

# Performance contract scenario and socio-economic development of Rwanda

## A case study of Gatsibo district in Eastern Province

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**Abstract:** The topic of this research is “performance contract scenario and socio-economic development of Rwanda” a case study of Gatsibo District. The purpose of this study was to find out the social and economic effects of performance contracts in Gatsibo District and to find out challenges of the performance contracts and possible strategies for improvement. The problem at hand was that; reconstructing a nation from ashes was nearly impossible in Rwanda after the scourge of war and genocide that took almost a million of people and left many others with physical and psychological wounds. Hence there was need to come up with unusual solution to socio-economic reconstruction of the society, thus Imihigo emerged as paramount home grown solution to speed up the process. The researcher used purposive sampling and simple random sampling to select respondents in conformity to the realization of the objectives of the study. The suggested respondents were leaders & people of Gatsibo district. For collecting primary data, well-structured questionnaire were employed to 80 respondents from two Sectors respectively, one of an urban and of rural setting, Kabarore and Murambi sectors, whereas interviews were employed to 10 people 5 local leader and 5 opinion leaders. Data were edited and sorted for the next stage and after presented in tabular forms, with frequencies and percentages for classifications of responses by Statistic Package for Social Sciences (SPSS) for easier analysis and interpretation

The main findings are for instance most of respondents affirmed of 4 components of imihigo; the economy, social welfare, governance and social justice and agreed that there has been a steady increase in all these components and poverty levels have been decreased vividly, further many policies and programs have been initiated to increase the welfare of people all over the country; to mention, minimum package for vulnerable people, housing campaign to eliminate grass houses, 12 years basic education, women and youth development programs among others. In performance contracts implementation, the common issues that have been addressed include performance improvement so as to deliver quality and timely services to the citizens, improve productivity, a sense of accountability a transparency in service delivery and the utilization of resources and grant independence to government agencies without being subjected to the bureaucracies and unnecessary procedures. The Researcher drew conclusion by clarifying that performance contracts (Imihigo) have a great role on social-economic development of people and eradication of poverty and it affects all kinds of socio-economic activities especially in relation helping the most vulnerable population and gave recommendations indicating how leaders should have a formal, rigorous, and transparent procedure for setting, evaluating and monitoring the IMIHIGO.

**Key words:** Performance Contracts (Imihigo), Social-economic development,

### INTRODUCTION

Rwanda is a country that has been recovering from a national tragedy: the genocide of 1994, which devastated the country, amplified poverty and development has been taken at a slow rate. Many have concluded that the consolidated power structure that existed at that

time played a role in enabling that atrocity. Since then, the government was characterized by concentration of powers in the hands of few individuals at the central government level.

The Ministry of Local Government and Social Affairs (2000) argued that “ The current political, economic and social problems in Rwanda is a direct consequence of the recent political and administration history of the country the apex of which was the cataclysmic genocide of 1994, a genocide planned and effectively executed by the community and agents of the state.” Relatedly, the inappropriate, highly centralized dictatorial governance of the colonial and post-independence administration of country excluded the population from participating in determination of their political, economic and social wellbeing (Ministry of local Government and social Affairs, 2000). As a result, the government that came to power in the aftermath of the genocide has seized on decentralization as a key strategy to help prevent such a tragedy from ever happening again.

The Government of Rwanda (GOR) also views decentralization as a way to promote national reconciliation, power-sharing and participatory development at all the local level. Owing to the second phase of decentralization and local government reform in Rwanda, in 2006, the government of Rwanda started the development strategies based on performance management contracts. Performance contracts are agreement between an administrator (predominantly superintendents) and the subordinates to accomplish the agreed upon task in a specified time bound using specified resources given (Bushweller 1997).

For Marry et al. (1999:33) A performance contracts is 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. The use of performance contracts has been acclaimed as an effective and promising means of improving the performance of public enterprises as well as government departments. It is on this regard that all government institutions from the district and the city of Kigali, plus other government institutions signed performance management contracts with the office of the president of the republic of Rwanda indicating their short term programs and goals. According to (Shirley, 1997:23) performance contract in public sector is viewed as a device to reveal information and motivate workers to exert efforts towards socio-economic development.

In this regard, the government of Rwanda has done reforms to its different preoccupations; strategic orientation of the government has been developed in vision 2020, in this strategy, the poverty reduction elaborated with the participation of partners and actors of the government, it is in this vision that this research will elaborate the impact of performance contracts and as instrument for socio-economic development of Rwanda taking Gatsibo District as a case study. Performance contracts represent a state-of – the - art as a tool for improving public sector performance. They are now considered as an essential tool for enhancing good governance and accountability for results in the public sector Which is prerequisite to development (Elizabeth H. 2007) .

Therefore, to achieve its development strategies Rwanda has embarked on the system of performance contract so as to achieve durable and sustainable development.

### **1.1 Statement of the problem**

Performance contracts (IMIHIGO), is one of the traditional home grown solutions used in social and economic development of Rwanda that is designed as performance management contracts signed between the President of the republic and the ministers, heads of Government institutions and the District Mayors on behalf of their constituencies. It is in this regard that the performance contracts in decentralized levels of administration seeks to ensure effective and sustainable use of public resources, to guarantee transparent, accountable and participatory decision making and to enhance delivery of basic services.

Therefore, the public engagement is recorded publically in a written contract document that presents a set of development targets backed by specific performance indicators over a period of one year. It's on this regard that the study seeks to find out the relationship between performance contract and socio-economic development and verify if performance contract is a paramount to socio-economic development.

Underlying this vision is the firm belief in a society that offers a peaceful environment to its people, along with the conditions for developing the collective and individual potential of all Rwandans to contribute to poverty reduction and economic development.

### **1.5.1 The general objectives**

The general objective of this study is to examine if performance contracts is an instrument fostering socio-economic development.

### **1.5.2 Specific objective**

1. To find out if performance contracts is a prerequisite to socio-economic development
2. To examine the impact of performance contracts on the socio-economic development
3. To find out challenges behind the implementation of performance contracts
4. To find out measures being used to overcome performance contract challenges in decentralization levels of leadership.

### **1.2 Research question**

These are questions that are raised that the research will seek to answer so as to address the research problem and objectives stated (okurut,2007:8) thus the research questions to this study are as follows;

1. What is the impact of performance contracts on the socio-economic development of Rwanda?
2. Do you find the scenario of performance contracts as a prerequisite to socio- economic development of Rwanda?
3. What are the challenges of performance contracts in the decentralized levels of leadership?
4. What measures are there to overcome the above challenges?

## **LITERATURE REVIEW**

### **Definition of key terms**

#### **Performance**

Campbell's (1999) defined performance as behavior or action relevant to the attainment of an organization's goals that can be scaled, and measured. Ramanjam (1986), indicated that a narrow definition of performance focuses on the use of simple outcome-based financial indicators that are assumed to reflect the fulfillment of the economic goals of the firm. According to Draft (1991), performance is the organizational ability to attain its goals by using variable resources in efficiency and effective manner. Performance is also an abstract of concept and must be represented by concrete, measurable phenomena or events to be measured. It covers different types of activities (Bateman et. all., 1990).

#### **Performance Contract**

Performance Contract is defined as a freely negotiated performance agreement between the Government, acting as the owner of a Government agency, and the agency itself. It clearly specifies the mutual performance obligations, intentions, and responsibilities between the two parties (Performance contracting guidelines, 2009). 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 (Performance contracting guidelines, 2009).

Performance contracting was set up with the following objectives; improving service delivery to:

#### **Development**

The word development has got many meanings depending on the context in which it's being used eg according to the Cambridge International Dictionary of English (1995, pg 377)

Development is defined as “growing and becoming more advanced”. On the other hand, development is highly valued or positive chain in a specific direction interpreted by persons, community/society or a country as a desired goal.

Thus, according to JAMES. K. (1997:4), asserts that

*“Development means the process of general improvement in the level of living together with the decreasing income distribution, and the capacity to sustain continuous improvement over time, the components of socio-economic wellbeing are substance of development...”*

Development also involves any and all kinds of activities which increase the capacity of people to meet their needs and improve on their lives. Development is also a process of transformation or changes by which people of a given society increase their wealth and manage their resources so as to improve their lives. It is also the process which elements that cause inequalities and marginalization in society are gradually eliminated. Therefore, development is quantitative improvement and transformation of society from one stage to another as measured by indicators such as reduced incidences of disease and poverty, improved standards of living, increase in productivity, increase in household income, mass education, increased leisure, freedom and liberty etc.

Todaro (2000) summarizes development as a multi-dimensional process involving major changes in structure, attitudes and institutions as well as the acceleration of economic growth, the reduction of inequality and eradication of poverty. MICHAEL. P. T (1997:415), says that development is the process of improving the quality of all human lives. He gave the following aspects;

- Raising people's living levels that is to say, their incomes and consumption levels as food, medical services, education etc. through relevant economic growth.
- Creating conditions conducive to the growth of peoples' self-esteem through the establishment of social, political and economic systems and institutions which promote human dignity and respect.
- Increasing people's freedom to choose by enlarging the range of their choice variables for example; increasing varieties of consumer goods and services

It important to note that development doesn't focus on one single issue but involves the whole person and his/her environment ie implying that it encompasses the political, psychological, cultural and economic dimensions of society/people's lives.

### **Socio-economic development**

Socio-economic development is the process of social and economic development in a society. Socio-economic development is measured with indicators, such as GDP, life expectancy, literacy and levels of employment. Changes in less-tangible factors are also considered, such as personal dignity, freedom of association, personal safety and freedom from fear of physical harm, and the extent of participation in civil society. Causes of socio-economic impacts are, for example, new technologies, changes in laws, changes in the physical environment and ecological changes. (Todaro, 2000).

## **Social Development**

According to Filgueira, 2001, Social development simply suggests improvement in the conditions and quality of life of the population. Greater levels of wealth, technological advancement, and public policies permit people to live better, to consume more, to feed themselves better, and to get sick less frequently. This idea of social development is inextricably linked to the idea of economic and material advance of human society. A second approach emerges from considering social development in terms of the distribution of the wealth that societies generate. Here, the economic dimension still constitutes a powerful factor in determining social development, but the latter occupies a space of its own, in the distributive sphere. Finally, a less normative or economic perspective on social development identifies the latter with the processes of social differentiation and social complexity associated with the capitalist and industrial transformations that gave rise to the modern world.

### **The concept of Performance contracts and socio-economic development in Rwanda**

Imihigo is as old as pre-colonial Rwanda. Imihigo is a cultural practice in the ancient tradition of Rwanda where an individual would set himself/herself targets to be achieved within a specific period of time and to do so by following some principles and having determination to overcome the possible challenges. In the modern day Rwanda, the Imihigo practice was adopted as a means of planning to accelerate the progress towards economic development and poverty reduction. Imihigo has a strong focus on results which makes it an invaluable tool in the planning, accountability and monitoring and evaluation processes.

According to IPAR, 2016 Rwanda's extraordinary recovery from complete political, economic, and social collapse following the 1994 genocide against the Tutsi is one of Africa's most encouraging development success stories. The Government of Rwanda has since committed to undertake a fundamental, broad-based economic and social transformation intended to shift the country from low- to middle-income status, and this commitment has already yielded highly remarkable results. Rwanda is one of the few African countries that achieved most of the Millennium Development Goals (MDGs). Its real economic growth averaged 8% per annum from 2001 to 2015, which translated into significantly reduced poverty levels, from 56.7% in 2000 to 39.1% in 2014, as well as a decline in extreme poverty levels from 35.8% in 2000 to 16.3% in 2014. All these were achieved due to proper implementation of performance contracts.

When elaborating its imihigo or performance contracts, each local government administrative unit determines its own objectives (with measurable indicators) taking into account national priorities as highlighted in the International and National strategic documents such as the MDGs, Vision 2020, EDPRS, District Development Plans (DDPs) and Sector Development Plans. The Imihigo, at both planning and reporting phases, are presented to the public for purposes of accountability and transparency. The Mayors and Province Governors also sign the imihigo or performance contracts with H.E the President committing them to achieving the set objectives. The IMIHIGO process ensures the full participation and ownership of citizens since priorities are developed from grassroots level

Why 'imihigo' (objectives of Imihigo)? The ministry of Local Government in Rwanda set up the following objectives for imihigo according to MINALOC Report, 2016.

- ✓ To speed up implementation of local and national development agenda;
- ✓ To ensure stakeholder ownership of the development agenda;
- ✓ To promote accountability and transparency;
- ✓ To promote result oriented performance;
- ✓ To instill innovation and encourage competitiveness;
- ✓ To engage stakeholders (citizens, civil society, donors, private sector, etc) in policy formulation and evaluation;

- ✓ To promote zeal and determination to achieve set goals;
- ✓ To instill the culture of regular performance evaluation.

### **Principles of Imihigo**

- Voluntary:** It is a choice, however national guidance is necessary to ensure national priorities are matching with local ones;
- Ambitious:** You promise/vow to achieve only what you do not already have;
- Excellence:** Imihigo is about outstanding performance: something worth of praise.

## **RESEARCH METHODOLOGY**

The research design of the study descriptive design, which according to (Okurut, 2007), is suitable to analyse events and the relationship between variables. Thus this research followed two research paradigms that is to say; Qualitative and Quantitative paradigms. The target population used was 580 opinion leaders in the community from the Districts and 120 District employees. Thus the sample size was 80 opinion leaders in the community and 40 district employees respectively.

Data was collected both from primary and secondary sources especially in Gatsibo district for the reports and primary sources. Data was collected through interviews, questionnaires and documentation techniques, and data was analysed using tables, frequencies and percentages in order to determine the correlation and relationships between variables in relation to the research questions. Validity and reliability were also much considered in the study.

## **THE STUDY FINDINGS**

This chapter presents the results and discussion of research findings. It tackles the analysis and interpretation of data both from primary and secondary sources. The data obtained were analyzed using tables percentages and frequencies. The study was driven and analysis was done basing on the following specific objectives; to find out if performance contracts is a prerequisite to socio-economic development, to examine the impact of performance contracts on the socio-economic development, to find out challenges behind the implementation of performance contracts and to find out measures being used to overcome performance contract challenges in decentralization levels of leadership.

The study revealed that performance contracts are indeed a prerequisite to socio-economic development as it has led to promotion of social welfare of the community through construction of schools and health centers identified by community members as asserted by most of the respondents in the study. Likewise in economic development, performance contracts has also led to various improvements in infrastructure development such as road construction to link rural areas to facilitate agriculture productivity in terms of markets and accessibility. In addition agriculture modernization has been sensitized and mobilized especially the crop intensification program in swamps for rice growing in Kanyonyomba and Rugarama swamps where rice is grown on a very large scale. Furthermore, it has been revealed that performance contracts has increased the development of people through quality health services as a results of mobilization mutual health insurance and easy accessibility of health services through constructed health centers and health posts (poste de sante). In Gatsibo district like any other rural area people depend on agriculture as the basic economic activity and hence, through performance contracts much has been done

Local leaders of Gatsibo district believe that the performance contracts continue to spur development and thus drive the national efforts toward achieving socio-economic welfare and sustainable development. Working on performance contracts and targeting a set of goals encourages innovation and hard work and as a result, people's lives are transformed. Referring to the statement above, Gatsibo district households always encourage people to do their activities such as agriculture, business, livestock by considering performance contracts in their daily life so as to improve their social-economic development.

Others who were administrators gave an example about the impact of IMIHIGO on social- economic development and said *“One of the priorities of economic transformation is to increase the domestic interconnectivity of the economy through investments in hard and soft infrastructure by meeting energy demands in the country. This is expected to be met through an increase in electricity at Gatsibo district. Increases in the supply of electricity are also expected to spur rural development by increasing the number of rural settlements that are able to facilitate access to basic services as well as increased access to basic infrastructure for rural households”*.

Regarding on administrators in Gatsibo district views, performance contracts have a significance role where in their sector used to prioritize economic activities especially the investment activities. The electricity got in their sector make them increase their activities permed well and easily.

A related challenge was uncovered in livestock production. The output of insemination of cows has a significant number of districts basing their count on the number of cows inseminated. However, data cows inseminated versus those successfully fertilised should be disaggregated for a true picture of the achievements under the output of cow insemination. For the evaluation, this posed a difficulty in efforts to measure progress in line with the objective of increasing livestock production. Reporting challenges were noticed in efforts to track progress under the objective of promoting entrepreneurship and business development. The evaluation noted the absence of an appropriate mechanism for recording or counter verification in regards to the output of increasing access to employment. The practice was such that most off-farm jobs were casual jobs in nature. That is, an individual is likely to shift from job to job, moving from on one project to another in a very short period of time, while potentially being counted numerous times among employment beneficiaries.

## CONCLUSIONS AND RECOMMENDATIONS

The research had the following conclusions as regards performance contracts and socio-economic development in Rwanda;

**First:** it was very much evidenced that performance contracts affect positively the socio-economic development of Rwanda, in social welfare much has been developed in education sector and health sector and economic developments there has been paramount progress in infrastructure development in agriculture and livestock, crop intensification programs among many other not forgetting employment promotion in rural agricultural areas.

**Secondly:** In social development, one of the key objectives is to ensure access to quality education and skills development. On the output of quality education, the findings from this evaluation point to significant shortcomings. Most problematic was that while the target is to improve the quality of education, the targets identified to achieve this objective focus primarily on infrastructure (constructing classrooms and toilettes). Important as infrastructure is for effective education, they should not be the primary indicators for measuring the quality of education. Citizen participation and satisfaction rates have been steadily increasing. However, the

evaluation noticed a tendency for local authorities to exaggerate the extent to which households inform Imihigo. The citizen notebook will illustrate this point. Citizens are asked to purchase a note book in which they note their Imihigo targets for the upcoming year. Instead, they often scribe in their notebooks the assets they already possess instead of the targets they intend to achieve in the coming year. Most problematic was where testimonies from ordinary people that some local authorities are the ones to complete their household Imihigo notebooks, practice that undermines the whole idea of household Imihigo. The evaluation team also found situations where some households do not possess these notebooks. Taken together, therefore, these accounts seem to contradict the claims by local leadership about the extent of citizen participation in the Imihigo processes.

**Thirdly:** Sectors continue to face challenges with issues of measurement, especially with outcomes. Even with outputs it can be difficult to find accurate measures for specific activities. Governments carry out a wide variety of functions, from building roads to providing advice on foreign travel. Performance measures are more easily applied to certain types of functional and programme area than others. Problems especially arise with regard to intangible activities such as policy advice. The functional areas with the most developed performance measures are education and health. Nearly all reforms encounter resistance, especially when they have to do with long-term budgeting practices that impact on the whole of government. Motivating key actors to move away from traditional and familiar budget practices proves to be difficult unrealistic and overambitious targets; inadequate funding sources (i.e. targets are unrealistic because not properly resourced); absence of data; poorly defined baseline, targets, indicators; poor costing of activities and confusion of activities with outputs/indicators; poor reporting systems. In performance contract implementation, the common issues that have hitherto been addressed include performance improvement so as to deliver quality and timely services to the citizens, improve productivity, instill a sense of accountability a transparency in service delivery and the utilization of resources and grant independence to government agencies without being subjected to the bureaucracies and unnecessary procedures.

## RECOMMENDATIONS

1. The study recommended that additional efforts be made to consult with citizens during the preparation of *Imihigo*, particularly for targets that apply to the community level.
2. The research recommended that the central government take measures to ensure timely facilitation, guidance, and transfer of funds.
3. The research also recommends that, more efforts be made in mobilization of ownership of performance contracts at the household levels as the study found it as the heart of socio-economic development.

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