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**TOPIC: THE CONTRIBUTION OF PERFORMANCE CONTRACTS  
TO THE DEVELOPMENT OF RWANDA.**

**CASE STUDY OF MUHANGA DISTRICT: 2020-2022**

Dissertation Submitted in Partial Fulfillment of the Requirements for the Master's Degree in  
Local governance studies.

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**Huye October, 2024**

## **DEDICATION**

To my beloved wife,

To my son and daughter,

To my lecturers

To my friends,

**DECLARATION**

I, NIYONSABA Modeste, declare that the dissertation entitled “The Contribution of Performance Contracts to the Development of Rwanda” is my own original work, and it has not been presented to any other university for a similar or any other degree award.

Signature : .....

Date :.....

NIYONSABA Modeste

**APPROVAL**

I certify that the dissertation entitled: **“The contribution of Performance Contracts to the Development of Rwanda”** Case study of Muhanga District ( 2020-2022), written and submitted by NIYONSABA Modeste was under my supervision.

**Signature:** .....

**Dr. NKURAYIJA Jean de la Croix**

**Date:** October 11, 2024

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## **LIST OF ACRONYMS**

**BDF:** Business Development fund

**DDPS:** Districts Development Plans

**EDPRS:** Economic Development and Poverty Reduction Strategy

**EPC:** Energy Performance Contracting

**EU:** European Union

**ICT:** Information Communication and Technology

**MDGs:** Millennium Development Goals

**NISR:** National Institute of Statistics of Rwanda

**NST:** National Strategy for Transformation

**SACCO:** Saving and Credit Cooperative Organizations

**SSPS:** Sector Strategic Plans

## **ABSTRACT**

Performance contracts serve as a tool to hold individuals, organizations, or entities accountable for achieving specific targets and objectives within a defined timeframe. By setting clear expectations and measurable goals, performance contracts establish accountability mechanisms to ensure that responsibilities are met, and commitments fulfilled. The study thought to identify the Contribution of Performance Contracts to the Development of Rwanda in Muhanga District, It was guided by the specific objectives namely to assess the contribution of performance contracts to service delivery improvement in Muhanga district, to analyze the impact of performance contracts on poverty reduction and human development in Muhanga district and to discuss the challenges that the country faces in implementation of performance contract, the study adopted a cross-sectional design using both quantitative and qualitative research approaches on a sample of 71 respondents. The findings reveal that performance contracts have significantly improved service delivery in Muhanga District, with 78.8% of respondents highlighting their role in setting clear targets and enhancing accountability, leading to tangible outcomes in areas like infrastructure, healthcare, and education. A vast majority (97.1%) believe these contracts have increased efficiency and effectiveness, optimized resource management and reducing wastage. Monitoring and evaluation were also crucial, as 76.1% acknowledged their importance in tracking progress and ensuring continuous improvement. According to the second objective, as statistics shows that, the performance contracts have significantly contributed to poverty reduction and human development in Muhanga District. A majority of respondents (83.1%) recognized improved access to essential services like healthcare, clean water, and sanitation, which directly enhance quality of life. Employment generation, noted by 92.9%, has also been a key impact, supporting economic growth and reducing poverty. The research has found challenges related to implementation of Imihigo performance like insufficient capacity, both in terms of human resources and institutional capacity (83.1%), can hinder effective implementation. Limited skills, expertise, and experience among government officials (95.7%), In addition, Inadequate financial, technological, and logistical resources (87.6%) can pose significant challenges to implementation Imihigo. Addressing these challenges requires strong leadership, commitment, and concerted efforts from government authorities, stakeholders, and development partners.

**Keywords:** Performance contracts, Rwanda development, and Economic development.

## **CHAPTER ONE: INTRODUCTION**

This chapter introduces the study by giving background information, statement of problem, objectives of the study, research questions, scope of the study, significance of the study, research purpose, research objectives: general and specific, research questions, significance of the study, scope of the study and organization of the study.

### **1.1 Background of the study**

Armstrong, (2014) defines performance contract and clearly show its mission of addressing economic, social or other tasks that an agency has to discharge for economic performance or for other desired results. It organizes and defines tasks so that management can perform them systematically, purposefully, and with reasonable probability of accomplishment. It also assists in developing points of view, concepts and approaches for determining what should be done and how to go about it. Performance contracts comprise determination of mutually agreed performance targets and review and evaluation of periodic and terminal performance.

Jonson (2020) states that performance contracts are contracts that define expectations of the concerned parties. They define the work to be done, the results to be attained, the attributes (skills, knowledge and expertise) and the competencies that are required to achieve defined results. Parties also identify measures used to monitor, review and assess the performance.

This definition of Jody does not mention the role of government in planning and in evaluating performance contracts. The following World Bank's definition fills this gap.

According to the World Bank (1995) performance contract is as a written or negotiated agreement between government or its representative agency and the management of public enterprises and other autonomous units directly delivering services to public, or between government and private managers of state assets, where in quantifiable targets are explicitly specified for a given period and performance is measured against targets at the end of the period.

A performance contract 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, monitoring and control methods and at the same time imparting managerial and operational autonomy to public service managers. It is therefore a management tool for ensuring

accountability for results by public officials, because it measures the extent to which they achieve targeted results (Greiling, 2016).

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, The Contracting Organisation, 2018).

The Government of Rwanda adopted performance contracting as a tool for managing public resources and as a management accountability framework. Hitherto, management of public resources focused on processes and inputs rather than outputs and results. Performance contracts are deliberately designed to ensure that institutions take into consideration all the perspectives of an institution's performance (Patton, 2020).

According to NISR (2023) Imihigo is the plural Kinyarwanda word of Umuhigo, which means to vow to deliver. Imihigo also includes the concept of Guhiganwa, which means to compete among one another. Imihigo consists of the precolonial cultural practice used in Rwanda where an individual sets targets or goals to be achieved within a specific period of time. In order to achieve such umuhigo, the person must complete these objectives by following guiding principles and be determined to overcome any possible challenges that arise. In the old Rwandan cultural practice also, two parties publicly could commit themselves to the achievement of a particularly demanding task (Guhiga).

Failing to meet these commitments (umuhigo) usually led to dishonor, not only to the participating individuals but to the community as a whole. Those who achieved their pledges became role models in the community, and their exploits were echoed in history. In modern period, 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. In this line, the Government of Rwanda developed a set of Home-Grown Solutions - culturally owned practices translated into sustainable development programs. One of these Home-Grown Solutions is Imihigo.

Therefore, the Government of Rwanda, before the advent of performance contracting, the basis for determining a manager's performance was purely on perception and processes, and managers were not comfortable being evaluated on the basis of perceptions. The introduction of performance contracts compelled all public institutions to prepare and submit quarterly performance reports to designated agencies, and annual performance reports to the Performance Contracts Secretariat. Performance based contracting has been identified by both the private and public sectors as an effective way of providing and acquiring quality goods and services within available budgetary resources. Whereas within the private sector, profit orientation and competitiveness have necessitated the introduction of performance contracts, the public sector has taken long to embrace the practice, especially in Local Authorities (Dionco, 2021). The public sector has come under intense pressure to improve their operations and processes so as to reduce its reliance on exchequer funding. Further, there is need to increase transparency in operations and utilization of public resources, increase accountability for results and to deliver services more efficiently and at affordable prices to the taxpayer/ customer thereby, forcing governments to institute reforms in the public sector (Baily, 2018).

Local Governments are strategic institutions for the provision of basic socio-economic and environment services. Their strategic position makes them valuable and viable for providing effective and efficient services required by the community. They also provide platforms where community members exercise their democratic rights by electing their representatives who in turn coordinate the provision of the local services. In 2005, the Ministry of Local Government placed the management of all the 175 Local Authorities on performance contracts with the hope that this would improve service delivery to citizens (Ngendahimana, 2022). Rwanda experienced one of the most violent conflicts of the 20th century, but it is making significant progress towards reconciliation, reconstruction and development. This progress has been the result of a combination of good leadership, development partner support, national ownership, and innovative approaches to governance. The use of Rwanda's indigenous knowledge system, known as Imihigo (performance contracts), is one of those innovative and homegrown approaches that has strengthened service delivery and contributed significantly to improvements in the socio-economic wellbeing of citizens.

“Imihigo” is a Kinyarwanda word, meaning the setting of goals upon which “Kwesa imihigo” (evaluation) will be conducted at a future point in time. Imihigo is founded on the old Rwandan cultural practice whereby two parties publicly committed themselves to the achievement of a particularly demanding task. Failing to meet these commitments usually led to dishonor, not only to the participating individuals but to the community, and their exploits were echoed in history.

Working efficiently and effectively is a key factor for the success of any organization. The performance of organizations operating within a country is the bases of development for any human society and this will depend on several factors and the performance contract may be considered as one of the most important among others. The objective of performance contracting is the control and enhancement of employees ‘ performance and thus the performance of the whole institution. In this dynamic and changing environment, the performance contract takes into account innovative capacity of employees and this has been shown to be one way to create growth and sustain performance within organizations (Salomon, 2022). Furthermore, it has been suggested that innovation is essential in order to generate long-term stability, growth, sustainable performance and remain at the leading edge of the organization ‘s industry (Cook, 2018).

It is expected that the performance contract allows both employer and employee to work on the basis of an objective document signed by both of them. The evaluation of the employee is made at the end of the term by the employer on the basis of the execution of different assignments outlined in the performance contract document. In addition, this allows a more objective employee evaluation because it is done on the basis of facts. The success of performance contracts in countries such as France, Pakistan, South Korea, Malaysia, India, and Kenya have sparked a great deal of interest around the world. For these countries, performance contracts are now considered an essential tool for enhancing good governance and accountability for results in the public sector (Salomon, 2022). For the case of Rwanda, the performance contract popularly known as —Imihigo‖ in Kinyarwanda (the national language) was introduced by the Government of Rwanda in 2006 (Bide, 2017). The policy of performance contract was introduced in Rwanda as a key tool to reinforce the local government capacity to improve planning, efficiency and effectiveness of

essential public service delivery and to empower the people to actively participate in the political, social and economic transformation of the entire country.

Generally, Imihigo need to be evaluated and the main objective of Imihigo evaluation is to examine whether Imihigo targets have been achieved. In addition, areas of strengths and weaknesses are identified as best practices and lessons to learn from for future improvement. Objectives of Imihigo evaluation are illustrated by the following figure.

**Figure 1: Specific objectives of Imihigo evaluation**



## **1.2 Problem statement**

In an effort to achieve sustained social and economic development, Rwanda made significant reforms and aspires to become a middle-income country by 2035 and High-Income Country by 2050. This will be achieved through a series of National Strategies for Transformation (NST), underpinned by sectoral strategies focused on achieving the Sustainable Development Goals.

Every year, both central and local government choose from their action plans a number of activities with clear targets to be given a particular attention because they will play a vital role in improving the living conditions, service delivery and development of Rwanda. These selected activities and/or projects constitute Imihigo or performance contracts. At the end of every fiscal

year, an evaluation is conducted to assess the extent to which the targets were achieved and to identify gaps that can inform potential improvements in Imihigo planning and implementation. Imihigo has demonstrated to be a strong planning; implementation and monitoring tool to not only deliver the NST1 targets but also to sustain the momentum towards delivering the global and national development goals. (NISR, 2023)

The performance-based approach in Rwanda is aims at speeding up implementation of local and national development agenda, ensuring stakeholder ownership of the development agenda. It is expected to promoting accountability and transparency as well as result-oriented performance; instilling innovation and encouraging competitiveness; engaging stakeholders such as citizens, civil society, donors, and private sector in policy formulation and evaluation (MINALOC, 2010).

The major problems observed before the introduction of the performance contract policy were related to delay and poor quality in terms of Government programs execution, low effectiveness of local Governments with regards to taking the right actions at the right time. It is very useful to manage organization performance especially in public institutions. The performance of employees was considered as insufficient and sometimes even very poor in many public institutions and no transparency in performance employee evaluation. These problems have led to many of the state corporations facing cash flow problems, staff retention challenges, loss of revenue, and stagnation due to poor strategy implementation. Moreover, governments have generally tended to focus on project implementation and not on the quality of performance. They have as a consequence not laid significant emphasis on improvement in service delivery. This study on performance contracting, measurement and public service delivery, is therefore, motivated by the need to establish and understand the factors that affect and influence improvement in organizational performance in the public sector and ultimately improvement in the quality of public service delivery. Therefore, this study aims to evaluate the contribution of performance contracts to Rwanda's development between 2020 and 2022, with a specific focus on the successes and challenges experienced in Muhanga District. The research will provide insights into how the Performance system can be further strengthened to better serve local communities and support the country's long-term development goals.

### **1.3 Objective of the Study**

#### **1.3.1 General Objective**

The general objective of this study was to determine the Contribution of performance contract to the development of Rwanda.

#### **1.3.2 Specific Objectives**

The specific objectives of this research were the following:

- 1.To assess the contribution of performance contracts on service delivery improvement in Muhanga district from 2020 to 2022.
2. To analyze the impact of performance contracts on poverty reduction and human development in Muhanga district from 2020 to 2022.
3. To discuss the challenges that the country faces in implementation of performance contract.

### **1.4 Research questions**

Based on the specific objectives, here are the proposed research questions:

1. How have performance contracts contributed to the improvements of service delivery in Muhanga District from 2020 to 2022?
2. What are the impacts of performance contracts on poverty reduction and human development in Muhanga District during the period of 2020 to 2022?
3. What are the challenges faced in the implementation of performance contracts in Muhanga District from 2020 to 2022?

### **1.5 Significance of the study**

The study will contribute to the knowledge of academic world on how the performance contracts contribute to the growth and development of Rwanda, especially Muhanga District.

This result will be significant also because it presents factors that are key drivers of good performance in local government and if they are fully implemented, there is no doubt that the local government will perform their performance contract effectively. The study enabled the

researcher to be enriched with the knowledge of how to deal with practical challenges by using of research findings based on the practical challenges that do exist on the ground.

### **1.6 Scope of the study**

The scope of the study is divided into three sections, Content Scope, Geographical Scope, and Time Scope.

#### **1.6.1 Content scope**

The study was intended to find out the contribution of performance contract to development of Rwanda.

#### **1.6.2 Geographical scope**

The study was carried out in Rwanda in one of its District called Muhanga District, located in southern province.

#### **1.6.3 Scope in Time**

This research was focus on the contribution of performance contract to the development of Rwanda ranging from 2020 up to 2022.

### **1.7 Organization of the study**

The thesis was organized into five chapters. The first chapter talks about the general background of the study, gives the research problem, objectives and research questions. The second chapter covers the literature review which helps to scientifically understand the better the subject and gain knowledge and more information on performance contract experience from elsewhere. The third chapter explains the tools and techniques that were used in undertaking this study. It shows data required sources of data and the methods used to collect the needed data based on the study objectives. Chapter four is made of data analysis, presentation, and interpretation of findings and chapter five comprises summary, conclusion and suggestions respectively.

## **CHAPTER TWO: LITERATURE REVIEW**

A review of research and literature was conducted as a prelude to this study. This chapter is devoted to present the findings from that focused review. This review covers the research studies conducted on this topic across the world Rwanda inclusive. It allows to understand the current state of research in this area and to identify the gaps to be filled through the present study. It outlines the theoretical review, the theory of performance contract, the concept of the performance contract, the origin of performance contract, purpose of performance contract, and will review some effects of performance contract. It provides a wide understanding on the subject by confronting various versions of performance contracts as applied in different cases.

### **2.1 Definition of Key concepts**

This point deals with the definitions of three key terms which are Performance Contract and Development.

#### **2.1.1 The Concept of Performance Contract**

Performance contract is defined as: A freely negotiated performance agreement between the Government, acting as the owner of the Government agency, and the agency. Performance contracting can also be defined as one element of broader public sector reforms aimed at improving efficiency and effectiveness, while reducing total costs (Domberger, 2019).

Furthermore, the performance Contract can be defined as an agreement between a government and a public agency which establishes general goals for the agency, sets targets for measuring performance and provides incentives for achieving these targets (Bide, 2017). Performance contracting is seen as a tool for improving public budgeting, promoting a better reporting system, and modernizing public management while enhancing efficiency in resource use and effectiveness in service delivery. Jenkins, (2016) states that a performance contract is defined as a management tool for measuring performance that establishes operational and management autonomy between government and public agencies.

(Armstrong, 2019) Defines performance contract and clearly show its mission of addressing economic, social or other tasks that an agency has to discharge for economic performance or for other desired results. It organizes and defines tasks so that management can perform them systematically, purposefully, and with reasonable probability of accomplishment. It also assists in developing points of view, concepts and approaches for determining what should be done and

how to go about it. Performance contracts comprise determination of mutually agreed performance targets and review and evaluation of periodic and terminal performance.

Keeves (2018) states that performance contracts are contracts that define expectations of the concerned parties. They define the work to be done, the results to be attained, the attributes (skills, knowledge and expertise) and the competencies that are required to achieve defined results. Parties also identify measures used to monitor, review and assess the performance.

### **2.1.2 Development**

"Development" is a broad term that refers to progress, improvement, or advancement in various aspects of human life and society. It encompasses economic, social, political, environmental, and cultural dimensions. Development can occur at different levels, including individual, community, regional, national, and global levels. Development involves increasing the wealth and standard of living of individuals and communities. This includes factors such as increasing income, employment opportunities, access to basic services, improving infrastructure and focuses on improving the well-being and quality of life of individuals and communities. It includes aspects such as education, healthcare, housing, social services, gender equality, and social justice (Cook, 2018).

### **2.2 Theoretical Review**

Performance contracting is a tool that is implemented to achieve and increase social economic development and Performance contract is one of the means which is very important to achieve the goals of these all programs in order to achieve social –economic development of Rwanda. The major thrust of the reform agenda that Rwanda has been pursuing involves the adoption and introduction of multiplicity of measures intended to improve people welfare and economic growth in Rwanda. These measures originated from the need to show demonstrable gains from reform following the pains imposed by the structural adjustment reform period; responding to public demands for accountability and transparency; influence of new public management ideas as well as a shift to market economies and private sector-led economic development among others (Baily, 2018).

Specifically, a review of performance contracting in different countries shows the primary objectives for introduction of the concept are diverse. In Belgium it was introduced in the early nineties with the main aim of realizing savings. Dionco (2021) notes that performance

contracting in addition to cost saving, can allow for considerable autonomy in financial, human resources and internal organization management. Similarly, the strategy focuses for performance contracting in Rwanda is aimed at transforming the public service delivery system and making it a net contributor to the growth of the economy.

Notwithstanding, the 39 considerable debate and concern about the dysfunctional aspects of performance measurements in the public sector, performance contracting is firmly taking root. It has generally served to clarify roles and responsibilities and to improve performance. It is also clear that performance contracting in some areas have proven to be more successful than in others. Improving the system like introducing change in any organization is an evolutionary process. The environment within which the public sector reform is taking place is continually changing and the current practices will continually be subjected to review and assessment. Performance contracting must therefore be continually reviewed and adapted to assist countries improve their service delivery and their economic development (Domberger, 2019).

Thus, performance is a management tool for measuring performance that establishes operational and management autonomy between government and public agencies focusing on results and not on the processes (Mandago, 2018).

According to Douglas (2020) the inability of societies to develop effective Performance contract is the most important source historical and contemporary underdevelopment in the world. Therefore, this saying highlights how lack of effective performance contract and contract enforcement has underdeveloped the world. Thus, showing that performance contracts are helpful in promoting the growth and development of the country. The government of Rwanda knows that the government institutions of the country play a great role and influence on its way toward in the growth and development. The performance contracts have a lot of common characteristics with the management instruments by results. In this direction every performance contract identifies a number of clear priorities. The Imihigo (performance contract) program had several ambitious aims, including to:

- Speed up implementation of the local and national development agenda
- Ensure stakeholder ownership of the development agenda
- Promote accountability and transparency

- Promote results-oriented performance
- Encourage competitiveness
- Ensure stakeholders' participation and engagement in policy formulation and evaluation
- Instill a culture of regular performance evaluation (Government of Rwanda 2010)

The performance contract presents specific objectives composed of measurable indicator of performance, just as it is subject to a planned one and evaluation continues on monthly basis, quarterly, semi-annual and annual. Performance contract constitutes an assignment mechanism in responsibility and incentive for basic authorities and their population to implement the decentralization policy and to fill with the objectives of local and national development (MINALOC, 2018)

### **2.2.1 Goal-setting theory**

**Goal-setting theory** as developed in 1979 by Latham states that motivation and performance are higher when individuals set specific goals, when goals are difficult but accepted and when there is feedback on performance. (Will, 2019) Argued that difficult specific goals lead to significantly higher performance than easy goals, no goals or even the setting of an abstract goal such as telling employees to do their best. Difficult goals also energize them because they work harder to attain them. (Gauthier, 2014) argued that high goals lead to high performance which in turn leads to rewards. Participation in goal setting is essential as a means of agreeing to the setting of higher goals (Armstrong, 2019).

The theory is applied in performance contracting when heads negotiate and 40 set targets for their respective sections with senior managers of local authorities. This is expected to be cascaded down at different levels in local authorities where individual employees negotiate

target to be accomplished with their heads of sections Goal-setting theory places less emphasis on rewards and stresses the motivating power of defining appropriate work goals and engaging employee commitment to them (GOK, 2015).

A number of studies have attempted to examine the relationship between goal setting and performance. It was found that the majority of evidence suggests strong support for the theory. In fact, it is where managers were not sure of their objectives and doubts into the credibility of the

system evolved. Kim, (2019) found that when employees thought performance related pay had led managers to set targets more clearly because they have to pay them afterwards and if they thought their last appraisal was fair then they were more likely to experience positive incentive effects. Kothari (2014) found that unionized telecommunication employees had high performance and job satisfaction with their performance evaluation process when specific high goals were set.

Inevitably, however, some contrary findings are especially evident when identifying performance dimensions by using a goal-setting theory is followed by another set of issues concerning how these dimensions and goals can be measured (Spoul, 2020). In Rwanda Revenue, there was no evidence that clearer goals helped motivation towards better performance particularly when majority of individuals felt that they were already working at their maximum level of effort. In PC managers set targets whose achievement is evaluated at the end of financial year in Rwanda and this motivates individuals to work since the targets are negotiated. Studies involving a variety of tasks in both laboratory and field settings have consistently found that performance is a positive function of goal level (Kothari C. , 2014).

This means that individuals adjust their effort to the level of the goal for which they are striving. Persistence is required in setting a series of challenging performance goals which may be difficult when negative feedback is received suggesting that previous goals have not been attained (Jenkins, 2016). In France performance contracts were designed as a tool to ensure consistency in decentralized context. National guidelines are established every two years. Within these guidelines each department is able to design a local strategy, flexible enough for a very wide range of circumstances, but consistent with the strategic priorities set by the Directorate General for Taxes. Contracts also put pressure on the entire services network towards improving performance. As implemented at the Directorate General for Taxes, contracting first of all involves highly structured phase of evaluating results, a sort of negotiating round between the Directorate General for Taxes and each local director. Formal in-depth audits of each department are done on a regular basis to pinpoint strengths and weaknesses in each area. There are constant refinement of practical action plans tying resource use to priority aims and lastly the setting of explicit quantitative targets makes improving performance an ongoing realistic and motivating process (Greiling, 2016).

Performance contract system makes the strategy of departments clear to all its operational units and above all spells out resources that will be made available for achieving the targets that they have formally undertaken to meet. In this respect, while the contract may indeed place the emphasis on the results delivered by local services, it also places special attention on the “way forward” which will enable them to achieve long-term results. This comes from the feedback of the performance evaluation. (Domberger, 2018) argued that feedback is a moderator of goal-setting effects.

### **2.2.2 Will theory**

According to Kim, (2019) “**Will theory**” Performance contract these are mutual agreement between two or more parties that clearly specify their mutual performance obligation, intension and responsibilities. Performance contract have been applied as mechanism to achieve or reach state goals. This can go hand in hand with managerial organizational performance. How successful an organization achieves its objectives, satisfies social responsibilities to a large extent depends on its managers. If managers do their jobs well, the organization will probably achieve their goal and the nation as whole will prosper. The organization must appreciate that it has many different objectives. It also needs to understand there will be occasions when there is risk and uncertainty in setting various objectives. Importantly it has to prioritize and classify its objectives and it needs to deploy its resource including human resources to focus on its objectives, strategic and tactic consideration and may be integrated for the success of management by objectives.

### **2.3 Origin of performance contract**

The term performance contracting can be traced from France in the late 1960’s and other countries including India, Pakistan and Korea (Greiling, 2016). In France, the performance contract was first introduced in the Directorate General for Taxes (DGI) specifically designed to respond to two main concerns. First, as tools meant to ensure consistency in a decentralized context and second, as tools to enhance pressure on the entire services network to improve performance (Douglas, 2020). It has been adopted in developing countries in Africa, including Nigeria, Gambia, Ghana, Kenya, and Rwanda (Patton, 2020). 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.

Additionally, performance contract systems were first initiated in France in the late 1960 (Keeves, 2018). From this period, many countries adopted this new strategy of working across sectors in different years and there are several models of performance contract across the globe aimed to improve public performance, including through the involvement of the private sector. Kim, (2019) cite four models. For instance, ‘the three-year contract targets (Senegal’s contract plan); annual targets contract (Ghana’s PC, India’s memorandum of understanding, Korea’s performance evaluation and monitoring systems, and Philippines’ performance monitoring and evaluation system and Pakistan’s signaling system’ (Jonson, 2020). Furthermore, since the inception of performance contracts in Rwanda, Performance contract has started to affect every level of society, in so far as these kinds of contracts commitments are now to be found within government departments, but also in schools and even inside families (Ngendahimana, 2022).

## **2.4 Purpose of performance contract**

The main purpose of the performance contracting is to ensure delivery of quality service to the public in a transparent manner for the survival of the organization (Armstrong, 2019). Performance contracts specify the mutual performance obligations, intentions and the responsibilities, which a government requires public officials or management of public agencies or ministries to meet over a stated period of time.

The common purposes of performance contracting are to clarify the objectives of service organizations and their relationship with government and facilitate performance evaluation based on results instead of conformity with bureaucratic rules and regulations which have killed thinking, innovation and creativity in the public sector (Dionco, 2021). Armstrong, (2019) posits that the performance contracting involves a highly structured phase of evaluating results which he considers to be an extremely rigorous technical exercise on one hand and on the other hand a morale-boosting exercise for managers and staff.

## **2.5. Rationale of Imihigo Evaluation**

Imihigo as a tool for planning and implementation of development programs have lived their usefulness that continues to be used as vector towards achievement of country objectives as mentioned in various development policies and programs such as the first National Strategy for Transformation (NST1) whose aim is to achieve high standards of living conditions for all Rwandans by 2023/2024. Activities to be included in Imihigo or performance contracts are

derived from sector Strategic Plans (SSPs), Districts Development Plans (DDPs), Cabinet resolutions, National Consultations (Umushyikirano), Leadership retreats and grassroots consultations. These activities are clustered in three broad NST1 pillars: social development, good governance and economic development (Ngendahimana, 2022). They (Imihigo) are given a higher priority if compared to other activities in the annual action plans of districts, ministries and boards. The remaining activities in the action plans are also considered. A high attention is given to activities that deal with public service delivery, and other activities that have a greater impact on community well-being and public finance management. In order to generate long term stability, growth, sustainable performance and remain at leading edge of the organization's industry (Cook, 2018).

Thus, one way to achieve growth and sustain performance is to foster and encourage creativity and innovative practices internally within the organization. Baily, (2018) refers innovation to both radical and incremental changes in thinking things and processes or in services. In many fields, something new must be substantially different to be innovative, not an insignificant change such as in the arts, economics, business and government policy. Facing rapid increases in both environmental turbulence and complexity, organizations find themselves in enhanced uncertainty and increased competition.

## **2.6 Performance Contract Experience from elsewhere**

Performance contract policy has been experienced by a number of countries worldwide. Among others, Kenya and some European countries have introduced the performance contract policy with the purpose to improve the productivity in public and private sectors. As discussed below the performance contract introduction has generally resulted into a significant improvement in service delivery.

### **2.6.1 Effect of performance contract policy in South Africa**

Performance contracting has been used in the South Africa since the 1980s. The performance contracting, also known as energy performance contracting (or EPC), is recognized as a guaranteed, cost effective and scalable procurement method for reducing the operating cost and environmental impacts of buildings (Jonson, 2020). Performance contracting is particularly applicable when significant building efficiency improvements are sought but investment capital

is limited. For example: large public and government buildings, hospitals, schools and universities with inefficient buildings with older equipment and infrastructure.

(Jonson, 2010), points out the following performance contracting barriers:

**- Lack of Policies and Support Mechanisms**

The lack of awareness is reflected in a low level of market development and in a lack of specific policies and government-backed support mechanisms designed to promote performance contracting while removing any impediments to successful projects.

**-Public and Private Sector Capacity Constraints**

Even in cases where awareness about performance contracting is high and where support policies and mechanisms exist, public and private building owners may simply not have the technical capacity and/or skill set to seek out qualified in order to secure a performance contract.

**-Lack of Common Definitions and Harmonized Processes**

Performance contracts may be understood in different ways from one South Africa to the next and definitions and contract types can vary widely even within countries. While nation-specific approaches to performance contracting may be appropriate in order to account for local differences and circumstances, the lack of common definitions and harmonized processes hinders the development of standards and best practices, creating uncertainty and confusion in the marketplace.

**-Financing Constraints**

South Africa governments, almost without exception, are facing high budget deficits. Many of these same governments are not aware that performance contracting can save money, enhance energy security, and be implemented even—and indeed, to greatest advantage—in times of budgetary austerity. Meanwhile, credit markets remain constrained because of the

Ongoing financial crisis.

**2.6.2 Effect of performance contract policy in Kenya**

The Government of Kenya introduced Performance Contracting in the Public Service in 2004. This was one of the tools to improve service delivery (Armstrong and Baron, 2004). The

government of Kenya does acknowledge that over the years there has been poor performance in the public sector, especially in the management of public resources which has hindered the realization of sustainable economic growth (GOK, 2015). It adopted performance contracting in the public service in order to ensure that there is reduction or altogether elimination of reliance profit, as an objective basis for divesting loss making government agencies in Kenya and also compel the agencies to give a return to the shareholders by paying dividends or surplus, ensure that parastatals improve performance to deliver quality and timely services to the citizen and encourage a sense of accountability and transparency in service delivery and the utilization of resources (Greiling, 2016).

Introducing performance contracts in Kenya improved service delivery to the public, ensuring the top-level managers more accountable, reverse the decline in efficiency and ensure that resources are focused on attainment of key national policy priorities of the government, institutionalize performance-oriented culture in the public service through introduction of an objective performance appraisal system, measure and evaluate performance, link reward to measurable performance, facilitate the attainment of desired results, instill accountability for results at the highest level of the government, ensure that the culture of accountability pervades all levels of the government machinery and strengthen and clarify the obligation required of the government and its employees in order to achieve agreed target. Kenya introduced performance contracting not only improve service delivery but also to refocus the mind set of public service away from a culture of inward looking towards a culture of business as focused on customer and results (Mandago, 2018).

### **2.6.3 Effect of performance contract policy in Tanzania**

The performance contract policy in Tanzania, introduced to enhance public sector efficiency and accountability, has had a notable impact on governance and service delivery. The policy, which aligns individual and institutional performance with national development goals, has led to improvements in various sectors, including health, education, and infrastructure. By setting clear targets and performance indicators, the policy has helped to focus efforts on achieving specific outcomes and has provided a framework for evaluating progress (Douglas, 2020). One significant effect of the performance contract policy has been the improvement in public service delivery. For instance, in the health sector, performance contracts have contributed to better

health outcomes by ensuring that health facilities meet certain standards and targets. In education, the policy has led to increased accountability for schools and teachers, resulting in improved student performance and better management of educational resources (Salomon, 2022).

However, the implementation of performance contracts in Tanzania has not been without challenges. One of the key issues has been the inconsistency in applying the contracts across different sectors and regions. Limited resources and capacity constraints have sometimes hindered the effective monitoring and enforcement of performance targets. Additionally, political interference and lack of stakeholder engagement have posed obstacles to the successful implementation of the policy (Sylvester, 2019). Despite these challenges, the performance contract policy has provided a valuable tool for promoting accountability and improving public sector performance in Tanzania. For the policy to achieve its full potential, it is crucial to address the issues of resource allocation, capacity building, and stakeholder involvement. Strengthening these areas can help ensure that the performance contract policy continues to drive positive change and contribute to the country's development goals.

#### **2.6.4 Effect of performance contract in Rwanda**

Performance contracts contribute hugely to socio-economic development of the country. It helps the government to realize goals set under the United Nations Millennium Development Goals (MDGs), the locally driven Economic Development and Poverty Reduction Strategy (EDPRS) and the broader Vision 2050. Performance contract instills innovation and encouraging competitiveness by engaging stakeholders such as citizens, civil society, donors, and private sector in policy formulation and evaluation. More specifically, it promotes zeal and determination to achieve set goals, and instills the culture of regular performance evaluation (Sylvester, 2019). As stated by Ngendahimana (2022), since 2006, the performance of the districts with respect to voluntarily bottom – up set objectives under Imihigo program has greatly improved and a number of benefits have accrued to huge-impact projects such as the construction of schools nationwide to provide free and steadfast education to the future leaders of Rwanda.

Salomon (2022) one of the most notable effects of Imihigo has been the enhancement of service delivery across different sectors. Local governments are required to set and achieve specific

targets related to health, education, infrastructure, and other public services. This results-oriented approach has contributed to notable improvements in public services, such as better healthcare facilities, improved educational outcomes, and more efficient infrastructure projects. However, the implementation of Imihigo has strengthened accountability and transparency in local governance. By setting clear targets and performance indicators and linking them to the evaluation and funding of local government officials, Imihigo ensures that leaders are held accountable for their performance. This has helped reduce corruption and improve public trust in local governance.

## **2.7 Summary of Knowledge Gained**

The general objective of this study was to investigate the effects of performance contract policy implementation on the performance of local government employees in Rwanda. Reviewed literatures show that performance contracts play an important role in improvement of organizations efficiency in the worldwide. However, in Rwanda particularly, the literature reviewed was only focused on the impacts of performance contract at District level based on districts 'priorities. The Imihigo program helps the government to realize goals set under the United Nations Millennium Development Goals (MDGs), the locally driven Economic Development and Poverty Reduction Strategy (EDPRS), National Strategies for Transformation (NST1) and the broader Vision 2050.

Imihigo, as a powerful ingredient for the achievement of decentralization objectives, has strongly empowered the communities and currently they play a cardinal role in shaping their future by participating in all decision-making and governance calls with support of the local government authorities in speeding up implementation of local and national development agenda; ensuring stakeholder ownership of the development agenda; promoting accountability and transparency as well as result oriented performance. The local population must be first of all be sensitized on the interest of performance contract and even be involved on setting up some major activities which will be included in national performance contract. That one will encourage them in getting involved in implementing more interestingly rather than setting them up from Central Government

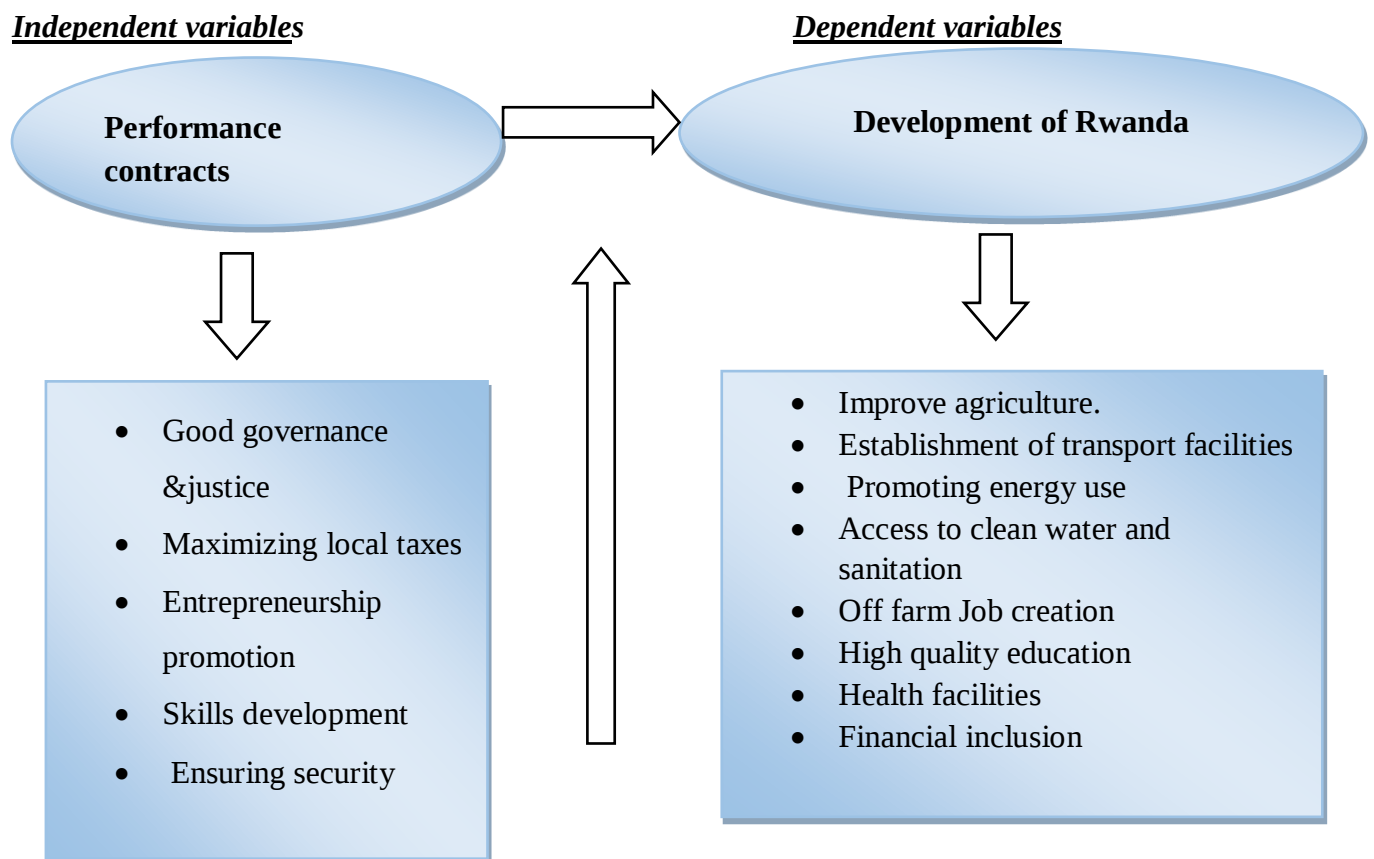
Level or District Level, this will make population very active in participating in reducing the poverty in partnership with the government for support it involves an increase in stock of

knowledge improvement in insights, attitudes, and rationally co-ordinate system of policy measures for the removal undesirable conditions that have perpetuated a state of under development in order to raise the population's income which is the most source of economic development of the country.

## 2.8 Conceptual framework

A conceptual framework is the scheme of concepts with an illustration that attempts to show the relationship between the relevant variables of the study. The variables here are the performance contract as the independent variables and Rwandan development which is dependent variable, a dependent variable is a variable being changed in an experiment that directly caused the person the experiment and the independent is that being observed that means that it is what is being measured and what is affecting during an experiment (Will, 2009) .Below is framework that shows summary of the components in every variables whose details have been discussed above.

**Figure 2: Conceptual framework**



- Government policies
- Donors /NGOS
- Weather conditions
- Joint action development Forum (JADF)

**Source:** (NISR, 2023)

According to Mandago, (2018), a conceptual framework is an analytical tool with several variations and contexts. It is used to make conceptual distinctions and organize ideas. Likewise, conceptual frameworks are abstract representations, connected to the research project's goal that directs the collection and analysis of data (Sylvester, 2019). Economic development of Rwanda depends on Improve agriculture, Establishment of transport facilities, Promoting energy use, Access to clean water and sanitation, Off farm Job creation, High quality education, Health facilities, and Financial inclusion, while Performance contract depends on Good governance & justice, Maximizing local taxes, Entrepreneurship promotion, Skills development, and Ensuring security, there are also Extraneous variables which are Donors /NGOS, Weather conditions and Joint action development Forum (JADF).

With the review of related literature, the researcher managed to portray the sub -variables by referring to performance contract which is conceptualized into three elements that constitute good governance, maximizing local taxes, promote entrepreneurship, skills development, and ensuring securities while dependent variable ( Development of Rwanda) is conceptualized by improving agriculture, establishment of transport facilities, promoting energy use, access to clean water and sanitation, off farm job creation, high quality education, health facilities and financial inclusion, while moderate variables of this conceptual framework are GNOs/Donors, taxation policy and weather conditions and those intervening variables could also affect the social economic development using Muhanga District Development Plan as the unit of research when independent variables are assumed constant.

## **CHAPTER III: RESEARCH METHODOLOGY**

Methodological research is a controlled investigation of the theoretical and applied aspects of measurements, mathematics, and statistics, and ways of obtaining and analyzing data. Method comprises of all intellectual process, an orderly system or arrangement that enables a researcher to reach on aspect of knowledge by using various techniques. This methodology intends primarily to highlight the methods and techniques that will be used in order to collect data for the purpose of carrying out this of the youth projects to job creation.

According to Baily (2018), defines methodology as” a philosophy of the research process”. Methodology refers to the various means by which data can be collected and analyzed. This chapter focuses on how the study was conducted. It includes methods and techniques of data collection. Contemporary English dictionary defines methodology as a set of methods and principles that are used when studying a particular kind of work.

It used a tool to guide us in writing scientific research based on unbiased evidence. Based on the methodology we have participated successfully in the field work when required, and also give us the techniques for the collection of data, by using statistics, rewritten documents, questionnaires, and interviews. Methodology helped to sort out the problem and interpret the date gathered from the field.

### **3.1. Research design**

Kothari, (2022) a research design is a comprehensive plan or strategy developed to address research questions or problems. It serves as a structured blueprint for conducting a study. Research designs generally fall into three categories: exploratory, descriptive, and explanatory. This research is classified as descriptive, as it seeks to accurately depict phenomena through detailed descriptions, classifications, or measurements of relationships.

According to (Kothari, 2004) descriptive studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group. Descriptive research can be described as a process of collecting data in order to test hypothesis or to answer questions concerning the current status of the subjects in the study. Descriptive research was used to report the research findings. Descriptive methods used were measures of central tendency such as mean and standard deviation (Mugenda, 2017)

This research used both quantitative and qualitative methods; Gunderson describes what we mean by quantitative research methods very well as phenomena by collecting numerical data that are analyzed using mathematically based methods in particular statistics. And qualitative method was described as the method is used for providing in-depth description of procedures, beliefs and knowledge related to health issues, or for exploring the reasons for certain behaviors including the opinions of respondents about particular issues (Kothari, 2022).

### 3.2 Target Population

The population refers to the complete set of individuals or objects that a study aims to investigate. In this study, the population consists of the total number of local leaders in Mushishiro and Nyamabuye sectors in Muhanga district, and 10 Administrative staff from Muhanga district. but to study the whole population was not possible due to limited time and budget constraint, the sample was taken from that population and were sampled randomly all totaling to 87 population.

### 3.3 Sample size

According to Kothari, (2022) ideally, researchers aim to gather data from each individual in a population to ensure comprehensive study results. However, due to practical limitations, researchers often rely on samples. To determine the optimal sample size, researchers commonly use Slovin's formula. By setting an acceptable error margin (in this case, 5%), Slovin's formula helps minimize the chance of sampling errors and enhance the representativeness of the sample.

P= 87 citizens

**n**= sample size, **N**= Total population, **e**= Error tolerance or margin of error.

The slovin's formula is calculated as follows:  $n = \frac{N}{1+N(e)^2}$

$$n = \frac{87}{1 + 87(0.05)(0.05)} n = \frac{87}{1 + 87(0.0025)}$$

$$n = \frac{87}{1+0.0025} n = \frac{87}{1.0025} = \mathbf{71.4 \simeq 71 \text{ Respondents}}$$

A sample was selected to represent the entire population. In this study, the researcher notes that due to the large size of the population and resource constraints, a sample of 71 respondents was used from a target population of 87 where by 10 Participate includes planner, and other

administrative staff of Muhanga district were chosen at district level while 61 rest were selected from local leaders of Mushishiro and Nyamabuye sectors. The reason why researcher chose above participant, are the one who are direct contact with performance planning and implementation.

### **3.4 Data collection procedures and instruments used.**

Basing on documentation in existing entities, we have been able to evaluate the situation. To conduct interview, a guiding questionnaire was elaborated. The questionnaire was elaborated so that close and open questions were asked before. Contact with interviewer was place of a location of concern entity using simple random sampling technique where everyone was given equal chance to be selected for a need of making the collect data clearer and more understandable, the researcher was present the raw collected data in a proper manner for easy interpretation and analysis. This was done through sub-process of editing, and tabulation. During this study in collecting information, the researcher used both primary and secondary data but it's through primary where data was collected by using design questionnaire, interview and observation.

#### **3.4.1 Primary data**

According to Spoul, (2020) say that “primary data are data that the researcher collects for the study at hand. It is the data that was collected directly by the researcher himself on the relevance of the study states, “primary data comes from people you are searching from and are therefore the most direct kinds of information that you can collect” primary data is said to be the firsthand observation and investigation.

##### **a. Questionnaire**

A questionnaire can be defined as a set of related questions designed to collect information from a respondent, A group of or sequence of questions designed to elicit information upon a subject or sequence of subject from an informant. Spoul, (2020) explains a questionnaire as a survey instrument for in mated or self-administered survey. It is composed of open-ended and close-ended question. In any case validity, reliability and consistency was assured to collect accurate and meaningful information.

Open-ended questionnaire is a set of questions set to give interviewee a chance to express his/her opinions on any research topic. With no limitation through the information obtained is at time. Close-ended questionnaire refers to the questions whose answers are given in multiple choices; the role of respondent is to pick the choice which suits his/her opinion. It limits the respondents' response by use of pre-selected alternatives. This type of questionnaire is more convenient as it is less time consuming and allows the researcher to get logic answers. A questionnaire was administered to 61 sample comprised by local leaders in Mushishiro and Nyamabuye sectors, the questionnaire was elaborate in English and Kinyarwanda, with questionnaire it was hope that people perceptions, feelings, and views will be gotten since each respondent were given the time to fill the structured questions and give justification for response given.

#### **b. Interview schedule**

An interview is defined as a face-to-face conversation between an interviewer and the respondent conducted for the purpose of obtaining information.

Gauthier, (2014) says that interview is a conversation in which the researcher tries to get information from the interviewee. Interview schedule was done in English and Kinyarwanda it was conducted with 10 district staff of Muhanga District.

#### **3.4.2 Secondary data**

Secondary data is a data that always exist. Secondary data is data that have already been collected for some purpose other than the question at hand. Secondary data are one step moved from the original data and are often an examination of a study someone else has made on a subject or an evaluation of commentary on or summary or primary material.

This technique reveals the leaves the literature and tries to convey both global and national perspectives so that the researcher could have a comparative analysis and evaluation.

#### **a. Reliability**

Reliability is a common word used in scientific literature. Its meaning and purpose are to describe how trustworthy the collected data is, it refers to the level of internal consistency or stability of the measuring device overtime. Therefore, a pretest of questionnaire to some employee and population at Muhanga District was done to prove its reliability.

**b. Validity**

Validity is defined as the extent to which the instrument measures what it purports to measure, it is the appropriateness of the instrument. According to Keeves, (2018) valid instrument is an essential factor for successful scientific study. It also refers how exactly a scientific investigation is carried out and how accurate the instrument and methods are.

**3.5 Data analysis methods**

It is the act of putting the collected data in the form that summarize the meaning in a way to facilitate the interpretation. It is an action to transform the observations gathered from the field into a system of categories that lead to quantitative analysis and tabulation.

By the processing of edited, the quality of collected data was improved and information was summarized using classification of response to categories for easy manipulation. To achieve the objective of the study some technique was used such as: Tables, percentages and other needed tools to come up on the better result.

**3.5.1 Editing**

Editing is intended to detect and as far as possible to eliminate errors in the completed questionnaire. The major aims of editing are to discover mistakes made during the field of the study and monitor the accuracy and find out whether there are some unfilled spaces in the questionnaire and eliminate unwanted responses. All this was done to ensure completeness, accuracy, consistence, legibility and complexity of the data.

**3.5.2 Tabulation**

According to Spoul, (2020) defines tabulation as putting the data into some kind of statistical tables such as percentages and frequency occurrence of responses to particular questions. Data tabulation is done after editing. Tabulation is done either by hand or by computer. Each table is followed by explanations about the nature of the relationship between variables indicated in the table. The researcher was do all this to present clear and understandable data. Tabulation is particularly important in that research questions that was answer using percentages, software which will be used is Microsoft Excel.

### **3.6 Ethical consideration**

The data collection was done on voluntary basis and the respondents include based on their own active involvement and they were given the freedom of speech without any influence. The researcher assured to work in perfect harmony with everybody who contribute directly or indirectly to this study in order to obtain rich information.

### **3.7 Limitations of the study**

Conducting research can be a complex endeavor with various limitations, The researcher in this period was challenged by shortage of funds, time, equipment, and access to necessary data and was also challenged in accessing relevant literature published in languages other than their own, as well as in communicating their findings to audiences with different linguistic backgrounds or disciplinary perspectives.

## CHAPTER FOUR: DATA ANALYSIS, PRESENTATION, AND INTERPRETATION OF FINDINGS

This chapter focuses on the results of the research which represents the responses to the objectives and the verification of the study; it also deals with the presentation, analysis and the interpretation of the data which was collected from Muhanga District. The findings are presented in tables for easy interpretation and explanations.

### 4.1 Identification of the respondents

This part allowed to be informed exactly about the respondents, to know the people who answered to the questions regarding to The Contribution of Performance Contracts to the Development of Rwanda. All the 71 respondents of the study were identified by ages, gender, educational level and marital status.

#### 4.1.1 Age of the respondents

The respondents of this study have different age as illustrated on the following table.

***Table 1: Age of the respondents***

| Age          | Frequency | Percent    |
|--------------|-----------|------------|
| 18-25        | 10        | 14         |
| 25-35        | 40        | 56.3       |
| 35-45        | 13        | 18.3       |
| 45 Above     | 8         | 11.2       |
| <b>Total</b> | <b>71</b> | <b>100</b> |

**Source: Primary data, July 2024**

From the above table, 10 respondents equal to 14.08% of the respondents have the age between 18 and 25, 40 respondents equal to 56,3% of the respondents are in the age between 25 and 35, 13 respondents equal to 18,3% of the respondents have the age between 35 and 45, and other 8 respondents equal to 11,2% of the respondents are beyond 45 years.

#### 4.1.2 Gender of the respondents

To ensure sustainable development of a country as well as the wellbeing of the population, both two sex, male and female are involved, that is the reason why during this research, we look into

consideration the issue of Gender. The following table showing the distribution of respondents by Gender.

**Table 2: Gender of the respondents**

| <b>Gender</b> | <b>Frequency</b> | <b>Percent</b> |
|---------------|------------------|----------------|
| Female        | 40               | 56.33          |
| Male          | 31               | 43.66          |
| <b>Total</b>  | <b>71</b>        | <b>100</b>     |

**Source: Primary data, July 2024**

Data presented in the table above show that 40 to mean 56.3 % of the respondents were females whereas 31 (43.6%) of the respondents were male. The findings indicate that both genders are presented, and this ensures that results from different respondents make the research more relevant.

#### **4.1.3 Marital status of the respondents**

Marital status of the respondents includes single, married, divorced, widow and widower.

**Table 3: Marital status of the respondents**

| <b>Status of the respondents</b> | <b>Frequency</b> | <b>Percent</b> |
|----------------------------------|------------------|----------------|
| Single                           | 18               | 25.3           |
| Married                          | 50               | 70.4           |
| Divorced                         | 3                | 4.2            |
| <b>Total</b>                     | <b>71</b>        | <b>100%</b>    |

**Source: Primary data, July 2024**

Referring to the results on the table above, 50 respondents equal to 70.4% of the respondents are married, 18 respondents equal to 25,3% of the respondents are single, 3 respondents equal to 4.2% of the respondents are divorced which is the good way of making the study to different kind of people in the research.

#### 4.1.4 Education level of the respondents

Education is an important factor for achieving the economic development of the country. That is the reason this research took into consideration the education level in order to be sure that the information gotten are more accurate. The table below showed the distribution of respondents by education level.

**Table 4: Education level of the respondents**

| <b>Educational level</b> | <b>Frequency</b> | <b>Percent</b> |
|--------------------------|------------------|----------------|
| Secondary level          | 20               | 28.2           |
| Bachelor's degree,       | 44               | 61.9           |
| Masters                  | 7                | 9.9            |
| <b>Total</b>             | <b>71</b>        | <b>100</b>     |

**Source: Primary data, July 2024**

The data shows the educational levels of 71 respondents, with 20 individuals (28.2%) having completed secondary education, 44 respondents (61.9%) holding a bachelor's degree, and 7 participants (9.9%) possessing a master's degree. This indicates that the majority of respondents (over 60%) have higher education qualifications, suggesting a well-educated sample. The smaller group with secondary education and the even smaller group with a master's degree highlight a range of educational backgrounds, though most respondents are relatively well-educated, which may contribute to their understanding and perspectives on the issues being studied.

#### 4.1.5 Occupation of the respondents

In this study, it is interesting to know the occupation of the respondents because this has an incidence on their answers. According to answers gathered through questionnaire, the respondents are occupied by civil servant, self-employed, business and there are others who are not have any job.

**Table 5: Occupation of the respondents**

| <b>Occupation</b> | <b>Frequency</b> | <b>Percent</b> |
|-------------------|------------------|----------------|
| Civil servant     | 20               | 28.1           |
| Self employed     | 40               | 56.3           |

|              |           |             |
|--------------|-----------|-------------|
| Unemployed   | 11        | 15.4        |
| <b>Total</b> | <b>71</b> | <b>100%</b> |

**Source: Primary data, July 2024**

As illustrated on the table above, 40 respondents equal to 56,3% of the respondents are self-employed, 20 respondents equal to 28,1% of the respondents are civil servant, 11 respondents equal to 15,4% of the respondents are unemployed.

## **4.2. Findings of the research**

As this research was intended to achieve three objectives, researcher used questionnaires which were completed by local leaders of Nyamabuye and Mushishiro Sectors, while interview held to employee working at District level to gather required information.

### **4.2.1 The contribution of performance contracts to service delivery improvement in Muhanga district.**

The table presents data on the perceived contribution of performance contracts to service delivery improvement in Muhanga District. The findings are based on the opinions of respondents, reflecting how different aspects of performance contracts have contributed to enhancing public services in the district.

***Table 6: The contribution of performance contracts to service delivery improvement***

| <b>Contribution</b>                      | <b>Frequency</b> | <b>Percentage</b> |
|------------------------------------------|------------------|-------------------|
| 1. Clear Targets and Accountability      | 56               | 78.8              |
| 2. Enhanced Efficiency and Effectiveness | 69               | 97.1              |
| 3. Monitoring and Evaluation             | 54               | 76.1              |
| 4. Citizen-Centered Services             | 65               | 91.5              |
| 5. Increased Innovation and Competition  | 58               | 81.6              |
| 6. Capacity Building                     | 64               | 90.1              |
| 7. Improved Coordination                 | 48               | 67.6              |

**Source: Primary data, July 2024**

Out of the respondents, 78.8% believe that performance contracts contribute to service delivery by setting clear targets and promoting accountability. This indicates that the majority of

respondents recognize the value of having specific, measurable goals in guiding public officials' actions. In the context of Muhanga District, clear targets in areas such as infrastructure, healthcare, and education ensure that local authorities are focused on tangible outcomes. Accountability mechanisms tied to these targets motivate public servants to deliver services effectively, knowing that they are answerable for their performance. The relatively high percentage suggests that setting clear objectives is crucial in improving the planning, monitoring, and execution of public service initiatives. The process of setting clear goals also enhances transparency in governance, as citizens can track the progress of various projects and hold leaders accountable for meeting their commitments. This may lead to a culture of results-driven public service in Muhanga, fostering trust between the local government and its constituents. By establishing clear and attainable benchmarks, local authorities are more likely to succeed in addressing community needs.

Furthermore, the overwhelming majority of respondents (97.1%) agree that performance contracts have enhanced efficiency and effectiveness in service delivery. This reflects a consensus that performance contracts help streamline the process of providing public services by reducing wastage, improving resource management, and focusing on achieving goals within set timelines. In Muhanga District, this likely translates into improved coordination of efforts and more strategic use of public funds, leading to faster and more impactful results. Efficiency in public service delivery often involves minimizing delays in project implementation, better allocation of human resources, and optimizing financial management. The high level of agreement among respondents suggests that performance contracts have encouraged local authorities in Muhanga to adopt more efficient approaches in delivering essential services such as healthcare, education, and infrastructure development. The emphasis on achieving measurable outcomes ensures that resources are used more wisely, benefiting the community at large.

A significant proportion of respondents (76.1%) believe that monitoring and evaluation (M&E) under performance contracts play a critical role in improving service delivery. M&E processes allow for continuous tracking of progress toward set goals, identifying challenges early, and making necessary adjustments to enhance performance. In Muhanga District, this likely means that public services are regularly assessed for quality, timeliness, and relevance, which helps in maintaining high standards and addressing any shortcomings promptly. The role of monitoring and evaluation cannot be understated; as it helps local authorities gauge the impact of their

initiatives and adjust strategies as needed. Regular feedback loops enable the government to fine-tune its approach, ensuring that services remain aligned with community needs. By providing an evidence-based approach to service delivery, M&E enhances accountability and promotes a culture of continuous improvement.

In addition, the data shows that 91.5% of respondents believe that performance contracts have contributed to making services more citizen centered. This high percentage suggests that performance contracts in Muhanga District are designed with the community's needs in mind, ensuring that services provided by the local government address the specific challenges faced by the population. By incorporating citizen feedback and participation in the planning and implementation process, performance contracts ensure that services such as education, healthcare, and infrastructure development are more relevant and impactful. The focus on citizen-centered services implies that local authorities are more attuned to the expectations of the public and are actively seeking to improve their engagement with the community. By aligning service delivery with the expressed needs of citizens, the government can enhance public trust and foster a sense of ownership among the population, as they feel that their input is valued in shaping local development projects.

Moreover, with 81.6% of respondents highlighting the role of performance contracts in promoting innovation and competition, it is evident that performance contracts have spurred local authorities in Muhanga to adopt new and creative approaches to service delivery. The competitive nature of performance contracts encourages different sectors and departments within the local government to outperform one another, leading to innovative solutions that improve efficiency, cost-effectiveness, and the quality of services. Increased innovation might manifest in the use of technology to streamline services, new methods of engaging with the community, or innovative public-private partnerships that address local development challenges. The drive for competition often leads to improved performance across the board, as local authorities are motivated to achieve higher standards to be recognized for their efforts.

While A large majority of respondents (90.1%) believe that performance contracts contribute to capacity building among public officials and service providers. This highlights the critical role of performance contracts in enhancing the skills and knowledge of those involved in public service delivery. In Muhanga District, capacity-building initiatives might include training programs,

workshops, and mentorship opportunities aimed at equipping public servants with the tools needed to meet performance targets. The high percentage of agreement suggests that performance contracts not only focus on delivering outcomes but also on building the capabilities of the people responsible for achieving them. By investing in capacity building, the local government ensures that its staff are better equipped to handle the complexities of service delivery, which ultimately leads to more effective and sustainable improvements in public services.

Finally, 67.6% of respondents believe that performance contracts have improved coordination among different sectors and departments within the local government. While this is the lowest percentage among the contributions listed, it still indicates that a majority of respondents recognize the value of better coordination in improving service delivery. In Muhanga District, improved coordination might involve enhanced communication between departments, better collaboration on cross-sectoral initiatives, and more efficient use of shared resources. Improved coordination helps reduce duplication of efforts, ensuring that different sectors work together harmoniously to achieve common goals. In the context of service delivery, this could mean better integration of healthcare, education, and infrastructure services, leading to more comprehensive and cohesive development efforts. Although there is room for further improvement, the majority of respondents see performance contracts as a positive force in fostering greater collaboration among government entities.

The findings from this study suggest that performance contracts have made significant contributions to service delivery improvement in Muhanga District. The high levels of agreement across multiple aspects, such as enhanced efficiency, citizen-centered services, and capacity building, indicate that performance contracts are an effective tool for driving public service reforms. While areas like coordination could benefit from further enhancement, the overall perception of performance contracts is positive, with most respondents acknowledging their value in promoting accountability, innovation, and better resource management. Performance contracts have not only improved the quality of services delivered but also fostered a culture of accountability, innovation, and community engagement. By focusing on clear targets, efficiency, and capacity building, local authorities in Muhanga District have been able to enhance their

service delivery efforts, ultimately contributing to the district's overall development and improving the lives of its residents.

#### **4.2.2 The impact of performance contracts on poverty reduction and human development in Muhanga district.**

Performance contracts in Rwanda, have played a significant role in fostering development and improving the livelihoods of the population in various districts, including Muhanga. The system sets specific targets for local authorities, aligning their efforts with national development goals, such as poverty reduction and human development. In Muhanga District, the impact of performance contracts on these two critical areas can be observed through several factors

***Table 7: The impact of performance contracts on poverty reduction and human development***

| <b>Criteria</b>                               | <b>Frequency</b> | <b>Percentage</b> |
|-----------------------------------------------|------------------|-------------------|
| 1. Improved Access to Basic Services          | 59               | 83.1              |
| 2. Increased Employment Opportunities         | 66               | 92.9              |
| 3. Agricultural Development and Food Security | 58               | 81.6              |
| 4. Strengthened Education Systems             | 61               | 85.9              |
| 5. Infrastructure Development                 | 66               | 92.9              |
| 6. Environmental Sustainability               | 46               | 64.7              |
| 7. Promotion of Gender Equality               | 64               | 90.1              |

**Source: Primary data, July 2024**

The data presented highlights the frequency and percentage distribution of key criteria that reflect the contributions of a particular initiative or program, potentially within the context of development in a specific region or sector. Notably, the criterion of increased employment opportunities and infrastructure development stand out as the most impactful areas, each receiving 66 occurrences and representing 92.9% of the responses. This suggests that the initiative or program in question has made significant strides in creating jobs and improving physical infrastructure, both of which are essential components for sustainable development and economic growth. Employment generation indicates that the local economy may be expanding, providing more opportunities for individuals, while the infrastructure improvements support

various sectors, from transportation to public services, enhancing overall productivity and quality of life.

Similarly, the criterion of promotion of gender equality also shows substantial progress, with 64 responses, representing 90.1%. This indicates that efforts to reduce gender disparities and empower women have been effective, contributing to more inclusive development. \*\*Strengthened education systems (61 responses, 85.9%) and improved access to basic services (59 responses, 83.1%) reflect advancements in social services that directly improve human capital and quality of life. These high percentages show that education reforms and improved public service delivery are fostering a more equitable and educated population, which, in turn, strengthens long-term development prospects.

In addition, environmental sustainability received 46 responses, representing 64.7%, indicating that while there has been some attention to environmental concerns, there is room for further improvement in this area. Addressing issues like deforestation, pollution, and the sustainable use of natural resources is critical for maintaining long-term economic and social welfare. Agricultural development and food security (58 responses, 81.6%) remains a vital area of focus, particularly in rural settings, where food security directly impacts livelihoods. While substantial progress has been made, there is still a need to further strengthen efforts in this area to ensure that the population has reliable access to sufficient, nutritious food.

The data indicates a strong overall impact of the initiative or program, particularly in areas critical to both immediate and long-term development. The increased employment opportunities and infrastructure development, each with a high percentage of 92.9%, underscore the program's success in creating jobs and enhancing physical infrastructure. These two criteria are crucial as they provide the foundation for economic stability and growth. Increased employment opportunities suggest that the local job market is expanding, potentially reducing unemployment rates and fostering economic activity. Infrastructure development, including improvements in roads, utilities, and public buildings, facilitates better access to services, boosts business operations, and enhances the quality of life for residents. In addition, the strong performance in promotion of gender equality (90.1%) reflects significant progress toward creating a more inclusive environment where both men and women have equal opportunities. This is a vital

achievement, as gender equality can lead to more balanced economic growth, improved social outcomes, and the empowerment of women, which often translates into broader societal benefits.

Moreover, strengthened education systems (85.9%) and improved access to basic services (83.1%) indicate that efforts to enhance educational opportunities and service delivery are paying off. A stronger education system equips individuals with the skills and knowledge necessary for personal and professional development, while improved access to basic services like healthcare, clean water, and sanitation addresses fundamental needs and contributes to overall well-being. These improvements are likely to have positive ripple effects throughout the community, leading to better health outcomes, increased literacy rates, and enhanced social cohesion.

However, the data also reveals areas requiring further attention. Environmental sustainability, with 64.7%, highlights a critical area where progress is needed. Effective environmental management is essential for maintaining natural resources, ensuring long-term ecological health, and mitigating the impacts of climate change. The relatively lower percentage suggests that while some initiatives are in place, more comprehensive and focused efforts may be needed to address environmental concerns adequately. Similarly, agricultural development and food security at 81.6% indicates progress, but it also underscores the ongoing challenge of ensuring reliable food sources and supporting agricultural growth. In many rural areas, agriculture is a key livelihood source, and improvements in this sector are vital for economic stability and food security. Continued investment in agricultural techniques, market access, and support for farmers could further enhance food security and agricultural productivity.

In conclusion, the data paints a picture of significant positive outcomes across many critical development areas, with particularly notable achievements in employment, infrastructure, and gender equality. While these successes are commendable, addressing the areas with lower percentages—especially environmental sustainability and agricultural development—will be essential for achieving balanced and sustained progress. The overall effectiveness of the program can be enhanced by continuing to build on its strengths and addressing its weaker areas through targeted strategies and interventions. Overall, the data portrays a strong and positive impact across most development criteria, with some areas such as employment, infrastructure, and gender equality receiving particularly high marks, suggesting that the initiative or program is effectively contributing to the overall social and economic development of the region. However,

areas like environmental sustainability and agricultural development require continued attention to ensure holistic and sustainable progress.

#### **4.2.3 Challenges faced in the implementation of performance contract in Muhanga District.**

Even if, performance contracts have a significant role the economic development in Rwanda there are some challenges faced in implementation. The following table illustrates the views of respondents to those challenges.

***Table 8: Respondents' views to the challenges in performance contracts 'implementing.***

| <b>Responses</b> | <b>Respondents</b> | <b>Percentage</b> |
|------------------|--------------------|-------------------|
| Yes              | 71                 | 100               |
| No               | 0                  | 0                 |
| <b>Total</b>     | <b>71</b>          | <b>100</b>        |

**Source: Primary data, July 2024**

From Table above all respondents equal to 71 respondents or 100% of the total respondents agreed that there are challenges faced in the implementation of performance contracts in Muhanga District. The following tables illustrate those challenges.

***Table 9: The challenges in performance contracts 'implementing***

| <b>Challenges</b>                                               | <b>Respondents</b> | <b>Percentage</b> |
|-----------------------------------------------------------------|--------------------|-------------------|
| Negative thinking of some people to the program of development. | 59                 | 83.1              |
| Mismanagement of some leaders to the performance contract       | 66                 | 92.96             |
| Unskilled people to the performance contracts approach          | 68                 | 95.7              |

**Source: Primary data, July 2024**

From Table above indicates the challenges that facing in implementation of performance contracts in Muhanga District as follow: Unskilled people to the performance contracts approach as agreed by 68 respondents equal to 95,7% of the respondents, mismanagement of some leaders to the performance contracts as shown by 66 respondents equal to 92,9% of the respondents and

other 59 respondents equal to 83,0% of the respondents said that the challenge is negative thinking of some people to the program of development, performance contracts included.

The data presented outlines key challenges faced in the implementation of performance contracts. Each of these challenges represents a significant barrier to the effective execution and success of performance contract programs, which are designed to improve governance, accountability, and overall development outcomes. The data is divided into three main challenges: Negative thinking of some people towards development programs, Mismanagement by some leaders, and Unskilled personnel in performance contract approaches. Analyzing these challenges in detail can provide valuable insights into how to overcome them and enhance the efficacy of performance contracts.

The challenge of negative thinking of some people towards development programs reflects a substantial issue, with 83.1% of respondents identifying it as a significant barrier. This resistance or skepticism towards development initiatives can stem from various sources, including past negative experiences with similar programs, lack of trust in the authorities implementing the contracts, or general disillusionment with the effectiveness of such initiatives. When a sizable portion of the population harbors negative perceptions, it can undermine the legitimacy and effectiveness of performance contracts. Addressing this challenge requires a multifaceted approach. Firstly, there needs to be a concerted effort to build trust between the government or implementing bodies and the community. This can be achieved through increased transparency, regular communication, and demonstrating tangible benefits of the performance contracts. Engaging the community in the planning and implementation phases can also help in addressing concerns and incorporating local insights, thus fostering a sense of ownership and alignment with the program's goals. Furthermore, highlighting successful case studies and providing clear evidence of positive outcomes can gradually shift negative perceptions and garner broader support.

The issue of mismanagement of performance contracts by some leaders, with 92.96% identifying it as a challenge, underscores a critical area of concern. Mismanagement can manifest in various ways, such as inadequate resource allocation, poor execution of contract terms, lack of adherence to deadlines, or ineffective monitoring and evaluation. Such mismanagement not only hampers the success of individual performance contracts but can also erode trust in the broader system of

performance contracting. To address this challenge, it is essential to enhance the capacity and accountability of leaders responsible for implementing performance contracts. This can be achieved through comprehensive training programs that equip leaders with the necessary skills and knowledge to manage performance contracts effectively. Implementing robust monitoring and evaluation systems can also help in identifying and addressing mismanagement issues early on. Regular audits, performance reviews, and feedback mechanisms should be established to ensure that leaders are held accountable for their actions and that any deviations from the expected performance are promptly addressed. Additionally, fostering a culture of accountability and integrity within the leadership ranks can contribute to better management practices and improved outcomes.

The challenge of unskilled personnel in performance contract approaches, with 95.7% of respondents identifying it as a significant issue, highlights a critical gap in the implementation of performance contracts. Unskilled personnel may lack the technical expertise, experience, or understanding of performance contract methodologies, leading to ineffective execution and suboptimal results. This challenge can significantly undermine the potential benefits of performance contracts and hinder progress towards development goals.

Addressing this issue involves investing in capacity building and professional development for personnel involved in performance contracts. This includes providing targeted training programs that cover the principles and practices of performance contracting, as well as ongoing support and mentorship. Developing a robust framework for recruitment and selection to ensure that individuals with the necessary skills and experience are placed in roles related to performance contracts can also help in mitigating this challenge. Furthermore, creating a knowledge-sharing platform where best practices and lessons learned are exchanged can enhance the overall skillset of personnel involved in performance contracting.

To effectively address these challenges, a holistic approach that integrates solutions for all identified issues is necessary. For instance, building community trust and addressing negative perceptions should be coupled with efforts to improve leadership skills and management practices. This can be achieved through stakeholder engagement, transparent communication, and demonstrating the benefits of performance contracts to the public. Moreover, addressing unskilled personnel requires not only training but also a strategic approach to personnel

management, ensuring that the right individuals are in place to execute performance contracts effectively. This can involve partnerships with educational and professional institutions to develop relevant curricula and training programs, as well as creating pathways for continuous professional development.

In conclusion, the challenges identified negative thinking towards development programs, mismanagement by leaders, and unskilled personnel represent significant barriers to the successful implementation of performance contracts. Addressing these challenges requires a comprehensive strategy that includes building trust, enhancing leadership and management capabilities, and investing in personnel development. By taking these steps, it is possible to improve the effectiveness of performance contracts and achieve better outcomes in terms of governance, accountability, and overall development.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND SUGGESTIONS**

After the data was presented, analyzed, and interpreted, this chapter is about the summary of findings, Conclusion and Suggestions. It is guided by the specific objectives such as to assess the contribution of performance contracts to service delivery improvement in Muhanga district, to analyze the impact of performance contracts on poverty reduction and human development in Muhanga district, and to discuss the challenges that the country faces in implementation of performance contract. The study was later concluded and appropriate suggestions accruing from the findings were made.

### **5.1 Summary of the findings**

The first objective was to assess the contribution of Performance Contracts to Service Delivery Improvement in Muhanga District. The data on the contribution of performance contracts to service delivery improvement in Muhanga District reveals several key insights into how these contracts have influenced public services. According to the findings, performance contracts have had a notable impact on various aspects of service delivery, with high percentages of respondents recognizing their effectiveness in different areas. A significant portion of respondents (78.8%) believe that performance contracts have improved service delivery by setting clear targets and enhancing accountability. This finding highlights the importance of having specific, measurable goals for public officials. Clear targets guide local authorities in focusing on tangible outcomes in areas like infrastructure, healthcare, and education. Accountability mechanisms ensure that public servants are answerable for their performance, fostering a culture of transparency and results-driven governance. In addition, the overwhelming majority (97.1%) of respondents agree that performance contracts have enhanced the efficiency and effectiveness of service delivery. This suggests that performance contracts help streamline public service processes, reduce wastage, and improve resource management. In Muhanga District, this translates into better coordination, optimized use of public funds, and faster results in essential services.

The field study also revealed that, monitoring and evaluation play a crucial role in improving service delivery, with 76.1% of respondents acknowledging their significance. M&E processes allow for continuous tracking of progress, early identification of challenges, and necessary adjustments to enhance performance. In Muhanga, this means that public services are regularly assessed for quality and relevance, contributing to a culture of continuous improvement.

A high percentage of respondents (91.5%) believe that performance contracts have made services more citizen centered. This indicates that performance contracts in Muhanga are designed to address community needs and incorporate citizen feedback. Services such as education, healthcare, and infrastructure are tailored to meet the specific challenges faced by the population, enhancing public trust and engagement. In addition, performance contracts have also fostered innovation and competition, as reported by 81.6% of respondents. The competitive nature of performance contracts encourages local authorities to adopt new approaches and solutions, leading to improved service quality and efficiency. A substantial majority (90.1%) of respondents highlight the role of performance contracts in capacity building. Training programs, workshops, and mentorship opportunities are essential for enhancing the skills of public officials, leading to more effective service delivery. While 67.6% of respondents acknowledge improved coordination among different sectors and departments, this is the lowest percentage among the contributions listed. Enhanced coordination helps reduce duplication of efforts and ensures a more integrated approach to service delivery. Overall, the data suggests that performance contracts have significantly contributed to service delivery improvement in Muhanga District by promoting clear targets, efficiency, citizen-centered services, innovation, capacity building, and coordination

Second objective was to analyze the impact of performance contracts on poverty reduction and human development in Muhanga district. As statistics shows that Performance contracts have enhanced access to basic services, with 83.1% of respondents recognizing this improvement. Access to essential services such as healthcare, clean water, and sanitation directly contributes to better quality of life and poverty reduction. In addition, the creation of job opportunities, as noted by 92.9% of respondents, is a significant impact of performance contracts. Employment generation supports economic growth and reduces poverty by providing individuals with income and stability.

Moreover, agricultural development and food security have also been positively impacted, with 81.6% of respondents acknowledging progress. Ensuring reliable food sources and supporting agricultural growth are crucial for livelihoods in rural areas. Performance contracts have contributed to strengthening education systems, as reported by 85.9% of respondents. Improved education enhances human capital, leading to better long-term development outcomes. As also

highlighted by the respondents, infrastructure development is another area of significant impact, with 92.9% of respondents highlighting improvements. Better infrastructure supports various sectors, boosts productivity, and enhances quality of life. While the efforts to promote gender equality have been effective, with 90.1% of respondents recognizing progress. Gender equality fosters inclusive development and empowers women, leading to broader societal benefits. Lastly, environmental sustainability received 64.7%, indicating that while progress has been made, more attention is needed. Effective environmental management is essential for long-term development and ecological health. Overall, the data indicates that performance contracts have had a substantial positive impact on poverty reduction and human development in Muhanga District, particularly in areas such as employment, infrastructure, and gender equality

Lastly, performance contracts may align with international development agendas, such as the Sustainable Development Goals (SDGs) or regional development initiatives. Progress in achieving these goals can demonstrate a country's commitment to global development priorities. The last objective was to discuss the challenges that the country faces in implementation of performance contract. As statistics shows that the implementation of Imihigo performance contracts, face several challenges, which may vary depending on the context and specific circumstances of the country, here are some of the challenges showed by findings.

Firstly, insufficient capacity, both in terms of human resources and institutional capacity, can hinder effective implementation. Limited skills, expertise, and experience among government officials may impede the planning, monitoring, and evaluation of performance contracts. In addition, Inadequate financial, technological, and logistical resources can pose significant challenges to implementation. Without sufficient resources, it may be challenging to achieve targets, deliver services, and sustain momentum over the long term. While political interference, including changes in leadership, priorities, and policies, can disrupt the implementation of performance contracts. Political pressure to manipulate targets or allocate resources based on political considerations may undermine the integrity and effectiveness of the process.

The findings also showed that reliable and timely data are essential for setting realistic targets, monitoring progress, and evaluating performance. However, many countries face challenges related to the quality, availability, and accessibility of data, which can impede evidence-based decision-making and accountability. also, effective coordination and collaboration among

government agencies, departments, and stakeholders are critical for successful implementation. However, fragmented governance structures, siloed approaches, and competition for resources may hinder collaboration and alignment of efforts.

Moreover, resistance to change among government officials, civil servants, and other stakeholders can impede the adoption of performance contracts. Institutional inertia, fear of accountability, and skepticism about the effectiveness of performance-based approaches may undermine buy-in and commitment to the process. Inadequate monitoring and evaluation mechanisms can limit the ability to track progress, identify challenges, and make informed decisions. Without robust monitoring and evaluation, it may be difficult to hold officials accountable for their performance or make necessary adjustments to improve implementation.

Corruption, fraud, and mismanagement can undermine the integrity and effectiveness of performance contracts. Lack of transparency, accountability, and oversight mechanisms may create opportunities for rent-seeking behavior, diversion of resources, and manipulation of data. External factors also, like economic downturns, natural disasters, conflict, or global crises, can pose significant challenges to implementation. These external shocks may disrupt service delivery, undermine progress, and require adaptation of targets and strategies. Addressing these challenges requires strong leadership, commitment, and concerted efforts from government authorities, stakeholders, and development partners. Building institutional capacity, strengthening accountability mechanisms, improving data systems, and fostering a culture of transparency and collaboration are essential for overcoming these challenges and achieving the intended objectives of performance contracts.

## **5.2 CONCLUSION**

Since 2006 this approach has been used by local government authorities for setting local priorities, setting annual targets and defining activities to achieve them. Imihigo performance contract system has made significant contributions to the development of Rwanda since its inception. Through its focus on setting clear objectives, enhancing accountability, and fostering a results-oriented approach to governance, Imihigo has played a crucial role in driving progress across various sectors of the Rwandan economy. One of the key strengths of Imihigo lies in its ability to align national development priorities with local-level implementation, thereby ensuring that resources are effectively deployed to address the most pressing needs of communities. By

promoting transparency, citizen engagement, and participation in decision-making, Imihigo has empowered Rwandan citizens to actively contribute to the development process and hold their leaders accountable for delivering tangible results.

Moreover, Imihigo has facilitated improvements in service delivery, infrastructure development, poverty reduction, and human development indicators, thereby contributing to Rwanda's impressive economic growth and social progress over the years. By incentivizing performance and rewarding success, Imihigo has fostered a culture of excellence, innovation, and continuous improvement within the public sector.

The performance indicators provide a clear framework to establish domestic accountability at a level directly relevant to citizens. This dissertation shows that different socio-economic indicators like agriculture development, environment protection, infrastructure development, entrepreneurship development and social development shows a positive trend and therefore justifies the relationship between the great achievements of Muhanga district from 2020-2022 and the ranking held by the district during this period of time.

However, there is a need to pay more attention on different indicators that scored less percentages from respondents by suggesting the way of continuous improvement of the standards of living of the people in Muhanga District and development of country.

However, despite its successes, Imihigo also faces challenges that need to be addressed to maximize its impact on Rwanda's development. These challenges include capacity constraints, resource limitations, political interference, data quality issues, and the need for greater coordination and collaboration among stakeholders. The Imihigo performance contract system has proven to be an effective tool for driving development outcomes in Rwanda. By building on its successes and addressing its challenges, Rwanda can further harness the potential of Imihigo to accelerate progress towards its long-term development goals and aspirations.

### **5.3 Suggestions**

The study formulated different recommendations which are addressed:

### **5.3.1 To local Government**

- i.** To explain to the local people the concept of performance contracts, organize the meetings to local people in order to educate them on how performance contracts are being applied in Muhanga District.
- ii.** To control different sectors which are in charge of performance contracts in order to eradicate the miss-management.
- iii.** It should encourage the local people for preparing performance contracts in order to achieve family's sustainable development.
- iv.** Local population should acquire training if all performance contracts nowadays are signed at household level and success is to realize in terms of development and wellbeing of the society. Since performance contracts are now at the household level, all citizens who are illiterate should attend adult school such that they may understand how to read and write.
- v.** Access to clean water and access to ICT need more attention from the district leaders to facilitate people from Muhanga an easy usage for their development.
- vi.** Increasing Health and education facilities should be taken into consideration by the district in Imihigo so that to reduce the distance between households and the access to these facilities.
- i.** The spirit of entrepreneurship needs to be revisited in Muhanga District by mobilizing people to increase their level of confidence in jobs creation and the spirit of innovation for their future livelihood.
- ii.** Heath and education infrastructures in addition to other people's priorities should be considered in the district plan to speed up the level of development of people in Muhanga District.
- iii.** It is necessary to put more effort in mobilizing people through different gatherings in Gender mainstreaming so that to reduce the conflicts observed in different households in Muhanga District.

### **5.3.2 To the local people**

- i. People from Muhanga District should exploit fully opportunities brought by the availability of electricity in their District by maximizing the time allocated to business and access to information.
- ii. People from Muhanga District need to be open to external business by changing their mindset with the purpose to become competitive.

### **5.3.3 To Civil society organization**

Suggest this study to civil society organizations and advocacy groups in Rwanda that focus on governance, accountability, and citizen participation. Encourage them to monitor and assess the implementation of Imihigo contracts, solicit feedback from citizens, and advocate for transparency, accountability, and citizen engagement in the Imihigo process. These organizations can play a critical role in ensuring that Imihigo contributes to inclusive and sustainable development outcomes.

### **5.3.4 Media Outlets and Journalists**

Suggest this study to media outlets and journalists in Rwanda to raise awareness and foster informed public discourse on the role of Imihigo in driving development. Encourage them to investigate and report on success stories, challenges, and lessons learned from the implementation of performance contracts at the local and national levels. Balanced and insightful media coverage can stimulate public debate and support efforts to improve the Imihigo system.

### **5.3.5 To other researcher**

Recommend this topic to academic and research institutions in Rwanda, as well as international organizations and think tanks with expertise in governance and development issues. Encourage them to conduct in-depth studies, evaluations, and comparative analyses of the Imihigo system's effectiveness in driving development outcomes. This research can provide valuable insights and evidence-based recommendations for policymakers and practitioners.

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## **APPENDICES**

## Appendix 1: Recommendation letter for data collection from University of Rwanda



UNIVERSITY OF  
RWANDA

### COLLEGE OF ARTS AND SOCIAL SCIENCES

#### SCHOOL OF GOVERNANCE, DEVELOPMENT & SOCIETY

OFFICE OF THE DEAN

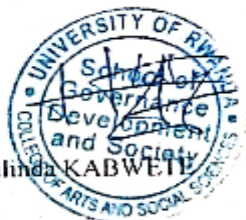
#### RECOMMENDATION LETTER FOR DATA COLLECTION

This is to certify that **NIYONSABA Modeste**, with Registration number **221031234**, is a regular student in Master's Programme ( Local Governance Studies), School of Governance, Development and Society, College of Arts and Social Sciences, University of Rwanda.

The above mentioned student is currently in the process of gathering data for his final research work entitled **"The contribution of Imihigo Performance Contracts to the Development of Rwanda. Case study of Muhanga District, 2020 - 2022"**. He will approach you with the aim of collecting relevant information to complete this assignment. We are humbly requesting you to kindly extend the necessary cooperation in providing the needed data.

We thank you in anticipation of your kind collaboration, and please, do not hesitate to contact us when in need of further information.

Sincerely,



Prof. Charles Mulinda **KABWETE**

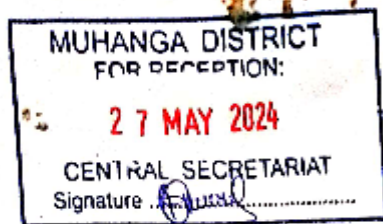
Dean,

School of Governance Development and Society

Telephone: **0788559711**

E-mail: [kmulinda@gmail.com](mailto:kmulinda@gmail.com)

**Appendices 2: Letter to Muhanga District requesting permission and support in the process of data gathering.**



South Province

Muhanga District

Mushishiro Sector

Phone: +250782529550/+250794775457

Email:niyonsabamodeste2@gmail.com

25 May, 2024

To Mayor of Muhanga District

Dear Madam,

**Re:** Requesting for a permission and support in the process of data gathering of my research work.

I am humbly requesting for you a permission and support in the process of data gathering in my research work entitled "The contribution of Imihigo Performance Contracts to the Development of Rwanda". Case study Muhanga District (years 2020-2022).

I am a student of Master's Program in the University of Rwanda, College of Arts and Social Sciences, in the Faculty of Governance Development and Society, Department of Local Governance Studies. As I am writing a dissertation about the topic above, I wish to get the correct data about the contribution of Imihigo Performance Contracts to the development of Rwanda mainly in Muhanga District.

For more information, please find enclosed recommendation letter for data collection from University of Rwanda.

I look forward to hearing from you.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Modeste NIYONSABA', written over a horizontal line.

Modeste NIYONSABA.

### Appendix 3: Authorization Letter for collecting data in Muhanga District

REPUBLIC OF RWANDA



SOUTHERN PROVINCE  
MUHANGA DISTRICT

E-mail: [info@muhanaga.gov.rw](mailto:info@muhanaga.gov.rw)

Muhanga, on 28.10.2024  
Ref No...32.35.1.07-0207

NIYONSABA Modeste  
Email: [Niyonsabamodeste2@gmail.com](mailto:Niyonsabamodeste2@gmail.com)  
Tel: +250782529550

**RE:** Authorization for collecting data in Muhanga District

Dear Mr,

1. Reference is made to your letter of May 27<sup>th</sup>, 2024 requesting the authorization for conducting research in Muhanga District entitled "The contribution of Imihigo performance contracts to the development of Rwanda (Year 2020-2022)"
2. We have the pleasure to inform you that the authorization for conducting a research is granted with the condition that the findings from the research will be submitted to Muhanga District for information and consideration
3. Thank you

KAYITARE Jacqueline  
Mayor of Muhanga District

**CC:**

Mr. Vice Mayor in Charge of Economic development / Muhanga District



IMBANGUKIRAMIHIGO

RESTRICTED

DUKORE BYINSHI, BYIZA KANDI VUBA

#### **Appendix 4: A LETTER FOR RESPONDENTS**

Modeste NIYONSABA

University of Rwanda

College of Arts and Social Sciences

Faculty of Governance, Development, and Society

Department of Local Governance Studies

December 2023

Re: Request the responses to a research questionnaire

Dear respondents,

I am a student in my final year at the University of Rwanda College of Arts and Social Sciences, Faculty of Governance, Development and Society. I am carrying a study as partial fulfillment of the requirements for the award of a master's degree, The study is titled "The Contribution of Imihigo Performance Contract to the Development of Rwanda, Case study of Muhanga District". The information required here is purely for academic purposes and will therefore be treated confidentially.

Yours faithfully,

**Modeste NIYONSABA**

## **Appendix 5: QUESTIONNAIRES**

### **PART A: Personal Identification**

Please tick in the most appropriate box.

#### **1. Age:**

- a) 18-25 ☐
- b) 26-35 ☐
- c) 36- 45 ☐
- d) 45 and above ☐

#### **2. Gender:**

- a) Male ☐
- b) Female ☐

#### **3. Educational Level**

- a) Primal level ☐
- b) Ordinary level ☐
- c) Secondary level ☐
- d) Bachelor's degree ☐

#### **4. Marital status?**

- 1. Single ☐
- 2. Married ☐
- 3. Divorced ☐
- 4. Widow and widower ☐

**Part B:** The contribution of performance contracts to service delivery improvement in Muhanga district.

5. How have Imihigo performance contracts contributed to improvements in service delivery in Muhanga District from 2020 to 2022? (Answer by **Yes** where you agree and **No** where you are not agree)

1. Clear Targets and Accountability
2. Enhanced Efficiency and Effectiveness
3. Monitoring and Evaluation
4. Citizen-Centered Services
5. Increased Innovation and Competition
6. Capacity Building
7. Improved Coordination

**Part C:** The impact of performance contracts on poverty reduction and human development in Muhanga district.

6. What impact have Imihigo performance contracts had on poverty reduction and human development in Muhanga District during the period of 2020 to 2022. (Answer by **Yes** where you agree and **No** where you are not agree)

1. Improved Access to Basic Services
2. Increased Employment Opportunities
3. Agricultural Development and Food Security
4. Strengthened Education Systems
5. Infrastructure Development
6. Environmental Sustainability
7. Promotion of Gender Equality

**Part D:** The Challenges faced in the implementation of performance contract in Muhanga District.

7. What are some of the challenges or limitations you have observed in the implementation of the Imihigo system (Answer by **Yes** where you agree and **No** where you are not agree)

- Negative thinking of some people to the program of development
- Mismanagement of some leaders to the performance contract
- Unskilled people to the performance contracts approach

#### **Appendix B: Interview guide for Staff of Muhanga district**

1. Can you please introduce yourself and describe your role or involvement in the governance or development sector in Rwanda?
2. Could you provide an overview of how the Imihigo performance contract system operates in Rwanda?
3. What are the key objectives and components of the Imihigo system?
4. In your opinion, what are the main ways in which Imihigo has contributed to the development of Rwanda?
5. Can you provide specific examples or success stories of how Imihigo has led to positive development outcomes in Rwanda?
6. What are some of the challenges or limitations you have observed in the implementation of the Imihigo system?
7. How do you think these challenges impact the effectiveness of Imihigo in driving development outcomes?
8. To what extent does Imihigo address equity and inclusivity in development efforts across different regions and population groups in Rwanda?
9. Based on your experience and observations, what recommendations would you offer to enhance the effectiveness of Imihigo in contributing to Rwanda's development?
10. Is there anything else you would like to add or any additional insights you would like to share regarding the contribution of Imihigo to the development of Rwanda?

**Thank you!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!**