking building and planning approvals to rates

One of the key ways in which The Department of the City of Kisumu compels rates payments is to link payment to the planning system. The Department of the City has a small planning unit. Land owners who want to build in the city are legally obliged to obtain building permission at the City Hall, and the planning unit will not grant rights to develop the land unless all rates arrears have been paid.

It is surprising that land owners do not choose to build informally so as to avoid both the rates payment and the planning approval process. However, land development without proper planning approval will come with a high opportunity cost for land developers (Leki interview 23 November 2017; Mwongo interview 27 April 2017; Odek interview). The high cost of non-compliance reflects the cumulative costs of daily bribery of enforcement agents who have taken a keen interest in the planning rules and regulations.²³ The county police (referred to in interviews as the ‘municipal *askaris*’) as well as other ‘inspectors’ are involved in what is commonly referred to as ‘daily harassment’ (Odek interview; Olima interview). One small-scale property developer (who wanted to remain anonymous) explained how this happens: ‘As soon as the police can see development on land,

²³ I have documented this point in my field notes on many occasions based on conversations with P. Opio and M. Oloko from the Kisumu Local Interaction Platform, where I was hosted during my fieldwork, both of whom developed their own properties in the extended areas.

they will come every day and bother you. It gets very expensive. It becomes worthwhile to just pay the price to the city so that you can have your proof and they will leave you alone.’ This system, while clearly extra-legal, has increased collections of revenue significantly. A quarter of city collections come from ‘rates from previous years’ (see Table 7.1); these are the back-paid rates which aspirant land developers pay to get their plans approved.

Developing a new valuation roll

A final, and important way in which property tax in Kisumu is being addressed is through the production of a new valuation roll. The production of a new roll is a time-consuming and resource-intensive endeavour. Adding to these difficulties are the challenges of identifying land owners of both freehold and leasehold land. This is a major issue in Kisumu, and in Kenyan cities more widely, as the record-keeping on land transactions has been weak and there are many cases of overlapping and conflicting claims (Mwongo interview 27 April 2017). There is also a lack of detailed and up-to-date plans which can be used to determine the land use (Madende interview).

There is limited information available on land values in Kisumu. This makes the development of a new roll difficult. To arrive at new land values, the firm hired to produce the new roll is doing its best, with limited data, to arrive at ‘better numbers’. Using actual transaction values for the area (even if there are only one or two values which they can find), they ascertain the residual value of the land and apply the ‘average’ to all of the properties in the area. These calculations rely on blanket zoning designations across suburbs and areas. The independent consultant Luke Madende, who is leading the team developing the new Valuation Roll, described this process as a ‘fit for purpose’ approach. It is not perfect, but is effective and affordable. Using these rough estimates, the consultants deploy a small army of young professionals and recent graduate students, all cramped into the firm’s fifth-floor offices with stacks of properties and bulky calculators, to crunch the numbers, one property at a time. They arrive, in the end, at values which they hope better reflect the real land market of the city.

7.5 Reflections and conclusions

This chapter has analyzed the most important source of local revenue collected by the Department of the City of Kisumu: what are colloquially called ‘land rates’. By design, this chapter has approached the rates configuration of Kisumu from the perspective of the material city and its land.

Property tax is the largest source of revenue collected by the Department of the City. It is an important source, as it reflects the ability of the urban institutions to transform rising land values into flows of public money. In Kisumu, this translation does not reflect the current land values in the city, as the valuation roll currently in use is both incomplete and out-of-date. Instead, the rating system reflects the spatial history of the city, as it plays out in terms of differential tenure and service provision. In

response to this differentiation, the urban state has developed a complex dual system of rating – the use of a flat rate valuation in some areas and a capital rate in others. This dual system, and particularly the flat rate applied outside the colonial city, incentivizes development in these areas, where land values are rising but rates are fixed. This rating regime is overlaid onto the dynamism of the city, with its undocumented subdivisions, resistance to payments, and changing land values, all of which subvert the *de jure* system.

As I have shown in this chapter, the land rating system in Kisumu is not perfect. The flows generated from the urban area are unable to be deployed in meaningful ways. This is because they are quantitatively small, and also because they are funnelled directly to the County Government, where they are insignificant in the context of the larger County budget. Challenges relating to the documenting of subdivisions, calculation of land values, and payment compliance are rife. Enforcement is difficult, owing to the perceived illegitimacy of rates, political interference, and intergovernmental breakdowns in communication.

However, the case study shows that administrators are working to improve the system, drawing on a range of complex personal, political, and technical methods. From manual calculations to complex collection processes, rates reflect ongoing improvisation on the part of City tax administrators and tax professionals. These improvisations work around, and at times even exploit, the gaps, silences, and inconsistencies in the system. These workarounds respond to the rising value of urban land, even if they can only capture a fraction of the potential growth in value. Examples of the measures being taken can be seen both in terms of the production of the new valuation roll and the ways in which the city ‘passively forces’ people into the rates net (through planning approval processes, waivers and other practices). These practices do result in increases in the flows of rates, even if incrementally, inconsistently, and even extra-legally.

This case study shows that tax administrators’ manoeuvres and tactics to enhance rates collections are fundamentally predicated on building relationships with other state entities operating at the urban scale. This differs from the other case studies to be presented in this section of the thesis. Tax administrators in the Department of the City rely on colleagues in the Planning Division to block planning approvals for those who have not paid their rates. They rely on state police and inspectors to push developers into the planning system. They rely on the County to develop a new valuation roll. They rely on negotiations with land-owning parastatals. And they rely on their own budgets – and those of national entities – to create land value and rates legitimacy in the city.

Overall, property tax is a productive fiscal interface through which to better understand how the city and the City are mediated and co-constituted through flows of public money. In this way, we can see property rates as one of the sites through which the C/city is produced and the relationship between city and City negotiated.

CHAPTER 8 | WATER'S FISCAL CONFIGURATIONS

8.1 Introduction

This chapter forms part of a suite of chapters which use the material city as the starting point for an exploration of urban public finance configurations. In this chapter I focus on water, and how urban water infrastructure is funded and financed. It is through these fiscal processes, I show, that the C/city is mediated and shaped.

In many parts of the world, clean water is a human right and a key development indicator. The Constitutions of several African countries – for example, Kenya, Uganda and South Africa – enshrine the right to water. The recently adopted United Nations Sustainable Development Goal 6 includes universal access to safe water in the ‘2030 Agenda’.²⁴

In urban areas, where direct access to clean water is constrained, the state is obliged to find ways to ensure – even if only in a progressive manner – that urban populations have access to water. The process of securing the provision of water for urban populations requires capital investments in urban water systems. This includes constructing plants for bulk production of treated water, and investing in distribution networks which channel this water to urban users. It also requires funding for operating this system, for example for chemicals, maintaining the network, billing water users and collection of payments. It is common practice for these necessary expenditures to be financed through a combination of government grants for the larger capital investments (Berg & Danilenko 2017) and charges for the use of water (often used to cover the operational costs) (Banerjee et al. 2010; Palmer et al. 2017).

Within development discourse, water often falls into the category of ‘public utilities’. According to the World Bank, a ‘water utility’ is defined as an ‘entity engaged in the provision of potable water to customers irrespective of its particular institutional form and ownership or management structure’ (Heymans et al. 2016: xi).

There have been fashionable trends within the development sector related to water utilities, their structure and their financing. During the late 1980s and 1990s, in line with broader neoliberal reforms and at the behest of global lenders, many public utilities in African were privatized (Auriol & Blanc 2009). Government delivery of water was viewed as inefficient and corrupt. Privatization of water provision was presented as both more efficient and divorced from political interference (Page 2005; Bakker 2007; McDonald 2016). The development banks’ privatization agenda was spelled out in the 1993 ‘Water Resource Management’ strategy produced by the World Bank (Magdahl 2012). This

²⁴ See <http://www.undp.org/content/undp/en/home/sustainable-development-goals.html>.

wave of privatization spawned debates across the development sector. The debate over how water was *actually* provided and *should* be provided was the cutting edge of the bigger debate about infrastructure in Africa, later to be extended to other utility sectors.

After decades of reform efforts, debates over the most effective role for the state in water provision are no longer so binary, with academics and policy experts weighing in on all sides. The mixed results of privatization programmes implemented over the past decades indicate that the extremes – full privatization and full state provision – in practice play out in much more blurred, contextualized, and dynamic ways (Kirkpatrick 2006; Auriol & Blanc 2009; Magdahl 2012). A water expert at the World Bank, reflecting on his tenure in the sector, told me that ‘it is no longer fashionable to be too far on either side of the privatization spectrum; we now aim for something in-between... between all state and all private’ (Heymans interview). The most common ‘in between’ is what is called ‘corporatization’. Corporatization occurs when a separate, but state-owned, company is established with a mandate for social provision *and* financial sustainability (Magdahl 2012; Arrobbio et al. 2014).

Structure of the chapter

The compromise between public and private provision, and between social and fiscal mandates, plays out in Kisumu’s water sector. Kisumu’s corporatized water utility was established under the ownership of the Municipal Council of Kisumu. It is now under the ownership of County Government of Kisumu. This company, Kisumu Water and Sewerage Company (KIWASCO), is tasked with the urban provision of water. This chapter looks at the corporatization of water. In this case, water is taken off the balance sheets of the state and given to a company. However, this company is under the state’s ownership. It is precisely this arrangement – the ‘inside outside’ position of the water company – which mediates the material city and the institutional City. In this sense, water corporatization and Kisumu’s public utility company act as a mediator of the C/city.

The chapter is structured as follows. Section 2 shows how KIWASCO is the intermediary that links the bulk supply of water to the urban population of Kisumu. This interlinking role ‘urbanizes’ the water infrastructure. With this mandate, KIWASCO is responsible for both the financial viability of the company and ensuring that access is expanded to the poor. This presents a paradox, as the poor are more heavily subsidized and threaten the performance of the utility. In Section 3, I show that KIWASCO is unable to borrow to enable expansion and overcome this paradox. This requires the company to search for other methods of raising funds. In Section 4, I unpack the two ways in which KIWASCO addresses this fiscal and social paradox: tariff adjustment and the Delegated Management Model (DMM). While both of these methods strengthen the performance of the company in different ways, they are not perfect. In the concluding section of the chapter, Section 5, I argue that the urban water sector is not experiencing the sort of financialization which I discussed in Chapter 3’s structural perspectives on urban infrastructures. Instead, its expansion efforts are more incremental, and

operationally based. KIWASCO uses city-scale cross-subsidization and partnerships with the private sector to expand the operations and coverage of the water system, firmly positioning itself as a key player in the City configuration. In this way, water corporatization operates at the C/city interface, mediating the relationships between the institutional and material city.

8.2 The urban water system in Kisumu city

Access to water is often called the ‘success story’ of Kisumu (Onyango interview; Otieng interview). Since 2007, large-scale investments in bulk water infrastructure have ensured ample supply of water (Adongo interview; Kigen interview). These investments have been led by development banks, partnering with the Lake Victoria South Water Services Board (LVSWSB) (Lake Victoria South Water Services Board 2017). The LVSWSB, a national entity, is responsible for the development and ownership of bulk infrastructure for water. Kisumu city falls within the LVSWSB’s jurisdiction.

Prior to major donor-driven investments, Kisumu city experienced regular water cut-offs. Today, however, they are incredibly infrequent (Mburu interview). In fact, there is more water being produced at the two city treatment plants, Dunga and Kajulu, today than is being consumed in the city.²⁵

Despite the supply of sufficient quantities of water, not all households have direct access to water. Not unlike the situation in many developing cities, there is unmet need and demand for water in the city area (Kisumu Water and Sewerage Company 2017). Households without direct connections access water through hybrid systems of delivery, many of which are costly, time-consuming and exploitative (Schwartz & Sanga 2010). While the LVSWSB owns the water assets which support Kisumu, it does not have the responsibility to provide water connections to urban households and firms. This responsibility falls on the Water Service Providers (WSPs) (Table 8.1).

In Kisumu, KIWASCO is the largest urban WSP operating in the city. There are smaller community-based water provision schemes (for example, the Wandiege Water Project in Kisumu East) (Kotch interview).²⁶ However, KIWASCO is the only ‘corporatized entity’ under the full ownership of the state. KIWASCO was previously owned by the Municipal Council of Kisumu, its establishment replacing the dysfunctional delivery of the Municipality (as per the Water Act No. 8 of 2002).²⁷ In

²⁵ The Head of Finance at KIWASCO, N. Moseti, gave me an Excel spreadsheet which includes monthly water production and monthly sales of water. This spreadsheet indicated that more water is being produced at the two plants than is being sold.

²⁶ I visited two smaller providers in Kisumu that are both providing water on a very small scale compared to KIWASCO.

²⁷ I spoke to a number of water vendors who said that before KIWASCO took over, water delivery was inconsistent and unreliable.

2013, ownership of KIWASCO was transferred from the Council to the County Government.²⁸

KIWASCO forms part of a webbed fiscal and institutional architecture as outlined in Table 8.1. This includes the national Water Services Regulatory Board (WASREB), the regional Water Services Boards (WSBs) and the local WSPs, each having particular responsibilities.

Table 8.1: Actors in Kisumu’s water sector

Role	Regulator	Water Services Board	Water Service Provider
Level	National	National (state corporation)	County (state corporation)
Coverage	National	Regional	Urban (largely Kisumu city and surrounds)
Name	Water Services Regulatory Board (WASREB)	Lake Victoria South Water Services Board (LVSWSB)	Kisumu Water and Sewerage Company (KIWASCO)
Fiscal responsibility	Regulation, oversight and monitoring, approval of tariffs.	Ownership of water assets (leased to WSPs). Licensing of WSPs.	Water distribution, management and maintenance of water assets.

Source: Compiled by the author based on the Water Act of 2002 and interviews (Kimani interview; Moseti interview; Mboya interview).

In Kisumu city, KIWASCO continues to develop the urban water distribution network on the back of the bulk investments of the LVSWSB, paying a small percentage of its revenue over to the Board as a ‘lease fee’ for using this infrastructure (Lake Victoria South Water Services Board 2015). KIWASCO acts as the interface between the urban public and the water infrastructure services. Its *de facto* role is to oversee the ‘urbanization’ of the water infrastructure, bringing the regional bulk supply together with urban dwellers. In doing so, the company is drawn into intimate relationships with both the other actors in the water infrastructure financing system (for example, the WSB) and the actual physicality of the city – its people, firms, micro-enterprises, contours and complexities, and water landscape.

In turn, water users are expected to pay for their water, based on a tariff set by KIWASCO and approved by the WASREB. In addition to paying for the water they consume, households must pay a fee and deposit to connect to the KIWASCO distribution network. They must also pay for the materials and labour needed to connect their plots to the KIWASCO line (Table 8.2).

²⁸ At the time of writing, the Water Act (No. 43 of 2016), which has the potential to shift these arrangements, had not yet been implemented.

Table 8.2: Connection costs for water users

Item	Cost	Recipient of payment
Connection fee	KSh2 000	KIWASCO
Water deposit	KSh4 000	KIWASCO
Materials	Dependent on distance	Hardware store
Labour	Dependent on work required	Contractor

Source: Compiled by the author from interviews and the KIWASCO Tariff Gazette (Notice No. 2828 of 2017). The connection fee is based on a domestic single dwelling. These numbers vary slightly from those given to me in my interview with KIWASCO's David Onyango.

With a limited capital budget, KIWASCO struggles to provide distribution networks to all parts of the city (Kisumu Water and Sewerage Company 2015, 2016). At the same time, not all urban dwellers can afford the costs of connecting to the main urban lines which KIWASCO developers (Ogonda interview). The result is gaps in the urban network, owing to the financial constraints of both the company and households.

8.3 KIWASCO's financial limits to network expansion

KIWASCO's 2017 annual report indicates that 24% of Kisumu's urban residential population does not have onsite access to treated water (Kisumu Water and Sewerage Company 2017). There is clearly a need to expand the urban infrastructure network, connecting it to the ample supply of water coming from the regional production plants. However, infrastructure investment of this nature requires upfront investments of resources for materials, labour, and expertise from both KIWASCO and households.

Borrowing money is often presented as the solution to overcoming the capital hurdles of infrastructure investment. Borrowing allows an upfront capital injection which would add users to the system and thus increase the revenue of the company (Alm 2010). Borrowing could enable KIWASCO to expand its urban coverage, supplying more people with direct access to services.

However, technical and political challenges relating to collateral in the water sector make borrowing a challenge. It would be difficult for a financier to repossess pipes or meters. Investors instead require a steady cash flow which can be used to repay the loan. Borrowing tends to be possible only when there is a surplus on the operating account of the utility (Advani 2012).

The measurement of the operating surplus of a utility company is one of the most important measures of company performance. This is not only because of the necessity of a surplus for borrowing, but because operational costs which are higher than operational revenues result in deficits. Deficits result

in a failure to maintain infrastructure and pay staff salaries, and ultimately threaten the provision of the service. The Operating Cost Coverage Ratio (OCCR) is a measure of a company's operational surplus. It is the most important financial measure of a water utility's financial performance (Berg & Danilenko 2017). OCCR is calculated by dividing the operating revenue (net billed) by the operating expenses. Any number above one means that the company is covering its full operational costs with some surplus. The surplus can be used for capital investment or to repay loans.

Based on KIWASCO's Annual Reports (Kisumu Water and Sewerage Company 2015, 2016, 2017), I calculated the OCCR of the company; the results are given in Table 8.3. In this table I show that KIWASCO's OCCR is between 1.01 and 1.04. This means that KIWASCO is covering its operating expenses, with a small surplus. It is useful, however, to contextualize this number by comparing it to OCCRs for similar types of companies. According to *The IBNET Water Supply and Sanitation Blue Book 2014*, 'the median operating cost coverage ratio (OCCR) remained more or less constant between 2006 and 2010 at a level of 1.09' (Danilenko et al. 2014: 13). This benchmark suggests that most water utilities produce small surpluses, not unlike KIWASCO.

Table 8.3: KIWASCO OCCR (KSh)

	FY 2016/17	FY 2015/16	FY 2014/15
Revenue	620 277 501	543 083 157	500 107 696
Other operating income	20 719 312	17 146 964	25 187 172
Total revenue	640 996 813	560 230 121	525 294 868
Cost to produce water	129 029 227	123 948 846	136 678 066
Employment expenses	212 811 688	164 009 234	159 935 117
Administrative expenses	89 220 852	81 971 173	51 141 640
Establishment expenses	124 104 497	131 445 584	112 027 210
Maintenance expenses	62 370 601	52 179 070	49 780 873
Depreciation*	21 702 577	17 237 980	18 902 326
Provision for bad debt*	9 197 865	9 982 037	–
Total O+M	617 536 865	553 553 907	509 562 906
OCCR	1.04	1.01	1.03

Source: KIWASCO Annual Reports (Kisumu Water and Sewerage Company 2015, 2016, 2017)

* Based on email correspondence with WASREB economist Emily Kamau and Richard Cheruiyot, Inspectorate Services Manager at WASREB, in March and April 2018, both 'depreciation' and 'bad debt' have been excluded from the establishment expenses. While these are normally included in OCCR calculations, Kamau and Cheruiyot indicated that WASREB uses a 'cash system' and thus does not include these costs, I have followed suit. They also indicated that WASREB excludes lease

fees and conservancy fees from its calculation. I have chosen to include these in my calculations as they are costs to the WSP.

Undertaking a similar exercise, the national Kenyan WASREB arrived at a slightly different OCCR for KIWASCO (Table 8.4). Like my calculations, WASREB’s calculations for Kisumu’s operating cost coverage demonstrate that the utility is covering its operational costs, but by only a small amount.

Table 8.4: WASREB OCCR for KIWASCO, 2014/15–2016/17 (KSh)

	FY 2016/17	FY 2015/16	FY 2014/15
Revenues	640 996 813	550 314 543	519 488 729
O+M costs	609 329 177	521 218 817	498 684 915
OCCR	1.05	1.06	1.04

Source: Email sent to me by R. Cheruiyot, Inspectorate Services Manager, WASREB, on 19 March, 2018.

It is based on these calculations that WASREB ranks Kisumu against the other Kenyan WSPs. In its regular report on the performance of WSPs in Kenya, KIWASCO is ranked in the mid-range (expressed in the reports as ‘yellow’) in terms of its OCCR (Water Services Regulatory Board 2015).

The variance between my own calculation (based on annual financial statements) and WASREB’s calculation is a reminder of the subjective nature of OCCR measurement. The measurements depend on what is ‘counted’ as operational expenditure and operational revenue. Equally important is the extent to which the OCCR in fact reflects a surplus or not. The large outstanding payments that KIWASCO owes to service providers reflect a sort of ‘short-term borrowing’, often to cover operational costs (this can be seen in financial statements under ‘Trade and Receivables’). This practice brings into question the validity of the OCCR as a useful marker of the ability of the company to produce sufficient surplus to be attractive to lenders.

Despite this small and questionable surplus, KIWASCO’s Annual Reports (Kisumu Water and Sewerage Company 2016, 2017) indicate that the company is borrowing. Some of the listed loans are short-term borrowing to cover operational cash flow issues, for example, the debt from an overdraft with the Coop Bank.

In addition to the short-term loans, KIWASCO has two long-term loans (Kisumu Water and Sewerage Company 2017). The company has a ‘commercial loan’ from Sidian Bank and ‘asset finance’ from CFC-Stantic Bank. Both are an indication of KIWASCO’s efforts to borrow for infrastructural expansion. In the case of Sidian, KIWASCO took on the full commercial loan of KSh21 million and is paying it back slowly. This loan is an ‘Outcomes based loan’ (Moseti interview). Sustainable Water and Sanitation in Africa, an NGO committed to water development, pays back 40% of the loan once agreed development targets are reached. In contrast to this commercial loan, KIWASCO will pay off the asset finance from CFC-Stantic Bank over time, only ‘owning the asset’ after all payments have

been made.

KIWASCO's challenges related to raising finance reflect both the company's limited operational surplus and the general lack of interest of commercial lenders in the water sector, in Kenya and elsewhere on the continent (Closas et al. 2012). A World Bank water specialist, reflecting on the challenges of commercial borrowing, said that 'the question that keeps coming [from the bank] are how is this loan going to be secured? You cannot take back pipes from a water company, so what are the assets? What are you holding this loan against? You can say generally that the Kenyan commercial banks are risk-averse to a big extent. They don't understand the water sector' (C. Ochieng interview).

There are undeniably structural aspects to the constraints on finance, endemic to the water sector. The low surplus which water generates yields a low return for lenders. This is particularly true when water service expansion is needed to low-income areas, where tariffs are lower and costs of provision are higher (Heymans interview). At the same time, the political nature of water, coupled with the challenges related to water investment collateral, makes the sector appear risky (C. Ochieng interview). For international lenders, this is compounded by the risks associated with the fluctuating exchange rates between currencies.

High-risk and low-return investments are not attractive to lenders. The risk–return calculation for larger international lenders simply does not place water utilities in a competitive position. Local commercial lenders, who may not face the exchange rate risks and may better understand political risks, do not have the capacity for or interest in long-term lending for infrastructure (Moseti interview; C. Ochieng interview;). They have what is commonly termed an 'asset-liability maturity' mismatch, preferring shorter-term investments of less than ten years (Kimani et al. 2011; Advani 2012; World Bank 2015b).

KIWASCO is implicated in the wider challenges of the financial sector. The company can raise small loans from development institutions, but the commercial sector remains largely uninterested. KIWASCO does not present a case of over-indebtedness and the financialization of infrastructure, as structural scholars of urban infrastructure often fear (see Chapter 3). Instead it suggests that ring-fencing of water services – as a means of attracting private sector capital – has been largely unsuccessful in the urban Kenyan context. While the ring-fencing of KIWASCO's revenue does ensure that collected water revenues are invested in the water infrastructure, keeping them separate from other public flows of money, the ring-fencing has not dramatically changed KIWASCO's financial position or allowed the company to financialize its assets.

8.4 Confronting the water paradox

KIWASCO experiences a paradox. It has been established as a corporatized entity to enable the company to be more financially viable and attractive to lenders. However, it receives very little finance from the private sector and no direct subsidies from the public sector (of course, this excludes the heavily subsidized ‘lease fee’ to use the LVSWSB’s bulk infrastructure network) (Onyango interview). At the same time, the company is owned by the County and is responsible for the County mandate of water provision. Kisumu County is required to expand its services within Kisumu city to serve unserved populations, without private finance or state funding.

KIWASCO confronts this paradox through two core mechanisms: progressive tariffs and the DMM. In this section I outline these two important measures which the company has taken in the past few years. Existing literature and policy documents point to the way in which these measures serve to balance the competing objectives the company faces (Schwartz & Sanga 2010; Heymans et al. 2016; Nzengya 2018). For example, WASREB indicates that its intention with tariff design is to promote financial sustainability *and* safe water as a human right.²⁹ I concur that these mechanisms allow the company to confront this paradox. And I take the argument further, demonstrating that these mechanisms also reflect complex and contested relationships between the city and the City. By understanding these mechanisms, we gain insights into the C/city in Kisumu.

Tariff design and implementation

As with most utilities, tariffs are the backbone of KIWASCO’s revenue model. To increase the company’s revenue and expand the surplus available to invest, a new tariff structure was introduced in KIWASCO’s areas in May 2017, just before the new financial year (Table 8.5). KIWASCO’s tariff structure reflects what is called a ‘progressive step tariff’, because business pays more than residential users, and higher-consuming clients (usually the wealthy) pay more per litre (Heymans et al. 2016).

Table 8.5: LVSWSB tariff adjustment for KIWASCO clients as of May 2017

Consumption block (m ³)	Domestic/residential (KSh/m ³)		Commercial / Gov. institutions (KSh/m ³)	
	Previous	Current	Previous	Current
1: 0–6	33.33	300 (flat rate)	40	330 (flat rate)
2: 6–20	50	67	50	70
3: 20–40	65	83	65	100

²⁹ The Tariff Guidelines on WASREB’s website provide this information: see <https://wasreb.go.ke/tariff-guidelines/>.

4: 40–60	80	100	80	130
5: 60–100	80	100	80	130
6: 101–300	100	120	100	140
7: 300+	130	140	130	155

Source: Adapted from the KIWASCO Tariff Gazette (Notice No. 2828 of 2017):1214.

Table 8.5 shows that the new tariff structure has some major differences from the one previously in use. It includes a more dramatic differentiation between domestic users and commercial users for all blocks (other than block 1). Commercial users, in the past, paid close to the same amount as domestic users for water. This is no longer the case, indicating a shift towards higher cross-subsidization between the types of users. The new tariff also shows that clients in the lowest consumption block now pay a flat rate amount of KSh300, no matter their water usage. This translates into KSh50/m³, instead of KSh33.33/m³. This is a clear move to reduce the subsidization at the lower usage levels, which include the poor and the lower middle class, who make up the majority of the city’s population.

The new tariff structure seeks to increase the revenue of the company without impacting dramatically on its operating costs. Given the recent implementation, it is difficult to ascertain the extent to which these measures have had or will have a large impact on revenues. However, KIWASCO officials argue that these measures are vital to ensure financial viability and to have sufficient surplus for much-needed capital investment to expand their services coverage (Moseti interview).³⁰

More importantly for an understanding of the C/city, tariffs operate at the interface between the material city and the institutional City. On the one hand water, as a material service, flows through the pipes of the city. This flow facilitates urban life in a multitude of ways. On the other hand, the costing structure of this water is a product of the relationships between the actors involved in public provision: WASREB, the LVSWSB, and KIWASCO.

The Delegated Management Model

A second important method which has been used by KIWASCO to expand the network is the DMM. The model involves partnering with local organizations that are willing to extend KIWASCO’s infrastructure into unplanned areas, and manage the collection and billing in these areas (Nzengya 2018). KIWASCO’s ‘Pro Poor Unit’ is responsible for the ongoing improvement of the DMM. The head of the division spends his days in informal and unplanned areas, working with communities to improve the programme (Ogonda interview).

³⁰ This argument, with the projected numbers that support it, is also spelled out in a table in the 2017 KIWASCO Tariff Gazette Notice.

Figure 8.1: Cage holding several DMM water meters



Source: Author (2017)

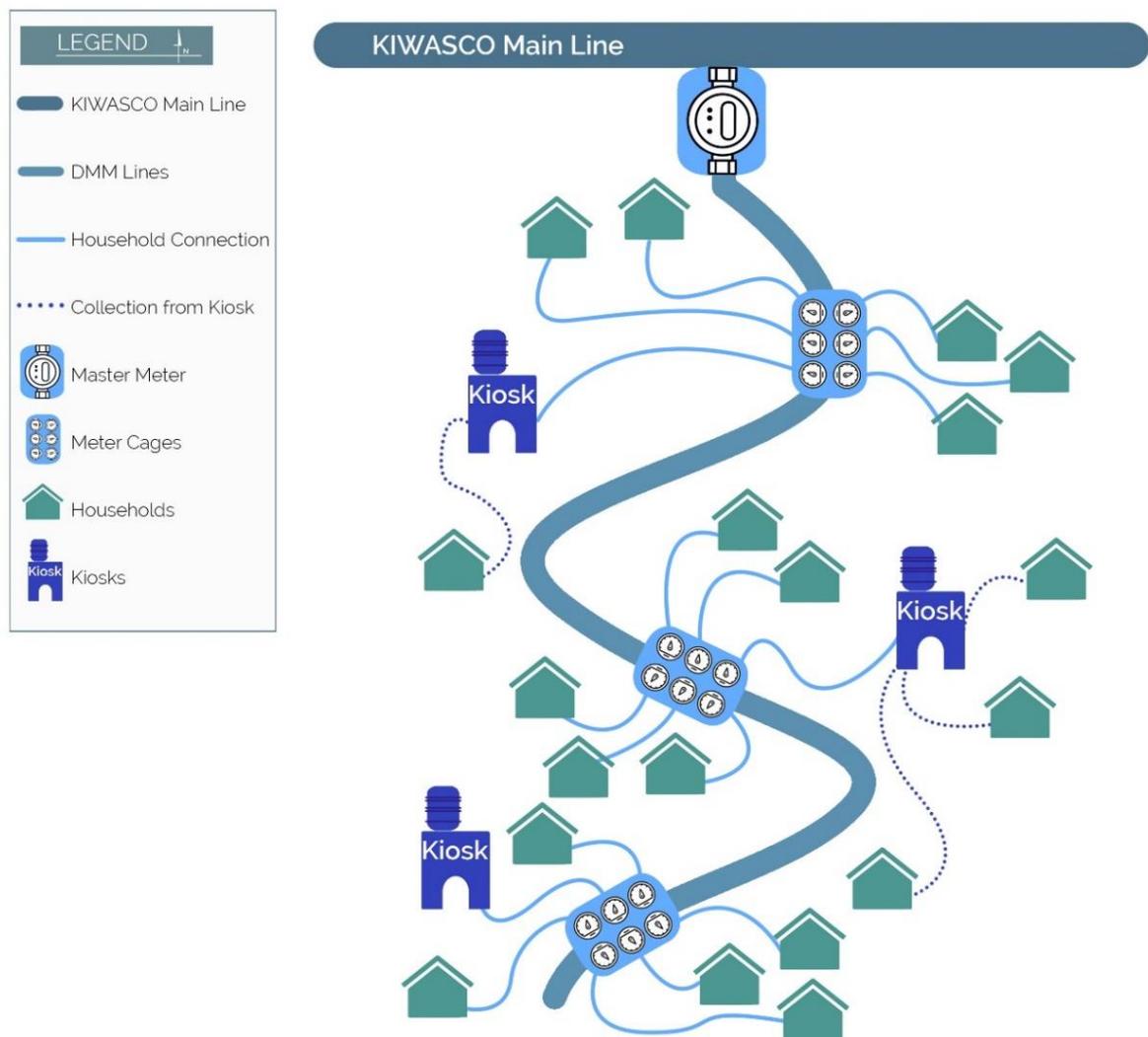
The work of the Pro-Poor unit has been well documented. The DMM was developed in 2004 with the intention of increasing the number of low-income households with access to water. It was developed by the Water and Sanitation Program Africa and the AFD (Schwartz & Sanga 2010). The model aimed to extend infrastructure to low-income and unplanned areas previously unserved by the network (Schwartz et al. 2017). It serves many informal areas, including Nyalenda A and B, Nyamasaria, Nyawita, Obunga, and Manyatta A and B (Odongo interview).

The model operates in the following way. KIWASCO provides a water line into an informal/unplanned area. This expansion can be funded by the community, an NGO/donor partner, or directly by KIWASCO. This arrangement is worked out on a case-by-case basis by Kevin Ogonda, the head of KIWASCO's Pro-Poor Unit (Ogonda interview). The expansion costs in low-income and unplanned areas are lower than in conventional planned areas due to the high densities and thus short distances between service points (Mosesti interview). The extended lines developed by KIWASCO are handed over to master operators to manage. The master operators are often local self-help groups. These groups invest their savings in further extensions to the line, connecting individual households

directly or kiosks.³¹

KIWASCO provides ‘bulk water’ at a subsidized rate of KSh25/m³ to each master operator through a master meter (Table 8.6). In exchange for this subsidy, the master operator is in charge of managing the line, connecting and billing households or kiosks, and carrying out minor repairs to its portion of the network. Master operators make small extensions to the line over time in order to connect more customers and expand their coverage.³² In Kisumu, there are 25 master operators who operate small-scale enterprises to provide water (Ogonda interview). Each master operator can have many lines through an area – operators may have between six and ten lines each.

Figure 8.2: Delegated Management Model



Source: Author (2017)

³¹ According to K. Odongo (interview), the self-help group has nine members who have invested in the line extensions. Before being contracted by KIWASCO, the group had invested their savings in a waste collection enterprise.

³² The upfront capital cost to the operator includes the master meter deposit (KSh 45 000) and the meter installation (KSh 15 000), totalling KSh 60 000.

From the main line, master operators make individual connections and charge for these connections. They make these connections either to individual households or to kiosks, at different rates (Table 8.6). According to the Water and Sanitation for the Urban Poor (2017) study, around 60% of households do not have direct water connections to their properties.³³ These people access water through kiosks or water vendors. While the cost to connect to the DMM line is less than what it would cost for a KIWASCO connection,³⁴ this is still prohibitive for many households. Some users prefer paying as they use water, rather than getting a monthly bill. They get water from the vendors on a daily basis even if they end up paying more per unit than if they had a direct connection (Schwartz & Sanga 2010; Wagah et al. 2010; Sima et al. 2013).

In terms of revenue, a 2017 Master Operators Draft Assessment Report indicated that master operators earn anything from KSh60 000 per month (as is the case for a small Mashujaa Master Operator which serves 81 customers) to KSh260 000 (as is the case for an Obukase Master Operator which serves 230 customers). Most operators earn an average of KSh 130 000 per month (1 560 000 per year). Master operators would be on the lower end of the income range for ‘small enterprises’, defined as having an annual turnover of between KSh500 000 and KSh5 million (Water and Sanitation for the Urban Poor 2017).³⁵ There appears to be a positive correlation between increasing the customer base and increasing the monthly revenue of master operators. Most master operators are reflecting substantial surpluses on their operations. However, about a quarter of operators are reflecting average losses. This suggests that there are costs and risks that are borne by the operators and which they have not all managed in the same ways.³⁶ KIWASCO carefully tracks the debts owed to it by the operators, some of which are in excess of one million shillings (Water and Sanitation for the Urban Poor 2017).

Table 8.6: DMM overview of water costs

Description	Tariff (KSh/m ³)	Analysis
KIWASCO → master operator	KSh25	The price at which KIWASCO sells to the master operator is not dependent on what the operator sells. This means that small and larger operators are treated in the same way by KIWASCO. The incentive to expand, therefore, does not sit on the supply side.

³³ The report, entitled Master Operators Draft Assessment, was given to me in hard copy.

³⁴ According to one Master Operator interviewed, households pay 200KSH for the application to the Operator, 1 500 KSH for the meter, and 1 000 for the water deposit. This is notably less overall than the cost which KIWASCO charges to connect individuals.

³⁵ See <https://www.ifc.org/wps/wcm/connect/624b8f804a17abc5b4acfddd29332b51/msme-ci-note.pdf?mod=ajperes>

³⁶ These costs and risks include salaries, administration costs (most operators do not have their own computers or printers and thus pay to use these services), and the cost of non-revenue water within their areas.

Master operator → end user	0–6 m ³ : KSh180 (flat rate) 7–20 m ³ : KSh35/m ³ 21+ m ³ : KSh50/m ³	The tariff for direct connections is a rising block tariff with a sort of minimum-use fee (rising from KSh30–35 to KSh50/m ³). What this minimal-use fee does is ensure that the master operator has a steady cash flow. However, it means that users who consume less than 6 m ³ will be at a disadvantage.
Master operator → kiosk	0–10 m ³ : KSh400 (flat rate) 11+ m ³ : KSh35/m ³	Kiosks are charged more per cubic meter than direct household lines (Jura interview). In contrast to households, they operate with a decreasing tariff. They are charged an average of KSh40 /m ³ for the first block and KSh35 /m ³ thereafter. Kiosks are not favoured by KIWASCO, which explains the higher tariff applied to them; however, as they expand they receive some breaks. Given this design, it is not surprising that people buying from kiosks pay more for water than their directly connected counterparts.
Kiosk → end user	KSh1–3/ jerry can (this works out to KSh50–150)	Kiosk owners charge individuals to collect water. They are meant to charge a set fee, but this is difficult for KIWASCO and the master operators to regulate. The legal price is KSh1/m ² .

Source: Pricing overview compiled by the author based on the 2017 KIWASCO Tariff Gazette, informal interviews with water vendors, interviews with the Pro-Poor Unit, and the Water and Sanitation for the Urban Poor 2017 draft report.

The DMM differs from the tariff structure discussed in the previous section as it does not focus on the financial performance metrics of the company; undeniably, getting more poor people connected to the network strains the subsidization model, rather than helping it. Instead, it focuses on another important aspect of utility performance, the operational performance.

Non-revenue water (NRW) is the most important operational performance indicator for water utilities. NRW is the percentage of water which is lost due to leakage as well as commercial losses (from inaccurate metering and illegal connections) (Heymans et al. 2016). Older and unmaintained systems tend to have higher NRW, as do systems with high levels of vandalism (Closas et al. 2012).

WASREB guidelines suggest that companies should not have more than 25% NRW; however, the *IBNET Water Supply and Sanitation Blue Book 2014* notes that '[m]edian NRW (measured by the volume lost as a percentage of water production) declined from 31 percent in 2000 to 27 percent in 2011' (Danilenko et al. 2014: 10), suggesting that it is normal for companies to have higher levels of NRW.

In the early 2000s, when KIWASCO was under the management of the Municipal Council of Kisumu, it had NRW of almost 70% (Schwartz & Sanga 2010). In recent years, there have been marked improvements in the situation. A review of KIWASCO's Annual Reports for 2015/16 and 2016/17 indicates that from 2016 to 2017, NRW decreased by 9.1%, from 46.4% to 37.3% (Kisumu Water and Sewerage Company 2016, 2017). This can be attributed to an increase in revenue of 11.7% combined

with a decrease in water production available for sale.

The DMM contributes significantly to NRW reduction (Schwartz et al. 2017). According to N. Moseti, the use of master operators significantly reduces NRW; he said that '[t]he highest [NRW in DMM areas] is 12%, the lowest – we have one [that] is about 2%... averagely it is 7%' (Moseti interview). This is notably much lower than KIWASCO's average NRW (Schwartz & Sanga 2010). The reduction in water losses from the DMM reflects two processes. On the one hand, parts of the system have pushed the risks of NRW onto small-scale enterprises. The master operators and kiosk managers become responsible for NRW within their areas. On the other hand, the illegal connections, theft and vandalism which are an obvious response to unmet water needs are dramatically reduced through the expansion of the services.

Not only has the DMM improved the operational performance of the company, it has also improved its social performance. For KIWASCO, coverage is by far the most important social measure. It is measured by comparing the number of people with access to the service in an area to the number of people who live in the area. This is usually expressed as a percentage (Kirkpatrick 2006). The social goal of KIWASCO is to expand the coverage of the service and increase the number of households which have direct access to water, and its annual reports indicate that coverage has been steadily increasing (Kisumu Water and Sewerage Company 2015, 2016, 2017). The 2015 Annual Report noted that 68% of people had access to water. In 2017, there had been a marked increase, with 76% reportedly having access. KIWASCO defines access in terms of those with a direct connection to the service or those accessing water through one of its own kiosks, which it provides in peri-urban areas and older estates. It assumes that each of these KIWASCO water kiosks serves 50 families, and each family has eight members (Jura interview). In the direct connection areas where KIWASCO provides water, each connection is estimated to serve seven people. It does not include those accessing water through DMM kiosks in its calculations of 'access' (Jura interview).³⁷ However, if these kiosk users are taken into account, then, using the same assumptions as are used for the coverage of its own kiosks, KIWASCO's coverage is much higher than the 76% reported (Table 8.7).

³⁷ This information comes from hard copies of the quarterly reports of the Technical Department of Operations given to me by M. Jura, Head of Technical Services, KIWASCO in November 2017. The table on page 24 of the 1st Quarter Report 2017 indicates that KIWASCO bases its projections of the population on 2009 data, adjusted for a 2.4 % growth (eventually reaching 481 152 people in Kisumu city).

Table 8.7: Water connection coverage in Kisumu, 2017

Type of connection	Connections	Households	People	%
Direct KIWASCO connection: Households that have a direct connection to the utility.	27 830	27 830	194 817	39
DMM direct connection: Households that have a direct connection in their home, the reticulating infrastructure of which is provided by a delegated manager.	3 700*	3 700	25 900	5
DMM kiosk access: Households that access water from kiosks which are connected to DMM lines. These kiosks operate in areas where the DMMs do not provide direct connections to the households, for example in poorer parts of unplanned areas.	300	15 000	105 000	21
KIWASCO kiosk access: Households that access water from kiosks which are connected directly to KIWASCO lines. These kiosks are located in the peri-urban areas, some of the older estates in the city, and the urban unplanned areas	334	16 700	116 900	24
Other: Households that access water through boreholes, streams, smaller community projects, and other sources which are in no way quantified and connected to KIWASCO.			53 778	11
Total population: The total population of Kisumu city is calculated using the Census 2009 figure of 398 000 persons. This number has been adjusted, assuming a 2.8% urban growth rate, compounded over 8 years (Wagah et al. 2010).			496 395	100

Source: Compiled by the author using KIWASCO data in hard copies of the quarterly reports of the KIWASCO Technical Department of Operations provided by M. Jura, Head of Technical Services. I adapted their calculations to take into account the coverage of the DMM and used a different population growth rate, taken from Wagah et al. (2010).

Note: The term 'active DMM' (within KIWASCO documents) refers to the number of connections which the master operator has made to sub-customers. According to the recent numbers, there are over 4 000 active DMM connections (out of the total of 29 000 total connections which KIWASCO counts). To arrive at 3 700 DMM direct connections, I subtracted the number of kiosks (300), and included these on their own line.

Table 8.7 illustrates the hybrid nature of the system of access to water in Kisumu. It shows that KIWASCO has increased its service provision significantly by using the DMM model, and that 44% of households have direct connections while 45% have connections via a kiosk. In this sense, the DMM programme operates at the interface between the incremental material extension of urban infrastructure in the city, and the operational management of provision to these areas. Through building partnerships with master operators in which risks, losses, and costs are shared, the utility knits together the material city with the public mandate of provision. In this way, the DMM shapes the C/city.

8.5 Reflections and conclusions

This chapter has explored water provision in Kisumu city. The focus of the chapter is on the County's corporatized water utility which has the mandate to deliver water to the city area.

Kisumu's water company, KIWASCO, is owned by the County. However, its financial operations – revenues and expenditures – are documented in separate financial statements ring-fenced from the operations of the County government. The company's position requires it to balance the competing imperatives of fiscal sustainability and social expansion. In grappling with this paradox, KIWASCO operates at the interface between the material city and the institutional City. The company is tasked with extending the bulk infrastructure of water production through the city, connecting people and firms to the urban network – urbanizing the regional infrastructure. At the same time, the company negotiates water governance – tariffs, metering, and management – through its relationships with the national regulator, the regional water services board and small-scale business operators. Notably, the County government and the Department of the City of Kisumu are silent in these arrangements.

This chapter has shown two ways in which the company tinkers at the interfaces of the C/city in its endeavour to meet competing objectives: tariff structures and the delegated management of water provision. Importantly, the revised tariff structure and the DMM are linked strategies. In the absence of commercial finance, KIWASCO raises the money needed to expand the system through tariffs. The tariff surplus it receives is not sufficient to attract large capital investors. The company instead uses this surplus to incrementally extend the urban network, by small sections at a time, in partnership with donors and communities.

Tariffs and the DMM are very different approaches. The former reflects the deployment of tools which are embedded in the state, and involves designing and implementing a pricing system for water. This echoes the approach discussed in the previous chapter whereby tax administrators used internal state processes to enhance revenue collection. The DMM, in contrast, reflects a partnership approach which extends beyond the state, to the fabric of unplanned areas and the enterprises which operate there. These partnerships are mutually beneficial, with both the water company and local enterprises gaining from the relationships.

While both tariffs and the DMM are effective, they are not without challenges or free from resistance. The DMM, for example, is labour-intensive and time-consuming. It is a hard model for the Pro Poor Unit to implement and requires ongoing engagement with master operators and communities. Equally, there is cause for concern over the ring-fencing of water income and expenditure, with its supposed protection from the politics of governments. Notwithstanding this, KIWASCO has worked to incrementally shift its financial, operational, and social indicators. And it has done so in interesting ways which shape and are shaped by the C/city.

In the context of this thesis, KIWASCO's configuration demonstrates the way in which the city is quite literally produced through multi-actor investments. From the national asset holders, to the urban distribution, to the neighbourhood management, to the household connections, city infrastructure reflects discernibly scalar, even if hybrid and complex, modes of material city-making. Equally, the KIWASCO configuration demonstrates that the concept of the 'City' must include the relationships not only between government agents, but also with companies, particularly if they are public and urban in their scale and scope.

Overall, the corporatization of water is a productive fiscal interface through which to better understand how the city and the City are mediated and co-constituted through flows of public money. The water utility in Kisumu as one of the sites through which the C/city is produced and negotiated.

CHAPTER 9 | TRANSPORT'S FISCAL CONFIGURATIONS

9.1 Introduction

This chapter forms part of a suite of chapters which uses the material city as the starting point for an exploration of urban public finance configurations. In this chapter I focus on transport in Kisumu city, and how it is paid for.

Urban road and rail systems critically shape the spatial form of cities and towns. In African cities, particularly smaller urban centres, public investment in fixed transport networks concentrates on roads (Gwilliam et al. 2008; Pirie 2014). Road investment forms the backbone of the structure of most cities, shaping movement and investment patterns. Larger and better funded cities may also have commuter rail infrastructure, for example Cape Town, Addis Ababa, Tunis, and Dar es Salam. Like the road network, the rail system fundamentally structures the urban fabric, allowing for mass transit of people around the city.

While rail systems are inflexible, road investments are versatile. They allow for many types of vehicles to utilize the road network. Cars, buses, trucks, bicycles, and many other vehicle types use road infrastructure to move around the city. In many African cities, there is minimal investment in public transport systems such as buses and trains; even where there are buses and trains, many parts of the city are not served effectively by them. Paratransit has emerged to fill these gaps in public transport provision (Wilkinson et al. 2009; Behrens et al. 2015).

Paratransit is an evolving term used to describe the privately operated and often flexibly routed modes of transport which dominate cities in the developing world (Kumar 2011). The characteristics of paratransit are diverse. Sometimes paratransit providers work alongside state systems, for example taking people from the train stations to their homes. In other cases, paratransit is the only shared commuter system in a city. Paratransit operates with various levels of formality and organization (Wilkinson et al. 2009; Behrens et al. 2015), and, while often providing similar services across cities, is generally given local names in each city. For example, the small buses are called minibus taxis in South Africa (Schalekamp & Behrens 2013) and *matatus* in Kenya. *Okada* is the term used in Lagos to describe motorbike taxis, while *boda boda* is used for this form of paratransit in Uganda and Kenya (Kumar 2011). In many developing cities, paratransit has a poor reputation for providing what are perceived to be 'sub-standard' services and engaging in local political battles (Wilkinson et al. 2009; Kumar 2011; Mutiso & Behrens 2011; Behrens et al. 2015; Goodfellow 2015a). Importantly, however, as is the case in Kisumu, these paratransit sectors operate on a commercial basis, with limited (if any) subsidization from the state.

Structure of the chapter

In Section 2 of this chapter I explain the nature of public investment in Kisumu's roads. Here I show that the investments made by the lead investor in roads – the national government – explicitly aim to bypass the city spatially. I argue that in spatial terms, national investments shift the structure of the city by default, not by design. Transport grants operate as a mediator of the C/city, determining both how the city develops and who is empowered in this development process

In Section 3 I show that the spatial bypassing of the city is paralleled by an institutional bypassing. Institutionally, disbursement of road grants continues to favour the national road authorities. By manoeuvring around the legal assignment of roads to county governments, the national government actively disempowers the County Government of Kisumu and the Department of the City. The roads case study shows the deep tensions – personal, political, and organizational – which emerge in the process of decentralization.

While there is public investment in roads in Kisumu, there is no state-owned or state-funded entity to provide daily transportation to the commuters of the city. Kisumu has allowed the private sector to fill this gap, using a myriad of vehicle types. In Section 4, I discuss the two modes of paratransit most common in Kisumu, the 14-seater taxi (*matatu*) and the motorcycle taxi (*boda boda*). While both being forms of paratransit, the *matatu* and the *boda boda* have very different spatial logics, financial arrangements, and relationships with the state. In both cases, however, the urban authorities recognize their value, tolerate their activities, and attempt to extract revenue from their businesses.

In Section 5, I conclude by arguing that national investment in Kisumu's urban roads is as much a story about where public money flows, as where it does not. It represents the exclusion of the Department of the City of Kisumu and the other County line departments from important decisions of urban transport and urban form (and centrally places road authorities in the City configuration). At the same time, the exclusion of any form of public transportation from public expenditure provides a ripe environment for the scaled and vibrant paratransit sector in Kisumu city. It is through this mutual marginalization that a partnership for city provision is sustained. In this way, transport financing (and its absence) provides valuable insights into C/city configurations in Kisumu.

9.2 Investment in Kisumu's transport system

In Kisumu, large quantities of public money are being invested in transportation infrastructure. Driving in the city, the newness of the highway infrastructure is immediately apparent.³⁸

³⁸ This observation is based on my time doing fieldwork in the city in December 2017.

Figure 9.1: Kisumu Bypass road



Source: Author (2017)

The most recent and very large-scale investments in Kisumu are the upgrades to the two highways which shape the structure of the city (Figure 9.1, Table 9.1). From the city center of Kisumu, the A1 stretches up to Kakamega and B1 stretches towards Kisian. Both the A1 and the B1 merge towards Nairobi, separating again outside the city boundaries at the smaller town of Ahero. The A1 is still under construction, delays being caused by the recent protests. The B1 upgrade in Kisumu is complete. The recently developed bypass road connects all three of the city’s radial highways.

Table 9.1: Overview of investment in Kisumu highway projects

Area of investment	Overarching project	Funder	Awarded to	Funding amount (KSh billion)
Kisumu-Kakamega (A1)	Kenya Transport Sector Support Project	World Bank	Chinese Overseas Engineering Group	4.4
Nyamasaria-Kisumu (A1/B1) Airport-Kisian (B1) Bypass Road	Northern Corridor Transport Improvement Project	Several funders	Sinohydro Corporation	5.7

Source: Compiled by the author based on Berger (2011); World Bank (n.d.); Kenya West press release on 23 October 2015, originally published in Business Daily: ‘Expansion of key road to ease Kisumu traffic jam’, <http://www.kenyawest.co.ke/expansion-of-key-road-to-ease-kisumu-traffic-jams/>.

Figure 9.2: Kisumu main roads and highways



Source: Author (2017)

Because of Kisumu's location, its highway system is a major node in the national and regional network. The recent investment in Kisumu's national roads (shown in Table 9.1) forms part of a large-scale vision for mobility in the country and on the continent. Over the past 15 years, the National Government of Kenya, with the support of donors and funders, has developed the Northern Corridor Transport Improvement Project (NCTPI) to invest in the Northern Corridor across East Africa. For the Kenyan components of this huge East African project, the total investment as of 2015 was US\$1 043.71 million (Freeman 2015).³⁹ Since 2011 (with the formation of the new state of South Sudan) efforts to develop a Tanzania-Kenya-Sudan Road Corridor, through the Kenya-Transport Sector Support Project (K-TSSP) have also been under way.

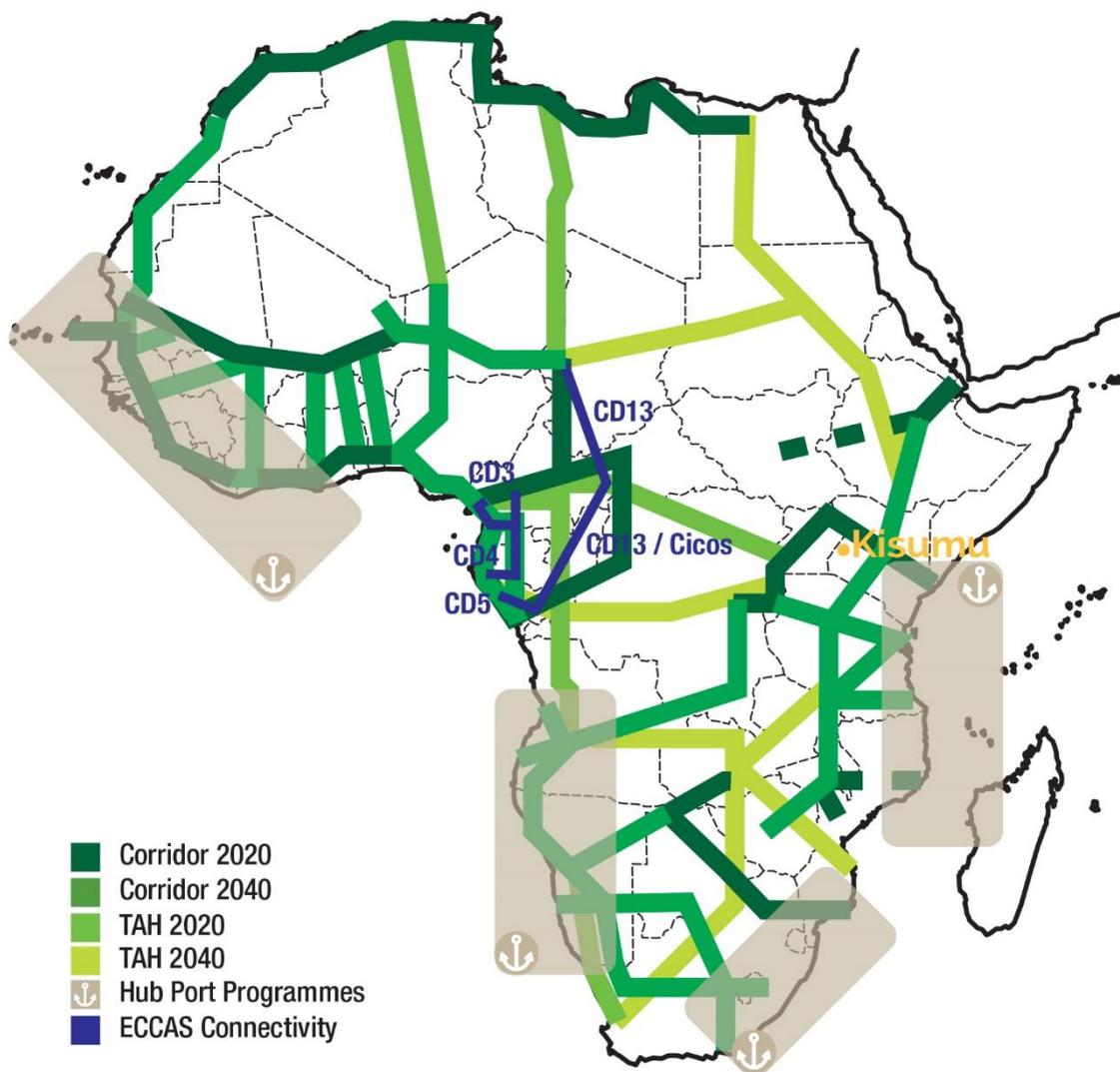
The main funding source for these projects has been the World Bank. Co-funders include the Nordic Development Fund and AFD. The World Bank's credit facilities of US\$460 million (for the NCTPI) and US\$300 million (for the K-TSSP) were granted to the National Government of Kenya, to be implemented by a group of Kenya's national departments and SOEs (World Bank 2016). These projects neatly aligned with the World Bank's country strategy in Kenya, which focused on lowering the 'cost of doing business' (World Bank 2016). The project also aligns with the Bank's larger

³⁹ Established in 2002, the credit period was from 2004 to 2009, with an extension to 2015; see Freeman (2015).

Northern Corridor Project. The Kenyan NTCPI is part of a regional vision for the infrastructure development of Africa. Reflecting on the Trans-Africa road agenda, Gwilliam et al. (2008: 1) state:

The concept of an intraregional trunk network—the Trans-African Highway—has existed for some time, but owing to missing links and poor maintenance of key segments, its potential to connect the continent remains unrealized. To provide a meaningful level of continental connectivity, between 60,000 to 100,000 kilometers of regional roads are required.

Figure 9.3: Trans-Africa transport investment strategy



Source: Programme for Infrastructure Development in Africa (no date 13)

These major investments are fundamentally shaping the structure of Kisumu city. The newly built bypass road shifts the intersection between the two major roads to the north, which come together at the Kondele interchange (Figure 9.2). Kondele is becoming a central hub in the fabric of the city. While the supermarkets in the town centre are closing, new ones are opening at the Kondele

interchange. While land values in the city remain stagnant, they are rapidly rising in the estates and suburbs around the interchange, such as Migosi and Lolwe (Odek interview). While the 2008 post-election protests burned the city centre, the 2017 protests sparked in Kondele, precisely at the interchange, burning down the shops and infrastructure there.⁴⁰

The radical re-centring of the spatial form of Kisumu sits in stark contrast to the official and policy discourse evident in tenders, loan reports, plans, and legal documentation (Seda interview). The Trans-Africa Highway documentation makes no mention of Kisumu, and officials involved in the project are intent only on ensuring rapid movement which bypasses the city (Berger 2011; Kost interview; Seda interview). Not unlike what has happened throughout much of Kisumu's history, the city is currently experiencing 'development by default'. National transport investment is shaping the urban form, without intentionality or care (Kost interview). The large investments which are shaping the city are having profound impacts, by default and not design (Seda interview). While aiming to bypass the city, they are in fact transforming the urban landscape.

9.3 Contested devolution

The major public investments in road infrastructure are not only attempting to bypass the city, they are also bypassing sub-national decision-making. The major road investments discussed in Section 2 are being undertaken by the Kenya Highways Authority (KeNHA), a national entity responsible for the development, operations, and maintenance of the national highways which pass through Kisumu. KeNHA works with several other national road agencies.

In Kisumu, the Kenya Urban Roads Authority (KURA) and the Kenya Rural Roads Authority (KeRRA) are both significant players, investing in urban and rural roads respectively. These authorities get money directly from the national government for road development as well as from the Kenya Roads Board (KRB), which is responsible for allocating the national money collected through the Road Maintenance Levy Fund (RMLF) across the authorities. These agencies, as well as the KRB, were created prior to the recent devolution reforms.

The 2010 Constitution has created confusion within the Kenyan road sector. The relationship between the county government and the national road agencies is of particular issue. The Fourth Schedule of the Constitution, where the distribution of functions between the national and the county governments is spelled out, indicates that national government is responsible for 'the construction and operation of national trunk roads' and each county is responsible for 'county transport including... county roads' (Constitution of the Republic of Kenya: 175–176).

⁴⁰ The description in this paragraph of the situation in Kondele is based on my fieldwork observations in April and November 2017.

Several tensions arise in this fiscal assignment of responsibilities between the national government and county governments. Importantly, while the Constitution is explicit that the KeNHA has a mandate over national roads, the mandate of spatial planning rests firmly with the counties. The national refusal to acknowledge the planning implications of highway development is a key site of tension. Another important area of contestation is between the county governments and the urban and rural roads authorities, KURA and KeRRA.

There is widespread disagreement over the retention or dissolution of the two agencies in the post-devolution context. S. Ondola, who was at the time of the interview the Chief Officer of the Department of Roads, Transport, and Public Works in Kisumu County, explained the County position: ‘There is a court ruling which was saying that all the roads which are falling within the county will be the county roads. So, we don’t see the role which KURA will be doing with our roads. All those roads they are constructing are county roads. So, they should surrender those roads to the county according to the Constitution and according to the court ruling which was passed’ (Ondola interview). In contrast to the Kisumu County perspective, the central state has refused to dissolve these national authorities, and has taken county efforts to exercise its perceived constitutional right as an affront to the central state’s position and authority. As H. Kihumba, the General Manager, Planning and Programming, of the KRB argued, ‘frankly, I see it as none of [the county’s] business to get involved with national decision-making. They have no authority to dictate to the national government what to do’ (Kihumba interview). The latter perspective is shared by many of the road agency officials (Chirchir interview; Seda interview; Were interview).

Despite disagreement, the KRB, which is responsible for the allocation of conditional grants for roads, continues to allocate money from the RMLF to national agencies. Table 9.2 shows that there has been significant investment in the Kisumu County area by the agencies KURA and KeRRA. KeNHA’s investment is harder to track at the county scale, however, the new highway investments suggest that it is substantial.

Table 9.2: RMLF disbursements across agencies

Agency	Total FY 2017/18 disbursement (all counties) (KSh)	Kisumu County disbursement	Notes
Direct disbursements to the 47 counties	7 875 000 000	94 189 837	The Kisumu County disbursement is based on the 2016/17 year as 2017/18 data were not available.
KeNHA	21 464 128 000	n/a	KeNHA RMLF projects are not listed by area.
KURA	5 361 702 128	205 728 893	All KURA projects are in city areas.
KeRRA	11 438 297 872	475 451 328	It is not possible to ascertain how much investment is in the city area.

Source: Compiled by the author from 2016/17 County Government of Kisumu financial statements. The Annual Planning Report for the 2017/18 Planned Disbursements by National Agency is available at <http://www.krb.go.ke/wp-content/uploads/2016/09/APRP-2017-2018.pdf>.

Table 9.2 shows that within Kisumu County, the disbursement to the road authorities is much larger than to the County. This is notwithstanding the lack of county-level data for KeNHA. KURA has a large allocation, all of which is dedicated to urban roads (and thus can safely be assumed to be within Kisumu city). The KRB argues that this is because the counties can use their own budgets to invest in roads (Seda interview). However, as I show in Table 9.3, Kisumu County's spending for the whole Department of Roads, Transport, and Public Works is still small in comparison to the RMLF allocation given to the authorities for the Kisumu County area. This suggests that national agencies are able to invest more in Kisumu County and city than the County Government is.

If counties were to be given full control over roads in their jurisdiction, and the other agencies were dissolved, Kisumu County would have a much larger share of the RMLF and a bigger budget for spending on roads. Adding injury to insult, the national authorities have asked Kisumu County to pay for the electricity costs, management of the intersections, and upkeep of the street furniture along the highways and major roads, contributing to the County's operational costs (Otiende interview).

Table 9.3: Kisumu County Roads Transport and Public Works Department expenditure

FY	Budget (KSh millions)		Expenditure (KSh millions)		Absorption (%)	
	Recurrent	Development	Recurrent	Development	Recurrent	Development
2014/15	109.21	670.10	22.66	12.92	20.70	1.90
2015/16	113.90	484.37	97.73	74.58	85.80	15.40

Source: COB 2015, 2016

The tensions over the RMLF and national roads authorities draw attention to the disjuncture between the ‘constitutional intention’ of devolution and the actual practices and arrangements of devolution that are realized on the ground. The assignment of functions places roads under the newly formed county governments, but does not follow through with the funding needed to realize this function. Importantly, to validate the disjuncture between the legal constitutional assignment and the retention of fiscal power over road grants, two tactics have been used by the national government: classification and claims of incompetence:

- **Classification:** Technical classification is an important tactic used by the national government to legitimize maintaining control over the funding for roads. Intervening on behalf of the national agencies, the national government has drafted a new Kenya Roads Bill to replace the 2007 legislation. The 2017 Bill retains the national road agencies, rather than dissolving them and empowering the county governments to provide rural and urban roads. The new Bill uses a complex classification of road types to allocate responsibilities between the agencies and the county governments, arguing that these classifications warrant different types of agency management. While this legislation will give some powers to Kisumu County, it does not fully empower the County Government. As H. Kihumba of the KRB pointed out, the role of the County Government will be ‘primarily concerned with access roads’, suggesting that all major road types will fall under national agencies (Kihumba interview). The new road classification system is highly technical, and inaccessible to those who are not transport experts. However, it provides the necessary legal backing to maintain the current division of power.
- **Claims of incompetence:** National agencies argue that the newly formed counties do not have the competence to manage the roads budgets. It is commonly argued that the county governments do not have the ‘capacity’ to undertake the work needed (Kihumba interview; Were interview). Project management and procurement are often brought up as examples of the weak capacity of the counties. County government procurement is seen to be corrupt and riddled with nepotism (Kihumba interview). Calling the counties inept reinforces the argument for the retention of the national agencies.

Many commentators interested in devolution and decentralization see the resistance of the national agencies and the roads reclassification process as related to the question of control over resources (Kost interview).⁴¹ Control over the maintenance budget for roads is key, offering opportunities to shape procurement processes and investment schedules. Future capital projects are also at stake.

⁴¹ This claim is based on a series of conversations with friends who work across sectors in Kenya. They include people who work in the health sector, the media, and the universities. Interviewees across the board recited this perspective, stressing that Kisumu has always been a site where resistance to decentralization is most apparent and contested.

While KeRRA and KURA currently have no capital projects in Kisumu, when national grants are to be allocated for new roads and upgrades, there may be scope for them to exercise larger levels of control.

Tightly linked to the question of resource control is the question of politics. My interviews suggest that the newly formed County Government of Kisumu is seen by the older technocrats in the national agencies to be a political and volatile place to work, unfit for longstanding national civil servants. When asked why KURA and KeRRA would not be absorbed into the County structures, H. Kihumba asked, ‘What will we do with those people? The County does not want them and they do not want to be at the County. These people have contracts, pensions and everything. We cannot simply get rid of them’ (Kihumba interview). This fear is perhaps not unfounded as the first action of Governor Nyong’o when he came into office in 2017 was to dismiss 14 chief officers (Matete 2017).⁴²

The tensions between the national road agencies and the county governments strike at the heart of the contestation over devolution. Even when there is legally sanctioned devolution, this is contested. The contestation comes in many forms, and has many logics: personal, party, and organizational politics all come to shape this process.

9.4 Paratransit fill the fiscal gaps

Public institutions’ fixation on road investments, and who controls them, completely sidelines the challenges relating to everyday mobility in the city. No level of government invests public money in Kisumu’s public transportation system, a system which is the backbone of daily movement throughout the city. In the absence of investment in public transport, an elaborate system of paratransit, involving bikes, *tuk tuks*, motorbikes, and minibuses becomes a sustaining force in the urban transport nexus.

In Kisumu, the heterogeneous suite of paratransit providers are grouped under the shared term ‘Passenger Service Vehicles’ (PSVs). Reflecting on what is seen to be the ‘Kenyan’ approach to public transport, the Kisumu County Minister in the Department of Roads, Transport and Public Works said, ‘There is no [public] transport provided by either the national government or the county government. I think in Kenya we try to push for private sector to play its role in terms of doing business, I don’t think it’s the role of the government to do business’ (Rana interview).

⁴² These readings confirm what I witnessed while doing fieldwork in Kisumu through the period of the governorship transition from October to December 2017, namely the close relationship between higher-level technocrats and apolitical appointments as a shaping feature of decentralization in Kisumu. In this transition, the chief officers and the ministers were removed, and replaced by lower-level directors who had once operated outside the sphere of political appointments but were now firmly entrenched in the evolving political sphere.

In this Section I explore the operations of two types of PSVs in the paratransit sector in Kisumu, the *matatu* and the *boda boda* motorcycles. These are not the only types of paratransit (for example, there are also *tuk tuk* three-wheelers and *boda boda* bicycles); however, these are the largest providers of urban transport in the city area. This analysis is done with a keen eye to understanding the financial models of provision in each case, and the implications of these models for C/city-making in Kisumu.

Matatus

The cheapest way to get from the city centre to any of Kisumu's surrounding suburbs is by *matatu*. In Kisumu, the 14-seater minivans, often older models of the Toyota HiAce, are the most common size and style of *matatu*. *Matatus* are recognizable by their brightly coloured paint (although this trend is noticeably less extravagant in Kisumu than, for example, in Nairobi). In Kisumu, the backs and sides of the vehicles are adorned with inspirational and religious quotes such as 'Believe to Achieve' and 'Only God Can Judge Me', reminders of the broader *matatu* ethos of lawlessness and enterprise. In addition to this decor, each vehicle is branded. This branding indicates the route and 'saving and credit cooperative' (SACCO) organization with which the vehicle is registered. I return to this point later.

In Kenya generally, and Kisumu specifically, there is widespread concern and even fear of the *matatu* sector. For example, the projects listed in the Kisumu CIDP include the suggestion that the County 'curb the Matatu menace'. In Kisumu, *matatus* are not allowed to operate in the city centre. And very recently, the new governor went so far as to argue for replacing *matatus* with streetcars (i.e. trams), on the basis that *matatus* were dangerous and 'unmodern'.⁴³ There are well-documented dark undertones to the *matatu* sector (particularly in larger cities like Nairobi, where there are links between the sector and organized crime, or in Cape Town, where regular 'taxi wars' obstruct movement around the city) (Goodfellow 2017a; Klopp 2012). However, the *matatu* sector remains one of the most important modes of transportation for local, regional, national, and even international travel within and beyond Kisumu. It is, therefore, imperative to understanding the financial functioning of this sector.

The financial advantage offered by the *matatu* is linked to its role in the urban multimodal transport system in Kisumu. In comparison to other modes of public transport, *matatus* tend to be the most cost-effective for longer trips (Makajuma & De Langen 2010; Mutiso & Bherens 2011). Despite being relegated to the outskirts of the city centre, *matatus* face little competition for customers for trips longer than a few kilometres.⁴⁴

⁴³ Personal communication with Governor Anyang Nyong'o at a Mistra Urban Futures event, 15 November 2017.

⁴⁴ At the time of my fieldwork in Kisumu, it cost KSh50 to get from the CBD to Kisian (12 km) by *matatu*, and KSh20 to travel along the Kakamega route to Car Wash (6 km). Travelling these same distances by *boda boda* would cost KSh200 and KSh150 respectively.

The routes used by the *matatus* have implications for the costs of their operations, their models of provision, and their fiscal interface with the state. In Kisumu city, *matatus* can be grouped into what are referred to as ‘town service’ *matatus* and ‘distance’ *matatus*. Town service and distance *matatus* use different routes, have different costs involved in their ‘staging’ (i.e. use of areas where they can collect passengers), and must pay different fees to the County Government. Table 9.4 outlines these differences.

Table 9.4: Comparison of town service and distance *matatus*

	Town service	Distance
Routes	Along major trunk routes between the CBD and the peri-urban/suburban areas of the city.	Between Kisumu and surrounding towns and cities.
Staging areas	Staging areas at major intersections. These areas may be managed by individual entrepreneurs (these are sometimes referred to as cartels) or by small groups of drivers who have taken control of a staging area. Town service <i>matatus</i> will wait in town for their vehicles to fill up. However, if they are working against traffic, they will not always wait at their destination, and might return empty.	Staging areas are at the bus parks. The main bus park is on Kakamega Road. Staging is managed by SACCOs (Figure 9.4). Fundamental to the business model of the distance <i>matatu</i> is that vehicles only drive when they have reached capacity.
County fees	Monthly permit fee payable (issued in the form of a sticker) at the City Hall. Different town service SACCOs pay different amounts (between KSh300 and KSh2 000). This depends on the routes which their <i>matatus</i> run.	<i>Matatus</i> pay KSh100 every time the vehicle enters the bus park (staging area). This must be paid at a boom. A receipt is issued by a hand-held device indicating that the charge has been paid.

Source: Compiled based on interviews with G. Wagah and various informal personal communications and observations (see footnotes 45–50).

Table 9.4 shows that, beyond getting people to work, school, church, and shops, the *matatus* contribute to city revenues through paying regular fees. These fees are captured in two streams, through the bus park charges (for distance *matatus*) and parking fees (for town service *matatus*). The fiscal contribution of the *matatu* industry is an important interface between the *matatu* sector and the Department of the City. The total *matatu* sector collections for the 2014/15, 2015/16 and 2016/17 financial years are shown in Table 9.5.

Table 9.5: City of Kisumu *matatu* fee collections (KSh)

	FY 2014/15		FY 2015/16		FY 2016/17	
	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual
Bus park	82 638 400	78 489 050	82 638 400	84 756 350	980 79 278	76 284 500
Parking	77 674 500	75 839 331	77 674 500	81 305 291	90 375 130	89 815 950

Source: Compiled by the author based on LAIFOMS data.

Notably, in the City’s system of revenue documentation, payments for town service licences are grouped together with all town parking costs, include *tuk tuk* payments. The Zizi system does not allow one to easily see where this revenue stream is coming from. In Table 9.5, the amounts shown for parking fee collections include *tuk tuk* charges. In this respect, the amounts given in the table are an overestimation.

Figure 9.4: Matatu bus park



Source: Author (2017)

In 2004 new centralized regulations for PSVs were introduced to the *matatu* sector by an enthusiastic minister, John Michuki. What were known as the ‘Michuki Rules’ included a range of measures to address safety concerns. These included disallowing standing, enforcement of seat belts, and implementation of maximum travel speeds through the use of ‘speed governors’: small devices fitted to the vehicles which constrain the speed at which they can travel. A first attempt to implement these regulations resulted in chaos – the dramatic reduction in vehicles left many commuters having to make their journeys on foot. However, enforcement waned after the initial push. Local governments relied on *matatus* for income and for lubricating the daily flows of people around the city, and could not afford to regulate them out of commission.

It was only in 2013, after the formation of the National Transport Safety Authority (NTSA), that efforts to regulate the *matatu* sector were renewed. The NTSA was formed in 2012 to oversee the regulation of the transport sector. According to legislation designed by the NTSA, all *matatu* owners

must register their vehicles with a SACCO. These SACCOs become the ‘go-betweens’ between the NTSA and the *matatu* owners. As E. Edwine of the NTSA pointed out, ‘NTSA as a parastatal, it cannot manage individuals, so when they join SACCOs it makes it easier for NTSA to monitor’ (Edwine interview). The NTSA’s choice of SACCOs as a primary mode of *matatu* management is both interesting and indicative. SACCOs, which focus on pooling the savings of their members, are an important part of Kenyan culture, and one of the core ways in which people engage with the financial sector. In addition to saving, people ‘invest’ in SACCOs, drawing dividends from their ‘shares’. Savings and investments by members are used for loans and other financial products offered by the SACCOs.⁴⁵ SACCOs, in the Kenyan context, reflect both financial and social practices.

With only 16 officials allocated to Kisumu, the NTSA reports challenges around enforcement of SACCO-related and other national regulations (Edwine interview). However, the drivers I spoke to pointed out that the police are well aware of the rules and regulations put in place by the NTSA and use this knowledge to extract daily bribes from those who have failed to conform with the regulations.⁴⁶ The costs associated with police bribery are a serious expense for the industry, and push owners into the newly ‘regulated’ system.⁴⁷ According to a number of drivers, payment of bribes amounts to about KSh100 shillings for each encounter with the police.⁴⁸

In Kisumu, some of the *matatu*-linked SACCOs are structured along the lines of a traditional SACCO and provide various financial products, for example loans to their members, insurance in the case of accidents, options for saving, and accounts for investing members’ earnings. However, many are simply companies established to respond to the NTSA’s regulatory measures. People refer to these as ‘fake SACCOs’. Examples of SACCOs which offer some form of risk protection to their members are few and far between. One of the SACCOs I was able to find and interview did offer loans to its members. However, there were many SACCOs for which I could not even find a physical address, and it is thus unlikely that they provide substantial services to their members.

Between the SACCO, the driver and the owner, there are primary arrangements:

- **SACCO-managed *matatus***: With the more established SACCOs, it is possible for the vehicle owner to hand over the vehicle for full management and maintenance by the SACCO. The SACCO pays a driver and takes care of all other payments, formal and informal. In this arrangement, the SACCO pays the owner a set monthly fee (dependent on the quality and type of car and other factors). One owner told me he paid a once-off registration fee of KSh30 000 and received KSh25 000 per month from the SACCO.

⁴⁵ SACCOs are generally all structured in the same way, with a chairman, secretary and treasurer in charge of the regular operations of the SACCO.

⁴⁶ Every time I was in a *matatu* while in Kisumu, it was stopped by the police and some transaction occurred.

⁴⁷ Personal communication with various drivers.

⁴⁸ Personal communication, G. Alala, town service *matatu* driver at Nhaera Stage, Kibuye Market.

- **Driver-managed *matatus***: In some cases, drivers ‘rent’ the *matatus* from owners and take responsibility for their management, some basic maintenance, and all of the informal and formal costs which accrue daily. The driver pays a flat rate to the owner of around KSh3 500 shillings per day. The driver is able to keep any profits above this amount which are made. The owner pays for the insurance, SACCO registration, and the upkeep of the vehicle (the standard type of insurance covers the vehicle, the driver, and up to 14 passengers). The driver pays the petrol costs, police bribes, and other incidental costs. Drivers tend to earn less than KSh1 000 shillings per day, however, this depends on the routes they travel and incidental costs.⁴⁹
- **Owner-managed *matatus***: In many cases, the owner of the vehicle takes full responsibility for all of the costs associated with the vehicle. The owner hires the driver and conductor at set rates of around KSh1 000 and KSh500 respectively, and only goes to the SACCO for basic registration (which, in this case, costs much less due to the limited role played by the SACCO). Some owner-managed *matatus* have appeared at the SACCO for registration and then promptly disappeared, their GPS tracking and speed governors having been removed.⁵⁰ Other owners use the SACCO only for strategic reasons (for example, when there is an accident).

These various financial arrangements show that the *matatu* sector is seen by those involved in it as an investment, capable of yielding returns for its investors. The nexus between the SACCO, the driver, and the vehicle owner is where the risks and returns of this business are negotiated. Authorities equally understand the ‘business sense’ of the *matatu* sector, extracting revenue from the industry much as is done for other business activities. However, the state only engages with the *matatu* industry to regulate it (nationally) or to tax it (locally).

Boda bodas

In Kisumu, ‘*boda boda*’ refers to the bicycles and motorcycles used to transport people (and sometimes goods and animals) around the city. The term ‘*boda boda* operator’ refers to the driver of a *boda boda*. The focus of this discussion is on the motorcycle *boda boda* which has, in recent years, largely come to replace its non-motorized counterpart, as operators in Kisumu shift from bicycles to motorized transport (Figure 9.5).

⁴⁹ Personal communication, G. Alala, town service *matatu* driver at Nhaera Stage, Kibuye Market.

⁵⁰ Personal communication, V. Oching of Kisumu Ahero Transport Company.

Figure 9.5: Boda boda staging area



Source: Author (2017)

Importantly, *boda bodas* do not have many of the features of public transport; for example, they do not have set routes, and can only carry between one and three people. In this sense, they are closer to private taxis than to buses. However, they are considered by the inhabitants of Kisumu as part of the suite of PSVs available for regular commuting and mobility around the city. They tend to be discussed together with the *tuk tuk* (three-wheelers) and *matatu* minibuses as part of the spectrum of options for mobility.

Not unlike *matatus*, the *boda boda* industry is perceived as a blight and a danger in the city, even by those who use the service regularly and by operators themselves.⁵¹ It is perceived to be unruly, unmodern, resistant to regulation and taxation, and the leading cause of road casualties (Ondola interview; Yitambe et al. 2012). While I never saw any accidents on my many fieldwork visits to the city, I was repeatedly and adamantly assured that there was a special room in the public hospital colloquially referred to as ‘Russia Hospital’ for *boda boda*-related accidents.⁵² There is a very material component to this reality. The complete lack of traffic lights or stop signs in Kisumu could form part of the problem for the *boda boda*. In addition, *boda boda* operators often brake quickly or ride onto the road reserves to avoid damaging their bikes on poorly constructed speed bumps, adding

⁵¹ Observation based on personal communication with various officials in the course of my fieldwork.

⁵² The formal name of the hospital is the Jaramogi Oginga Odinga Teaching and Referral Hospital. The name Russia Hospital derives from the relationship between Odinga and the Russian government.

to the risks (S. Okello interview).⁵³

However, *boda bodas* provide a huge amount of transportation in Kisumu: there are said to be 50 000 *boda bodas* operating in Kisumu County, the majority of which are in Kisumu city.⁵⁴ In addition, many people point to the job creation this sector offers, noting that the alternative for many of the young and mostly male drivers who operate *boda bodas* would have been a life of crime.

In comparison to the *matatus*, the competitive advantage of the *boda bodas* within a multi-modal system is that they are fast and operate effectively, both on and off the road. *Boda bodas* are most often used for short trips of up to a few kilometres. They are preferred when going to destinations which are off the main thoroughfares of the city (which are better covered by the set-route *tuk tuks*). For trips around the city area, users pay a flat rate of Ksh50.

Unlike the *matatu* sector, the state does not force an organizational structure onto the *boda boda* sector. Currently, *boda boda* operators are not legally required to join any sort of regulating body. Nor does the state extract significant revenue from them. Attempts to make them pay the legislated KSh500 per month to operate in the town have resulted in rambunctious protests at the County Headquarters and a delay in the implementation of the fee. This public display of refusal has contributed to the view of *boda boda* operators as both violent and implicated in local politics in Kisumu (Figure 9.6).⁵⁵

Figure 9.6: Political signage at a *boda boda* staging area



Source: Author (2017)

⁵³ This view was also expressed in personal communication I had with friends in Kisumu.

⁵⁴ Observation recorded in my field notes at a Peace Talk at Dunga Beach, organized by the Kisumu Local Interaction Platform, 21 April 2017.

⁵⁵ A number of commentators argue that the ability of the *boda boda* operators to avoid payment is because of their power as young, unemployed men who are able to cause violence in the city.

Despite having no organized relationship with the authorities, the *boda boda* operators organise themselves into groupings which are used to facilitate provision of their services and ensure fairness among drivers. The two main groupings are the following:

- **Stage group:** This is the most important grouping in the organization of the staging area. The stage, as in the case of the *matatus*, is where the *boda boda* operators wait for customers. There tend to be between 10 and 15 *boda boda* operators per stage. To join a stage, an operator must approach its chairman and ask permission to be there (as well as agree to a payment of between KSh2 000 and KSh5 000). As many *boda boda* operators rent bikes at KSh300 per day, the earnings from the stage often go towards assisting stage members to get their own bikes in order to reduce their costs. Stage funds may also be used to help operators in emergencies, for example if a driver receives penalties for failing to comply with regulations or is involved in an accident.⁵⁶ These funds can thus be seen as a way of managing risk and of building assets within the group.
- **Community-based group:** On a scale above the stage, *boda boda* stage groups can combine to join an umbrella community-based SACCO to which they pay both a joining fee and a regular monthly amount. These umbrella organisations tend to include several stages from a particular geographical area (for example the Migosi SACCO, which has as members a number of stages in the Migosi area). Community based SACCOs can also offer some form of support in the case of accidents, death or arrest by the police.

Source: Compiled by the author based on interviews with independent boda boda operator P. Ochieng, and the founder of Winam Thabiti Boda Boda SACCO, F.Odur.

A *boda boda* operator can earn around KSh700–1 400 per day. Better-located stages offer better opportunities for income generation. From this income, the *boda boda* operator must pay for fuel, rental and upkeep of the vehicle, small penalties, health insurance and a range of other costs. These very moderate returns reflect the subsistence nature of the *boda boda* industry.

Quite unlike the *matatu* financial model, which is driven by the hope of returns on investment, the *boda boda* model allows only for the daily survival of its operators. It is for this reason, combined with various political factors, that many operators resist fees to the County. Like the *matatu*, the *boda boda* work with the material challenges of the city, for example its sprawling nature and unpaved roads, to provide a service in the cracks between public need and public expenditure.

⁵⁶ *Boda boda* operators are subject to national regulations imposed by the NTSA. These include the rules specifying what they must wear, what loads they can carry, etc.

9.5 Reflections and conclusions

This chapter has unpacked the intersecting and interesting relationships arising from the grant finance configuration associated with transportation in Kisumu. By design, the chapter has approached the configuration from the perspective of the material city, focusing on how the arrangement of grant funding shapes and is shaped by the city.

This chapter recognised that roads are a definitive features of Kisumu's urban transport system. Public road investments fundamentally structure the spatial form of the city, the situation of business and social life, and which areas are and are not 'opened' for development. In the chapter I have shown that Kisumu's roads, particularly the larger roads, are controlled by national authorities through the allocation of grants for capital and operations. The County Government of Kisumu – and even less so the Department of the City – has little say in how, where, when, or under what conditions these investments should be made. While the constitutional authority might rest with Kisumu County, the real authority is centralized at the national level, with power granted through the allocation of national funds. This shows that 'decentralization is practice', shaped as much by personal, organizational, and political power as by the legal rights over function and jurisdiction.

While most people do not have private cars, there are no national grants or county expenditures assigned to public transport in Kisumu. In this void of public funding, thousands of people, looking for livelihoods and returns on their investments, have mobilized to provide services which move people around the city, the suburbs, and to smaller urban centres in the close region. In the absence of fiscal allocations to public transport, government officials in Kisumu partner with the paratransit sector to ensure urban mobility. This partnership, however, is contested and often hostile. The County Government of Kisumu seeks to both regulate the industries and extract revenue from them. It has been only partially successful on both fronts. Overall, the state tolerates the activities of both the *matatu* and the *boda boda* sectors, being reliant on their services and fearful of the fiscal and political repercussions of pushing them too hard. This can be seen as a hostile compromise between the urban authorities and the paratransit sectors.

The transport finance landscape is constantly evolving. Within this system, the County Government is not a central player, as it is unable to significantly shape public investments in roads and the paratransit investment in public transport. Despite the limited power which the County has, however, it still makes an effort to extract revenue where it can, chip away at the national authorities' fiscal allocations, and invest in Kisumu with the budget that it has available. Transport, in the context of Kisumu, provides a clear lens through which to see the messy, partial, and contested nature of devolution in practice.

By tracing the urban transport financing configurations – made up of the national agencies, sub-

national departments, and paratransit operators – several insights about C/city-making are foregrounded. Overall, transport finance is a productive fiscal interface to understand fiscal decentralization, the absence-presence of fiscal flows and the implications of voids, and the patterns of spatial and institutional bypass. In this way, grants – both their allocation and their absence – become sites through which the C/city is produced and negotiated.

CHAPTER 10 | ACCOUNTS OF THE FISCAL C/CITY

10.1 Introduction

Financing cities is a topic that has traction in the contemporary international discourses on global development. City infrastructure is increasingly the object of analysis, and local governments are the recipients of recommendations for and experimentations in financial policy, management, and instruments. The spike in interest is particularly apparent in Africa – a continent which was, until recently, considered to be largely rural and in need of regional investment and national capacitation programmes. Over the past decade, most reputable voices in the international development debates have produced some form of report, manual, or instrument focused on financing Africa's sub-national governments and urban development.

Stepping back from the flurry of global policy debate, in this thesis I asked: how does the study of fiscal configurations help us to better understand urban areas and how they operate? And the more specific question: how do fiscal configurations mediate the relationships between the city and the City?

It was assumed, from the outset and in keeping with the socio-technical framework I developed in Part 1, that the conventional urban public finance approaches which are outlined in Chapter 2 are useful. However, they are partial and thus insufficient for exposing *all* the dynamics of urban infrastructure and city development. This is particularly true for public finance in the context of urban African. Complexities such as informality, colonial histories, affected identities and the like, challenge Western liberal values and assumptions and create interrelationships that are poorly understood. To better grapple with the messy and dynamic nature of Africa's growing urban areas, it is imperative to produce innovative approaches for studying urban fiscal dynamics which extend the conventional public finance toolkit. In response to this imperative, this thesis has developed an interdisciplinary framework for the fiscal study of cities, deployed the framework in the study of an African city, and identified the insights enabled through its deployment.

As a point of departure for this interdisciplinary endeavour, two bodies of epistemically different literatures were brought into conversation. Conventional urban public finance literature, largely drawn from techno-policy debates and driven by development finance institutions, consultancy groups, and think tanks, was used to ground the thesis in the subject and sector as traditionally defined. Notably, the public finance field recognize that political and social processes shape fiscal dynamics and that these processes muddle their ostensibly sound recommendations and prescriptions. However, they are unable to account for such messy and unpredictable dynamics. It is here where the recent urban studies scholarship on infrastructure is useful. This transdisciplinary body of work draws insights

from anthropology, sociology, politics, and geography. These critical accounts of urban infrastructure are precisely concerned with providing social, material, and political insights into technical disciplines and domains, making them particularly useful for thinking on the urban.

Part 1 of this thesis is dedicated to developing a framework which works at the intersections of these two bodies of work. Chapters 2 and 3 unpacked urban public finance and critical urban infrastructure studies, examining their unique contributions and limitations. Drawing from this work, the concluding chapter of Part 1, Chapter 4, outlined the conceptual and methodological approach of the thesis, through a series of propositions. The methodological and conceptual propositions included: taking a relational view of the city as a place and the City as an institution; reading urban public finance *as* an urban infrastructure; grounding inquiry in particular places; and using Kisumu as an exemplar ordinary city. This approach used the conventional fiscal toolkit provided for by urban public finance. However, it extended the analytical scope. It drew insights from financial statements and budgets as well as from deep interviews and reflections on everyday experiences. It worked to reconcile the formal financial account of the city, with the experiences and perspectives emanating from a deeper interrogation of urban experiences and dynamics.

To ground and test this approach, the thesis explored a particular place and case – Kisumu, Kenya. Kisumu is a useful case for wider urban theorization precisely because it is not extraordinary. It is one of dozens of cities of similar size on the continent, a significant number of which have experienced the imprint of British colonization. The importance of regional transport and trade in the formation, growth, and decline of Kisumu is common among smaller urban centres across the continent. And it is difficult to find an African city which, like Kisumu, has not been affected by some form of recent decentralization reforms. Thus, its governance fabric, like that of many cities, is coming into being.

There is, however, no carbon copy of Kisumu. Even Kenya's other secondary cities – with similar sizes, growth rates, histories, and contemporary governance arrangements to Kisumu – experience variations in the confluence of characteristics and processes. For example, unlike the other cities, Kisumu is widely seen as a hotbed of opposition politics and protest. This has given the city a special significance within Kenyan ethnic and political discourse and imaginaries. In this sense, Kisumu remains particular, even in its mundanity, its insights providing useful points of reflection, but never exactly replicable prescriptions. It is used, in this sense, to contribute to the refinement of important terms and concepts within the urban and fiscal debates on cities.

Parts 2 and 3 of the thesis were dedicated to unpacking the Kisumu case. Importantly, the methodological and conceptual propositions thrashed out in Chapter 4 were used to structure the empirical parts of the case study. Part 2 read fiscal operations through the sub-national state, entering the conversation from the perspective of the City. The two chapters within it focused on the formation and operations of the fiscal City. Chapter 5 traced the historical development of local government

through the lens of finance. Chapter 6 explored the ways in which the City shapes public finance, and public finance in turn shapes the City. In contrast, Part 3 then approached the fiscal question through the lens of specific urban sectors and the fiscal configurations which support them. In other words, the city, the place not the institution, was the point of departure. Chapters 7, 8, and 9 traced particular fiscal configurations which are grounded in Kisumu's material and infrastructural city. Urban land, water, and transport, and their fiscal interfaces, were explored. In doing so, the structure of this thesis reflected a relational reading of the 'big-C City' and 'small-c city' and a commitment to interdisciplinary tracing at multiple scales.

Overall the case of Kisumu foregrounds several key points that make us account for the C/city in new ways. Through Kisumu, and in the vein of mid-range theorizing, I propose a series of modest interventions, aimed at drawing insights from reading the fiscal C/city. These insights are particularly aimed at urban studies scholars, and scholars working specifically on African cities and African urban infrastructures.

10.2 Key arguments related to the fiscal C/city

There are several key insights highlighted by the study of Kisumu. Some of these insights can be found in particular chapters, others emerge across chapters and sections. These insights are illustrated by the Kisumu case, but not limited to it. Each has wider significance for the fiscal study of C/cities.

The conventional urban public finance reading

The most basic and apparent insight which the Kisumu case offers is the confirmation that conventional urban public finance, and the supporting tools and instruments used to study cities, provide valuable insights into urban conditions and processes. Rather than rejecting finance or glossing over its more intricate details (as is common among critical scholars), a more effective approach which urban scholarship should adopt is to take finance seriously, while remaining sceptical of its limitations.

Formally documented revenue and expenditures, assets and liabilities, are key urban structuring elements. This is not to say that there are no informal flows or that these numbers are 'right'. However, formally documented flows are influential in shaping sub-national urban institutions and how they operate. Fiscal accounts of the city enable us to see patterns and trends in sub-national operations which are imperative to understanding the urban condition. For example, they show us the extent to which money has or has not been devolved, who controls key revenue and expenditure streams, and what sorts of things the state documents. Patterns and trends are made visible both by reading the fiscal data which are available, as well as by understanding the implications of what is not available. For example, there are clear patterns and insights which emerge through understanding

what revenues are and are not collected, what kinds of grants are transferred and under what conditions, and how expenditures are classified and divided.

In the case of Kisumu, a limited amount of conventional analysis was possible. However, that which was, provided valuable insights into the fiscal and institutional constraints which the sub-national state faces in shaping urban development. The most obvious fiscal indicators are the absolute limitations on the amount of money available for urban development and the absence of sub-national lending. The basic data on income and expenditure in Kisumu County and the Department of the City of Kisumu indicate that the urban area is largely viewed as a site of revenue extraction, and that – after the heavy wage bill is paid – there is very little money for development expenditure in the city area (or in the County at large). These hard numbers have serious implications for the city's prospective development. Other important insights include the centrality of grants as a source of revenue for the sub-national state, and the disjunctures between budgets and actual expenditure.

While these are useful insights, there are also significant limitations to the conventional fiscal readings which the case of Kisumu foregrounds. As a point of departure, fiscal accounts rely heavily on the collection and accounting of prescribed fiscal and financial data. They require the bounding of the institutional entity in question, and using the data provided in financial statements and budgets to craft a picture of the operations and health of the entity. When a sub-national urban government is strong, has territorial control over the urban area, and reports on its finances in a comprehensive way, this is a relatively straightforward task. There are established indicators and metrics which local governments can use to assess its performance.

In Kisumu, this is not possible. A singular, strong, and empowered sub-national urban government is not, and has never been, characteristic of Kisumu. The case of Kisumu challenged conventional accounting for several reasons. First, there is no local government which controls the urban area. This results in spatial misalignment between the urban area and the jurisdiction of the institutions which capture and report on fiscal dynamics. In other words, there are unaccountable gaps between the City and the city. Second, the financial statements which are produced do not even attempt to provide useful information for understanding the city. Fiscal accounts are produced under forced compliance with financial Acts and standards, and not with the intention of providing meaningful insights. They are a-spatial (owing to the aforementioned mismatch), compliance-driven, and exclusively based on cash transactions. This, again, limits the usefulness of financial accounting. Finally, much of what is going on in the city is happening outside of the formal financial reports of the County. A significant amount of public services and infrastructure is 'off balance'. This may be because it is accounted for by other entities, such as state-owned enterprises which have taken over many urban services. Or it may not be formally or consistently accounted for at all, rather provided for by the formal or informal private sector.

It is clearly an understatement to assert that the formal fiscal accounts of Kisumu have large gaps and silences. These silences are so expansive that, in reading the financial documents of the County, it could easily be assumed that the city is stagnant. However, this assumption is challenged by the bustle and dynamism on the ground. People are queuing at the City Hall tellers to pay their taxes and charges. New, high-quality roads are being constructed in and around Kisumu city. All sorts of public transport takes people to work, home and church. And electricity lines are extending through most urban areas, with more coverage every day. However, this vibrancy is obscured by the formal fiscal accounting, which has no space for reflecting these activities.

Taking seriously the grounded reality of a place, as is called for by Southern urban scholars such as Mbembe and Nuttall (2004), Pieterse (2010), and Roy (2013), challenges fiscal analysis. It reveals the limits of its capacity to provide full insights into urban places and their operations. The development of conventional financial accounts of places and institutions requires a level of consistency, uniformity, and coherence which is rare in the urban African context, and certainly is not reflected in the context of Kisumu. By implication, fitting African cities into existing frameworks for fiscal health, creditworthiness, and the like – a cornerstone of contemporary urban policy discourses – is at best an imperfect process.

Flaws in the formal system do not necessarily render it useless. The limitations of public finance and fiscal accounting do not militate against the necessity of understanding money and how it flows through state structures. Understanding the fiscal is essential for understanding historical and contemporary urban development in Kisumu. For example, Kisumu's reclassification from a township to a municipality rested on arguments of fiscal austerity. The 2007 post-election eruptions in Kisumu which sparked the devolution process were fundamentally about the perceptions of fiscal marginalization held by Kisumu residents. The contemporary resistance to decentralization, both from national to county and from county to the (currently non-existent) City Boards, reflects a desire to control flows of revenue and dictate expenditure priorities. Thus, the case of Kisumu confirms the necessity of understanding fiscal dynamics; however, there is a clear need for an extended fiscal reading – a relational reading of the fiscal C/city – which can account for the messy relationship between the City and the city, and which goes beyond the conventional tools of the sector.

Reading the fiscal C/city

The hard numbers are important; they are sobering and necessary for providing perspective. No 'new science of cities' (Batty 2013) can be built without understanding these formal and documented flows. However, as demonstrated, there are limits to what the formal numbers, policy analysis, and basic institutional organograms can tell us. Therefore, reading the fiscal C/city requires a more generous, mixed-method, interdisciplinary innovation.

To this effect, a theme which guided and structured this thesis relates to the challenge of accounting

for the relational and fiscal nature of the C/city nexus. To engage the fiscal C/city, this thesis drew on a mix of concepts emanating from the socio-technical and techno-political urban infrastructure debates. To enable this deployment of terminology, I framed public finance as itself an urban infrastructure. This framing is useful for developing a ‘beyond technical’ toolkit for the fiscal study of urban areas *and* governments. It is therefore, first and foremost, a methodological manoeuvre.

Urban studies calls for ‘opening the black box’ of technical urban infrastructure systems (Graham & Marvin 2001). Public finance has traditionally not been understood as an urban infrastructure within these debates. However, this thesis challenges this. Like infrastructural systems which facilitate the flow of water or energy, the public finance system facilitates urban revenues and expenditure, assets and liabilities. Sometimes these are tangible, such as the cash collections which are paid at Kisumu’s City Hall. And at other times they are simply numbers moving from one account to another, such as the Exchequer release made to Kisumu County from the national treasury. Equally, and as in other urban infrastructures, there are fixed and sunk costs which facilitate this flow of money. Computers, cables, financial management systems and the like construct the bulk system. Like the ‘harder’ and more often studied infrastructural systems, finance systems are produced by an array of institutional players and rules, calculations, terminologies, practices, and sunk investments which reproduce the inertia of the system. Like many urban infrastructures, public finance has its own language which it uses to communicate the infrastructural processes. The language of accounting – in the case of Kisumu, ‘cash basis’ accounting – is used to ‘make sense’ of these flows.

As a method, opening the black box of Kisumu’s public finance system required making legible to urban and social scholars a sector which is frequently seen to be opaque, dull, and the exclusive domain of overpaid consultants and underpaid administrators. Opening this black box was not simply about explaining public finance to urban scholars – although developing a shared understanding of terms is imperative for ascertaining commensurabilities and I did this in Chapter 2. However, the overarching task was not an urban public finance 101 course, or a catalogue of useful finance terminologies. Instead, it required an explicit exploration of the fiscal dynamics which play out through the architecture and practices of the urban state, the material investments which shape urban areas, and the competition, overlaps, and contestation which shape the articulation between the two. In other words, it is the study of the fiscal C/city and its implications.

To make sense of the heterogeneous components which make up fiscal infrastructures, the concept of ‘configurations’ – drawn from urban studies scholars such as Jaglin, Bhan and others – was used in this thesis. Configurations, as a term, draws attention to the overlapping relationships among heterogeneous parts of a system (see Section 3.3 in Chapter 3). It is through complex, multi-scale, and multi-actor fiscal configurations that the relationship between the City and the city is mediated and shaped.

This thesis traces configurations at various scales. The historical co-evolution of the fiscal and institutional development of Kisumu, and the city-scale tracing of fiscal arrangements, provided a framework for understanding the operations of the public finance system in Kisumu City (in Part 2). The tracing of particular sector configurations drew attention to the city, and its interface with finance (in Part 3). In the case of the urban land configuration, the intricacies of property tax were foregrounded, showing how contested and challenging it is for urban institutions to transform the material city into a flow of urban revenue. In contrast, the water configuration focused on the ways in which utility corporatization in Kisumu has produced new sub-national actors and enabled creative methods of material exposition of water services. Finally, the transport configuration demonstrated how money lands in Kisumu city, but circumvents the City, with fundamental implications for urban form and public management.

The methodological manoeuvre of framing urban public finance as an infrastructure provided important conceptual insights. Tracing configurations, understanding how they are developed, operated, managed, and challenged – by whom, and to what end – provided powerful insights into C/city dynamics. Overall, the framework deployed showed how fiscal configurations co-produce the urban state and the urban landscape in complex, multi-scalar and power-laden ways. This manoeuvre foregrounded and exposed the many sites through which the C/city is produced and negotiated, drawing public finance from the often opaque Excel spreadsheets of officials to the points at which urban materiality and urban management intersect.

Urban decentralization through the lens of fiscal architecture

A fiscal reading of the C/city draws attention to the complex ways that national reforms manifest in urban areas and within urban governments. In particular, the Kisumu case showed the unique ways in which reforms land in smaller urban centers. Kenya's recent decentralization reforms are heralded as a fundamental shift in power. They are called 'devolution reforms' to draw attention to the primarily political nature of the transition. Devolution is widely regarded as a major weakening of central government vis-à-vis the newly formed sub-national states. And this shift in the power of the central state is undeniably true. Several important changes, discussed in Part 2, have been put in place nationally which will enhance power at the sub-national level.

However, the case of Kisumu muddied this picture and challenged the contemporary discourses on the Kenyan decentralization moment. The case study foregrounded how the urban state has been constructed and deconstructed over time, in conflicted ways, through various levels of government, and in direct relationship to questions of money. In reality, even apparently significant shifts in power to the sub-national level have been partial, incremental, and fundamentally anti-urban. The clearest example is the recent devolution which has, in its efforts to empower sub-national governments, left smaller urban centers, such as Kisumu, completely disempowered. As is apparent when comparing

Kisumu to Nairobi (a city which may be marginal to the Western scholarship, but is dominant in Southern and African urban scholarship), this experience is directly linked to the ordinary, unexceptional, and secondary nature of Kisumu within Kenya's urban hierarchy and Africa's urban discourses. While the case of Kisumu is extreme (in most African contexts, local governments are not being completely removed), it is not uncommon in the context of urban Africa for smaller urban centers to fail to benefit from ostensibly 'decentralizing' reforms.

Beyond the Kenyan moment, the case of Kisumu challenges the concept of decentralization more fundamentally. The term decentralization – the movement of power from central to sub-national governments – fails to capture the many dimensions of governance reform and the incremental – rather than epochal – nature of fiscal change. Decentralization implies a linear move from *dirigiste* control to the devolution of power to ever smaller units of government. The linear nature of the concept of decentralization (or even recentralization) is incongruent with the many directions, both vertical and horizontal, in which power and money flow. Less linear concepts such as multi-level governance, often used by the OECD, or 'the assignment of functions' go some way in representing the multi-directionality of the process. Where these fall short, however, is in their ability to capture the constant 'coming into being' of the governance arrangements: its incrementality and dynamism. They fail to capture the disconnect between legal assignment of powers and actual experiences of exercising control. And they are not specifically attentive to the fiscal urban question, again failing to bring cities into focus.

Decentralization reforms continue to be widely presented as a panacea to the problems of African cities. As the argument goes, power-hungry and clunky national governments need to be legislated to conform with global best practices. However, decentralization and the resulting fiscal configurations must be seen as constantly being configured and reconfigured, both through and beyond the legal and policy frameworks. How urban boundaries are drawn, the fiscal autonomy of urban institutions, and ability to convert this autonomy into meaningful fiscal flows (i.e. revenue or borrowing) are all important. These small and seemingly technical details will fundamentally shape City relationships, with subsequent impacts on urban investment patterns.

Fiscal functionalities and the suturing of state infrastructures

Naturally, the large-scale fiscal shifts, such as the Kenyan devolution process, shape fiscal configurations in fundamental ways. However, we cannot assume that these large programmes land in predictable ways in the urban landscape, as discussed above. This is both because of the complex and differentiated nature of urban areas, and also because everyday practices shape this landing in significant ways.

The case study of Kisumu has drawn attention to the ways in which officials, through efforts large and small, shape fiscal configurations. More particularly, a fiscal reading of Kisumu draws attention to the

fiscal functionaries and their role in shaping urban governments and areas. It is their practices, few of which are recognized or analyzed, which suture the fiscal C/city, enabling an expansion of the material network and shaping the nature of the urban state. These civil servant actors are under-explored in urban narratives, particularly on African cities. The practices, perspectives, and aspirations of accountants, treasurers, and financial managers are rarely documented or brought into fiscal and urban analysis.

In taking a deeper look at these critical and invisible actors in Kisumu, it was clear that the urban state is not nearly as sinister, inept, or corrupt as it is commonly portrayed in narratives on Africa. Neither is it homogeneous and uniform. It is instead a heterogeneous collection of people who believe, at least in part, that they are doing their best within a context of fiscal, operational, and political constraints. Their practices are at times coherent and aligned, and at other times they are redundant or divergent. Overall, and in contrast to the dim view often taken of the stereotypical ‘African bureaucrat’, officials appear to make a concerted effort to incrementally improve fiscal and material systems of the C/city. Much as Bhan (2019) points out, the incremental and even at times informal activities of the local state are an important part of urban, and particularly Southern urban, C/city production.

At the interstices of both alignment and contestation, intersecting arrangements for the everyday management of the city and the extension of public services can be formed. The case of Kisumu clearly reflected this. Staff in the Rates Unit work to incrementally increase rates collection by linking planning approvals to tax payments. KIWASCO’s Pro-Poor Unit works to incrementally reduce non-revenue water in unplanned areas through the Delegated Management Model.

The mundane and everyday nature of most efforts makes them fundamentally unspectacular, yet instrumental in the operations, maintenance, and improvement of the city. Thinking with a range of Southern scholars who write on incrementality and informality (see Section 3.3 in Chapter 3), these efforts – the suturing and improvising of the fiscal system – cannot be read simply as survival or chaos. This reading would lose sight of the incredible and strategic labour which is deployed by officials to demonstrate personal and departmental significance. In reality, the fiscal C/city is shaped by the micro-practices of administrators and bureaucrats who, through everyday efforts and manoeuvres, craft and maintain the fiscal configurations at work.

One of the most important ways in which these configurations are built in the Kisumu case is through partnerships. Fiscal functionaries, across various levels of government and departments forge partnerships to maintain and incrementally improve the functioning of the city. These partnerships are generally ‘off balance’, i.e. not reflected in the financial accounts of the state. However, they fundamentally shape the fiscal and institutional models of service provision in the city. These partnerships have different characteristics. In the case of the property rates configuration described in Chapter 7, the Department of the City forges relationships within the City – with the planners and

police – to incrementally improve property taxation in the city. In the case of water, examined in Chapter 8, the utility forges partnerships with small-scale enterprises to incrementally extend the material reach of its service and improve its operations. In the case of transport, the focus of Chapter 9, the County Government sees paratransit operators as ‘backward’, yet recognizes that they remain the only option for mobility in the city and provide a significant amount of revenue to local coffers.

The insights from Kisumu make the case for grounding our understanding of urban development and fiscal decentralization in the practices of fiscal functionaries. Grounding our understanding does not mean dismissing the problematic nature of some of these deviations, suturings, and extensions.

Despite taking a relational approach in this thesis, it would be lazy to read all acts against conformity with the legal fiscal system as rebellious or politically radical. It is, rather, a way to draw attention to the heterogeneity of fiscal practices. Officials do not act in a uniform manner, with a shared vision of civil service and city development. They exhibit an array of rationales underpinning their behaviour, many of which can only be unearthed through long and detailed conversations about their work, lives, and ideas. This is, of course, beyond the scope and interest of most conventional public finance studies, but essential for understanding why the C/city operates in the way it does.

The micro-politics of the fiscal C/city

It is well recognized that public finance is political. To their credit, even highly technical experts of public finance would agree with this statement. For example, best practice suggests that budgets should be prepared ‘democratically’. The basic premise of decentralization theory rests on the intersection between political and economic decisions, and their being closely aligned.

However, beyond the utilitarian reading of politics, there are deeper and more obscured political logics, grouped in complex power dynamics. Remaining committed to a distributed, multi-scalar, and multi-directional reading of power and politics, the Kisumu case study demonstrates how urban public finance configurations reflect various ‘political projects’ simultaneously. These projects are not imposed by a similar structural logic, such as financialization or a homogeneous and oppressive state. The Kisumu case goes some way in challenging the argument that everything in cities is being financialized, an argument made by structural scholars (see Section 3.2 in Chapter 3). In fact, financial flows are failing to penetrate ordinary places like Kisumu where (global) private finance is not flowing into infrastructure. Instead, financial processes and practices are underpinned by many logics, projects, and power dynamics which operate both within and outside capitalist frameworks, and within and outside the boundaries of the (formal) state.

In reading the fiscal C/city, the most obvious site of power and politics relates to control over budget and expenditure priorities. Who controls the money for capital and maintenance dictates the urban agenda, intentionally and unintentionally. However, there are other areas of finance which are equally power-laden and political – for example, urban revenue. Fiscal accounts of C/cities show us how,

from which activities, and by whom urban revenue is generated. Whether looking at rates calculations, water tariffs, or road grants, the underlying logics of revenue provide insights into the politics of revenue. For example, while the young men driving *boda bodas* avoid any payment, the *matatu* owners pay significant sums. Similarly, collection of land tax is contingent on localized perceptions of what makes such a tax legitimate or not.

In the case of Kisumu, tracing urban revenue connects to the paradox of urban debt (for example, liabilities), with implications for the mismatch between legally assigned powers of the state and those which are being fully realized *in situ*. Technically, county governments have the fiscal power to borrow, suggesting autonomy and empowerment. However, with all major sources of revenue ring-fenced and allocated to parastatals, a high municipal wage bill inherited from the decentralization process, and heavy reliance on national grants, the possibility of a meaningful surplus for debt repayment is an illusion. In this sense, the linear *de jure* power and distributed *de facto* power diverge.

The formation and realization of these multi-directional political projects is underpinned by mundane and everyday activities. In the fiscal configuration of transport finance, the reclassification of urban roads is as much about ensuring continued central control of budgets as it is about protecting personnel. In the case of rates, the failure to collect rates in the extended areas of the city is as much about the limited capacity to do so as it is about the sense of legitimacy held by tax administrators. In this sense, fiscal configurations are shaped, maintained, resisted, contested, circumvented, and reformed in big and small, explicit and implicit, ways, by these political sensibilities. Notably, these micro-politics are not a showcase of explicit performance. Instead they are small manoeuvres aimed at filling gaps, suturing the C/city, incrementally improving everyday operations, and claiming power – all at the same time. Much as Bhan (2019) articulates in his reading of the Indian states' informal activities, these small-scale activities can be read as the fiscal micro-politics of the C/city. It is clear from this that urban public finance configurations are sites of ongoing negotiation, revision, and contestation – where power and politics are constantly playing out.

A focus on the micro-politics of the state does not militate against the importance of party politics in Kisumu or in African cities generally. As is clear from the tracing of the city's history, Kisumu's opposition politics were instrumental in shaping the political and fiscal settlement of the county. However, this research suggests that despite party politics being a constant source of conversation, the fiscal operations of Kisumu are more the result of internal power struggles within Kisumu's governing party than between the parties. Since Kenya's new system is still being solidified, it remains to be seen how alignment with political parties or representatives will shape the ability of non-state actors, such as *boda boda* operators, donor/lenders, taxpayers, planning professionals, or water kiosk operators to influence how revenue is collected or expenditure is allocated.

Financing urban infrastructure and services

Within urban public finance, there is a strong shift towards building bankable local governments and urban projects. In contrast, within urban studies, there is growing attention to the financialization of urban infrastructure and the development of entrepreneurial local governments. These framings are, in many ways, two sides of the same coin, the former attempting to work within the constraints of the market and the latter critiquing this.

The case of Kisumu shows neither a move towards financialization nor bankability. Global capital is not rushing to finance infrastructure in the city or to lend to sub-national state actors. Notably, there is no local government to lend to (although, prior to the local government being dissolved, there was also little lending). Equally, the County Government of Kisumu is hardly covering its operational costs and remains heavily dependent on national grants, making it an unlikely candidate to attract finance for urban infrastructure. The County-owned water company, while touted as one of the best in the region, is equally unable to attract finance, even with substantial commitments from the World Bank to support repayment and ring-fenced revenue flows.

Despite the discursive commitment to decentralization and urban development expressed by organizations such as the World Bank and the African Development Bank (both of which have produced many publications celebrating cities and local governments) (see Section 2.5 in Chapter 2), the case of Kisumu shows financial arrangements which are dominated by national partnerships and regional investment agendas. Kisumu's case is particularly clear, with most development finance going directly to the national institutions responsible for bulk water supply and road construction. On the ground this means that the urban agenda is being dictated by the national state, rather than by local players.

While Kisumu's government agents and urban infrastructure projects remain 'unbankable' in terms of the standard risk–return ratios of capital allocation, the material provision of services in Kisumu demonstrates that urban services can make business sense. These services are being provided, with limited subsidy or state support. In some cases, these public services are even paying the state to operate, such as in the *matatu* sector, which provides Kisumu with one of its main sources of local revenue. In Kisumu, the proliferation of businesses providing all types of urban and social services is testament to the way in which social and urban enterprises can contribute to service provision, job creation, and local development. From the *matatu*, to the *boda boda*, to the water operators, the organization of these sectors and their engagement with the state – albeit often contested – are equally testament to the ability of these sectors to mobilize not only for competition, but for the shared benefits of scale and coordination. This is not to suggest a sort of romantic vision of the informal and private sectors, but to consider the possibility of moving away from a fixation with large-scale, state-driven, networked infrastructure.

Overall, there is an urgent need to question the viability of urban infrastructure finance models in ‘ordinary’ African cities, such as those discussed by Robinson (2006). The question remains: can we push collective and policy thinking on public and infrastructure finance to engage more directly with how urban services are actually being provided in Kisumu and cities like it? The possibility of creating hybrid service delivery models which are more materially flexible, labour-intensive, and operationally dynamic makes it imperative to think through hybrid financial instruments and arrangements which make sense for Kisumu. Rather than forcing Kisumu to make sense to financial institutions and accounting systems, can we enable financial institutions to make sense for Kisumu and all other ordinary African cities?

10.3 Concluding the case for the fiscal C/city

This thesis has made the firm case for studying the fiscal C/city. It has demonstrated that it is possible to innovate methodologically and conceptually at the intersections of a conventionally technical field of study (public finance) and an explicitly social and political one (drawn from urban studies). This innovative methodological and conceptual approach has implications for both urban studies and urban public finance. For urban studies, it points to the incredible insights into urban conditions which can be gained by foregrounding the everyday aspects of city finance. At the same time, it extends urban studies’ engagement with infrastructure, working to include new infrastructural configurations into the conversation. For public finance, the inclusion of historical, social, and political insights in the analysis of public finance draws attention to the dynamic ways in which systems are produced, in terms of both fiscal architecture and everyday practices. It calls for a refinement and urbanization of the concept and practice of decentralization, and motivates for a shift in focus from policies, laws, and reports to the practices of fiscal functionaries. The extension of the conventional analytical tools allows us to undertake the fiscal study of places which fail to conform to conventional analytical standards, but nonetheless are fundamentally shaped by fiscal questions and processes. Looking to the future of urban analysis, there is a clear need for both conceptual and practical experimentation at the intersections between deeply different theoretical and methodological frames. In particular, there is a need for more engagement on what new ways of studying finance and money can offer us, without which the radical transformation of African cities will not proceed.

Annexure 1: Kisumu city constituencies, wards, and sub-locations

Constituency (also called sub-counties)	Wards	Sub-locations (taken from ISUD 2013)
Kisumu Central Constituency	Kondele	Manyatta A
	Market Milimani	Northern
		Southern
	Migosi	Migosi
	Nyalenda B	Nyalenda B
	Railways	Bandani
		Kanyakwar
Nyawita		
Shauri Moyo	Kaloleni	
Kisumu East Constituency	Kajula	Got Nyabondo
		Kadero
		Konya
		Okok
		Wathorego
	Kolwa Central	Kasule
		Nyalunya
	Kolwa East	Buoye
		Chiga
		Mayenya
Manyatta B	Manyatta B	
Nyalenda A	Nyalenda A	
Kisumu West Constituency	Central Kisumu	Kogony
		Korando A
		Korando B
	Kisumu North	Bar A
		Bar B
		Dago
		Mkendwa
		Nyahera
	South West Kisumu	Kanyawegi
		Ojolla
		Osiri

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- M Jura, Head of Technical Services, Kisumu Water and Sewerage Company, Kisumu, November 15, 2017
- S K Kigen, Chief Manager Human Resources and Administration, Lake Victoria South Water Services Board, Kisumu, April 7, 2017
- H Kihumba, General Manager Planning and Programming, Kenya Roads Board , Nairobi, November 29, 2017
- A Kimani, Economic Regulation Manager, Water Services Regulatory Board, Nairobi, May 12, 2017
- C Kost, Africa Programme Director, Institute for Transportation and Development Policy, Kisumu, November 28, 2017
- J Kotch, Sustainable Aid in Africa, Kisumu, May 5, 2017
- J Larkin, Head of Research, International Budget Partnership, Nairobi, June 27, 2016
- E Leki, Head of Rates, The County Government of Kisumu, Department of the City of Kisumu, Kisumu, November 15, 2017

- E Leki, Head of Rates, The County Government of Kisumu, Department of the City of Kisumu, Kisumu, November 23, 2017
- C Macoloo, Regional Director South Africa, World Neighbours, Nairobi, May 11, 2017
- L Madende, Consultant, Independent, Kisumu, November 10, 2017
- W Maiyo, Accountant, Republic of Kenya, Office of the Controller of Budgets, Kisumu, November 10, 2017
- W O Mboya, Consultant, Independent, Kisumu, April 17, 2017
- S Mbura, Chief of Technical Services, Lake Victoria South Water Services Board, Kisumu, April 7, 2017
- S Mburu, Chief Manager Technical Services, Lake Victoria South Water Services Board, Kisumu, April 7, 2017
- N Moseti, Head of Finance, Kisumu Water and Sewerage Company, Kisumu, November 23, 2017
- A Muwonge, Senior Economist, World Bank, Nairobi, June 24, 2016
- S Mwongo, City Planner, The County Government of Kisumu, Department of the City of Kisumu, Kisumu, June 20, 2016
- S Mwongo, City Planner, The County Government of Kisumu, Department of the City of Kisumu, Kisumu, April 27, 2017
- P Ngau, Professor in the School of Planning, University of Nairobi, Nairobi, April 11, 2017
- S Nixon, Chief Executive Officer, City of Kisumu Urban Areas Association, Kisumu, April 21, 2017
- J Obera, Director of City Finance, The County Government of Kisumu, Department of the City of Kisumu, Kisumu, April 27, 2017
- J Obongo, Director of Public Health, The County Government of Kisumu, Kisumu, June 20, 2016
- D Obura, Chief Officer of Lands, Housing, Physical Planning and Urban Development, The County Government of Kisumu, Kisumu, April 7, 2017
- C Ochieng, Water and Sanitation Specialist, World Bank, Nairobi, May 11, 2017
- J Ochieng, Accountant, Kisumu Urban Project, Kisumu, November 9, 2017
- P Ochieng, Boda Boda Operator, Independent, Kisumu, April 24, 2017
- V Ochieng, Kisumu Ahero Transport Company SACCO, May 10, 2017
- F Odende, Professor in the School of Humanities, Jaramogi Oginga Odinga University of Science and Technology, Kisumu, April 24, 2017
- E Odek, Mortgage Business Manager, Western Region at KCB Bank Kenya Limited, November 28, 2017

- T Odongo, Commercial Manager, Kisumu Water and Sewerage Company, Kisumu, November 15, 2017
- F Odur, Founder, Winam Thabiti, Kisumu, May 1, 2017
- T Ogalo, Programme Coordinator – Public Accountability, Transparency International–Kenya, Kisumu, April 19, 2017
- K Ogonda, Head of Pro Poor Unit, Kisumu Water and Sewerage Company, Kisumu, November 21, 2017
- E Ohaga, Operations and Maintenance Engineer, Kenya Power and Lighting Company, Kisumu, April 5 2017
- J Okello, Director of Economic Planning, The County Government of Kisumu, Kisumu, November 24, 2017
- S Okello, Previous Mayor of the Municipal Council of Kisumu, April 28, 2017
- D Okuta, Assistant City Manager of Kisumu, The County Government of Kisumu, Kisumu, May 2, 2017
- P Okwere, Boda Boda Operator at World Vision Junction Stage, May 10, 2017
- K Olger, Management Accountant, Kenya Power and Lighting Company, Kisumu, April 5 2017
- P Olima, Professor, University of Nairobi, Kisumu, May 3, 2017
- J Oloo, Professor in the Department of Spatial Planning, Jaramogi Oginga Odinga University of Science and Technology, Kisumu, April 24, 2017
- C O Omollo, Administrative Officer, Kisumu Urban Project, Kisumu, April 25, 2017
- S Ondola, Chief Officer, Chief Officer of Department of Roads Transport and Public Works, Kisumu, April 21, 2017
- D Onyango, Managing Director, Kisumu Water and Sewerage Company, Kisumu, April 17, 2017
- M Opetu, Chief Accountant Revenue, The County Government of Kisumu, Department of the City of Kisumu, Kisumu, May 2, 2017
- J Otiende, Head of Treasury, The County Government of Kisumu, Kisumu, April 11, 2017
- K Otieng, Accountant, Lake Victoria South Water Services Board, Kisumu, April 7, 2017
- M Ouma, Economist, The County Government of Kisumu, Department of Finance and Planning, Kisumu, April 19, 2017
- H Rana, County Minister, The County Government of Kisumu, Department of Roads, Transport and Public Works, Kisumu, April 21, 2017
- Y Samba, Head Accountant Budgets, The County Government of Kisumu, Department of Finance and Planning, Kisumu, June 22, 2016

- K Seda, Deputy Director, Kenya National Highways Authority, Nairobi, November 27, 2017
- G Wagah, Doctor in the School of Planning and Architecture, Maseno University, Kisumu, May 6, 2017
- V Ugi, Boda Boda Operator at Car Wash stage, May 10, 2017
- K Were, Engineer, Kenya Urban Roads Authority, Kisumu, April 12, 2017
- M Werrunga, Engineer, The County Government of Kisumu, Department of the City of Kisumu, Kisumu, June 21, 2016

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