1. Proof Techniques

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Overview

1. Motivation for the GCP

2. Why is this important for the counties?

3. What are the key highlights from the GCP report?

4. Some problems with the GCP estimation

5. My Takeaways
Estimating GDP is an enormous task-doing so at county levels is even tougher:

- Due to data challenges. This means that GCP is the best available measure of aggregate activity at the county but not a perfect measure;
- Prevalence of informalities. Many transactions or activities in the economy, including many that go through the market are never recorded officially; and
- Difficulties in attributing economic activity to a specific county unit. It gets worse when we start to account for cross-county transactions.
There is great interest at counties to know the relative size of their economies.

Does the Mt Kenya Region contribute 60% of Kenya’s GDP?

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Central Kenya contribution to GDP in 2017

The Central Kenya Economic Bloc constitutes 10 counties

26.2%

Percentage Contribution towards Kenya's GDP in 2017

- Nakuru
- Kiambu
- Meru
- Nyandarua
- Murang’a
- Nyeri
- Kirinyaga
- Embu
- Laikipia
- Tharaka Nithi

Source: Gross County Product (GCP) 2019

Infographic by Emma L. N. Kisa | PesaCheck.org
What are the potential applications

There are numerous applications of this novel data set, including:

- GCP is an acceptable proxy for county’s tax base—that could be leveraged for Own Source Revenue (OSR) mobilization;
- GCP is a great indicator for monitoring progress (changes in growth over-time) across counties and would potentially corroborate other HDI;
- The national government could use GCP to quantify the dividends from fiscal reforms; and
- Finally, GCP could be used to identify counties that require more focus for inclusive growth and pro-poor policies.
There is significant differences in the size of the economy across counties

- Urban counties-Nairobi (21.7%), Nakuru (6.1%), and Mombasa (4.7%) vs. Isiolo (0.2%), Samburu (0.3%), and Lamu (0.4%);
- Although some counties have a small contribution to the national cake, they show great potential for catch-up. e.g. E. Markwet expanded at 10% per year.
- Agriculture remains a key driver of growth in most counties—thus initiatives to climate proof this sector could contribute greatly to poverty reduction; and
- Only about 25% of the counties have their GCP per capita above the national GDP per capita—showing great disparities but also what devolution brings on the table to tackle this.
What are the user be aware warnings?

- Non-market production—It is difficult to measure or estimate the value of goods and services that are not sold in a market.
- Unrecorded activities both illegal and legal.
- Frequent revisions—Preliminary estimates should always be used with caution.
- GCP is not a good measure of well being due to lack of accounting for externalities.
- GCP tells nothing about distribution of income within the county.
My Takeaways: What gets measured gets done

- Good quality data not only measures progress, but it also inspires it.
- The publication of the GCP data has plugged an important data gap to track progress of devolution in Kenya.
The End