



COLLEGE OF BUSINESS AND ECONOMICS

MASTERS OF LOCAL GOVERNANCE STUDIES

**IMPACTS OF PERFORMANCE CONTRACTS IN CITIZENS'S SOCIO
ECONOMIC DEVELOPMENT**

**A Case Study: Kabaya and Kavumu Sectors of Ngororero District in
Western Province of Rwanda (2016-2017)**

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Declaration

I, **MAZIMPAKA SINTAKURA Emmanuel**, hereby declare that this thesis is my original work and that it has never been submitted to any institution for any academic award. Where other people's work has been used, sources have been acknowledged and references given.

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APPROVAL

I, Dr Jean de la Croix NKURAYIJA certify that this dissertation has been under my supervision and was submitted with my approval.

Supervisor:

Signature:

Date:...../...../2018

DEDICATION

To the Almighty God

To my Beloved Wife for your moral supports

To My Children

To My parents

To my Brothers and Sisters

ACKNOWLEDGEMENTS

First and foremost, I thank God for guiding me during my studies and putting around me supportive, encouraging, patient and loving people.

I am highly appreciative to my Supervisor, Dr NKURAYIJA Jean de la Croix for his inspiration, constructive guidance, patience and giving me good advice to my research study. I am equally grateful to all the other Lecturers for the guidance they gave me in different course units

I am very grateful to express my sincere gratitude to the University of Rwanda hierarchies for their great contribution in promoting education in Rwanda, which has educated me in post graduate in development studies

My sincere thanks are further extended to all staff of Ngororero District, the staff of Kabaya and Kavumu Sectors, who gave up time from their overfull working days to brief me in their offices, and to accompany me into the field to talk to the people.

This study would not have been possible without the help of many individuals. I would therefore like to express my sincere gratitude to all those who, in one-way or another, helped to make it in reality. I would like to thank whoever, in one way or another contributed to the success of this dissertation. May the Almighty God bless and reward you abundantly.

ABBREVIATIONS AND ACRONYMS

DDP	: District Development Pan
DDP	: Economic Development for Poverty Reduction Strategy
EICV	: Enquête Intégrale sur les Conditions de Vie des Ménages
GDP	: Gross Domestic production
GoR	: Government of Rwanda
HIV/AIDS	: Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
JADF	: Joint Action Development Forum
LGs	: Local Government
M&E	: Monitoring and Evaluation
MDGs	: Millennium Development Goals
MINALOC	: Ministry of Local Government
MINECOFI	: Ministry of Finance and Economic Planning
N	
NGO,S	: Non-Governmental Organizations
NISR	: National Institute of Statistics of Rwanda
OECD	: Organization for Economic Cooperation and Development
PC	: Performance Contract
PRSP	: Poverty Reduction Strategic Program
PSTA	: Strategic Program
PWDS	: Persons with Disabilities
RBM	: Result Based to Management
RGB	: Rwanda Governance Board
RPE	: Relative Performance Evaluation
TVET	: Training Vocational Education and Technology
VUP	: Vision 2020 Umurenge Program

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ABSTRACT

The purpose of this study was to assess the impact of performance contracts on socio-economic development of Rwanda in general and that of Ngororero District, Kabaya and Kavumu Sectors in particular. The specific objectives of this work were to determine the extent to which people understand the pillars of the major aspects of performance contracts, to find out the socio-economic development impact of performance contracts in Kabaya and Kavumu Sectors, and to identify the factors inhibiting the implementation of performance contracts. The study adopted the quantitative research methodology employing a cross sectional research design too. Results of this work are mainly based on the data collected by questionnaires and the total number of respondents was 57 respondents. Data was presented in the tables with percentages. Data analysis was based on descriptive study and researcher tabulated the responses. The findings of the study revealed that Kabaya sector performed better than Kavumu sector.

The researcher suggests that, Government should improve performance contracts implementation in terms of communication, creation of people's awareness, those people who perform excellently should be rewarded, the institution should set goals that are realistic and achievable for employees, people should be involved in preparation of contracts terms and lastly the government should increase funding to accelerate socio- economic development, counter verification mechanisms to reported achievements need improving, lower administrative entities that are said to generate data may not have records, with reporting between village and cell largely oral in nature. As such, many achievements are undocumented, so, overall record keeping (reporting and filing) system need strengthening, monitoring and evaluation as it is largely not based on standard tools for measuring progress. So, there is a need to cope with standard and there should be improved consultations to increase effectiveness of existing channels for enhanced penetration of performance contracts, strengthen monitoring and evaluation frameworks (tools, baselines, indicators, time bounded reviews, reporting, etc.) At the central and local government levels for the performance contracts and reporting should not be claimed by more than one entity unless clear division of responsibility is clearly defined.)

Keywords: performance contracts and socio-economic development.

CHAPTER ONE: INTRODUCTION

1. Introduction

All over the world people struggle for life , Different countries have adopted performance contracts as tools where leaders, staffs and representative of different institutions sign contracts with other leaders from upper levels to grassroots levels , but also citizens sign contracts with their direct leaders to contribute to their own development.

In Rwanda, performance contracting is a results-oriented method that helps strongly citizens all over the Country to raise their socio economic development.

Performance Contracting is a branch of management science referred to as Management Control Systems, and is a contractual agreement to execute a service according to agreed-upon terms, within an established time period, and with a stipulated use of resources and performance standards. Performance contracting is one element of broader public sector reforms aimed at improving efficiency and effectiveness, while reducing total costs (Domberger, 1998).

1.1. Background to the study

Performance contracting has been adopted by governments worldwide as vehicle for articulating clearer definitions of objectives (AAPAM, 2006). Performance Contract (PC) System originated in France in the late 1960s, and was developed with great deal of elaboration in Pakistan and Korea and later in India (OECD, 1997). The system was adopted in developing countries in Africa, such as Nigeria, Kenya, Benin, Burundi, Cameroon, Cape Verde, Congo, Côte d'Ivoire, Gabon, the Gambia, Ghana, Guinea, Madagascar, Mali, Mauritania, Niger, Togo, Tunisia and DR Congo formerly Zaire. In Latin America, the scheme has been used in Brazil, Bolivia, Chile, Columbia, Mexico and Venezuela. Others include Malaysia, Bangladesh, China, India, Korea, Pakistan and Sri Lanka, United Kingdom, USA, Canada, Denmark and Finland among others (SCSTM, 2005). The boom of performance measurement as a reporting as well as a steering instrument has been fostered by the introduction of a contract culture in the public sector. Many public services are nowadays allocated by a tendering process. Performance-based contracts specify various ex ante and ex post facets of the required public service.

Although the results are mixed, performance related pay schemes are gaining more and more importance within the public sector reforms (OECD, 2005).

The improvement of performance is a fundamental part of the continuous process of performance contracts. The aim of performance contracts is to maximize high performance, which involves taking steps to deal with under performance (Armstrong, 2006). Within the context, Armstrong noted that poor performance may be a result of inadequate leadership, bad management or defective systems of work and observes that poor performance is not necessarily the fault of employees in an organization but failure in such a circumstance will be attributed to the top leadership of the organization which has been unable to establish and develop a well-defined and unequivocal expectation for super performance.

Performance contracting has its origins in performance management which, according to Armstrong (2006), is defined as a systematic process for improving organizational performance by developing and maintaining the performance of individuals and teams. It is a means of getting better results from the organization teams understanding and managing of performance within agreed framework of planned goals, standards and competence requirements.

Rwanda Government Policy paper on performance contracting (2006) indicates that performance contracts belong to a branch of management science also referred to as management contract system and is a free negotiated performance agreement between government acting as the owner of the corporation and the corporation itself. The concept conclusively is noted as emanating from performance, which according to Armstrong (2006) is the achievement of quantified objectives from which work is achieved. In context performance means both measurement of behavior and results. These are factors that touch on performance contracts. Barney (2006) observes that performance contracts may be explored based on the notion that performance contracting is an association of productive assets (including individuals) , who voluntarily come together to obtain economic advantages. He observes further that the owners of productive assets will make those assets available to an organization only if they are satisfied with the income they are receiving - and in particular , if the total income they are receiving is at least as large as the income they could expect from any reasonable alternative. Against the foregoing background, performance contracting may be defined through comparison of the value that an organization creates using its productive assets, with the value that owners of these assets expect to obtain.

Drucker (2006) has observed that an organization can be likened to a transmission that converts all activities into one drive, which is business performance. He notes that “effective business management results in effective business performance”, which is regarded as a balance of a variety of needs and goals. This involves the consideration of business objectives whose success will affect the survival and prosperity of the business towards the realization of effective performance in organizations, Rwanda Government in the year 2006 introduced performance contracting scheme in local government hierarchies. It is noted that the government took the option of performance contracting as a basis to stimulate socio-economic transformation within local governance, which until then were noted as loss making institutions with declining efficiency and therefore failure to sustain them in development.

All over the world, Governments view performance contracting as a useful vehicle to perform systematically and purposefully.

In order to move the implementation of the PSRP forward, the government developed and launched the strategy for performance improvement in the public service in 2001. The strategy sought to increase productivity and improve service delivery. It outlined the actions that were necessary to imbed long lasting and sustainable change in the way public services are offered. Underpinning this strategy was the Results Oriented Management (ROM) approach; which makes it necessary to adjust operations to respond to predetermined objectives, outputs and results.

This approach has been used by local government authorities for setting local priorities, setting annual targets and defining activities to achieve them. The performance indicators provide a clear framework to establish domestic accountability at a level directly relevant to citizens.

Performance contracts are signed between the president of Rwanda and local government institutions and line ministries each year. These bind respective institutions to targets they set for themselves.

1.2. Statement of the Problem

Performance is a function of three factors namely; Environment, Ability and Motivation (Vroom, 1964). Rob (2006) observes that the productivity of an organization is influenced by its ability to maintain a competitive position in its business activities.

Accordingly, productivity may be seen as a measure of the quantity and quality of work done as compared to the cost of resources used. It is against the above background that performance contracting was introduced in districts to enhance service performance and organizational improvement.

A guide for districts to prepare for the 2010/2011 Imihigo Exercise (GoR, 2010b) mentions the problems that have hampered Imihigo implementation to date. Those were:

1. Unrealistic and overambitious targets,
2. Inadequate funding sources (i.e. targets are unrealistic because they are not properly resourced),
3. Absence of data,
4. Poorly defined baseline,
5. Target indicators,
6. Poor costing of activities, and
7. Confusion of activities with outputs/ indicators.

Poor reporting systems performance contracts are measured against an agreed set of governance, economic and social indicators known as performance indicators. Performance indicators provide a clear framework to establish domestic accountability at a level directly relevant to citizens.

Both senior policy makers and citizens closely follow the performance of government institutions which are hotly debated at bi-annual evaluation meetings chaired by the Head of State. Local authorities are held accountable to their targets, and civil servants can be fired for below-average performance.

The performance contract process is still in its infancy. Problems include the monitoring of agreed indicators and the setting of unrealistic targets. Ensuring the contracts are properly inserted into Rwanda's wider planning and budgeting processes also remains a challenge.

When preparing the performance contracts, each local government administrative unit determines its own objectives (with measurable indicators), taking into account national priorities, as highlighted in the international and national strategic documents, such as the millennium development goals (MDGs), Economic development and poverty reduction strategy (EDPRS), District development plan (DDPs) and sector.

In showing how institutions have realized their performance contracts it has been observed that some of them perform well while others do not succeed as expected as it is the case where in the fiscal year July 2016- June 2017 Kavumu Sector has been the 10th in achieving performance contracts at Ngororero District level which has 13 Sectors where Kabaya Sector has succeeded to score 2nd among 13 sectors and yet the two Sectors are located in the same district

It has been noted that public service reforms have provided performance improvements and gains being recorded in the public sector performance in Rwanda could therefore be imputable to the whole partners of these performance improvement initiative though to different degrees for each. Even though performance contract is known as useful, no study set up on its effect performance contract on socio economic development. My study is a tentative way to bridge the gap and to search why even if all sectors have leaders with same study qualifications their performance will be different depending on Good leadership, Citizen Participation in their own development, stakeholders involved in citizens socio economic development, community involvement in their owner socio economic development.

1.3. Objectives of the Study

This Study will be designed to achieve the following objectives:

1.3.1. General Objective

The objective of the study was to determine the effect of performance contracting on socioeconomic development in Kabaya and Kavumu sectors of Ngororero district.

1.3.2 Specific objectives

The specific objectives of this study are:

- a) To analyze and determine how employees understand the pillars of the major aspects of performance contract.
- b) To determine the socio-economic development impact of performance contract in Kabaya and Kavumu sectors of Ngororero district.
- c) To identify the barriers in the implementation of performance contracts as expected in the above sectors and provide suggestions.

1.4. Research Questions

The study sought to answer the following questions;

- a) What would be the impact of performance contracts in Kabaya and Kavumu sectors of Ngororero district?
- b) What are the factors inhibiting the implementation of performance contracts in Kabaya and Kavumu in particular?
- c) To what extent has performance contracting improved socio-economic development in these sectors?

1.5 . Significance of the Study

The study would be important to:

Ngororero District since the report would provide achievements and / or failures of the scheme in Kabaya and Kavumu sectors. Areas of weakness in the scheme would be noted in the study for further management improvement. The sectors' employees as key stakeholders would know the effectiveness of the scheme and hence support it so that they can continue to be retained in the sectors.

Management and staff of other state corporations as it would provide insight on some of the challenges that may be faced in the implementation of PC, and how they could avoid them. It would also help the sectors' management teams to know how they can fetch the best performance from citizens.

Rwanda Governance Board would be able to monitor and evaluate performance contracts implementation and advice on effective way to administer the contracts.

Scholars would find it important as the study will increase their knowledge in this area, which within the district and sectors context is still fairly new and requiring further research for exhaustive understanding of its effectiveness.

1.6 . Hypothesis

In attempt to give tentative answers to research questions, we formulated the following hypotheses to guide this work:

- There is an impact of performance contract on Socio economic development in Kabaya and Kavumu Sectors,
- There are many factors inhibiting the implementation of performance contracts in Kabaya and Kavumu Sectors,
- The effectiveness of Planning, Monitoring and Evaluation of performance contracts will be a successful way to realize the performance contracts and reach expected results.

1.7 . Scope of the Study

1.7.1 Time

The study will be done during three months.

1.7.2. Area

Ngororero District is one of the Western Province districts of Rwanda. Its capital geographical entity is the town of Ngororero. The district is one of the five districts that comprise Rwanda's Western Province. It borders Nyabihu District in the North, Gakenke in the North West, Rutsiro in the West and Karongi District in the South; all of the Western Province. Muhanga District in Southern Province, lies to the East of Ngororero District. Ngororero district is divided into 13 sectors: Bwira, Gatumba, Hindiro, Kabaya, Kageyo, Kavumu, Matyazo, Muhanda, Muhororo, Ndaro, Ngororero, Nyange and Sovu and it has 73 cells, 419 villages, 333,723 inhabitants (DDP Ngororero district 2013-2018)

The district is divided into the following Organs:

At the political level, the district is governed by the following three (3) organs:

1. The District Council;
2. The Executive Committee; and
3. The Security Committee.

The above organs are technically supported by the following two (2) organs:

- a) The Executive Secretariat; and
- b) The District Development Committee.

The study will be carried out in Ngororero district specifically in Kabaya and Kavumu Sectors since 2016 -2017 during performance contract implementation. It also limited itself to the impact of performance contract on socioeconomic development. Kabaya and Kavumu sectors are located in the Northern part of Ngororero District where Kabaya Sector borders Jomba sector of Nyabihu district.

Kabaya Sector is an urban Sector, Kavumu Sector being rural one, Kabaya sector has a population of 34.115 persons among them 15.792 males, 18.323 females and is composed by 6 Cells and 42 Villages while Kavumu Sector has a population of 27.625 persons among them 12.657 males, 14.968 females; composed by 6 Cells and 30 Villages (DDP Ngororero, 2013-2018). Kabaya and Kavumu Sectors are divided into the following organs as it is in other Sectors of Rwanda: at the political level the Sector is governed by the Sector Council and the Executive secretariat at technical level.

Different persons involved in the negotiations, formulations and implementation of the performance contracts targets will provide the research data's which will be needed for the study.

1.7.3. Domain

The performance contract system falls in the domain of local good governance aimed at improving productivity, increasing efficiency and in meeting the awaited results at reduced costs.

1.8. Structure of the thesis

This thesis comprises five chapters.

Chapter one: It is entitled "*Introduction of the study*". It presents the background of the study, problem statement, purpose of the study, research objectives, research questions, Hypothesis, scope of the study, significance of the study, definitions of key terms and structure of the dissertation.

Chapter two: It is focused on "*Literature review*". This part includes introduction, theoretical Perspectives the literature related case studies. It discusses by using published literature and case studies.

Chapter three: It is entitled "*Research methodology*" it includes research design, study population, sampling, data Collection Methods and Tools, Validity and reliability tests, Data processing, Data analysis, Limitations/delimitations and Ethical considerations.

Chapter four: It presents and discusses the findings of the questionnaires and interviews and any further information gathered during field surveys.

Chapter five: It is entitled "*summary, conclusion and suggestions*".

CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1.Introduction

This chapter presents an overview of the relevant literature on which the study is based. This chapter reviews comprehensively the literature that has been consulted for the research study, as well as how the study is linked to existing literature. This literature review also acts as a guideline for the research findings. The literature review discussed about performance contract on socio-economic development in Kavumu and Kabaya Sector in Ngorero District. It highlights the impact of performance contract in that area. The review; draw out the theoretical framework for analysis of the findings. Researcher started by introducing some key concepts and terminologies that are relevant to this thesis, then a review of the related literature.

2.2. Definition of key terms:

This part concerns the definition of key words which will be used in our thesis, related to the performance contract.

2.2.0. Origin of performance management

Performance has always mattered, and some historians suspect it was being managed as early as 221 AD, when Wei Dynasty emperors rated their family members' performance. Its origins in workplace settings, however, likely begin in the 1800s, when Robert Owen had "silent monitors" observing the performance of his cotton mill workers in Scotland. While this helped assess individual performance, it didn't look at the performance of the cotton mill as a whole (www.atiim.com, 2019).

2.2.1. Performance contract

Performance contracting constitutes a range of management instruments used to define responsibilities and expectations between parties to achieve mutually agreed results. It is a useful tool for articulating clearer definitions of objectives and supporting innovative management, monitor and control methods and at the same time imparting managerial and operational autonomy to public service managers.

Performance Contract is a branch of management science referred to as Management Control Systems. It is also an agreement between two parties that clearly specify their mutual performance obligations, and the agency itself. It is a means of planning to accelerate the progress towards economic development and poverty reduction (GoR, 2010:1).

It is an execution of a contract by which the contract parties are automatically discharged on their obligations under it. (Business dictionary; 2012)

2.2.2. Citizens

Etymologically, a citizen is a person who is entitled to enjoy all the legal rights and privileges granted by a state to the people comprising its constituency, and are obligated to obey its laws and to fulfill his or duties as called upon. In some societies a citizen is also called a national, domicile or resident.

2.2.3. Development.

Development is a complex, holistic, and multi-dimensional process which goes beyond mere economic growth and integrates all the dimensions of life and all the energies of a community, all of whose members must share in the benefits that result there from. The principle is therefore proposed that development must be founded on the will of each society and express its profound identity. (UNESCO: 1982).

According to Periller & Turn (1977) the concept of development is defined as a process by which the introduction of a series of changes in qualitative and quantitative of a given population allows to improve the living condition and increase in the output.

However, Chambers (1997) explains it as a process for moving to a people relatively better than what previously existed. “Good change”.

In the context of this study development is to raise level of living, including in addition to infrastructural, the provision of more jobs, better education and greater attention to culture and human values, all of which will serve not only to enhance material wellbeing but also to generate greater individual and national self-respect.

2.2.4.. Socio-Development.

Social Development is the promotion of a sustainable society that is worthy of human dignity by empowering marginalized groups, women and men, to undertake their own development, to improve their social and economic position and to acquire their rightful place in society (Bilance, 1997).

UNRISD (2010) adopts a broad definition of social development-one that is concerned with Processes of change that lead to improvements in human well-being, social relations and social institutions, and that are equitable, sustainable, and compatible with principles of democratic governance and social justice

In the context of this study, social development is the process of planned social change designed to promote the well-being of the population as a whole in conjunction with a dynamic process of economic development. The goal of social development in the context of modern welfare is to produce a social well-being that makes people capable of acting and making their own decisions in the broadest sense.

2.2.5. Economic- Development

Economic development is the sustained, concerted actions of policy makers and communities that promote the standard of living and economic health of a specific area. Economic development can also be referred to as the quantitative and qualitative changes in the economy. Such actions can involve multiple areas including development of human capital, critical infrastructure, regional competitiveness, environmental sustainability, social inclusion, health, safety, literacy, and other initiatives (www.wikipedia.org/consulted20th August 2014).

According to ASSIMWE, H.M. (2006), economic development is a sustained improvement in people's standard of living and welfare. It is a measure of quality of life of people. Economic development involves an improvement in the availability in the basic needs, an increase in the per capita income, an improvement in the variety of socio-economic indicators such as an increase in literacy rate, higher life expectancy, and reduction in poverty level, improved health, more education and others. Development incorporates a measure of human welfare.

According to Bernard Okun and Richard W, Richardson, "Economic development may be defined as a sustained secular improvement in wellbeing, which may be considered to be reflected in an increasing flow of goods and services"

Some economists like Profs. Baran, Buchanan and Ellis interpret economic development as something more than merely an increase in total output; they believe that it should also denote a rising standard of living. They define economic development as a process whereby the total per capita income or output of a country increases over the long period.

- a) Prof. Baran (1952) Says, "Let economic growth or development be defined as an increase over time in per capital output of material goods."
- b) In the words of Profs. Bachanan and Ellis (2003); "Development means developing the real income potentialities of the under-developed areas by using investment to effect those changes and to argument those productive resources which promise to raise real income per person"

Prof. Colin Clark (1939) defines economic development from the angle of economic welfare. In his own words, "Economic progress can be defined simply as an improvement in economic welfare." Economic welfare, following Pigou, can be defined in the first instance as an abundance of all those goods and services which are customarily exchanged for money. Leisure is an element in economic welfare and more precisely: "We can define economic progress as the attaining of an increasing output of those goods and services for a minimum expenditure of effort, and of other scarce resources, both natural and artificial

In the context of this study, economic development is the development of economic wealth of countries, regions or communities for the well-being of their inhabitants. From a policy perspective, economic development can be defined as efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes.

2.2.6. Conceptual Framework

The conceptual framework of the project is based on the assumption that the effective performance and efficiency of RGB was hampered by known factors of limited accountability procedures and excessive bureaucratic controls. Lack of detailed accounting procedures, service controls and effective measurement criteria were observed as issues that influenced a decline in services and misuse of resources in the state corporations.

The introduction of the performance contracts in the management of state corporations was accordingly seen as an initiative from the Government aimed at improving performance and realization of effective management practices geared towards making enhancement of service Delivery in the state corporations. The conceptualization of this study is based on the need for appraisal of performance contracting scheme, its introduction and implementation as a strategy of improved service delivery in RGB.

The independent variable is performance contracting while the dependent variable is organization performance which are measured in terms of; quality service and continuous improvement, Recognition, Reward and Performance, employee motivation and commitment, customer/Stakeholder satisfaction and corporate performance and profitability.

2.3.Theoretical perspectives

This section comprises the theory related to the variables such as independent variable which is performance contract and dependent variable which is socio-economic development.

By choosing to use the theory such as economic development and motivation theories these theories inspired me because I realised that leaders who exploit well opportunities that are available in addition to their own initiatives perform well than those who do not do so.

To achieve those goals it is necessary to take into consideration community needs and involve all partners to achieve a sustainable development.

2.3.1. Economic development theories

Many theories about how to develop have been advanced by economists, and some of these theories are an integral part of development economics and provide an important historical window on how economists have thought and continue to think about development. Classical economist had an interest in the wider issues of the day, not only in how society produced its output and wealth but also in how it was distributed among competing groups with a claim on that income. The classical were concerned with explaining not only how economic growth took place but also how to reduce the numbers living in poverty (James, M.C. &James, L.D., 2009).

The process of development involves change, improvement and vitality, a directed attempt to improve participation, flexibility, equity, attitude, the function of institutions and quality of life (Shaffer, 1989)

Development is seen as process by which the members of a society increase their personal and institutional capacities to mobilize and manage resources to produce sustainable and justly distributed improvement in their quality of life, consistent with their own aspiration. He suggested that in future greater attention should be given to development facilitation as people's movement (Korten, 1990).

Economic development is a process by which people through their own individual and or joint effort boost production for direct consumption and has a surplus to sell for cash. This requires that people themselves analyze the problems, identify the causes, set their priorities and acquire new knowledge. It also requires them to organize themselves in order to coordinate and mobilize the effective application of all the factors of production at their disposal. This means that they must plan, implement and manage their own economic activities. The higher income that accrues through increased savings and investment can be used to satisfy a wider range of people's wants enabling them to realize greater well-being. However, continued progress requires the reinvestment of part of this surplus (Burkey, 1993).

The essential demand-side stimulus would come from industries that were expanding as a result of the overall, balanced investment program; they would need more inputs of raw materials, intermediate or semi-processed products, and labor and their act of buying inputs would create income for their suppliers. This income would then be transposed into further expansion of demand by other firms and by workers in those firms buying the increased array of domestic goods available. But this widespread expansion would happen only if the initial effort at development was balanced, that is, only if supply increase were coordinated with simultaneous demand increases across the economy (James, M.C & James, and L.D. 2009).

These economic development theories informed and influenced program design and implementation. They relied heavily on a belief that the benefits of economic growth and expansion would trickle down to improve the conditions people. They focused almost exclusively on a combination of macroeconomic policies and attempts to remedy perceived defects in poor people, inadequate education or skills, weak community supports, lack of motivation, ignoring the very real, potent barriers in the structure of opportunities the poor confront on the demand side of the labor market equation (Blakely, 1989).

These economic development theories are important to this study because they give the ideas to be based on for improving strategies and the ways of working for developing our economy towards poverty reduction and improving life condition of citizens

2.3.2. Theory of Human Motivation

This theory is based on the assumption that people are motivated by a series of five needs. These needs influence human behavior in hierarchical way that is; as each is sequentially satisfied the next need becomes dominant as long as any of these needs is not satisfied it remains the only driving force (Maslow, 1970).

Maslow's theory may be summarized and simplified by saying that everyone wants certain thing throughout life, and these can be placed in five ascending categories. This hierarchy is most often displayed as a pyramid. The lowest levels of the pyramid are made up of the most basic needs, while the more complex needs are located at the top of the pyramid. Needs at the bottom of the pyramid are basic physical requirements including the need for food, water, sleep, and warmth. Once these lower levels needs have been met, people can move on to the next level of needs, which are for safety and security.

Hierarchy of needs



Figure 1. Hierarchy of needs

Source: Maslow (1970)

As people progress up the pyramid, needs become increasingly psychological and social. Soon, the need for love, friendship, and intimacy become important. Further up the pyramid, the need for personal esteem and feelings of accomplishment take priority. Maslow emphasized the importance of self-actualization, which is a process of growing and developing as a person in order to achieve individual potential. There are five different levels in Maslow's hierarchy of needs:

Physiological Needs: they include the most basic needs that are vital to survival, like the need for water, air, food, and sleep. These needs are the most basic and instinctive needs in the hierarchy because all needs become secondary until these physiological needs are met.

Security Needs: these include needs for safety and security. Security needs are important for survival, but they are not as demanding as the physiological needs. Examples of security needs include a desire for steady employment, health insurance, safe neighborhoods, and shelter from the environment.

Social Needs: these include needs for belonging, love and affection. Maslow considered these needs to be less basic than physiological and security needs. Relationships such as friendships, romantic attachments, and families help fulfill this need for companionship and acceptance, as do involvement in social, community, or religious groups.

Esteem Needs: after the first three needs have been satisfied, esteem needs becomes increasingly important. These include the need for things that reflect on self-esteem, personal worth, social recognition, and accomplishment.

Self-actualizing Needs: this is the highest level of Maslow's hierarchy of needs. Self-actualizing people are self-aware, concerned with personal growth, less concerned with the opinions of others, and interested fulfilling their potential.

The theory of motivation proposed by Maslow brought the contribution in the demonstration of the hierarch of needs. The satisfaction level of one need triggers the needs of other things. Then, People of Ngororero District especially those 2 sectors, 1 which was failed another Succeed they contributes to the satisfaction of needs such as Security Needs, Esteem Needs Self-actualizing Needs by giving the required support to their Peoples(habitants).

2.3.3. Modernization Theory

Modernization Theory has been defined as a theory (Reyes, 2001a) that uses a systematic process to move underdeveloped countries to a more sophisticated level of development. It is a US and European-centric normative model of development. The focus of Modernization Theory is cultural change directed at institutional structures in non-industrialized countries. Modernization Theory explains inequality within or between states by identifying different values, systems and ideas held by different nation states (Martinussen 1997, pp. 61-66, 167-172). Modernization Theory emerged in the late 1950s when it appeared as a North American political scientists' reaction to the incipient failure of many of the prescriptions of development economists (Rapley 2002, p. 15).

While Modernization Theory stresses the importance of political development in the progress and climactic improvement of a nations' economic standing, it also acknowledges social and cultural reforms. It should be added also that modernization Theory is completely different from development economics, which is the first or basic model of development theory. Modernization is appropriate for political development, but also can be used for any liberal theories of modernization that appeared after 1945 targeting the nation-states of the Third World (Berger 2004, p. 87).

Consequently, the focal point of Modernization Theory is on political development with levels of coverage that consider history, sociology, political sciences in general, and area studies. It is a commonly held idea (Haque 1999, p. 72) that the reason for the emergence of Modernization Theory was the freedom of Third World countries from colonization and the strategies employed during the Cold War by Western countries in order to prevent these countries from being controlled by communists. Haque (1999) refers to what Preston explicitly states about this issue, pointing out that the U.S. presents modernization as an attack on the former USSR's widespread socialistic belief. Thus, Modernization Theory is a by-product of a political reaction against the communist ideology. Theories of modernization, according to Chase-Dunn (2000, p. 216), stress the shift of modern technology and develop institutions and labor habits complementary to industrial production. They also consider the impact of modern beliefs on people, families and society as a whole. Modernization Theory treats development as a phased process. Reyes (2001, p. 2) referred to Rostow's (1962) five identified stages, which give shape to the modernization Theory of development:

- a) The traditional society,
- b) Preconditions for take-off,
- c) Take-off,
- d) The road to maturity,
- e) The age of mass consumption.

Traditional society was famous for a limited range of production. Such a society suffered from a false understanding of environmental capabilities and from a shortage of technology and advanced tools that produced a limitation in production. It represented a biased social classification pattern with the political point of focus on a specific region (Rostow 1962, p. 311). The first steps for advancement from traditional society in Europe stemmed from two important happenings that occurred after the middle Ages: the development of modern science and ideologies and the subsequent land discoveries that led to the increase in trade, and the competitive struggles to avoid becoming European territories (Rostow 1962)

These are considered to represent the preconditions for take-off. The take-off stage starts from the rise of new industries with the application of new industrial techniques, for example, the growth of cotton textiles, timber cutting and the railroad industry (Rostow 1962).

The road to maturity stage involves the widespread application of technology in its full range. This phase is actually the time of expansion in which some new fields developed into rivals of older sectors (Rostow 1962).

As a society recognises its need for greater security, welfare and leisure to its labouring forces, it moves into an age of mass consumption. This leads to the provision of extensive private consumption like durable goods, and an extension of power internationally for the nation (Rostow 1962, p. 323). Guilhot (2005, p. 120) recognized that as a country moved to the age of mass consumption, it sought development aid and foreign support. *International Journal of Language and Linguistics* Vol. 2, No. 1; March 2015 80 Along with this support came expectations of democratization on the part of the developed countries providing aid.

This relatively conservative understanding emanated from a hegemonic U.S. belief in the rights of human beings. Based on the last two stages identified by Rostow (1962), which are the road to maturity and mass consumption, accounting plays a vital role as a modern technology. This is, of course, desirable, but Modernization Theory ignores the particular concerns of developing

countries because the main objectives of the accounting systems based on the developed country model are to satisfy the needs of shareholders. In many developing countries, however, few enterprises have private shareholders, investment decisions are often not made on financial grounds, and the market for information is relatively undeveloped and imperfect. The role of accounting systems in developing countries is therefore seen as inevitably being the adoption of those from developed countries.

This failure to take account of the unique characteristics and concerns of developing countries is the main weakness of the theory and limits its applicability to this study. The next section will discuss an alternative theory of development, which is Dependence Theory.

2.3.4. Dependency theory

Dependency Theory has been presented as a theory of development that improves Modernization Theory (Reyes, 2001a).

It combines elements from a neo-Marxist theory and adopts a “revolution of under developed nation’s model”. The focus of this theory is the totality of society and social system periphery, which highlights the differences between imperialistic countries in the first world and underdeveloped countries. Dependency Theory explains these differences by focusing on regions and structural conditions in different nation states.

Although the radical dependency outlooks of Andre Gunder Frank, Ruy Mauro Marini, Thetonio Dos Santos, and Immanuel Wallerstein, cited in Haque (1999), have the hue and revolutionary aspect of social change, they do not demonstrate the exact result of classical Marxism or Leninism in their evaluation and consideration of historical development and underdevelopment. For example, although Wallerstein applies Marxist terms like production mode, and challenges classes and state, he changes the order of the cause and effect relationship that originally was believed to exist among them from a Marxist viewpoint (Haque 1999, p. 111).

Within Dependency Theory there are several strands of thought about the relationship between dominant and underdeveloped nations. There are several basic differences between classical Marxist theory and radical Dependency Theory. For instance, according to radical Dependency Theory, the lack of equality in the “exchange” relation between the Third World and the capitalist countries is the source of First World surplus.

This is in sharp contrast to what classical Marxism believes. In classical Marxist theory, the origin of surplus is considered to be in the capital-labor relation that exists in “production” itself. The two theories also have opposing views about the major basis of evaluation. Marxism considers “class” as the basic core of analytical study while Dependency Theory sees the “capitalist system” of the world as the main focal point of theoretical evaluation.

Marxist theory is able to recognize different production means everywhere in the world, but Dependency Theory limits itself to the capitalistic mode of production. While in Marxist theory there is a dynamic system of active production, in Dependency Theory the structure of development and underdevelopment is passive and monotonous.

Marxist theory emphasizes the progressive role of capitalist intervention in the Third World countries, while Dependency Theory views it as the main cause of their underdevelopment. Referring to all these contrasting features, Dependency Theory is different from Marxist theory (Haque 1999, p. 112, citing Bernstein 1979).

Muuka (1997, p. 670) remarked that Dependency Theory belongs to a school of thinking that is not isolated from world events but took shape immediately after Latin American disappointment that the commercial benefits guaranteed by neoclassical theory failed to eventuate. Todaro (2000, p. 91) believed that, according to international dependence patterns, Third World countries are basically under the rule of the politics, institutions, and the economy of the developed countries themselves or of other countries of the world that are controlled by dominant wealthy countries.

According to this theory, the system of the capitalistic world causes a labour upheaval that damages the domestic economies of under-developed countries. It diminishes the economic growth rate and ends in the increased inequality of income. It also has a negative effect on the welfare of the majority of people. Further, since there is no basic equality in the goods that are processed and the exchanged raw materials, major and minor countries have been separated from one another more and more by the application of trade dependency.

This has also caused a relatively long-term decrease in the price of primary goods compared with the prices of processed goods. In the same way, Shen and Williamson (2001, p. 263) remarked that a focus on the export of specific raw materials will result in a country having an unbalanced reliance on only one sector.

They add that, this way, the amount of taxes the government can receive will be diminished and, consequently, this influences in a negative way the government's ability to fund health and social programs. They referred to what modern trade dependence theorists believe about unification with the global economy, consisting of foreign investment, trade and loans that increase the growth of the economy.

Such unification is considered by Dependency Theorists to decrease economic growth. Reyes (2001, p. 4) saw some common features in Modernization Theory and Dependency Theory despite their contrasts. Both theories basically focus on Third World development conditions. In both theories, the methodology emphasizes the development process and applies the major unit of nation-state for evaluation. Similarly, they both apply the perspective that follows a bilateral structured theoretical system, which on one side covers the modern traditional system and on the other includes minor-major dependency.

Reyes (2001a) also indicated that there was one aspect for which both Modernization and Dependency Theory were criticized recently: the fact that both theories still construct their ideologies based on the nation-state unit. The role of accounting systems in developing countries is dependent according to UN and World Bank guidelines, on the adoption of systems from developed countries. These are sometimes inappropriate, given the public ownership of enterprises. For this reason, we can take these theories as being distinct from World System or Globalisation Theory. The emphasis of these two theories is on universal relations, specifically those related to financial matters, trade, military and technological interconnections (Reyes 2001, p. 6). World Systems Theory World Systems Theory uses other levels of quantitative analysis, though it admits that there is no set of processes in World Systems Theory that is applicable to all economies. World Systems Theory argues that international trade specialization and transfer of resources from less developed countries to developed countries (known as a "core" countries) prevents development in less developed countries by making them rely on core countries and by encouraging peripheralization (Szymanski 1982). World Systems Theory therefore views the world economy as an international hierarchy of unequal relations. A country can change its position in the global hierarchy with changes controlled by the "World System". Relations between countries are similar to what developing theorists described (Szymanski 1982).

In other words, wealth is taken from semi-periphery or periphery zones to economies in the core countries. World Systems Theory is a theory of development that deals with different forms of capitalism world-wide (Reyes, 2001a).

It thus takes a world-centric view and focuses on the relationship between countries. This relationship is directed by culture through social change. World Systems Theory explains inequality by identifying different cultures and the role of the state in international connections.

Reyes (2001, p. 6) identified the origin of World Systems Theory as capitalism in its various forms in different parts of world, specifically since the 1960s. From this date onward, Third World countries tried to raise their levels of life-style and develop their overall situation. Such development started when international trade interactions played an important and influential role compared to the national government roles and activities, which became less significant. Such international economic interrelations caused radical researchers to conclude that new practices in the economy of the world in capitalistic theory are very difficult to define, considering the limitations of the Dependency Theory point of view.

Still, Reyes (2001a) concluded, most theorists of World Systems Theory consider that, as a whole, this is the only theory that unites the socialist countries in the twentieth century. For Wallerstein (1979, p. 5), World Systems is a multiple cultural system with a single division of labor. He argued that the basic feature of this system is having a pool of labor in which different divisions and areas are dependent upon each other in exchanging the provisions of those areas (Wallerstein 1974, p. 390; Wallerstein 1979, p. 5).

As Szymanski (1982, p. 57) pointed out, most theorists of the World Systems school argue that there is only one World System, the capitalist world-economy, and specifically that this single system incorporates the socialist countries. In the nineteenth and twentieth centuries especially, there was one only world system, namely, the capitalist trade economy. Onyemelukwe (2005, p. 16) traced the source of World Systems Theory in the early 1970s as a reaction against Structuralism theories. This viewpoint did not accept the idea that the wrong model of social structure would lead to countries becoming impoverished. According to this idea, it is the foreign capitalistic countries that are responsible for the underdevelopment of such poor countries. Paradoxically, the way ahead for underdeveloped countries is to adopt the practices and systems, including accounting, of developed nations.

These changes inevitably have a negative cultural impact. Reyes (2001, p. 1) observed that the methods of international relations with the focal point of geopolitics, the neoclassical theories of the economy that apply comparative progress as a base, and the World Systems viewpoint with the emphatic point of unequal exchange, all illustrate various patterns of international systems.

Rather than a two phase system, three types of country classifications (Reyes, 2001b, p. 1) can be identified: core, semi periphery and periphery countries. The next section introduces Globalization Theory as a theory that addresses some of the limitations of Modernization, Dependency and World Systems Theories.

2.3.5. Globalization Theory

Globalization is a theory of development (Reyes, 2001a) that uses a global mechanism of greater integration with particular emphasis on the sphere of economic transactions. It is a US- and Europe-centric positive model of development whose feature is the spread of capitalism around the globe. The focus of Globalization Theory is communications and international ties, with these ties directed at cultural and economic factors in communication systems.

Globalization Theory explains inequality by identifying cultural and economic factors in global connection. Reyes (2001, p. 2) claimed there are two major meanings of the word “Globalization”. One deals with the word as an event when a sense of interdependence occurs throughout different countries of the world in different aspects of communication, trade, and finance. The other meaning that has been applied to the concept of Globalization considers it as a theory of economic development with the supposition of widespread unification among different countries. This integration is believed to have an effective influence on the development of economies and on the improvement in social indicators. As far as the term Globalization is concerned, it includes degrees of change in theories.

For example, as Zineldin (2002, p. 37) stated, Globalization has transformed theory concerning development effort and its different definitions, which is specific to every developing country.

It can therefore be considered a theory of economic development which provides constructive suggestions about the ways in which developing countries can achieve the positive, beneficial effects of developed countries. According to Zineldin (2002), however, one can witness the

problems that have been produced by Globalization in developing countries. He traces the origin of such problems to developing countries competing rather than cooperating with each other.

Religion, he states (Zineldin 2002), can affect Globalisation in exactly the same way that culture can, as demonstrated by the instruction in the Quran that cooperation is based on piety and goodness and shuns malice and devilish deeds (Qur'an, verse 2 in sura 5; Zineldin 2002, p. 39). Zineldin (2002, p. 39) takes Arabic countries, as examples of places where, according to Islam, such an idea will help the sense of cooperation needed in implementing Globalization Theory. Similarly, Hamid et al. (1993, p. 132) generalized the notion of religious cooperation to include not only Muslim but also non-Muslim countries

2.3.6. Historical analysis of Performance contract

The concept of performance contract has its origin traced to France in the late 1960's. It was later developed with great deal of elaboration in Pakistan and Korea and thereafter introduced to India. It has been adopted in developing countries in Africa, including Nigeria, Gambia, Ghana, and Kenya and now in Rwanda.

Governments all over the world view performance contracting as a useful vehicle for articulating clearer definitions of objectives, supporting new management monitoring and control methods while at the same time leaving day-to-day management to the managers themselves.

It organizes and defines tasks so management can perform them systematically, purposefully and with reasonable probability of achievement. Following their independence in the early 1960s, most African countries supported the idea of a strong central government to secure social justice for all citizens. Prior to this period the business environment was rather stable and therefore strategic planning was entrusted in the hands of the top management of the organization. This practice was counterproductive as managers who were implementers of the strategic plans were not involved at the formulation stage (OECD, 1997).

Due to increased environmental turbulence in the early 1970's, top executives were forced to recast the way they looked at their business for survival. They redefined performance management as a proactive management tool for achieving business goals and objectives, through a structured and continual process of motivating, measuring and rewarding individual and team performance (Aosa, 2000).

According to De Bruijn, 2002; a learning organization is: “a particular type of organization whose structures and processes are aimed at enhancing learning.”

In other words, a learning organization improves an organization’s ability to react to, adapt to, and capitalize on changes in its internal and external situations. The main concern has been whether Government institutions have delivered what was expected of them.

This has resulted in the concerted efforts to reduce the quantity of Government while increasing the quality of Government (Kueng, 2000).

Performance contract assists to create market-like conditions by establishing performance goals and the consequential outcome is to improve delivery by public institutions to the public by ensuring that top-level managers are accountable for results (Kueng, 2000). It institutionalizes performance oriented culture in the public service, measures and evaluates the organizations’ performance, helps in reducing or eliminating of reliance on the Exchequer funding for Government agencies, which should be generating revenues or make profits as well as enabling enhanced performance of previously loss making public institutions.

Contract performance also creates a result-oriented culture in the public sector as well as creating accountability and possible transparency in public sector.

The public service (ministries, Para state and extra-ministerial departments) has always been the tool available to African governments for the implementation of developmental goals and objectives. It is seen as a pivot for growth of African economies.

It is responsible for the creation of an appropriate and conducive environment in which all sectors of the economy can perform optimally, and it is this catalytic role of the public service that propelled governments all over the world to search continuously for better ways to deliver their services. It is generally regarded as the pivot that will promote socio-economic development. The basic function of the public sector, which comprises a number of institutions for the making and implementation of decisions with regard to interests of various kinds, was to provide goods and services to citizens based on “realization and representation of public interests and its possession of unique public qualities compared to business management” (Haque, 2001).

2.4. Theoretical literature review

Performance contracts define expectations of the concerned parties. They define work to be done, results to be attained, attributes (skills, knowledge and expertise) and competencies required to achieve these results. They also identify measures used to monitor, review and assess performance (Jody et al; 2004).

Performance contract is defined as: “A freely negotiated performance agreement between the Government, acting as the owner of the Government agency, and the agency. It specifies the intentions, obligations and responsibilities of the parties (Peterson 2005).

The United Nations Secretariat (1997), states that despite Local Authorities playing important roles in many countries, both developed and developing, there has been increasing concern about the financial performance of local authorities, with their dependence on the Government for subsidies and other forms of assistance contributing to deficits in councils budgets and aggravating inflationary pressures. Two major options for reform of the local authorities have emerged. These are restructuring and privatization. When privatization as an alternative to public enterprise reform strategy is not feasible or palatable, some developing country governments have sought to improve the performance of state enterprise by negotiating performance contracts with their managers usually with the assistance of the World Bank, as an instrument of reform or an interim policy of commercialization to improve performance (Malathy et al 2003).

According to Jenkins, 2003 a performance contract is defined as a management tool for measuring performance that establishes operational and management autonomy between government and public agencies. It reduces quantity of controls and enhances the quality of service.

The performance contract privatizes the style of public sector management by focusing on results and not processes. It also measures performance and enables recognition and reward of good performance and sanction bad performance. More developing countries are undertaking efforts to re-focus capacities of the public sector to meet their economic, social and environmental challenges. There is also increased emphasis on efficiency, effectiveness, transparency and accountability in the civil service (UNDP, www.undp.org/governance/public.htm).

2.5. Empirical literature

According to Peters, (1987) decision making in local authorities settings is a political process. In such a situation, decisions are typically not purely rational but rather incremental, adaptive and predetermined by interactions of political influence and sudden changes in the environment. He further states that strategic planning has to be accomplished in a pluralistic environment where power is distributed among many and varied interest groups. However, there are very few empirical and theoretical studies on factors affecting implementation of performance contract initiatives. This study aims to contribute to filling this gap using both theoretical and empirical approaches.

According to Opiyo, H. (2006) who researched on financial sources of finance in local authorities and observed that many of them were suffering financially and needed assistance. This resulted from unclear and conflicting objectives, poor management and lack of accountability. Though this responded to addressing financial status in local enterprises, it did show over reliance on exchequer. However, he did not bring out how public institutions can control and avoid over reliance an exchequer. Stephen Covey (2003) too observed that public servants are working so hard to be sure things are being done right that they hardly have time to decide if they are doing the right things.

Though he highlighted a need to have a hands-on approach to issues by council officers, he did not identify a clear formula on how to ensure councils operations are attained.

By addressing factors leading to implementation of effective working formula geared to improving socioeconomic status, performance contract is very important and should be researched on all aspects as an on-going process.

Performance of public enterprises and quest for meeting the citizen needs should progressively be measured to determine attainment of these goals. There must be appropriate tools for monitoring the progress of targets being proposed (Ray R, 2004).

This did not come out in his research study and therefore calls for further investigation on factors affecting implementation of positive performance of public enterprises to meet citizens' needs.

According to Liener I (2003) who studied on public institutions and how they are confronted with many challenges which constrain their delivery capacities. A perennial problem of factors adversely affecting service delivery was not addressed in his research.

This study will explore further by looking at implementation of performance contract initiatives ensuring that performance management are improved and accountability aspect is clear.

According to Suresh Kumar (1994) who researched on performance contract as advocated by the governments in Africa.

He argues that performance contract process has been mixed in that in some local authorities has been a general and sustained improvement while in others have not responded. This calls for an investigation into this area.

Musa (2001) sought to research on viable control mechanisms for public enterprises which were continuing to be financial as well as administrative burden on the government. He argues that performance agreement of mid 1990s failed to achieve it stated objectives of improving performance of the public enterprises because of widespread consultants in the formulation of contract plans and not developing sense of ownership and commitment. This calls for further research which will create ownership of the performance contract and citizens of Maua municipality will be involved and let them manage the process.

While Smith (1999) argues that a common definition of performance contract can be found while there are a considerable variety of uses and forms for quasi-contractual arrangements.

This research will investigate performance contract as management tools to help municipal council of Maua improve on delivery and timeliness of services to citizens. Although various researches have been carried out on performance contract, none has researched on the effect of performance contract on socioeconomic development.

2.6. The Concept of Performance Contracting

Performance management is defined as a strategic and integrated approach to delivering sustained success to organizations through improving the performance of the people who work in the organizations and by developing their capabilities. According to Kumar (1994), performance contract is defined as a Memorandum of Understanding (MOU). MOU is rooted in an evaluation system, which not only looks at performance comprehensively but also ensures improvement of

performance by making the autonomy and accountability aspect clearer and more transparent. While OECD (1999), define performance contracts as a range of management instruments used to define responsibilities and expectations between parties to achieve mutually agreed results. Performance Contracts Steering Committee (2005) document sees performance contracting as “a freely negotiated performance agreement between the government acting as the owner of a government agency and the agency itself.” The contract specifies the intentions, obligations, responsibilities and powers of the parties in the contract and addresses economic, social and other tasks to be discharged for economic or other desired gain.

Performance contracting has its origins in performance management which according to Armstrong (2006) is defined as a systematic process for improving organizational performance by developing and maintaining the performance of individuals and teams. It is a means of getting better results from the organization, teams and individuals through understanding and managing of performance within an agreed framework of planned goals, standards and competence requirements. Armstrong (2006) goes further to state that the overall aim of performance management is to establish a right performance culture in which individuals and teams take responsibility for the continuous improvement of business processes, own skills and contributions within a framework provided by effective leadership.

As part of efforts to reconstruct Rwanda and nurture a shared national identity, the Government of Rwanda drew on aspects of Rwandan culture and traditional practices to enrich and adapt its development programs to the country’s needs and context. The result is a set of Home Grown Solutions - culturally owned practices translated into sustainable development programs. One of these Home Grown Solutions is Imihigo.

In 2000, a shift in the responsibilities of all levels of government as a result of a decentralization program required a new approach to monitoring and evaluation. Local levels of government were now responsible for implementing development programs which meant that the central government and people of Rwanda needed a way to ensure accountability. In 2006, Imihigo (known also as performance contracts) was introduced to address this need. The concept emanates from performance which according to Armstrong (2006) is the achievement of quantified objectives for which work is achieved. In the context, performance means both measurement of behaviors and results.

The contract involves two parties where in an agreement; the parties clearly specify their mutual performance obligations, intentions and responsibilities within the terms of a contract, which is signed on a periodic basis. As stated in the Government Contract policy paper (2006), performance contract seeks to address economic, social or other tasks that an agency will be required to discharge for economic performance or for other desired results. It is noted that the contract agreement organizes and defines tasks so that management can perform them systematically, purposefully and with reasonable probability of accomplishment and satisfaction of the principal agent.

This was as a result of the concern about the speed and quality of execution of government programs and priorities. The government's decentralization policy required a greater accountability at the local level. Its main objective was to make public agencies and institutions more effective and accountable in their implementation of national programs and to accelerate the socio-economic development agenda as contained in the Vision 2020 and Economic Development and Poverty Reduction Strategy (EDPRS) policies as well as the Millennium Development Goals (MDGs).

Today, Imihigo is used across government as performance contracts and to ensure accountability. All levels of government, from the local district level to ministries and embassies, are required to develop and have their Imihigo evaluated. Members of the public service also sign Imihigo with their managers or head of institution.

While Imihigo is now widely used across government, it first began at the district level. When developing its Imihigo, each local government administrative unit determines its own objectives (with measurable indicators) taking into account national priorities as highlighted in the national as well as international strategy and policy documents such as the MDGs, Vision 2020, EDPRS, District Development Plans (DDPs) and Sector Development Plans (SDPs). The Imihigo, at both planning and reporting phases, are presented to the public for the purpose of accountability and transparency. The mayors and province governors also sign the Imihigo or performance contracts with Rwanda's President committing them to achieving set objectives. The Imihigo process ensures the full participation and ownership of citizens because priorities are developed at the grassroots level.

Between 2006 and 2009 a limited evaluation process took place whereby the best ten performing districts from across the nation were reviewed (two from each province and the City of Kigali).

Each province and the City of Kigali would rank the performance of their districts with the top two then communicated to the national evaluation team. This team then conducted their own review and ranked them from 1-10. This approach suffered from significant limitations including the fact that it was not possible to objectively compare the performance of all districts because while one province may have had better performing districts than another, this system did not allow that to be discovered. Due to these shortcomings, a nation-wide district Imihigo evaluation exercise was conducted in 2010 for all thirty districts. A national evaluation committee with technical expertise and experience conducts this process.

Undertaken by a multi-sector team of experts from government, the private sector and civil society institutions, the first Imihigo evaluation was launched on 11 May 2010 and completed on 17 June 2010. The evaluation exercise was significant because it was the first time that the Government of Rwanda had thoroughly assessed the degree to which district priorities and targets were realised against their Imihigo. The exercise acknowledged key achievements and challenges in the areas of planning, implementation, reporting and communication. (Report on Districts Imihigo evaluation 2009/2010).

A firm that is able to generate the expected value determines its level of performance. As Armstrong (2006) points out, a firm achieves normal performance when the value of returns it generates against the resources employed equals the expectation of the owners or below normal performance when it generates is less than the expected value of the returns against the input resource. A firm is therefore able to attain above normal performance, where it has generated a value greater than expected value of the resources employed to realize an economic profit.

Through the operational network established in the scheme, provision of services to the various stakeholders in the organization is introduced and performance will be measured within the defined targets in the strategic plan. This is intended to meet the strategic objectives of the organizations stakeholders. Boddy (2002), notes that all organizations have a wide range of internal and external stakeholders where; their interests are often in conflict because, as groups or individuals, stakeholders are themselves subject to a wide range of influences that condition or shape their views and what they expect of the organizations.

External stakeholders, include Private sector, districts and local government, shareholders and citizens. All these groups may influence the organizational activities directly through personal contact or exert pressure indirectly by the use of the press and other media to raise concerns on

the operational issues in the organization. Boddy (2002), notes that stake holders, have different and varied expectations from those of the organizations, where the Government, the district is expected to adhere to the laws of the country, use the energy and natural resources efficiently, pay taxes, and provide employment for the citizens and effective use of public funds. The other major stakeholder group is employees, whose interest includes: good compensation and being recognized for their services, job security, sense of meaning and purpose in the job alongside opportunities for personal development.

As per the observed variances, stakeholders in district are categorized in a power-interest matrix, based on the degree of interest and power which they are perceived to hold at any one given time. Those with both high interest and power stakes are regarded as the ‘key players’ whom the organization will seek in particular to satisfy at all times.

2.6.1. Performance contract in Rwanda Context

Performance contracts are a new framework in Rwanda, one of Rwandan homegrown solutions to boost socio economic development of Citizens .

Rwanda has been widely praised for the social and economic progress it has made since 2000. Driven by Vision 2020, Rwanda aims to transform from a poor, post-conflict country to a thriving, socially inclusive middle income country by 2020.

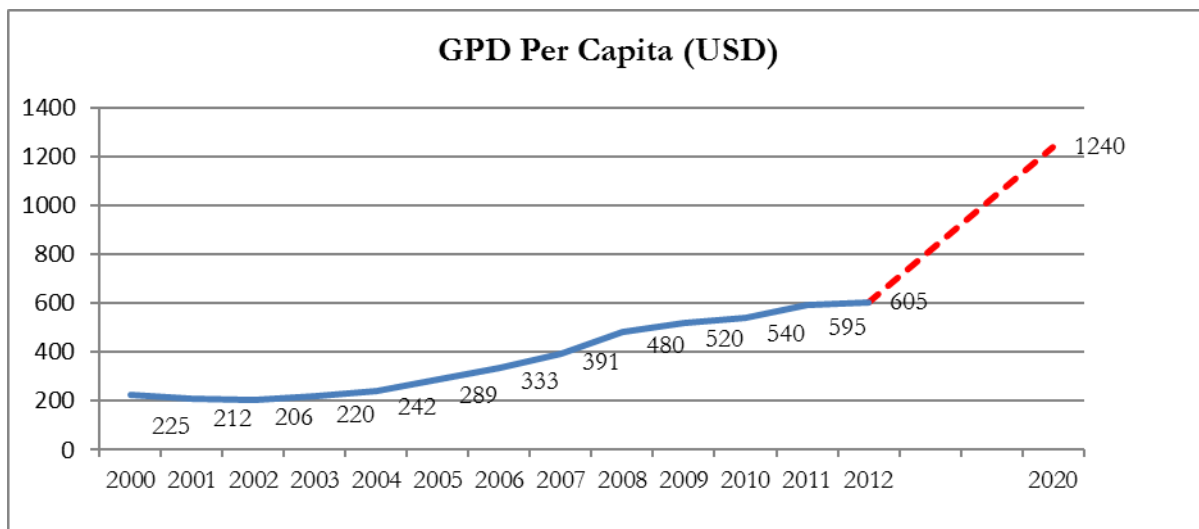
The Government has put in practice its development strategy through a series of implementation plans, the *Poverty Reduction Strategic Paper (PRSP, 2002)*, the *Economic Development and Poverty Reduction Strategy (EDPRS-I, 2008)* and is currently implementing its second generation of *EDPRS*.

Since 2000 Rwanda has achieved strong economic growth with per capita GDP increasing from \$226 in 2000 to \$605 in 2012 (Figure 1) and significant poverty reduction as well as improved food security (Ministry of Finance and Economic Planning 2013). Achieving the objectives of *EDPRS-2* is guided by five principles.

The first is the need to be innovative and develop new initiatives and strategies. The second is, while focusing on emerging priorities captured in the thematic areas, to continue to invest in foundation areas such as health and education. The third is to be inclusive of all stakeholders at all levels inside and outside of government.

The fourth is recognizing that there will need for development plans at the district level and strong linkages between district plans and EDPRS-2 and Sector Strategic Plans. The fifth is to ensure that sustainability is built into all development programmes.

Figure 2. GDP Per Capita 2003-2012 US\$



Source: GDP National Account 2009; NISR 2012b; NIRS 2013

Also inbuilt in the EDPRS are the mid-term and end of period evaluations through tracking indicators, targets, and processes at national and district levels. Accordingly, the end of period evaluation of EDPRS-1 revealed the following:

- Limited expertise in result based management and development of monitoring indicators
- Inadequate skills in conducting evaluations with greater focus placed on the monitoring function
- Insufficient focus on policy research and preparation of policy briefs
- Lack of a national monitoring and evaluation policy and consistent reporting
- Insufficient capacities at decentralized level on Results Based Management (RBM) and Monitoring and Evaluation (M&E).

Underway since 2013, the implementation of EDPRS-2 aims at overcoming some of these obstacles at both the Central and Local government levels.

The impetus for continuous improvement informs Imihigo in their objective for fast-tracking, and domesticating, development priorities at the district level, as well as the spirit for an exercise as this aimed at examining the extent to which Imihigo are responding to citizen needs. As such,

districts are expected to engage with the citizens in design, implementation, monitoring, and assessment of progress and impacts made.

2.7. Performance contracts and management

Performance contract and management stated that the relationship between performance contracts and performance management is that the former focuses on outcome and results while performance management is the integrating force that is concerned with what people do how they do it and what they achieve. It is therefore concerned with both inputs and the outputs. Results based management is a system that is used by government agencies to achieve specified targets by focusing on inputs, processes and outcomes and is a process that is used to mobilize the entire staff in an organization in achieving the agreed targets (Habermas: 2005).

2.7.1. Historical analysis of Performance contract

The concept of performance contract has its origin traced to France in the late 1960's. It was later developed with great deal of elaboration in Pakistan and Korea and thereafter introduced to India It has been adopted in developing countries in Africa, including Nigeria, Gambia, Ghana, and Kenya and now in Rwanda. Governments all over the world view performance contracting, as a useful vehicle for articulating clearer definitions of objectives and supporting new management monitoring and control methods while at the same time leaving day-to-day management to the managers themselves.

It organizes and defines tasks so management can perform them systematically, purposefully and with reasonable probability of achievement. Following their independence in the early 1960s, most African countries supported the idea of a strong central government to secure social justice for all citizens. Prior to this period the business environment was rather stable and therefore strategic planning was entrusted in the hands of the top management of the organization. This practice was counterproductive as managers who were implementers of the strategic plans were not involved at the formulation stage (OECD, 1997).

Due to increased environmental turbulence in the early 1970's, top executives were forced to recast the way they looked at their business for survival. They redefined performance management as a proactive management tool for achieving business goals and objectives,

through a structured and continual process of motivating, measuring and rewarding individual and team performance (Aosa, 2000).

According to De Bruijn, 2002; a learning organization is: “a particular type of organization whose structures and processes are aimed at enhancing learning.”

In other words, a learning organization improves an organization’s ability to react to, adapt to, and capitalize on changes in its internal and external situations. The main concern has been whether Government institutions have delivered what was expected of them.

This has resulted in the concerted efforts to reduce the quantity of Government while increasing the quality of Government (Kueng, 2000).

Performance contract assists to create market-like conditions by establishing performance goals and the consequential outcome is to improve delivery by public institutions to the public by ensuring that top-level managers are accountable for results (Kueng, 2000). It institutionalizes performance oriented culture in the public service, measures and evaluates the organizations’ performance, helps in reducing or eliminating of reliance on the Exchequer funding for Government agencies, which should be generating revenues or make profits as well as enabling enhanced performance of previously loss making public institutions. Contract performance also creates a result-oriented culture in the public sector as well as creating accountability and possible transparency in public sector.

The public service (ministries, Para state and extra-ministerial departments) has always been the tool available to African governments for the implementation of developmental goals and objectives. It is seen as a pivot for growth of African economies.

It is responsible for the creation of an appropriate and conducive environment in which all sectors of the economy can perform optimally, and it is this catalytic role of the public service that propelled governments all over the world to search continuously for better ways to deliver their services. It is generally regarded as the pivot that will promote socio-economic development. The basic function of the public sector, which comprises a number of institutions for the making and implementation of decisions with regard to interests of various kinds, was to provide goods and services to citizens based on “realization and representation of public interests and its possession of unique public qualities compared to business management” (Haque, 2001).

2.7.2. Objectives of performance contract

Governments need to make savings from the organizations they own, be they commercial or non-commercial Institutions. Local authorities should be responsive to the demands and requirements of their clients and customers, while ensuring effectiveness in product and service delivery. Key objectives are expressed in terms of performance expectations linked to budget, service, outcomes and management ability. The objectives influence the kinds and numbers of performance targets that are set and the performance measures that are to be used to measure performance (OECD/PC; 1999).

The RGB Performance Contracts Steering Committee Sensitization/ Training Manual (2009) lists the objectives of performance contracting as improvement of service delivery to the public by ensuring that top level managers were accountable for results, reversing the decline in efficiency and ensuring that resources are focused on attainment of key national policy priorities of the Government. Similarly, it was aimed at institutionalizing a performance oriented culture in the public service through introduction of an objective performance appraisal system (SCSTM, 2005).

In this context, as observed by Allan (2004) that the performance contract initiative was intended to review the structured management principles towards good discipline, specific and detailed job descriptions, frequent and accurate reporting of performance, pay and promotion based on merit, clearly defined hierarchy of superiors and subordinates, enforcement of personal responsibility and accountability, and the search and correction of errors is supported. Through this approach, the institutions are expected to direct all their resources towards the delivery of targeted services and maintenance of enhanced productivity. The improvement on the quality and productivity was seen as results based management factor that was necessary for growth in investment and internal self-reliance of the country.

2.7.2.1. Objectives of Imihigo:

- a) To speed up implementation of the local and national development agenda
- b) To ensure stakeholder ownership of the development agenda
- c) To promote accountability and transparency
- d) To promote result-oriented performance
- e) To install innovation and encourage competitiveness

- f) To engage stakeholders (citizens, civil society, donors, private sector, etc) in policy formulation and evaluation
- g) To promote zeal and determination to achieve set goals, To instil the culture of regular performance evaluation

2.7.2.2. Imihigo Preparation Process

Imihigo and action plans are used by the Government of Rwanda to define goals, targets and objectives. While different in their purpose, the two tools are interlinked. The action plan is a set of activities to be achieved within a set time period, usually a period of one year. Imihigo are a subset of the action plan showing priority activities to be used as a performance measure. The action plan may contain any number of activities of a routine nature such as payment of salaries whereas Imihigo define targets that have a significant impact on economic development, poverty reduction, good governance and social welfare. When Imihigo are developed, Government of Rwanda leaders are advised to ask some key questions before including activities in Imihigo.

Activities that answer positively to the questions outlined below are given priority consideration.

1. Will the activity impact positively on the welfare of the local population (water access, transport, energy access, schools, etc.)?
2. Does it create jobs for the local population?
3. Does it create opportunities for income generation for the population/local government?
4. Does it have an impact on poverty reduction?
5. Is it a priority for the residents in the area?
6. Does the activity have synergy with development of other areas (an activity may have potential to impact development in neighbouring areas)?
7. Is the activity sustainable or are the results sustainable?
8. Is there ownership from the local population for the activity?
9. Does it help to achieve the national targets and is it linked to national and international priorities, programs or policies (MDGs, EDPRS, Vision 2020)?
10. Can the activity produce quality results/outputs with minimum resources?
11. Can it improve the way services are delivered or reduce costs?
12. Does the activity promote social cohesion (unity and reconciliation)?
13. Does the activity reduce social disturbances (insecurity, drug abuse, prostitution, environmental degradation, conflicts, corruption, etc.)?

14. Does it address key cross cutting issues (gender, HIV/AIDS, environment, social inclusion and youth)?
15. Has the source of funds for implementation been determined?
16. Is it realistic and can it be achieved?

2.7.2.3. Who prepares Imihigo for Local Governments and Provinces?

Imihigo is the result of a participatory process of identifying and implementing priorities from the grassroots to the national level. In the process of identifying priorities, each level demonstrates its contribution to achievement of development goals. The table below describes who prepares Imihigo from the individual to provincial level.

Preparation and Adoption of Imihigo

Each ministry identifies national priorities to be implemented at local levels for which they have earmarked resources that they will transfer to local governments. Consultation on the following policies and programs occurs:

- a) Vision 2020
- b) Economic Development and Poverty Reduction Strategy
- c) Government of Rwanda programs and policies
- d) National Leadership Retreat and National Dialogue resolutions
- e) Cabinet resolutions
- f) Three Year Medium Term Expenditure Framework (MTEF)
- g) Five Year District Development Plan (DDP)
- h) Millennium Development Goals
- i) Seven Year Government Program

Where they do not have earmarked resources, line ministries identify how the resources, whether financial or non-financial, can be mobilized (both national and local).

The central government consolidates the priorities paying special attention to areas of quick wins and synergy while avoiding duplication.

2.7.2.4. Communication of national priorities to local government

The list of central government priorities is communicated and discussed with local government leaders at a forum of central and local government leaders.

Identification of local priorities:

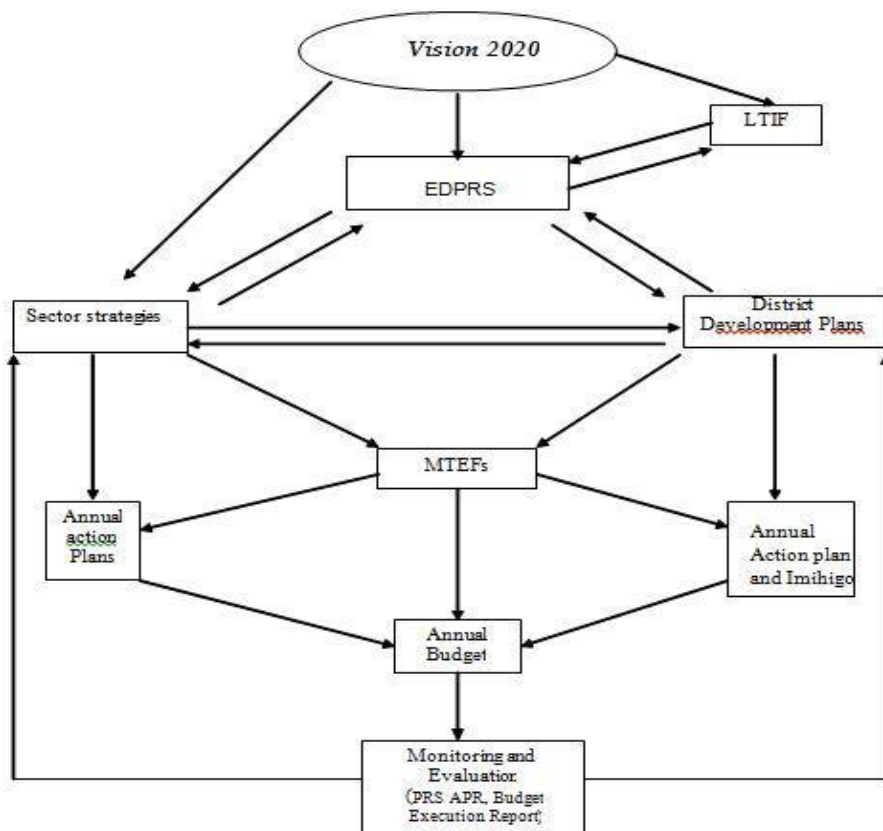
- a) District leaders consult their District Development Plans (DDPs).
- b) Consultative meetings with different stakeholders are held at province/Kigali City, districts, sector, cell and village levels to discuss and consolidate the emerging priorities.
- c) Step 4: Preparation and approval
- d) Districts consult their respective DDPs and national priorities as communicated in the forum/meeting between central and local governments.
- e) Consolidation of local and national priorities at district level.
- f) Discussion of draft (for district and province/City of Kigali) with Quality Assurance Technical Team (from the Ministry of Local Government and Ministry of Finance and Economic Planning).
- g) Presentation of priorities to stakeholders
- h) Approval of priorities
- i) The Quality Assurance Technical Team was set up to assist the districts and provinces/Kigali City in preparing tangible Imihigo that respond to national targets. The Quality Assurance Technical Team is composed of members of the Imihigo evaluation team, the Office of the Prime Minister (PMO), the Ministry of Local Government (MINALOC) and Ministry of Finance and Economic Planning (MINECOFIN) as well as all sector ministries that are part of decentralization including:
 - j) Ministry of Health
 - k) Ministry of Education
 - l) Ministry of Agriculture
 - m) Ministry of Infrastructure
 - n) Ministry of Trade and Industry

The team gives regular feedback to district planners during the process of preparing Imihigo. District leaders across Rwanda are asked to prepare plans that are realistic, take into account the cost of delivering services as well as the available resources.

To make sure that proper monitoring and evaluation can be conducted, indicators, targets and outputs must be clearly identified in the planning process.

When developing Imihigo, leaders are asked to take into account cross cutting issues such as gender, HIV/AIDS, environment, social inclusion and youth. Decision makers are encouraged to discuss these issues and involve relevant stakeholders to ensure that their Imihigo incorporate these aspects of development.

Figure 3. Linkage of District plans to National Planning and Budgeting



Source: DDP of Ngorero District 2015-2016

The key planning instruments used in Rwanda are the Vision 2020 strategy and the Economic Development and Poverty Reduction Strategy (EDPRS), which set out the government’s national objectives and strategies for development and poverty reduction. The Medium-Term Expenditure Framework (MTEF), and the supporting.

2.7.2.5. Organizational performance

National Budget Framework Paper process, form a three year rolling budget system at the national level. They constitute the interface between Government's EDPRS and the budget allocations in the same way as the District Budget Framework Paper and MTEF links the District Development Plan to the budget.

Although local governments prepare their own plans and budgets, they also need to reflect priorities and objectives set out in national policies, plans and budgets. Consequently, the local government planning and budget cycle aligns with that at the national level.

It is the central government's role to ensure that national priorities are reflected in local government budgets through the allocation and transfer of earmarked grants and through the preparation of policy guidelines to local government for service provision. In addition, government ministries have an important role in monitoring and supporting local governments in the implementation of programs and services. The next section describes that process.

2.7.2.6. Monitoring and Evaluation Process

Since 2006, Imihigo has been used by local government authorities for both planning and implementation of national programs based on district priorities. Imihigo evaluation is carried out nationally across Rwanda's thirty districts on a yearly basis. However, this was not always the case. From 2006 to mid 2009, the National Evaluation Team's Imihigo evaluations focused on ten best performing districts selected through the evaluations carried out by the provinces and the City of Kigali (during which two top performing districts in each province and the City of Kigali were identified). However, this approach of sample evaluation was raised as it was not considered comprehensive enough. Subsequent evaluation of Imihigo by the National Evaluation Team was made more comprehensive by extending it to all the 30 districts using a uniform and harmonized methodology.

The table below shows Imihigo accountability: who prepares, who monitors and who evaluates Imihigo.

2.7.2.7. Challenges for Imihigo at the district level

While Imihigo has provided the Government of Rwanda and citizens with a way to hold leaders to account, some challenges listed below have been identified from the 2010-2011 evaluation report:

- a) There is a planning gap especially on setting and maintaining logic and consistent: objectives, baseline, output/targets and indicators
- b) Setting unrealistic and over-ambitious targets by districts was common. Some targets were not easily achievable in 12 months. For example, construction of a 30 km road when no feasibility study had been conducted or reducing crime by 100%
- c) In some districts low targets were established that would require little effort to implement
- d) The practice of consistent tracking of implementation progress, reporting and filing is generally still weak
- e) Some targets were not achieved because of district partners who did not fulfil their commitments in disbursing funds - especially the central government institutions and development partners
- f) There is a weakness of not setting targets based on uniqueness of rural and urban settings
- g) Setting targets that are beyond districts' full control was observed: For example, construction of stadiums and development of master plans whose implementation is fully managed by the central government
- h) There was general lack of communication and reporting of challenges faced that hindered implementation of the committed targets

2.7.2.9. Performance contract and staff performance

Performance contract has been viewed as a management process that is supposed to improve staff performance so that what is measured gets done. In Denmark, contract management was introduced in 1992. According to a study on Public Sector Performance contract by the Ministry of Finance, Denmark, performance contracts are a powerful tool that motivates managers and employees to live up to the contract requirements due to its nature as a commitment with another party. Therefore, performance contract management has been viewed as an important instrument for the implementation of performance management and it is used to improve target setting and follow-up on results. It is quite clear that performance of local authorities' employees determines whether councils achieve their objectives of providing services to the public (Williams; 2004).

2.7.2.10. Performance contracts and autonomy

One of the main reasons for poor performance, low management morale and lack of management accountability in local authorities Maua included, is the pervasive tendency of politicians and ministries to treat local authorities as government departments, to require all major decisions to be made or approved by the Minister of Local Government, and to leave no room for the local authorities to be autonomous (Mburugu 2005).

Performance contracts are now being advocated as a mechanism to increase the autonomy of local authorities. Without autonomy, local authorities cannot run efficiently. It is therefore important for local authorities to have the necessary amount of autonomy to make decisions and act on them. In Belgium, public institutions were put under performance contracts so as to deregulate public monopolies in the field of, for example, telecommunications and postal services - this is also happening in Kenya whereby the government has emphasized on local authorities to enter into similar performance contracts where targets are set and are embedded in an overall performance management strategy (James L; 2003).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

In this study a conscious effort was made to collect relevant information from targeted respondents who included; sector council and staff, cell council and staff, opinion leaders and village representatives. This chapter presents the research methodology which describes; research design, target population, sample and sampling procedures, data collection and analysis methods, research instruments validity and reliability of the research instruments as well as ethical consideration that was adopted and used to enhance the successful completion of this study.

3.2. Research design

A cross sectional descriptive research design has been adopted for this study and both qualitative and quantitative methods in nature has been used. We used both descriptive and explanatory approach in which situations was given as they exist. Detailed information is needed to give useful conclusion.

We considered this design appropriate for the study because it requires a report on the effect of performance contract on socioeconomic of the population without describing relationships among variables.

3.3. Study population

The population is universal objects over which research is to be carried out (Bailey, 1978).the ideal practice in research would be to gather information from the entire population; this will ensure maximum coverage of the population concerned in the research.

The Ngororero District has a surface area of 679 Km²; it is composed of 13 administrative Sectors commonly known as "Imirenge", 73 administrative Cells "Utugari" and 419 Villages known as "Imidugugu" and 74613 Households (www.ngororerodistrict.gov.rw consulted on 20th November 2012).

The district of Ngororero has 334,413 inhabitants with a density of 493 inhabitants per km² (NISR, 2012 population and housing census: provisional results). The district population is distributed in 74,613 households of which 46.3% of the population is male against 53.7% of

female. The average population per household is estimated to be between 4 and 5 persons (4.5%). 7 The district administrative sectors of Ngororero, Kabaya and Muhanda are the most populated sectors: 10.4%, 10.2% and 8.5% respectively while sectors of Bwira Muhororo and Nyange are less populated: 5.6%, 6.4% and 6.6% respectively. The table and graph below present the population distribution by sector

Kavumu and Kabaya Sector are two sectors among 13 sectors of Ngororero District. Kabaya sector has a population of 34,115 persons among them 15,792 males, 18,323 females and is composed by 6 Cells and 42 Villages

Kavumu Sector has a population of 27,625 persons among them 12,657 males, 14,968 females; composed by 6 Cells and 30 Villages (DDP Ngororero, 2013-2018).

The population of this study was composed by the population representative of Kavumu and Kabaya sectors including sector staffs, executive secretaries of cells, village (umudugudu) leaders, sector council members and opinion leaders. These different categories of respondents are responsible for implementation of the annual organizational council's plans imihigo included. We interviewed the respondents who provided in depth data on performance contract initiative.

3.4. Sample and sampling techniques

Sampling is the process of selecting a group of subjects for a study in such a way that the individuals represent the larger group from which they were selected (Gay, 1987).

3.4.1. Sample

Participants were selected through purposeful sampling, which is dominant strategy in qualitative research. Patton (2002) asserts that the logic and power of purposeful sampling lies in selecting information-rich cases for in-depth study. In this study, the main focus is to understand the impact of performance contract on socio economic development in Kavumu and Kabaya sectors thus; a selection of population was made for the interview. "Information rich-cases are those from which one can learn a great deal about issues of central importance to the purpose of inquiry", (Patton, 2002: 230).

3.4.2. Sampling

After deciding on the sample size, the next task is to decide on the appropriate method to be adopted in choosing the actual population elements that are to constitute the subjects in the study sample. The research used a purposive or judgmental sampling method. This sampling is appropriate to this research because the subjects are selected according to the best position to provide the information required. This sampling method helped the researcher to select respondents that enabled him to answer the research questions and meet his objectives (Saunders et al. 2000: 174).

The study adopted stratified random sampling to achieve desired representation. The participants were chosen on the basis of their departments. The population representative of Kavumu and Kabaya sectors are 135 from which the sample was drawn. To calculate the required sample for this study the following formula of YAMAN T., (1970:65) is used.

$$n = \frac{N}{1 + N(e)^2}$$

Where n: is a Sample size

N: is total population

(e): sampling error = 10% = 0.1

So, if the population is 135 the sample size will be:

$$n = \frac{135}{1 + 135(0.1)^2} = \frac{135}{1 + 1.35} = \frac{135}{2.35} = 57.446 \cong 57$$

N is the total population representative of Kavumu and kabaya Sector 135

n: the sample size =57

e: error rate of 0.05

The sample size is equal to 57 persons. A random sampling technique was used to select 57 People of Kavumu and Kabaya Sector in Ngorero Distict. where each people has an equal chance of being selected as a subject.

In our study of 135 population , which are be composed by the population of Kavumu and kabaya Sector including sector staffs, executive secretaries of cells, villages (umudugudu) leaders, sector council members and opinion leaders. Therefore, after demonstrating the formula, the required sample size will be 57 respondents.

Table 1. Categories of respondents

Categories	Total numbers	Percentage
Citizens(People)	34	25%
Sector council	8	6%
Sector staff	12	9%
Opinion leaders	18	13%
Cell council members	30	22%
Staff of cells	12	9%
Village leaders	21	16%
Total	135	100%

Source: *Kavumu and kabaya Sector report July, 2016*

3.5. Data collection instruments

In collecting data for this research, primary and secondary data was been used. The research has been conducted using quantitative and qualitative research methods. Questionnaires were been administered to the respondents to collect data. Data also has been collected through interviews in which the interviewer to have asset of questionnaire to different respondents.

The questionnaires has been pre-tested by giving questionnaires to the municipal council of Kavumu and Kabaya Sector and other selected respondents for piloting purposes. The questionnaire contain both structured and unstructured questions. Respondents were asked to give in-depth information about the effect of performance contracts initiative in the municipal council and its effects to socioeconomic development.

The results from the pretest have shown that:

- ✓ Good leadership is a key element to achieve socio-economic development
- ✓ The involvement of citizens is important in their own development

- ✓ The partnership between leaders, citizens, development stakeholders (NGOs, Faith based organizations, private sector federation, etc....) is also very important in achieving citizens socio-economic development

The study used the following instruments: Questionnaires for sector staff, opinion leaders, council cell and village representatives and interview guides for the principal. Questionnaires were used as the main instrument of data collection. Gall, Borg and Gall (2003) observed that questionnaires give detailed answers to complex problems and therefore, are most effective.

The use of questionnaires is also a popular method for data collection in deductive studies because of the relative ease and cost-effectiveness with which they are constructed and administered. Questionnaires give relatively objective data. All questionnaires were structured based on the main research questions except the section I, which covered demographic characteristics of the respondents

Interview guide on the other hand has its strength. It was used in the study since it generally yields the highest cooperation and lowest refusal rates, offers high response quality and takes advantage of interviewer presence and it is multi-method data collection that is it combines questioning, cross-examination, and probing techniques (Owens, 2009). This guide collected in-depth data from the principal regarding performance contract in the institution.

The study made use of questionnaires and interview guides to elicit responses from the selected sample. The questionnaires were self-administered and had both open ended and closed ended questions. However, open ended questions were used to a greater extent.

This allowed the respondents to give responses freely without feeling restricted to respond in a certain manner to their knowledge, experience and feelings.

3.6. Data Analysis

Data has been analyzed using content analysis of written materials drawn from personal expressions of participants.

The data collected from questionnaires, interviews and secondary sources has been summarized according to the study themes being the impacts of performance contract on socioeconomic development in Kavumu and Kabaya Sector. Data has then been analyzed to determine its accuracy, credibility, usefulness and consistency.

According to Cooper and Schindler (2011), content analysis measures the semantic content or the “what” aspect of the message. Its breadth makes it flexible and wide-ranging tool that is used as a methodology or as a problem-specific technique.

Quantitative data has been analyzed through descriptive frequencies of responses was been used to give the results of the analysis which then are presented inform of charts and table and comparatives study will compare among the sector who was succeed other failed.

3.7. Data Collection procedures

Data was collected mainly by use of questionnaires and interview guides. The researcher then visited the selected respondents to personally administer the questionnaire to staffs and opinion leaders. The interview was planned and organized by the researcher and the principal as agreed.

3.7.1. Validity and reliability of research instruments

The validity is the extent to which a measurement instrument actually measures what it is designed to measure (Amin, 1999). The validity of the instruments of this study referred to the content of the self-administered questionnaire.

To make sure that the questionnaire measured what was intended to measure, to ensure the clarity of questions, their effectiveness and the time required to complete the questionnaire, the researcher assessed its content validity and reliability.

3.7.2. Testing Reliability of Research instruments

According to Mugenda (2003), reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials.

In order to test the reliability of the questionnaire, the researcher conducted a preliminary testing of the questionnaire before constructing the final copies to be distributed later in the field for actual data collection. Reliability of the instrument was obtained by carrying out a pilot study (pre-test) in Kavumu and kabaya Sector.

Concerning the number of cases in a pilot, Mugenda and Mugenda (2003) point out that the number of cases in the pre-test should not be very large. Normally the pre-test sample is between 1% and 10% depending on the sample size.

Thus, pre-testing helps a researcher not only to increase the number of items, but also to reframe and modify questions which appeared unclear, annoying and sensitive to respondents in order to get their maximum co-operation of the respondents during the actual administration of the instruments.

3.7.3. Validity of research instruments Development

The validity of the instruments used in this study refers to the content of the questionnaire. The questionnaire items are related to the variables being investigated.

To ascertain the validity, the research instruments were given to the supervisors first, then to other specialists at University and to other lecturers in the Department to assess their suitability and relevance to the objectives of the study. Therefore, to enhance the validity of this study, the researcher, used semi-structured interviews, and conducted the research in a natural setting to promote the reality of the respondent's experiences more accurately. The author also decided to transcribe the interviews himself to check for their accuracy, instead of hiring a professional typist. The researcher also conducted a pilot study before proceeding to the main study, to enhance reliability.

3.8. Ethical Considerations

Ethical research is considered as one that “does not harm” and gives informed consent and respects the rights of individuals being studied (Madges2006).

Ethical issues formed an important component throughout this study. It is vital for the researcher to give a serious thought to ethical aspects in every stage of this study. Therefore in this study the researcher duly informed the respondents in the study that their participation was voluntary and that they were free to omit answers to any particular questions if they so choose.

This is in line with Trochim (2006) who argued that voluntary participation requires that respondents in the study are not coerced into participating in the research.

The researcher protected their confidentiality and identity through use of numbers in line with Punch (2003) who alluded that the participants should remain anonymous throughout the study.

The purpose of the study was fully explained to them in advance. Informed consent was obtained from all the respondents in answering the questions. The researcher was open and honest in dealing with them.

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.1. Introduction

This chapter presents the findings from the study following the different research questions. The data represented in this chapter was collected and processed using comparatives and both quantitative and qualitative techniques. The chapter first gives a summary of the respondents' characteristics to present the empirical findings following through the research questions.

4.2. Profile of the Respondents

This part of our work relates to the respondents' identification, gender, age, their level of education and that of their level of awareness of performance contracts. Hence, details of the above will be found in the following developments.

4.2.1. Identification of respondents

The researcher firstly presented the identification as it has presented by the respondents such as the sexes, ages, employment status and level of education completed. After, the researcher presented the results related to the objectives of the study.

4.2.2. Gender of the respondents

The table below shows the characteristics of respondents according to their gender. According to the findings, in this research the number of males are more concerned with all population of Kabaya and Kavumu sectors of Ngororero District than female, 53% are males while 47% are females.

Table 2. Gender of the respondents

Gender of respondents	Frequencies	Percentage
Males	30	53
Females	27	47
Total	57	100

Source: Primary data, July 2018

4.2.2.1. Identification of respondents by age

Normally, our respondents are located in different categories of age. The table below illustrates the main categories that respond our question. The results show that the large number of respondents were in range between 31 and 40 years old (53%), while 28% were in range of 41 to 50 years old. 10% were in range of 21 and 30 years old and 9% of respondents were over 50 years old

Table 3. Age of respondents

Age of respondents	Frequencies	Percentages (%)
Less than 20	0	0
[21-30]	6	10
[31-40]	30	53
[41-50]	16	28
Over 50	5	9
Total	57	100

Source: Primary data, July 2018

4.2.2.2. Distribution of respondents by level of education

The education is an important factor in the development of every nation. Thus, it can have a significant to the performance contract as shown in the following table. The findings represented in table 7 indicate the characteristics of respondents according to the attained level of education.

According to the results, 43% of all respondents attended primary level, 26% of them at least attended secondary level, and 19% of them joined vocational training, 4% of them managed to reach the higher learning institutions and 4% did Master's whereas only 2% managed to reach on level of PHD.

This indicated that the high percentage of respondents have knowledge to answer questions asked and the provided information helped to achieve targeted objectives.

Table 4. Distribution of respondents by level of education

Level of education	Frequencies	Percentage
Illiterate	0	0
Primary	25	43
Secondary	15	26
Vocational training	11	19
University	3	5
Master's Degree	2	4
PHD	1	2
Total	57	100

Source: Primary data July 2018

4.2.2.3. Distribution of respondent by level of awareness of performance contract

Table 5. Distribution of respondent by level of awareness of performance contract

Sectors	Frequencies	Percentage
Kabaya	37	65
Kavumu	20	35
Total	57	100

Source: Primary data July 2018

The above table representing awareness of performance contract by sectors, it shows that the majority of respondent in our research were Kabaya sector with 65%, and 35% are respondents of Kavumu sector.

4.3. The overview of PC in Ngororero District 2016-2017

Sectors Reports: Sectors submitted the 2016/2017 Imihigo implementation reports of their activities. The reports also formed the basis upon which sector performance was evaluated against planned activities that were to be implemented in Imihigo.

Scoring and harmonization of scores: During the evaluation exercise, each evaluator did his/her independent judgment on the rating of assessed activities. At the end of the day in each sector, the evaluators harmonized their scores to ensure there were no serious deviations and discrepancies which might be as a result of bias in favor of or against any given district. Harmonization also served as a corrective measure for an evaluator who had not accurately captured data from sector documents and presentations.

The weighting score was the following:

- a) Economic Cluster,
- b) Social Cluster,
- c) Good Governance.

Used check list

ECONOMIC DEVELOPMENT.

1. Agriculture

- a) Land consolidation,
- b) Radical terraces,
- c) Use of Fertilizers,
- d) Productivity,
- e) Coffee,
- f) Tea,

- g) Banana,
- h) Fruits,
- i) Drying ground,
- j) Storage facilities.

2. Livestock

- a) Girinka Program,
- b) Artificial insemination,
- c) Vaccination,
- d) MCCs,
- e) Small livestock,
- f) Slaughter Houses.

3. Urbanization and housing

- a) Imidugudu/Settlement,
- b) Model villages,
- c) High Risk Zone,
- d) Master plan implementation,
- e) Land title,
- f) Removal of Asbestos.

4. Roads

- a) Road Rehabilitation & Maintenance,
- b) Road construction,
- c) Bridges construction,
- d) Paved roads.

5. Water

- a) Water pipelines supply,
- b) Water management,
- c) Access to clean water.

6. Electricity

- a) HHs with access to electricity,
- b) Electricity lines connection,
- c) Impact of electricity.

7. RENEWABLE ENERGY

- a) Biogas,
- b) Rondereza,
- c) Solar energy.

8. Private sector development

- a) Construction of Modern Market: Gatega; Birembo & Ngororero rehabilitation,
- b) Construction of Ngororero Guest House,
- c) Construction of Cassava plant,
- d) Construction of Umukore tourism site,
- e) Construction of Petrol stations,
- f) Construction of taxi park,
- g) Construction of selling point,
- h) Construction of ICPC,
- i) Jobs creation.

9. Environment

- a) Coverage of forest,
- b) Rivers protected,
- c) Modern mining,
- d) Landfill construction.

II. SOCIAL DEVELOPMENT

1. Education

- 9&12 YBE Classrooms & latrines,
- Teachers hostels,
- ECD,
- Drop out,
- Literacy centers (Amasomero),
- VTC (Hindiro & Muhororo).

2. Health

- MUSA,
- Malnutrition,
- Health center (Construction & Rehabilitation),
- Laboratories,
- Maternities,
- Health posts,
- Family Planning,
- Health indicators.

3. Social protection

- Construction of houses for vulnerable groups,
- FARG,
- School fees for vulnerable students,
- Support to PWD,
- VUP (PW, DS & FS),
- Ubudehe,
- Graduation from poverty.

III. GOOD GOVERNANCE & JUSTICE

1. Good governance

- Community work (Value & participation),
- Construction of Cells & Sectors' offices,
- Magirirane magazine,
- TV penetration,
- Telecenters,
- ICT knowledge Hubs,
- Service client chart,
- Families & Villages performance contract,
- Itorero & Urugerero.

2. Justice

- Governance clinics,
- Court judgments execution,
- Complaint resolved.

3. Sectors' performance

Table 6. The aggregate of performance of Kavumu and Kabaya after evaluation

Sector	Economic Cluster (%)	Social Cluster (%)	Good Governance Cluster (%)
Kabaya	91	87	83
Kavumu	82	78	75

Source: DDP of Ngororero district 2016

Comparing the average of each Cluster, the performance of sectors is satisfied: Economic cluster 86%, Social cluster 84%, but more effort is need in Good governance cluster (78%) to ensure effective citizen satisfaction.

4.3.1. Categories of respondents

The characteristics of the respondents concerned by the study must be presented in order to provide reliable data. This section presents the bio-data of respondents including age, gender, marital status and their education.

Table 7. Categories of respondents

Categories	Total numbers	Selected sample
Sector council	17	7
Sector staff	17	7
Opinion leaders	14	6
Cell council members	18	7
Staff of cells	16	8
Village leaders	30	12
Citizens	23	10
Total	135	57

Source: Primary data, 2018

The above table representing categories of respondents, it shows that the majority of respondent in our research were village leaders with 12 by sample, followed by citizens with 10 sample, staff from cells with 8 sample and then opinion leaders with 6 sample, Cell council members with 7 sample, Sector staff with 7 sample and finally 7sample are respondents from sector level.

4.3.2. Understanding of Performance Contract

The researcher sought to find out the respondents' understanding of performance contracting. The findings were summarized in table below according to this question: *What is your understanding of Performance Contract?*

Table 8. Understanding of the performance contract

Response	Frequency	%
It is the agreement about employees performance	15	26
Targets to be achieved by an employee	27	47
It is a type of contract with a clear set of objectives and indicators	9	16
A freely negotiated performance agreement between the employer and the employee	6	11
Total	57	100

Source: Primary data, 2018

When respondents were asked their understanding of the performance contracting; most of them at 47% asserted that it's the targets to be achieved by an employee from the employer, in this case some of the employees' in the institution were on contract basis. About 26% of the respondents cited that their understanding of the performance contract is the agreement about employees' performance, while 16% of respondents when asked if they understood, said that it was a type of contract with a clear set of objectives and indicators. Finally, 11% which was the least group of respondents when asked their understanding, they asserted that it is a freely negotiated performance agreement between the employer and the employee. It can thus be concluded that the respondents were aware of what performance contract was all about.

The views expressed largely agree with Balogun (2003); Kobia and Mohammed (2006) who asserted that a performance contract is a freely negotiated performance agreement between the Government, acting as the owner of a Government Agency, and the management of the agency. It clearly specifies the intentions, obligation and responsibilities of the two contract parties (Balogun, 2003). This implies that signing contract is practiced at a low level in local communities of the district. They only discuss on a given issue of matter without setting target and indicators of performance. The researcher sought to establish areas in which performance

contract appeared to be most beneficial. The findings were as illustrated in table below by answering this question: *In what areas does performance contract appear to be most beneficial?*

Table 9. Areas where performance contract has been most beneficial

Response	Frequency	Percentage
Self-evaluation	6	11
Setting goals and targets	19	33
Service delivery	16	28
Development of institution	5	9
Promotion of staffs	4	7
Keeping employees on toes	7	12
Total	57	100

Source: Primary data, 2018

When all the respondents were asked which program in the institution was the performance contract the most beneficial, greater percentage responses were gathered respondents saying that it was on setting goals/targets between the institution and the employees 33%. To add on this, respondents were of the opinion that another area of performance contract was the service delivery at 28% while others were on the contrary that performance contract was best at keeping employees on toes at 12% and promotion of staffs 7%. According to Balogun (2003), performance contract is often taken to be fundamental to delivery of improved services. The findings of this study therefore seem to agree with the findings of Balogun (2003) as per the literature reviewed in chapter two. The table below, the researcher identified the successful factors in setting performance contract in Kabaya and Kavumu sectors. They answered this question: *What are the key success factors in setting up the performance contract and managing the contract relationship?*

Table 10. Distribution to the respondent the cause of failing performance contract

Cause/ Reason	Frequency	Percentage %
Lack of leadership	15	26
Misunderstanding	6	11
Ignorance	7	12.5
Lack of development partners	7	12.5
Negligence of citizens	10	17
Poverty of citizens	12	21
Total	57	100

Source: Primary data, 2018

The above table representing the majority of respondents by cause of failing performance contract to Kavumu Sector agreed that the key factor are: lack of Leadership at a rate of 26%; Poverty of citizens at 21%, the secondary cause are Negligence of citizens at 17%, Lack of development partners at 12.5%, Ignorance at 12.5% and Misunderstanding at 11%. The environmental and climate change in this rural area was also among the causes of its failure. It should be noted that Kavumu sector is located outside the city whereas Kabaya is among the two urban sectors of Ngororero District, namely Ngororero and Kabaya sectors.

On a broader note it is important to view a performance contract as part and parcel of a wider performance management system, but not as a standalone operating outside the established human resource regulations (Balogun, 2003). That why some Sector were on good level than others of one district and let see what were done on performance contract in order to perform well on the following table.

Table 11. Success factors in setting up the performance and managing the contract

Response	Frequency	Percentage
Good management	8	14
Setting achievable targets	11	19
Fair remuneration	26	46
Checking sustainability	5	9
Good communication	4	7
Motivation	3	5
Total	57	100

Source: Primary data, 2018

The majority of respondents unanimously agreed that the key success factor in setting up performance contract and managing the contract relationship was fair remuneration at 46%. Other response includes setting achievable targets 19%, good management at 14%, checking sustainability at 9%, Good communication at 7% and lastly 5% those who said that motivation was the best success factor.

The findings of the study tend to agree with Triveldi (2000) who found that typically, public agencies either are not clear about their goals or are aiming at the wrong goals. This lack of clarity can be attributed to the fact that most public agencies have to deal with multiple principals who have multiple (and often conflicting) interests (Triveldi, 2000).

The findings however contradict Kervasdoue (2007). According to Kervasdoue (2007), the key success factor in performance contract lies in asking the right questions and realizing that employees need to do whatever they have defined well and deliver that efficiently. Emphasis in reforming the public sector has therefore been slowly shifting in Rwanda more towards operational effectiveness, which entails doing what one is doing better. With defined outcomes and appropriate benchmarks to measure the outcomes, the rampant lack of focus is brought into the open. Managers begin to ask the right questions, redefine the problem they are trying to solve and diagnose that.

Table 12. There is high productivity of the employees in the organization as a result of performance contract

Response	Frequency	Percentages
Strongly agree	2	4
Agree	41	72
Uncertain	10	18
Disagree	3	5
Strongly disagree	1	2
Total	57	100

Source: Primary data, 2018

When the respondents were asked whether productivity levels had improved as result of performance contracting, majority of the respondents agreed at a rate of 72%. However, 18% of respondents expressed uncertainty to this assertion. On the other hand 5% of respondents disagreed to this assertion while 2% still strongly disagreed with this statement.

The findings by large contradicted the findings regarding improvement in service delivery where majority the same respondents were of the view that service delivery had not improved with the introduction of performance contracting.

4.4. Socio-economic development of performance contract in Kabaya and Kavumu sector

Performance contract in Kabaya and Kavumu sector in Ngororero District contributed on socio-economic development of people in terms of increasing of income, agriculture and livestock, employment, health improvement, education, assistance of vulnerable groups, shelter improvement, service delivery, good governance and justice, availability of infrastructures. In order to know information about the impact of performance contract, the respondents answered the following question: What is the impact of performance contract on socio-economic development of people in Kabaya and Kavumu sectors?

Table 13. Respondent’s opinions about the impact of performance contract on socio-economic development of people in Kabaya and Kavumu Sectors

The Impact of Performance contract	Frequencies	Percentage (%)
Increasing of Income	14	24
Agriculture, infrastructures and livestock	16	28
Employment	8	14
Health improvement	6	11
High level of understanding	6	11
Strong public private and partnership	7	12
Total	57	100

Source: Primary data, 2018

The table above shows the socio-economic domains developed due to the performance contract in Kabaya and Kavumu Sectors. About 100% of respondents said that performance contract contributed on assistance of vulnerable groups, 24% of respondents said that performance contract contributed on increasing of income, 28% of respondents said that performance contract had the impact on availability of Agriculture, infrastructures and livestock in the region because the local government must indicate what they are going to do in their performance contract in terms of infrastructures, about 11% of respondents said that performance contract contributed also on health improvement because health promotion is one of the components of performance contract.

According to the above findings, the researcher concluded that during elaboration of performance contract, the district level identify all needs of population and the local authorities select the priorities in socio-economic domains such as education, health, poverty reduction etc.

In order to assist the vulnerable groups, performance contract helped Kabaya and Kavumu sector to provide a VUP program. It supports the vulnerable groups in three ways direct support, financial support and public works.

4.5. Challenges in the implementation of performance contracts

The challenges relating to the implementation of performance contract in Kabaya and Kavumu sectors may be resistance to change, poor communication, ignorance, poor management, poor monitoring and evaluation, low human resource capacity, ambitious of performance contract.

Table 14. Challenges Faced in Implementation of performance contract

Challenges	Frequencies	Percentage (%)
Resistance to change	8	14
Poor Communication	4	7
Ignorance	9	16
Poor Management	10	17
Poor Monitoring and evaluation	12	21
Ambitious of Performance contract	4	7
Low human resources capacity	8	14
Lack of trust citizen toward their leaders and Others	2	4
Total	57	100

Source: Primary data, 2018

The findings on the table above shows the challenges encountered during implementation of performance contract. About 14% of respondents said that there is resistance to change, 7% said that there is poor communication, about 17% of respondents said that there is poor management, 16% of respondents said that ignorance of people is challenge during implementation of performance contract, about 14% said that there is poor monitoring and evaluation, 21% confirmed that low human resource capacity is a challenge in implementation of performance contract and 4% said lack of trust citizen toward their leaders and other included ambitious of performance contract. This implies that performance contract comes with challenges and as a result, there is need to identify them and come up with measures to address them. The respondents indicate their suggestions by answering this question: What do you suggest to be done to overcome the challenges facing implementation of performance contract in Kabaya and Kavumu sectors ?

Table 15:

Table 15. Respondents’ opinions about suggestions to overcome the challenges

Suggestions	Frequency	Percentage
Increase funding	9	16
Create employee awareness	15	26
Improve communication	8	14
Rewarding Excellency	7	12
All employee should be included in setting performance targets and involve in Imihigo	12	21
Setting goals that are realistic and achievable	6	11
Total	57	100

Source: Primary data, 2018

When they were asked to give suggestions concerning the best remedy to the afore challenges; 26% of respondents suggested that there should be creation of employee awareness; 14% improve communication; 16% increase funding; 12% rewarding excellence; 11% setting goals that are realistic and achievable for employees and lastly 21% that all the employees should be involved in setting performance targets.

In the interview with one of the respondents, it emerged that some of the challenges existing in the implementation of performance contracts at Kabaya and Kavumu sectors were underfunding, lack of co-operation among the staffs as well as employees' resistance to change and employee ignorance about performance contract program. One respondent was quoted as saying;

“Sometimes it becomes a challenge to meet the targets set in the performance contract due to insufficient funds. When the revenue targets are not met, this definitely impacts on most of the organizational goals and objectives. Another major challenge is lack of commitment from some members of staff who view performance contracts as a limiting factor in their performance.”

On a broader note it is important to view a performance contract as part and parcel of a wider performance management system, but not as a standalone operating outside the established human resource regulations (Balogun, 2003).

4.6. Partial conclusion

The fourth chapter aims to verify the hypotheses based on the primary data. The first hypothesis concerned determining the impact of performance contract on socio-economic development in Kabaya and Kavumu Sectors of Ngororero District.

According to ASSIMWE, H.M. (2006), *“economic development is a sustained improvement in people's standard of living and welfare. It is a measure of quality of life of people. Economic development involves an improvement in the availability in the basic needs, an increase in the per capita income, an improvement in the variety of socio-economic indicators such as an increase in literacy rate, higher life expectancy, and reduction in poverty level, improved health, more education and others. Development incorporates a measure of human welfare”*.

As per table number 14 of the questionnaire found in appendix 5 on the impact of performance contract on socio-economic development in Kabaya and Kavumu Sectors of Ngororero District and the related results found in table number 13 of chapter four, it is shown that on the socio-economic domains developed due to the performance contract in Kabaya and Kavumu Sectors, according to the findings, the researcher concluded that during elaboration of performance contract, the district level identifies that all needs of population and the local authorities select the priorities in socio-economic domains such as education, health, poverty reduction etc.

In order to assist the vulnerable groups, performance contract helped Kabaya and Kavumu sector to provide a VUP program. It supported the vulnerable groups in three ways direct support, financial support and public works.

The second hypothesis dealt with many factors inhibiting the implementation of performance contracts in Kabaya and Kavumu Sectors of Ngororero District. According to Mburugu, one of the main reasons for poor performance, low management morale and lack of management accountability in local authorities Maua included, is the pervasive tendency of politicians and ministries to treat local authorities as government departments, to require all major decisions to be made or approved by the Minister of Local Government, and to leave no room for the local authorities to be autonomous (Mburugu 2005).

This can be verified in table number 14 of chapter four, where the findings on the foresaid table show the challenges encountered during implementation of performance contract. About 14% of respondents said that there is resistance to change, 7% said that there is poor communication, about 17% of respondents said that there is poor management, 16% of respondents said that ignorance of people is challenge during implementation of performance contract, about 14% said that there is poor monitoring and evaluation, 21% confirmed that low human resource capacity is a challenge in implementation of performance contract and 4% said for other included ambitious of performance contract. This implies that performance contract comes with challenges and as a result, there is need to identify them and come up with measures to address them. The respondents indicate their suggestions by answering this question: What do you suggest to be done to overcome the challenges facing implementation of performance contract in Kabaya and Kavumu sectors?

The last hypothesis concerns the effectiveness of planning, monitoring and evaluation of performance contract which would be a successful way to realize the performance contract and reach expected results.

Since 2006, Imihigo has been used by local government authorities for both planning and implementation of national programs based on district priorities as per table number 15 of chapter four.

Considering the above findings related to the hypotheses, the researchers confirmed that all hypotheses were verified and confirmed.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND SUGGESTIONS

5.1. Introduction

This chapter presents the summary of findings of the research on the impact of performance contract on socio economic development a case study of Kabaya and Kavumu sectors in Ngororero District using the objectives of the research, it also covers, the conclusion and suggestions of all findings, and also future areas of the study.

5.2. Summary of findings

This indicates that the high percentage of respondents have knowledge to answer questions asked and the provided information helped to achieve targeted objectives. Normally, our respondents are located in different categories of age, sexes, education and their level of understanding the awareness of performance contracting. Performance contract in Kabaya and Kavumu Sectors of Ngororero District contributed on socio-economic development of people in terms of increasing of income, agriculture, employment, health improvement, education, assistance of vulnerable groups, shelter improvement, service delivery, good governance and justice and availability of infrastructures. In order to know information about the impact of performance contract, the respondents mostly answered the following question as detonator for the booming performance especially in Kabaya District: *What is the impact of performance contract on socio-economic development of people in Kabaya and Kavumu sectors?* In this study, the researcher presented the findings according to the fixed objectives. The general objective dealt with the impact of performance contract on socio-economic development of Kabaya and Kavumu sectors. The specific objectives were to determine the extent to which employees understand the pillars of the major aspects of performance contract, to find out the socio-economic development impact of performance contract in Kabaya and Kavumu Sectors and to identify the factors inhibiting the implementation of performance contract.

5.3. Conclusion

The fourth chapter aims to verify the hypotheses based on the primary data. The first hypothesis concerned with the impact of performance contract on socio economic development in Kabaya and Kavumu Sectors of Ngororero District. On the table number 8, about 47% asserted that it's the targets to be achieved by an employee from the employer in this case some of the employees' in the institution were on contract basis. About 26% of the respondents cited that their understanding of the performance contract is the agreement about employees' performance while 16% of respondents when asked if they understood said that it was a type of contract with a clear set of objectives and indicators and 11% which was the least group of respondents when asked their understanding, they asserted that it is a freely negotiated performance agreement between the employer and the employee,

Second hypothesis dealt with finding out the socio-economic development impact of performance contract in Kabaya and Kavumu Sectors well verified on table 13, About 100% of respondents said that performance contract contributed on assistance of vulnerable groups, 24% of respondents said that performance contract contributed on increasing of income, 28% of respondents said that performance contract had the impact on availability of Agriculture, infrastructures and livestock in the region because the local government must indicate what they are going to do in their performance contract in terms of infrastructures, about 11% of respondents said that performance contract contributed also on health improvement because health promotion is one of the components of performance contract.

According to the above findings, the researcher concluded that during elaboration of performance contract, the district level identify all needs of population and the local authorities select the priorities in socio-economic domains such as education, health, poverty reduction etc.

This study was initiated to determine the Impacts of Performance Contracts in Citizens' Socio-Economic Development in Kabaya and Kavumu Sectors of Ngororero District, Western province of Rwanda. The respondents included people's representatives namely the Sectors' Executive Secretaries, the Cell's Executive Secretaries and the Villages' Leaders and Citizens. In addition secondary data and materials especially from internal documents such as annual reports on the **District's Performance Contracts 2016-2017** was obtained.

The study found that, all those who were aware of the performance contract scheme had already signed their contracts with their reporting officers; performance contract scheme has enabled Ngororero District to significantly transform peoples' lives particularly in Kabaya Sector. Contrarily, Kavumu Sector failed its performance contracts as planned, hence, this study will compare Kabaya Sector's performance and Kavumu Sector's underperformance. On the other hand there is link established between performance contract and performance appraisal and reward to good performance. In general, there is high motivation between employees work, organization objectives and performance contract scheme.

Performance contract has had a positive impact on service delivery hence improving socioeconomic development of the community. Performance contract motivates employees in Kabaya and Kavumu Sectors; however it also limits employee creativity and innovation as they have to operate within defined limits. Performance contract enhances on employee job satisfaction in Kabaya and Kavumu especially when they meet the requirements of performance contract. Therefore, the challenges facing implementation of performance contract were employees resistant to change, poor communication on expected results, lack of cooperation among the staffs and employees ignorance about performance contracting. Others were underfunding, poor management and supervision as well as negative attitudes by employees.

Based on the main findings, the study makes a number of suggestions:

□ **To local government**

- Performance contract should be improved in terms of communication, creation of employees' awareness; those employees who perform excellently should be rewarded; the institution should set goals that are realistic and achievable for employees; employees should be involved in setting performance targets and lastly the government should increase funding to accelerate socio economic development.
- Counter verification mechanisms to reported achievements need improving;
- Lower administrative entities that are said to generate data may not have records, with reporting between village and cell largely oral in nature. As such, many achievements are undocumented; so, overall record keeping (reporting and filing) system need strengthening;
- Monitoring and evaluation is largely not based on standard tools for measuring progress; so there is a need to cope with standard;

- There should be improved consultations to increase effectiveness of existing channels for enhanced penetration of performance contract;
- Strengthen monitoring and evaluation frameworks (tools, baselines, indicators, time bounded reviews, reporting, etc) at the central and local government levels for the performance contract;
- Target should not be claimed by more than one entity unless clear division of responsibility is clearly defined;
- Core features (challenging and transformative) of performance contract should be retained to avoid tendency for soft targets that do not impact people's lives;
- Ensure timely facilitation, guidance, budgetary transfer from the central government to the districts.
- Performance contract should be limited in number (not to exceed 10) to avoid ambiguity.

□ **To further researcher**

This study concentrated on small geographical area of Kabaya and Kavumu sectors in Ngororero District, Western Province of Republic of Rwanda. The sample involved in this study was also small. The researcher therefore suggests a general survey study to involve wider sample to explore the factors that have been identified to accelerate the positive impact of performance contract in:

- Performance contract and building capacity of vulnerable people in Rwanda,
- The impact of performance contract as key factor of new public management in Rwanda.

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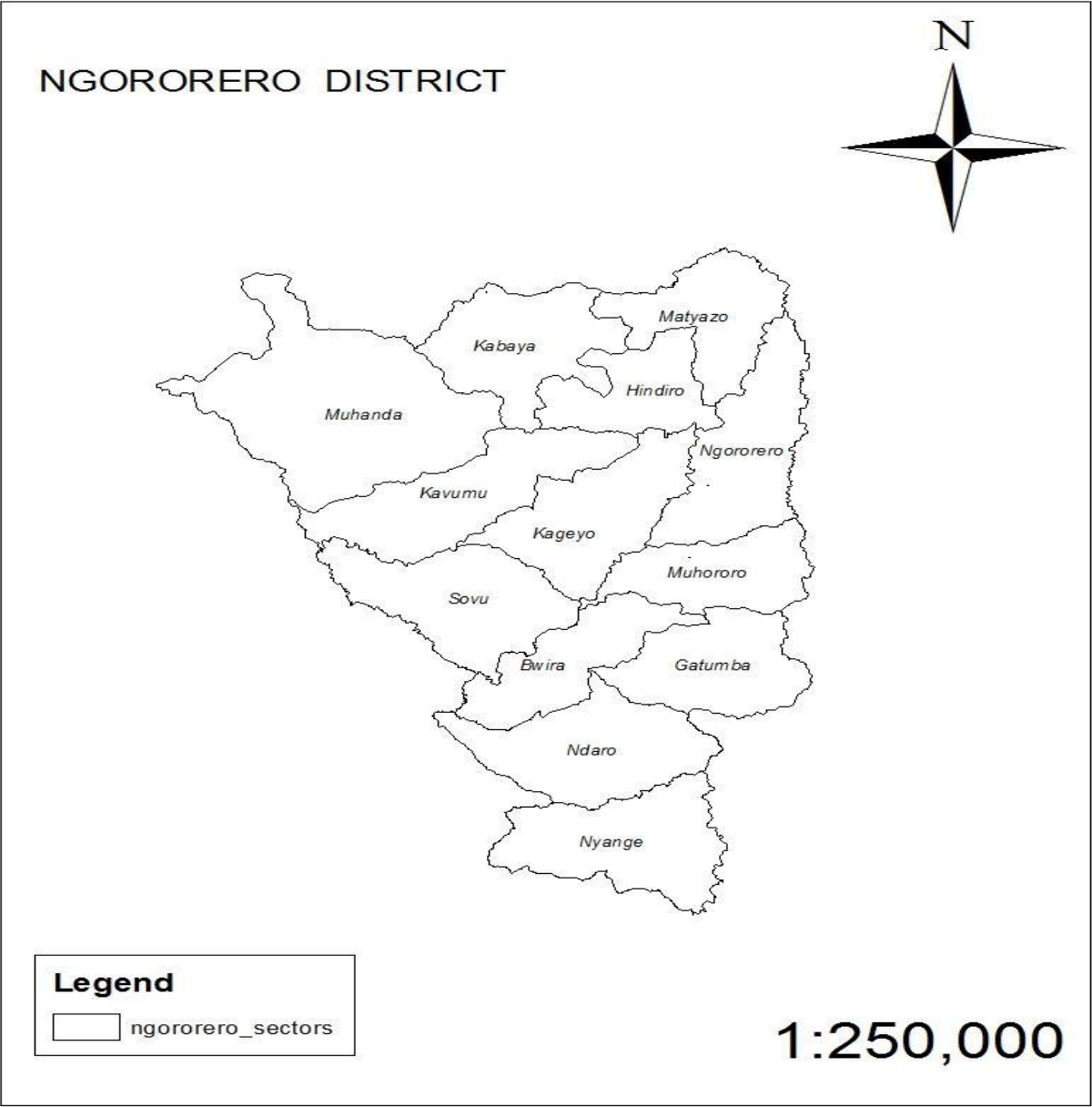
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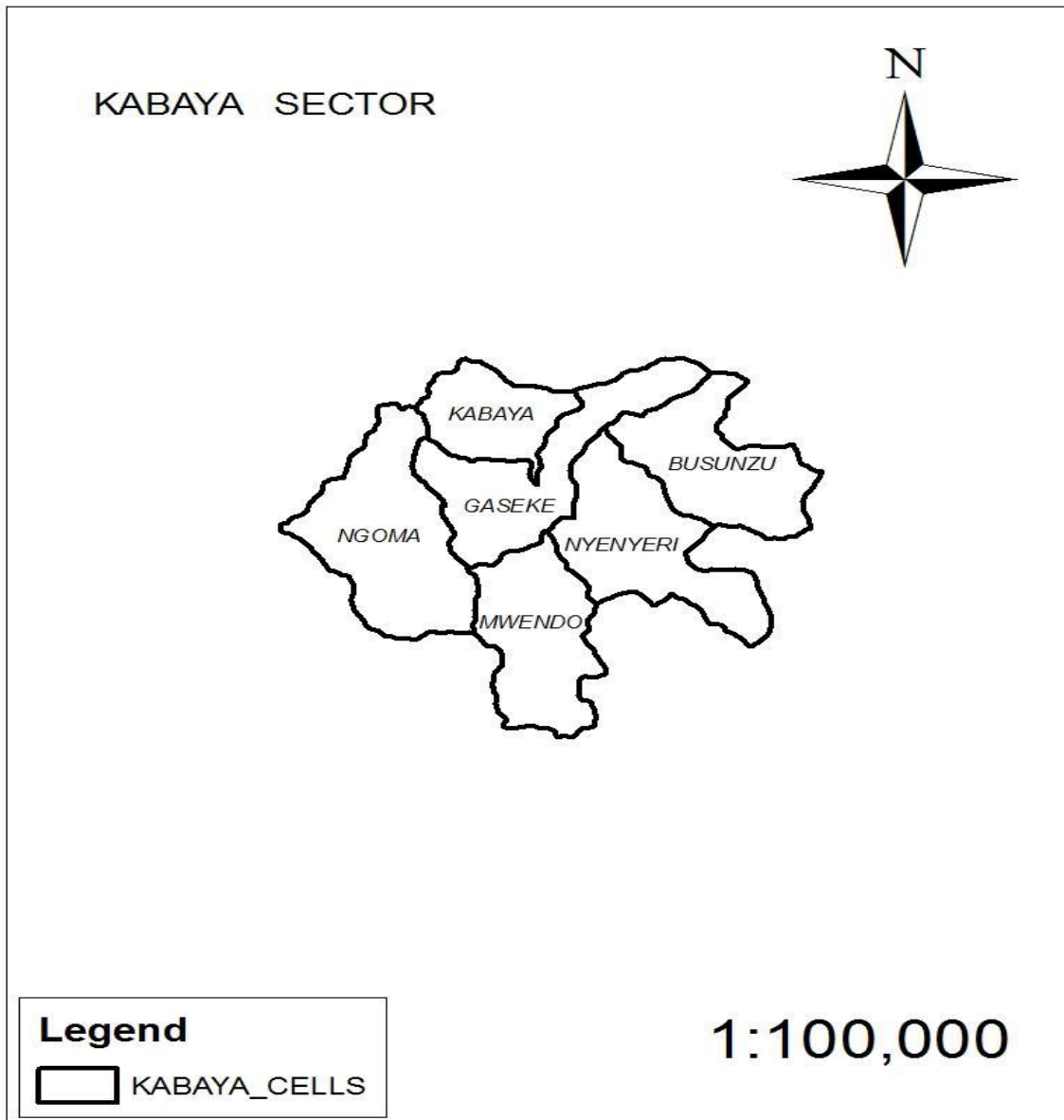
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APPENDICES

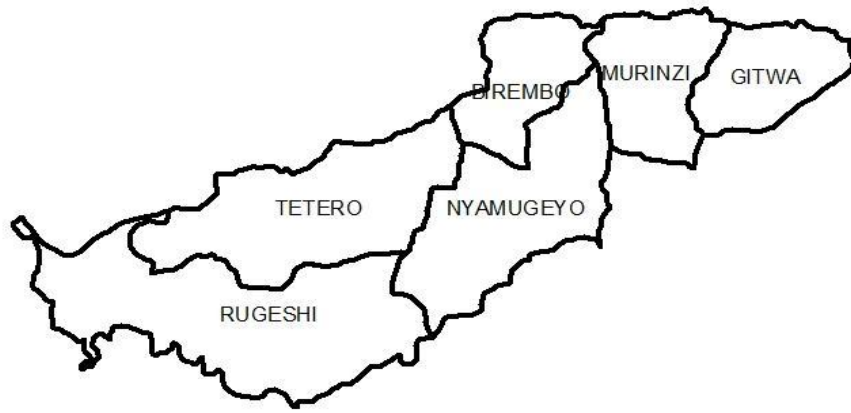
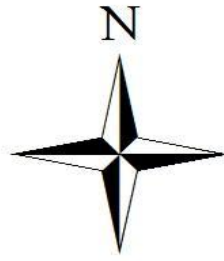
Appendix 1. Map of Ngororero District



Appendix 2: Map of Kabaya Sector



KAVUMU CELLS



Legend
 KAVUMU_CELLS

1:100,000

Appendix 4: Acceptance letter for gathering data for research



Appendix 5: Questionnaire

SECTION A: Identification of respondents

1. Gender : Male

Female

2. Age Under 19 years

20-29 years,

30-39 years

40-49 years,

over 50 years ...

3. Education level of respondents: primary level

A2

AO

Masters

PHD

SECTION B: Adoption of performance contract

1. What is your understanding of performance contract?

.....
.....
.....
.....

2. Are you aware of performance contract in sector below?

A) Kavumu sector Yes No

B) Kabaya sector Yes No

3. What is your understanding of Performance Contract?

- It is the agreement about employees performance
- Targets to be achieved by an employee
- It is a type of contract with a clear set of objectives and indicators
- A freely negotiated performance agreement between the employer and the employee

4. In what areas does performance contract appear to be most beneficial?

Self-evaluation

Setting goals and targets

Service delivery

Development of institution

Promotion of staffs

Keeping employees on toes

5. What are the key success factors in setting up the performance contract in Kabaya Sector?

Good management

Setting achievable targets

Fair remuneration

Checking sustainability

Good communication

Motivation

6. Why didn't Kavumu Sector achieve well performance contracts at District level, period of 2015/2017?

a) Misunderstandings

- b) Ignorance
- c) Lack of mobilization of leaders and staff
- d) Negligence of Citizens
- e) Poverty of Citizens
- f) Other Reasons:.....

.....

7. At what extent performance contract is rating in sectors?

Excellent

Very good

Good

Fair

Poor

Very poor

8. What is the organizational benefits of performance contract?

Helps in meetings set targets

Helps in employee evaluation

Help in employee appraisal

Brings efficiency

9. What is a productivity of the employees in the organization as a result of performance contract?

Strongly agree

Agree

Uncertain

Disagree

Strongly disagree

10. Is there often low productivity than what has been expected?

Strongly agree

- Agree
- Uncertain
- Disagree
- Strongly disagree

11. Do you agree that the key factors that encourage Kabaya sector to be more successful in Performance Contract at district level?

Good location (City)

Infrastructures

Increased income generating activities

High level of Understanding

Strong Public Private and Partnership

Other factors

11. Do you agree that employee's motivation has increased since the signing of performance contract?

- Strongly agree
- Agree
- Uncertain
- Disagree
- Strongly disagree

12. Do you agree that management ensures that the performance contract is done according to one's Job description and specification?

- Strongly agree
- Agree
- Uncertain
- Disagree
- Strongly disagree

13. Do you agree that every employee supports the method used for performance contract?

- Strongly agree

- Agree
- Uncertain
- Disagree
- Strongly disagree

14. What is the impact of performance contract on socio-economic development of people in Kabaya and Kavumu sectors ?

- Increasing of income
- Agriculture and livestock
- Employment
- Health improvement
- Education
- Assistance of vulnerable groups
- Availability of infrastructures
- Service delivery
- Good governance and justice
- Shelter improvement
- Others :

15. What are the challenges faced in implementation of performance contract

- Resistance to change
- Poor communication
- Ignorance
- Poor management
- Poor monitoring and evaluation
- Ambitious of performance contract
- Low human resource capacity
- Others :

16. What do you suggest to be done to overcome the challenges facing implementation of Performance contract in Kabaya and Kavumu sector for next?

Increase funding

Create employee awareness

Improve communication

Rewarding Excellency

All employee should be included in setting performance targets

Setting goals that are realistic and achievable

Others :

Thank you!

Appendix 6: A picture of a constructed bridge in Kavumu sector's performance contracts 2015-2016 for feeder roads connections



Appendix 7: Some achievements in Kabaya sector’s performance contracts 2015-2017

Business activities in Kabaya Town

