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## **Imihigo/Performance Contract: A Results of Decentralization and Effective Tool for Orgnizational Performance, Case Study of Rwanda**

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# **Imihigo/Performance Contract: A Results of Decentralization and Effective Tool for Orgnizational Performance, Case Study of Rwanda**

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## **Synopsis**

The accomplishment of an organization in succeeding set goals is chiefly dependent on performance and this one also depends on countless factors. For Rwanda to be successful, many factors include but not limited to high citizen's trusts to their leaders, determination, strong institutions with clear collaboration framework, decentralization that increased citizens participation, accountability, transparency and performance contract among others. Rwanda as decentralized country, runs freedom of authority for citizens to make decisions. This study, therefore, aims to analyze the effects, influence and interlink of decentralization and performance contract on organizational performance. Data were purposively obtained from 78 out of 80 people targeted using the questionnaires and group focus discussion approach. The study showed that decentralization in Rwanda have influence and closely interlink with performance contract initiated in Rwanda which impacted to organizational performance, Variable performance contract on the organizational performance was confidently and ominously acknowledged. Therefore, these variables have an effect on enlightening organizational performance in Rwanda thereby, citizens' participation, accountability, transparency and competitiveness were among the outcomes.

The Government of Rwanda (GoR) embraced the National Decentralization Policy in May 2000 and the current revised version dated in June 2021. The inclusive goal of the Decentralization Policy was to enable citizens to participate in governance and development processes and thereby make government responsive, transparent and accountable to citizens. The Rwanda Front Patriotic, RPF in the effort of enlightening better service delivery and make hold public officials (leaders) at all levels accountable introduced Imihigo/Performance contract since 2006. Both the central and local governments use imihigo as a tool for effective plan, successful implementation, conduct monitoring and evaluation of government programs delivery. Among the purpose is to ensure that performance and effective accountability of each layer of government are smart and therefore measurable. Performance contract/imihigo, a flagship home-grown governance policy of the Government of Rwanda, has been energetic speedy, transparency, accountable and eminence achievement of the governmental programs, policies and actions as a whole.

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Prior to 2009, the Imihigo was only applied at the district level, but today it has expanded to all 30 districts, Kigali City, 19 ministries and 3 boards (parastatals) are evaluated every year by the National Institute of Statistics of Rwanda (NISR) and at the local levels below the sector level, Imihigo are managed by the district, which sets up the planning, reporting, evaluation guidelines and timelines consistent with the higher-level framework. It is extensively established that for imihigo to continue enlightening effective and accountable enactment of local and national programs, an active of citizen participation in its entire process (formulation, implementation, monitoring, review and evaluation) is prerequisite<sup>2</sup>. Conversely, numerous studies<sup>3</sup> (Nuwagaba Stephens 2021<sup>4</sup>, Ndagijimana Ibrahim<sup>5</sup>, RGB<sup>6</sup>, NAR<sup>7</sup>, 2016 and IRDP<sup>8</sup>) conducted over the past years have consistently shown that, except in the implementation phase, financial constraints and limited skills as well as citizen participation in other phases of imihigo process is still low. Even more so, the reasons for the consistent low citizen participation in imihigo preparation, let alone monitoring, review and evaluation as well as coordination, communication and collaboration between institutions, are still unknown.

Alternatively, the system of Imihigo and decentralization in Rwanda have close interlink and imihigo enhanced Rwanda's decentralization, ensuring that local leaders are accountable and that they achieve annual targets they set themselves. It is an important mechanism for implementing national and local development strategies in order to improve the lives of citizens. Rwanda's Decentralization reforms have focused on transferring power, resources and responsibilities for decision-making to citizens and elected leaders, creating enabling environment for citizens' participation in governance and development, as well as establishing systems and structures for effective, efficient, equitable and accountable service delivery. The intention was to ensure leaders would publicly vow to achieve certain goals and face public humiliation if they failed and celebrate together when performed better. The outcomes were that, performance contract/Imihigo increased performance of public officials and helped Rwanda to achieve notable rates of social economic development for instances rapidly improve infrastructure, increase health and education outcomes for its citizens which contributed to a great achievement of Vision 2020 through National Strategy for Transformation, NST 1.

More have been achieved in social, economic & development and governance pillars due to the interconnection between decentralization and performance contract in Rwanda and seems decentralization also influences performance contract in Rwanda.

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<sup>2</sup> NAR (2022), consulted on 13th July through <https://neveragainrwanda.org/assessment-of-citizens-participation-in-rwandas-imihigo-processes-research/>

<sup>3</sup> NDAGIJIMANA I, (2020), Performance Contract "Imihigo" as a tool for Improving Performance <https://www.morebooks.de/store/ru/book/performance-contract-“imihigo”-as-a-tool-for-improving-performance/isbn/978-613-8-93152-2>

<sup>4</sup> NUWAGABA Stephen (2021), Analysis of the causes for poor performance in implementation of performance contracts "Imihigo" by districts: A case of Burera, Karongi, Nyagatare, Nyarugenge and Ruhango, University of Rwanda, Kigali Rwanda

<sup>5</sup> The Effects of Citizen's Participants on Local Government Performance: A case of Rwamagana District [http://www.morebooks.shop/bookprice\\_offer\\_6ad22ed0ad2e5fdd213fa310f3373862b329a3b1?locale=gb&currency=EUR](http://www.morebooks.shop/bookprice_offer_6ad22ed0ad2e5fdd213fa310f3373862b329a3b1?locale=gb&currency=EUR)

<sup>6</sup> Rwanda Governance Board, (RGB: 2014), The assessment of impact of home-grown initiatives, ISSN: 2306-9236, Vol. IV Special Issue, Kigali, November 2014

<sup>7</sup> Never Again Rwanda (NAR:2016), Assessment of Citizen's participation in Rwanda's Imihigo, Kigali Rwanda  
<sup>8</sup> Institute of Policy Analysis and Research (IPAR) (2014) Imihigo Evaluation Report, Fiscal year 2013-2014, Kigali, Rwanda. Accessed in June and July 2015 <<http://www.ipar-rwanda.org/index.php?> Imihigo evaluation report 2013-2014>.

*NDAGIJIMANA Ibrahim, drafted this paper on the basis of interviews and group focus discussions conducted through from January to September 2020-2022. The respondents were those familiar with performance contract/imihigo in both central and local government especially the retired and those still serving at all levels in decentralize entities/local and central government.*

## **Abstract**

This study intends to cover the relationship between decentralization introduced since 2000 and Imihigo/performance contract launched in 2006 in all government institutions from the context of Rwanda. The Decentralization Policy is explicit on the process of Imihigo planning, which follows through the existing Local Government structures from Village to District level. The spirit of the policy visualizes a systematic bottom-up process where Imihigo at each Sub-District entity are strengthened at the next layer in the administrative hierarchy up to the District level. Alternatively, the system of Imihigo and decentralization in Rwanda have close interlink and this one enhanced Rwanda's decentralization, ensuring that local leaders are accountable and that achieve annual targets they set themselves. It is an important mechanism for implementing national and local development strategies in order to improve the lives of citizens. Rwanda's Decentralization reforms have focused on transferring power, resources and responsibilities for decision-making to citizens and elected leaders, creating enabling environment for citizens' participation in governance and development, as well as establishing systems and structures for effective, efficient, equitable and accountable service delivery.

Imihigo/performance contract concerns to all Government institutions, from households at right from isibo/village level to Ministries and agencies, are required to design and prepare their Imihigo (performance contracts), implement them effectively and to have them evaluated. Mostly, Ministers, Mayors and government agencies leaders develop Imihigo/performance contract in consultation with their staffs and therefore, sign it with the staffs concerned. District performance contract/Imihigo are resulting from consultative meetings from households where citizens, council at al level, JADF members are expressing their needs/priorities and analyze them where District consolidate the needs compare to the available budget but also link them to national priorities under strategic documents such as Vision 2050, NST 1 and District Development Strategy as well as Action Plan. To address this objective, imihigo/performance contract is perceived as the core independent variable while decentralization policy is considered as dependent variable. A questionnaire was developed and disseminated to sampled respondents used purposive sampling dealing directly or indirectly with the selected subject. Again, this purposive sampling technique was used to select the respondents and participants in focused group discussions basing on the knowledge, expertise and familiarity they have in imihigo from expression of needs to evaluation of District. The primary data is composed of information got from questionnaires respondents and interview held with selected respondents among them those who retired from District leadership at various level but also those who still in the government office. The secondary data of this research was extracted from textbooks on performance contracts or management, concept notes on performance contracts-imihigo, evaluation reports and published papers, article and books.

A sample of 78 out of 80 respondents were finalized with no missing values. Empirical findings suggest that for the institutions with focus on local government or decentralized entities performance depends mainly with diverse factors includes but not limited to financial constraints, ineffective coordination and collaboration between institutions both public and private including JADF and other supporting organs. While decentralization and performance contract/imihigo are well aligned and interlinked but seems there is a disconnect which affect

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expected outcomes therefore, government programs and actions are not effectively implemented to the extent some of the social, economic development of citizens might be humped by the aforementioned challenges. Findings of the study are vastly recommended for the active participation of both citizens but also staff (in charge, professional, expert and director/DG) responsible for umuhigo/ performance contract for them to ensure they understand effectively the nature of umuhigo, partner's, design both implementation plan, concept note and reporting as well as the availability of all supporting documents for the smooth organizational performance and effective implementation of imihigo/performance contract. However, more have been achieved in social, economic development pillars due to performance contract and details will be discussed at later stage.

However, future studies can be conducted with more explanatory factors for persisting low citizen participation and yet, decentralization policy objective aims at empower citizens, engage them to actively participate in the local government affairs, consider them at center of governance, hold accountable leaders. Managerial implication of the study defines that different government institutions, should reconsider the stated factors for tangible outcome or results from effective implementation of performance contract/imihigo through being closer to citizen's, engaging them actively to the local government affairs as decentralization policy expected it. Furthermore, there is a need to analyze deeper how decentralization influences performance contract since its adoption and also the tangible facts and great achievements in pillar of social, economic and development.

## **1.0 Study Background**

In today's organizations that are rapidly changing where the village is considered as one village than in the past due to different facts including globalization, increased spirit of competition and attractiveness and the ever-changing business environment. There are no doubts that, this is the push of organizational competitiveness which requires strong management towards improving their performance through performance contracts or Imihigo in the context of Rwanda as a right tool to win that competition and straggle to survive. In addition to this, democratization of most of the African countries also another push and pray a key role towards, accountability, transparency and results oriented at any cost.

Accordingly, a numeral country has embraced therefore, performance contracts/imihigo as tools to ensure leaders at all hierarchy responsible, accountable and perform at any cost through the sign of contracts from upper levels to grassroots levels to avoid any excuse of poor performance so to achieve targets set in the planned time.

The concept of performance contract is not new concept either in Africa continent and elsewhere. Performance contract were first introduced in France after the publication of the famous Nora Report on the reform of state-owned enterprises in France. They were introduced in the United States in 1993 as part of the Government Performance and Result Act<sup>9</sup>. It has received considerable private, public and institution's attention both in developed and developing world especially in African Countries and particularly, in Rwanda. In fact, Performance contracting is the outcomes and results of consultations at all levels both central and local towards an agreement which, acting as the owner of a public agency and the management of the agency.

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<sup>9</sup>NDAGIJIMANA I (2020) performance contract "imihigo" as a tool for improving organizational performance in public institution in Rwanda, <https://www.morebooks.de/store/ru/book/performance-contract-“imihigo”-as-a-tool-for-improving-performance/isbn/978-613-8-93152-2>

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Performance contracting is defined and known as one of the tools of management by objectives is not a stand-alone initiative. It has been launched in 1954 by Drucker<sup>10</sup> through his book "the Practice of Management", Management by Objectives (MBO), is the management tool that enables the increase in performance by focusing on results, not on the work itself, providing cascade and aligns the company achievement within particular aim of managers who are at diverse levels in the organization.

The conception of Result Based Management (RBM)<sup>11</sup> has its modern origins in public sector reforms in a number of Organization for Economic Cooperation and Development (OECD) countries in the 1980s and 1990s, in response to economic, social and political pressures. A central feature of the reforms was the emphasis on improving performance and ensuring that government activities achieve desired results. Countries such as the United States of America, Canada, Australia, New Zealand, the United Kingdom and the Scandinavian countries adopted RBM in the 1990s, which required their public sectors to measure performance and conduct evaluations as part of a comprehensive approach to RBM.

The Government of Rwanda commenced imihigo/Performance Contracting in all government institutions as one of the tools to improve service delivery and hold public official accountable. Since its introduction in 2006 up to date, the majority of central and local government institutions and agencies sign imihigo/Performance Contracting and has compulsory to successful implementation. Not only the leaders (Mayors, Ministers, Director Generals and CEO's) but also the technical staffs do sign performance contracts with their respective leaders, on annually basis they do both performance evaluations on staff's level through RBM system and NISR also do District performance evaluation and assessment as well as rank the evaluated institutions based on their performances.

Imihigo of central and local government are signed between the President of the Republic of Rwanda and Ministers as well as Mayors. In their relevant institutions, Government Ministries and Mayors pledge themselves to accomplish a set of goals within a given timeline and in line with allocate budget from Ministry of Finance and Planning, MINECOFIN. As per Rwanda Governance Board, RGB<sup>12</sup> The aims of Imihigo include but not limited to: speeding up the implementation of local and national development agendas; ensuring stakeholder ownership of the development agenda; promoting accountability and transparency; promoting result-oriented performance; encouraging competitiveness among Districts; and ensuring participation and engagement in policy formulation and evaluation.

There are no doubts that, performance contracting leads to effectiveness, performance of public institutions in Rwanda, contributed significantly to improvements in the socio-economic development of citizens and enhanced creativity and strong focus on results. Public institutions have translated into significant national development outcomes. Study recommends that there is a need to focus on activities with big impact that will reduce significantly a number of poverties to fast track vision 2050 while citizen participation, sustainability of activities achieved in last fiscal year through performance contract, strong complementarity between

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<sup>10</sup>Fărcaș, A.M, Vuță, D.L. (2015). The management by objectives tool used for remodeling the Romanian organizations" managerial system. "Management and Innovation for Competitive Advantage". Available at: [conferinta.management](#).

<sup>11</sup>Nuwagaba Stephens, (2021), analysis of the causes for poor performance in implementation of performance contracts "imihigo by districts: case of Burera, Karongi, Nyagatare and ruhango, University of Rwanda, Kigali Rwanda

<sup>12</sup>Rwanda Governance Board, RGB Rwanda Governance Board. (2014). Rwanda governance review: The assessment of the impact of home-grown initiatives. [http://www.rgb.rw/fileadmin/Key\\_documents/Impact\\_of\\_Home\\_Grown\\_Initiative\\_2014.pdf](http://www.rgb.rw/fileadmin/Key_documents/Impact_of_Home_Grown_Initiative_2014.pdf)

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government institutions practices need to be facilitated to improve social economic development of Rwandans<sup>13</sup>

The Decentralization Policy is explicit on the process of Imihigo planning, which follows through the existing Local Government structures from Village to District level. The spirit of the policy visualizes a systematic bottom-up process where Imihigo at each Sub-District entity are strengthened at the next layer in the administrative hierarchy up to the District level. Alternatively, the system of Imihigo and decentralization in Rwanda have close interlink and imihigo enhanced Rwanda's decentralization, ensuring that local leaders are accountable and that they achieve annual targets they set themselves. It is an important mechanism for implementing national and local development strategies in order to improve the lives of citizens. Rwanda's Decentralization reforms have focused on transferring power, resources and responsibilities for decision-making to citizens and elected leaders, creating enabling environment for citizens' participation in governance and development, as well as establishing systems and structures for effective, efficient, equitable and accountable service delivery.

### 1.1 Problem statement

An amount of studies above mentioned have been conducted on Imihigo. However, there is no comprehensive information about the linkage between performance contract "imihigo" and decentralization policy.

Imihigo planning process from data collection of citizens needs at households and the extent to which the priorities at lower administrative levels (Village, Cell and Sector) are reflected in the final and signed District Imihigo. Undependable information suggests that the link between above data collection of citizens needs processes and Imihigo/performance contract is minimal or non-existent.

To comprehend the above stated problem, this research was meant with the objective of examining how and to what extent imihigo/performance contract and decentralization policy are interlinked and influence one another. The objective was to be achieved by responding to the following key questions:

- To what extent are Imihigo and decentralization policy interlink and influence one another?
- What existing best practices, approaches or tools have been successful in transmitting and aligning imihigo and decentralization policy in Rwanda?
- What challenges identified constrain the imihigo and decentralization policy?

The study also expected to draw suggestions and recommendations for relevant Government institutions and other stakeholders, as proposals to improve the alignment of Imihigo and decentralization in Rwanda.

### Decentralization and Performance contract Linkage

*"... ON DECENTRALIZATION [...]: We give them resources or they generate resources from within; actually, sometimes we ask them for more than they are able to achieve with the resources we've given them. But Maybe that's the best way to do it [...]"* H.E. Paul KAGAME,

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<sup>13</sup>NDAGIJIMANA I (2020) performance contract "imihigo" as a tool for improving organizational performance in public institution in Rwanda, [https://www.morebooks.de/store/ru/book/performance-contract-\"imihigo\"-as-a-tool-for-improving-performance/isbn/978-613-8-93152-2](https://www.morebooks.de/store/ru/book/performance-contract-\)

President of the Republic of Rwanda, responding to the question on Decentralization, Kigali, Post NUC Press Conference, December 14th 2018.

Decentralization is the outcome of Urugwiro consultations that took place between the years 1996-1998 that, inter alia, identified citizens' exclusion and alienation with more or less no significative role and no voice in their governance and development, as one of the underlying causes of bad governance in Rwanda that climaxed in the 1994 genocide against the Tutsi.

With inspiration of fundamental principles of human rights, dignity, freedom and development that had been violated until 1994. This policy was adopted in 2000<sup>14</sup>, following a series of dialogue sessions for 11 months with citizens and consultations with stakeholders in the governance domain in a quest for good governance and democratization. Among the issues identified related to governance that pushed the government to adopt the above-mentioned policy includes but not limited to the following<sup>15</sup>:

- Highly centralized state, unaccountable leadership and high levels of corruption;
- Powerless, voiceless and disengaged citizenry;
- Dysfunctional local government and poor service delivery at all levels;
- Limited efficiency and effectiveness of public investments;
- Poor state-citizen relations, characterized by citizens' fear and mistrust of leaders;
- High level of social marginalization and inequality; deeply divided society with most returnees just being resettled;
- Top-down information flow with local leaders as executioners;
- Very low local revenue generation and low economic productivity; and
- Centralized planning and budget management,

It is in the year 2000 where government of Rwanda approved a National Decentralization Policy as an instrument for promoting participatory and accountable governance, as well as responsive and innovative leadership, among other critical tenets of good governance. The decentralization vision articulated by the government had an explicit aim to "put people at the center of service delivery/good governance" and improve the government's effectiveness and responsiveness in delivering services.

Decentralization was basically a tool to empower citizens, rebuild trust, give local people huger voice in governance processes, upsurge accountability, transparency and maintain political stability all of which were vital in post- genocide Rwanda. Additionally, this was also considered as a way of addressing the needs of citizens more directly, while also making local leaders more accountable by giving ordinary citizens a greater role in policy formulation and evaluation.

Over two decades later<sup>16</sup>, progress has been realized in various areas: decentralization has democratized leadership and created platforms for nurturing leaders with inclusion of women and youth, stronger Local Government structures that have been set up through reforms, with performance innovations such as "Imihigo" and platforms for community mobilization, accountability and participation.

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<sup>14</sup>Republic of Rwanda, MINALOC, National decentralization policy, October 2021, Kigali Rwanda.

<sup>15</sup>MINALOC, Assessment of the impact of decentralization policy implementation in Rwanda (2001-2017), Kigali Rwanda

<sup>16</sup>Republic of Rwanda, MINALOC, National decentralization policy, October 2021, Kigali Rwanda.



**Table 1: Summarized decentralization reforms undertaken in Rwanda**

Decentralization reforms undertaken	Main objective of Policy	Outcomes/Achievements/Expectations
Year 2000	Ensure political, economic, social, managerial, administrative and technical empowerment of local populations to fight against poverty by participating in the planning, monitoring and management of their development process.	The local government elections were conducted successfully where by at all levels in 106 districts (and City of Kigali), 1,545 sectors and 9,165 cells across the country as well as parallel structures of women and youth councils.
Year 2012	Establishing democratic and community development structures at District level accompanied with a number of legal, institutional and policy reforms, as well as democratic elections for local leaders.	<ul style="list-style-type: none"> <li>• Institutional reforms and territorial re-organization were successfully completed from 12 provinces to 5 (including City of Kigali), 106 districts to 30, from 1545 sectors to 416, and from 9165 cells to 2,148.</li> <li>• Consolidation of power and resource transfer through capacity strengthening of national and sub-national institutions; deepening sectoral &amp; fiscal decentralization; refocusing LG priorities to local economic transformation.</li> <li>• Scale up and enhancement of citizen's participation planforms and mutual accountability.</li> </ul>
Year 2021	To deepen and sustain citizen centered governance and promote equitable local development for socio-economic transformation".	<p>In the course of implementation of this policy, the target is to realize the participatory governance and equitable development aspirations enshrined in the Vision 2050, the following are key policy actions:</p> <ol style="list-style-type: none"> <li>1. Sector Decentralization and Service Delivery</li> <li>2. Fiscal and Financial Decentralization</li> <li>3. Capacity Development for Decentralized entities</li> <li>4. Local Economic Development</li> <li>5. Governance imperatives for National Transformation</li> </ol>

**Source:** Author own designed adapted to MINALOC Assessment of the impact of decentralization policy implementation in Rwanda (2001-2017), Kigali Rwanda

### **Imihigo/Performance contract and implementation of strategic documents**

While government of Rwanda introduced an ambitious program known as Performance Contracting in public services at all level both at central and local government as one of the tools to improve management (better service delivery on one hand and accountability on other hands (Check and balance).

Imihigo remain considered as a significant tool designed as a Rwandan approach for performance management and as a tradition institutionalized to enhance socio-economic development as well as institutional performance. Every year the above-mentioned public institutions sign Imihigo/ Performance Contracts with His Excellence the President of the Republic. Though IMIHIGO was an ancestral approach/ home grown, its modernization and use to setting objectives is one of the innovative approaches to development planning and evaluation. It is increasingly becoming one of home-grown initiatives that are changing the face of Rwanda as an invaluable tool for planning and effective implementation of the development policies.

Over the past years, Imihigo performance culture has tremendously improved local government planning and performance, leading to national political and socio-economic transformation. As matter of facts, there are numerous great achievements as below described within the pillars<sup>17</sup>:

- **Political decentralization:** The most sensitive issues for which decentralization has dealt with was to build social cohesion and reconstructing national identity immediately after the 1994 genocide against the Tutsi - entrusting power to citizens and capacitating them to be active participants in their governance and development; democratization and increased accountability seen in regular elections of local leaders; citizens' participation increased at all levels of governance and service delivery. There has been a mindset shift among citizens and local leaders, from a powerless and dependent population to a productive, self-reliant (Kwigira) through among others home grown initiatives. Citizens have been empowered and transformed from beneficiaries to stakeholders and played a big role in the improvement of high-quality services as a right. Decentralization has created a strong institutional framework that promotes equitable and inclusive development.
- **Administrative decentralization:** Through devolution of power, authority, functions, and resources from central government to sub-national entities, districts are now the main decision-making entities on a wide range of matters as local capacity for decision-making has increased considerably. This has increased human resource and local administration capacity as seen in the number of high-skilled personnel in Local Government thus amplifying effectiveness and efficiency in decentralized service delivery.

Decentralization has made the state more effective and efficient. It is partly on this account that the Economic Development and Poverty Reduction Strategy – EDPRS 1&2 after the decentralization reforms of 2006 have been more effective. Decentralization has increased access to high quality, affordable and reliable services from powerless and dependent to a productive self-reliant population through home grown solutions and directed all efforts and resources around systems, structures, and processes of service delivery to citizens.

Decentralization has enabled home-grown initiatives (HGIs) to address a range of social and political challenges, by empowering citizens and local leaders to creatively find solutions to the problems they face rather than looking up or elsewhere. Stakeholders' coordination through JADFs took shape as many development partners closely work together with districts, and there is some level of coherence and collaboration between Local Governments and local development actors. Local governance capacity challenges and potentials for innovative and

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<sup>17</sup> Republic of Rwanda, MINALOC, National decentralization policy, October 2021, Kigali Rwanda.

sustainable solutions were tackled through the establishment of the Rwanda Association of Local Government Authorities (RALGA) and its subsidiary Local Governance Institute.

- **Financial and Fiscal Decentralization:** There has been considerable progress in both the amount of own source revenue (OSR) and intergovernmental fiscal transfers. Local Government revenue has increased significantly over the years, from FRW 49.7 billion in 2006 to FRW 440.3 billion in 2017/185. A progressive increase in intergovernmental fiscal transfers to implement priorities of the decentralized entities for 2019/20 fiscal year was FRW 595 billion which comprises of FRW 82 billion from own revenues, FRW 361.7 billion from earmarked Transfers, FRW 59.2 billion from block grants and FRW 92.1 billion of transfers from other government agencies<sup>6</sup>.

Local Economic Development, Local Governments are increasingly focusing on Local Economic Development (LED) and each District has its own Development Strategy with identified potentialities. Decentralization aimed at increasing private sector engagement by attracting private investments in Local Government and development of urban and secondary cities, which improved infrastructure development in rural and urban areas, internet penetration, development in towns and urban centers.

Nevertheless, not all was achieved due to limited financing such as investment in capacity development (human resources and facilities, challenges related to systems and coordination). The level of empowerment of our citizens needs to be strengthened. In the policy cited above, the following major challenges hindered the effective decentralization processes but also the imihigo/performance contract:

- **Structure constraints** with imbalance in the allocation of functions and resources including human resources. Lower administrative entities, especially the cells, are yet to have more staff in line with the growing expectations of the citizens/customers.
- **Sectoral decentralization** that is yet to foster strategic linkages and leverage political will to fast-track political decentralization and strengthen intergovernmental relations.
- **Capacity Constraints** as expectations and needs of customers have been in excess of what available resources could meet in terms of required resources, infrastructure as well as systems.
- **Fiscal and financial decentralization** gaps in maximizing Local Government own revenue potentialities, review of Local Government taxes and fees base, review of central government transfers allocation formula (Block Grant, Earmarked and Development transfers);
- **Limited ICT penetration**, there is still a need to rollout the use of ICTs for enhanced efficiency and effectiveness in service delivery and the level of ICT literacy among citizens.
- **The low level of participation of non-state actors**, Civil society development barometer of 2018 indicated that CSO participated at 67.07%

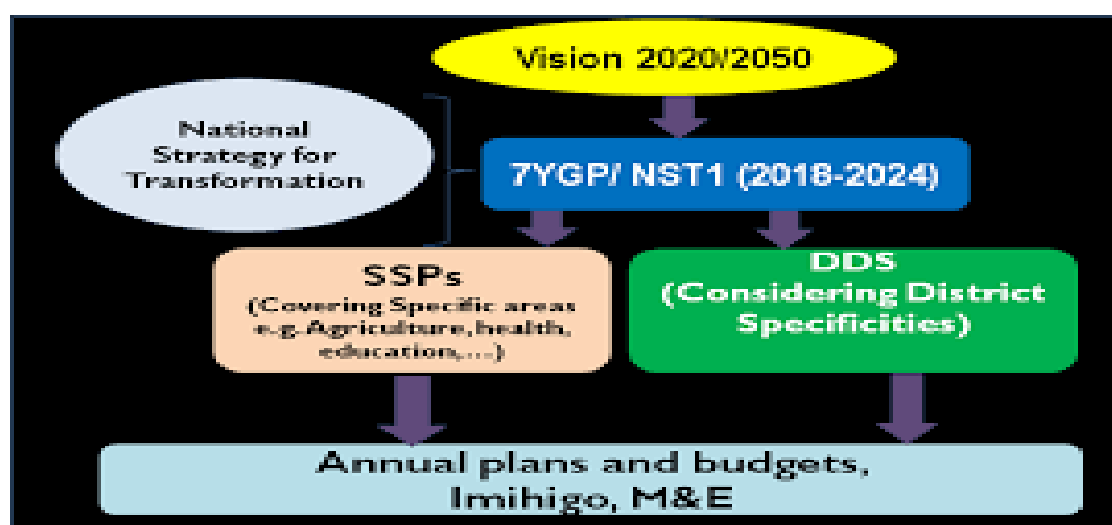
### **Alignment of performance contract and National strategies**

It is worth it to note than, central government should provide guidelines set by priorities and aligned it with available budget. Planning is a key government process which ensure that national objectives are attained; it should certify clear direction and efficient implementation of Government policies and programs as we ensure sustainable development by linking imihigo/performance contract and successfully implementation of national strategies or priorities under strategic documents.

In this framework, the consultation meeting related to harmonize planning and set performance contracts inputs, outputs, activities, indicators and outcomes between central and local government can be debated and selected freely, as representatives of local communities and the individual officials who will undertake to accomplish at any cost these performances.

Initially, Imihigo are prepared every fiscal year according to the government priorities referenced in the national development frameworks namely Vision 2020/2050, 7 years government program/National Strategy for Transformation (NST1), Sector Strategic Plans (SSPS), National Dialogue Council, National Leadership Retreat, Cabinet resolutions, Presidential Pledges and others. Ministries, Boards and Districts commit themselves to achieving certain targets on annual basis in the economic transformation, social transformation and transformational governance pillars. The action plan contains further activities of routine nature like payment of wages, salaries, auditing and hold meetings to mention but a few but performance contracts/imihigo mostly focus on key activities that have a significant impact on good governance, social welfare, economic development and poverty eradication. In other word, the action plan strengthened priorities expressed by citizen's need and demands and have to be compared and analyzed with aim of linking them to strategic orientations mainly district development strategies as well as other high-level commitments. Therefore, as much as we successfully implement imihigo/performance contract, government benefit the speed up of the implementation of its policies and programs as to achieve its goals under SDG's, Vision 2050 and NST 1.

**Figure 1: Alignment of the Local Government and National Planning Framework:**



**Source:** NDAGIJIMANA I (2020) performance contract “imihigo” as a tool for improving organizational performance in public institution in Rwanda, <https://www.morebooks.de/store/ru/book/performance-contract-“imihigo”-as-a-tool-for-improving-performance/isbn/978-613-8-93152-2>

Nevertheless, performance contract, Imihigo activities are prepared and put in the as per pillars such as Economic development, social development, Governance and Justice as recommended by central government. This is important planning activity and therefore, should be the result of the participatory approach of ascertaining and executing priorities from the grassroots/households to the national level and vice versa.

In order to successfully achieve any set national target, all levels must work toward it. Participation and contribution of citizens, as well as other stakeholders and partners working



with various levels of the government, are crucial. At the household level, families select a number of goals they want to achieve throughout the year. This can include installing a security light at the house, avoiding wasting family resources, or becoming a part of a cooperative. The number and type of goals is determined by household members according to their priorities, the availability of resources, and the capacity to achieve these targets.

## 2.0 Literature Review

Literature context for contract performance/imihigo and decentralization policy provided little work specifically with reference to the linkage between the two concepts. However, the outcomes of performance contracting on organizational performance and effective decentralization implementation is observed in different studies as above mentioned.

The focus of these studies was mainly on the identification of challenges and gaps for poor performance of the districts or on factors that hinders district performance including low citizens' participation. Data were gathered throughout multi method covering the approaches such as documents review, interviews and focus group discussions. It is expressed that performance contract between the both concepts provide an interlink and influence of one or another and are interdependent. After detailed review of present literature, authors argued that limited literature had been available in this regard. They found that decentralization policy introduced in Rwanda influences and interlink with imihigo and in fact, performance contract is a results of decentralization policy in Rwanda. Meanwhile, authors explained that decentralization policy covers the process and significant resource with performance contract/imihigo.

Among many cited, NAR, 2018; NAR, 2016; RGB, 2014; RGB, 2018a; RGB, 2018b; Transparency International Rwanda, 2019; Rwanda Association of Local Government Authorities, 2017), NDAGIJIMANA I 2018&2020; MINALOC 2000, 2012&2021 have provided details on imihigo challenges and gaps as well as the factors hinder the performance of districts or organizational performance in general and little information's was provided on the interlink and influence of both concept highlighted.

After detailed review of both theoretical and empirical studies, substantial gap is perceived from the context of Rwanda. An incomplete quantity of work is presented in earlier studies, ignoring the interface between the performance contract and decentralization or organizational performance in general. Due to this gap in the literature, this study has provided a managerial inference of performance contract for enhanced decentralization policy.

## Description of the Variables

### *Performance contract*

*"....Imihigo is a performance contract between leaders and those you serve. Citizens will continue to hold you accountable. As leaders, you must put your words into action and walk the talk. As leaders, it is your responsibility to solve problems faced by citizens in an efficient and just manner. We must uphold a culture of accountability. The progress we have made is*

*not an excuse for complacency. We should look ahead and work to accomplish even more with every step that we take”<sup>18</sup>*

Probably one of the most significant home-grown solutions as far as good governance is concerned is performance contract resulted from decentralization policy adopted by Rwanda. Imihigo a comprehensive new approach to monitoring and evaluation. A key element of Rwanda’s success is lined with the implementation of Imihigo, an ancestral cultural practice relating to performance contracts. The modernization of this practice is one of several innovative approaches being used to reinforce development planning, implementation, and evaluation towards improving living conditions for Rwandans.

Performance contract, Imihigo have fully-fledged to become a dominant tool through which performance of public institutions is measured, thus contributing hugely to socio-economic development of the country. Exceptionally, the Imihigo was one of the soundest contributors towards great achievement of strategic vision such as Vision 2020/2050, NST 1 and others and make a remarkable Rwanda thought all sectors social, economic and development.

Build on this historical background, stating that Imihigo is the plural Kinyarwanda word of Umuhigo, which means to promise to “deliver”. The term also comprises an idea of Guhiganwa, which signifies “competition”. Performance contract in fact<sup>19</sup>, was a normative ethic that idealized a competitive spirit, bravery, courage, and admiration; it constituted a planning and evaluation philosophy done through public community participation. Hopefully, if “a person failed, they were given another chance to succeed”

### **Decentralization Policy**

Decentralization is broadly lauded as a significant component of good governance and development. It is also sketchily predictable as a process fraught with intricacy and potential failure. If a government can perform nearer to the people it is meant to serve, the people will get more out of government and, in turn, will be more enthusiastic to accept that government’s authority and increase mutual trust which is most important in governance.

Decentralization is generally broken down into three different but related processes:

- **Deconcentration** is a process whereby the central government disperses responsibilities for certain services to regional branch offices without any transfer of authority. Many scholars do not consider this true decentralization, but the central government simply establishing field offices.
- **Delegation** refers to a situation in which the central government transfers responsibility for decision making and administration of public functions to local governments. In this instance, local governments are not fully controlled by central governments but are accountable to them.

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<sup>18</sup> Statement of the President of the Republic of Rwanda, presiding over the signing of 2014/2015 imihigo and presentation of the evaluation report of the 2013/2014 districts imihigo performance in Parliament, Kigali, on 12 September 2014

<sup>19</sup> MINALOC, (2010), Concept Note on imihigo Planning and Evaluation, Kigali Rwanda

- **Devolution** happens when the central government transfers authority for decision making, finance, and administrative management to quasi-autonomous units of local government. It would seem that the most recent literature considers devolution to be the purest or at least the most extensive form of decentralization.

Types of decentralization are then further categorized as political, administrative, or fiscal:

- **Political decentralization** is generally defined as the extent to which political institutions track and collect citizen interests and turn them into policy decisions.
- **Administrative decentralization** concerns the ways in which political institutions turn policy decisions into allocative outcomes through fiscal and regulatory actions.
- **Fiscal decentralization** regards the extent to which local entities collect taxes, undertake expenditures, and rectify imbalances.

Definitional problems are acknowledged in the literature, although few authors offer resolutions. Essentially, decentralization is about the quality of relationships between different tiers of government, something that is difficult to examine and measure over time, particularly when observing state institutions from the “outside.”

The Government of Rwanda (GoR) embraced the national decentralization Policy in May 2000, and has implemented it since May 2001, revised for the first time in 2012 and recently in 2021. The overall aim of the decentralization Policy was to empower citizens to participate in governance, own the government affairs, hold accountable their leaders, increase transparency as well as better service delivery.

### Organizational performance

Performance is one of the utmost debated concepts about which there has certainly not been an agreement with numerous researchers and theorists. This disagreement is partway due to the lack of a noteworthy attempt to theoretically account for and define the concept. Consequently, a frequently accepted definition of the concept faces several problems, which means that the likelihood of any definitions and deriving some norms to arrive at the desired definition is still doubtful.

Any organization execute many activities to achieve the set objectives and the repeatable and smart objectives are to be utilized in the processes for the organization to be quantified and measured as successful one and ensure ascertain the level of performance and for management to make informed decisions and improve performance where possible. Organizational performance: Performance is dynamic, requiring judgment and interpretation. In addition to this, Performance may be illustrated by using a causal model that describes how current actions may affect future results<sup>20</sup>. In my understanding, it is defined as the point to which an organization, as a social system with certain resources, is able to fulfil its goals without being obliged to incapacitate its resources and means excessive strain on its employees.

Adam<sup>21</sup>, considered organizational performance as heavily dependent on the employees' performance quality. In fact, three key elements have to be available to ensure organizational performance is meet which are “effectiveness,” “efficiency,” and “relevancy” otherwise, very difficult to measure the organizational performance.

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<sup>20</sup> Corina Gavrea et al, (2011), Determinants of Organizational Performance: The case of Romania, Cluj-Napoca, Romania

<sup>21</sup> Adam, E.E., Alternative quality improvement practices and organization performance. Journal of Operations Management, 1994. 12(1): p. 27-44.

<https://doi.org/10.53819/81018102t4061>

**Figure 2: Organizational Performance determinants**



**Source:** Universal Institutional and Organisational Assessment Model (IOA Model)

### Performance Measurement

There is no doubt that, organizational performance interlinked and influenced a significant influence on the actions of organization. This influence impact the increase in the number and variability of the means to exactly measure the organizational performance and of course, deliberately creating a vital research for both organizations and academics.

It is therefore defined as consistent measurement of outcomes and results, which creates consistent data on the efficiency and effectiveness of programs. To shorten this and remain constant, lets differentiate between organizational effectiveness and organizational performance as cited in Pierre J, Richard et al, (2014)<sup>22</sup>

- **Organizational performance** encompasses three specific areas of firm outcomes: (a) financial performance (profits, return on assets, return on investment, etc.); (b) product market performance (sales, market share, etc.); and (c) shareholder return (total shareholder return, economic value added, etc.).
- **Organizational effectiveness** is broader and captures organizational performance plus the plethora of internal performance outcomes normally associated with more efficient or effective operations and other external measures that relate to considerations that are broader than those simply associated with economic valuation (either by shareholders, managers, or customers), such as corporate social responsibility.

<sup>22</sup> Pierre J, Richard et al (2014), Measuring Organisational performance: Towards methodological Best Practice, Journal of Management, Vol. 35 No. 3, June 2009 718-804 DOI: 10.1177/0149206308330560



**Figure 3: Performance Measurement determinants**



**Source:** Consumer to Conserver: Glenn Vowles, Jul 11, 2017

### 3.0 Methods and Sample of the study

A questionnaire both open and closed for the performance contract and decentralization was developed and disseminated to sampled respondents used purposive sampling dealing directly or indirectly with the selected subject. Demographic details explain the gender, age, job title and job position of the respondents. A sample of 80 questionnaires were distributed to the targeted respondents who are associated with the different public institution performance contracts. After three weeks of distribution overall 78 questionnaires were collected. Detailed observation reflects some of the responses are missing from 2 questionnaire. The questionnaires were supported by focus group discussion approach to collect more information's about the topic. Descriptive analysis is performed to describe the demographic details of the respondents.

Furthermore, this purposive sampling technique was used to select the respondents and participants in focused group discussions basing on the knowledge, expertise and familiarity they have in imihigo from expression of needs to evaluation of District. The primary data is composed of information got from questionnaires respondents and interview held with selected respondents among them those who retired from District leadership at various level but also those who still in the government office. The secondary data of this research was extracted from textbooks on performance contracts or management, concept notes on performance contracts-imihigo, evaluation reports and published papers, article and books.

### 4.0 Results and Discussion

Table 2 presents demographic details about respondents. For the total sample of 80 respondents targeted by our study, only 78 responded. Among them, 58 are males and 20 are females covering sample portion of 74.3% and 25.6% (percent), respectively. The distribution of age, frequency covers 78.3 percent for those in range of 38-45 years (**61 respondents**) and 21.7 percent in range of 45-60 years (**17 respondents**). As per the distribution of job titles, out of 78 who responded, 58 of them work in different government institutions (central and local government) while 20 retired from both local and central government institutions were either Mayors, Vice Mayors, District Executive Secretaries, Directors and Head of Institutions at central government or specialists at technical level. However, out of 58 who works for different government institutions, 45 occupied executive positions, and 13 are were on non-executive level.

**Table 2: Demographic Details**

		Frequency	Percent
<b>Gender</b>	Male	58	74.3%
	Female	20	25.6%
	Total	78	100.0
<b>Age</b>	38-45 years old	61	78.3%
	45-60 years old	17	21.7%
	<b>Total</b>	<b>78</b>	<b>100.0</b>
<b>Job title</b>	Mayor	21	26.9
	Vice Mayors	22	28.3
	District Executive Secretary	15	19.3
	Head of Institutions	3	3.8
	Director	17	21.7
	<b>Total</b>	<b>78</b>	<b>100.0</b>
<b>Job position</b>	Executive	45	57.7%
	Non-Executive	13	16.7%
	Managerial	20	25.6%
	<b>Total</b>	<b>78</b>	<b>100.0</b>

**Source:** Author, Data collection January – September 2020-2021

In order to understand better, the extent decentralization influenced and interlink the performance contract in Rwanda, the study considered used the following scales as indicated: 1 = Strongly Agree 2 = Agree 3 = Indifferent 4 = Strongly Disagree 5 = Disagree as per below respondents' views:

### **Interlink and influence of decentralization to performance contract**

Study findings revealed that decentralization policy adopted by the government of Rwanda have influenced and closely interlink with performance contract in Rwanda. To this, out of 78 respondents, 77 (98.7%) strongly agreed direct interlink and influence of decentralization and performance contract in Rwanda while 1out of 78 (1.2%) is indifferent.

Those 98.7% that strongly agreed the interlink and influence of the two concepts appreciated the fact that, since the adoption of decentralization policy, the citizens were actively participating in the government affairs and increased their voices through different channels and forums like community work (Umuganda), community outreach (inteko z'abatwari), councils (inama nyanama), parent evening (umugoroba w'ababyeyi) and others such as through national women's council (WNC), national youth council (NYC), national people with disabilities (NCPD) to mention but a few.

Aforementioned, we indicated that performance contract in the context of Rwanda, imihigo was emphasized as one of the home-grown initiatives intended at boosting the results-based management in Rwanda, throughout all government institutions that implementing government policies and programs. As a result of decentralization, through performance contract in all public institutions many have achieved in different domains. Let's explore in the domain of effective decentralized entities service delivery.

During our interview and group focus discussion, they stated:

*... "With decentralization policy in Rwanda, more have been changed positively though not all. Among the positive changes includes but not limited to number of administrative office*

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*constructed by government with significant contribution of citizens through umuganda and other special events organized by local government, here we can note a number of district, Sector, cells and village offices but also the fact that citizens elect freely and fairly their local leaders, they can hold them accountable and ensure they deliver through Imihigo, there is no chance to fail with all support a leader have” (KII, local government staff).*

The interesting statement from interview who occupied a leadership position in District Executive committee is below stated:

*“Before decentralization policy adopted in Rwanda, there was no competition among Districts but with Imihigo, there a great competition to deliver on social, economic and development of all citizen’s and this has significantly impacted the citizens’ lives. For instances, I personally had a chance to serve under government before and during decentralization policy, to be honest many have changed. We used to plan and implement all government activities without any citizens’ involvement and this for years but with decentralization we no longer even initiate a project without consulting citizens and their representatives from Isibo (Lower level) up to central government, to have their views and needs. This increased their voices, accountability and transparency while implementing government project at any stage because in one way or another, a leader will be held accountable through council (from Village up to District level), office of ombudsman, office of auditor general and others”*

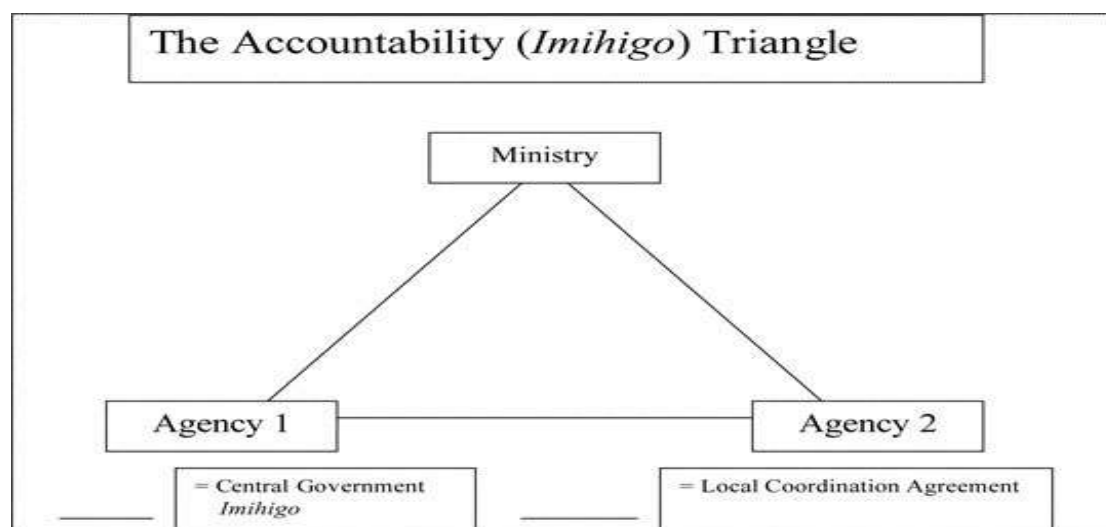
In the opinion of the respondents, they stated that, with decentralization policy that influenced positively the performance contract in Rwanda, even planning and budgeting at all government institutions were well organized and efficient towards successfully implementation of the projects with aim of uplift citizens and have been most valuable on service delivery, on successful development and empowerment of the public institutions as well as the opportunity to keep their employees on toes.

### **Effect of Citizen participation and organizational performance**

The preponderance of the respondents 78 out of 80 (97.5%) confirmed that there is a close relationship between citizen participation through various channels aforementioned available in the local government initiated under decentralization policy and the organizational performance both central and local government institutions because with these channels citizens can express themselves their priorities, issues and needs to their leaders which could help them to acquire and including them in the planning either short or long term planning and some of their needs are taken into consideration through annual imihigo (Performance contract). For instance, with performance contract at decentralized entities, you can easily find activities under all pillars such as social, political governance and economic transformation this includes but not limited to basic infrastructures like clear water, social shelters, roads, projects under VUP for them to generate own revenues, mutual health insurances, agriculture development, social programs like ejo heza (better tomorrow)....

Government in general and leaders both elected or appointed, ensure that citizens have all the basic needs for their better lives as outcome of competitiveness culture developed under imihigo/ performance contract as a result of Decentralization in Rwanda. Accountability and transparency to any action taken is absolutely necessary when it comes to good governance principles. The below figure, show how Imihigo, performance contract plays a key role on accountability at all level which is the results of decentralization in Rwanda but also enhancing the good governance principle.

**Figure 4: Accountability through Imihigo**



**Source:** Cited in NDAGIJIMANA I (2020)<sup>23</sup>

Furthermore, the accountability links between local governments and national policy-makers work through inspections, audits and imihigo.

Decentralization and performance contract in Rwanda are right tools considered as fundamental to delivery of improved services. Like the IremboGov that making the government more accessible and more efficient for everyone where by all citizens can access most of the needed services through Irembo platform and have it without any movement and meet the service provider which also is significant to time management, timely service delivery and control of corruption.

None should doubt about the performance contract and decentralization connection and outcome in general and its great contribution to remarkable Rwanda as well as the country's improvements. In fact, since the initiation of home-grown initiation "Imihigo/performance contract" Rwanda has recorded greatly on a range of development indicators. The Imihigo program possible improved keep officials at all levels focused on achieving development targets.

Additionally, Imihigo shaped a strong culture of performance across the entire country due to uppermost levels of government put pressure on public officials at every level within the central and local government to perform any cost.

In the CRC/RGB, a research conducted by RGB on governance and service delivery (Citizen Report Card), in the 2021 CRC report, the average percentage was 77,1% while CRC 2020 was 71,3% and in amazingly, the CRC 2021, the citizen participation pillar/cluster increase significantly to 10.4%<sup>24</sup>

The percentage of public institutions that got unqualified financial increased from 55% in 2019 to 57% in 2021 and those got qualified audit opinions increased from 30% in 2019 to 35% in 2021 while those

<sup>23</sup> NDAGIJIMANA Ibrahim (2020), performance contract "imihigo" as a tool for improving organizational performance in public institutions in Rwanda.

<sup>24</sup> Rwanda Governance Board, RGB annual report, 2020/2021 and action plan 2021/2022, Kigali



got adverse opinions decreased from 15% in 2019 to 8% in 2021. This, shows a positive trend in the overall level of accountability and transparency over the period<sup>25</sup>

**Figure 5: Framework for decentralized accountability**



**Source:** Cited in NDAGIJIMANA I (2020)<sup>26</sup>

In the compliance audit, it indicates an improvement in the percentage of unqualified audit opinions which increased from 34% in 2019 to 39% in 2021. The percentage of qualified audit opinion remained relatively the same. However, there was a decline in the percentage adverse opinions from 30% in 2019 to 27% in 2021. This is a notable improvement, although public entities are yet to reach the desired level in complying with applicable laws and regulations in incurring expenditure<sup>27</sup>

According to Rwanda Bribery Index (RBI 2021) findings revealed that 50% of respondents consider the level of corruption to be low in Rwanda while 17.40% perceive that it is high. As in the previous RBI editions, the majority of Rwandans (71.9%) commend the effectiveness of the government's efforts in the fight against corruption. However, since the outbreak of Covid-19, the perception of effectiveness has slightly decreased from 81.9% in 2019 to 75.9% in 2020 and 71.9% in 2021<sup>28</sup> compare to 79.7% of Rwandans residents think corruption in Rwanda is low, moderate, very low<sup>29</sup>

In the domain of agriculture<sup>30</sup>, more than 406,776 cows distributed to poor families (cumulatively), 11,101 pigs and 196,491 poultry distributed to youth cooperatives from poor families while on agriculture aspects, more than 16,880MT of coffee, 34,394 MT of tea and 15,803 MT of horticulture exported, milk production was at 891.326 MT this made food

<sup>25</sup> Office of the auditor general of the state finances, OAG annual audit report for the year ended 30 June 2021, Kigali, Rwanda

<sup>26</sup> Ibidem

<sup>27</sup> Idem

<sup>28</sup> Transparency International Rwanda (TI-RW), Rwanda Bribery Index (RBI 2021, 12th edition, Kigali Rwanda

<sup>29</sup> Transparency International Rwanda (TI-RW), Rwanda Bribery Index (RBI 2017, Kigali Rwanda

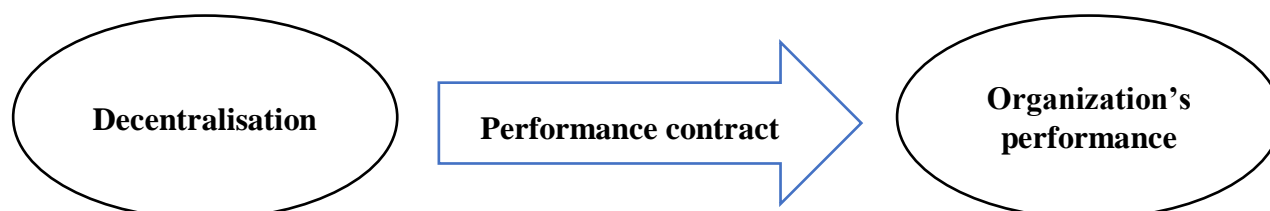
<sup>30</sup> MINAGRI (2020-2021) annual report, Kigali Rwanda

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security and nutrition on household as per las findings of the vulnerability and nutrition analysis of of 2018 is 81.3%, showing an increase of 1.3 % from 2015 to 2018.

The total area under radical terraces stands at 131,056.7 ha representing 2.9% of increase from last year 2019/2020, progressive terraces stands at 972,055 ha and increased by 1.4% compared to the last year achievements. Irrigation schemes have allowed farmers to move from rain-fed agriculture to diversified high value crops, hence resulting in increased cropping intensity and land productivity. The country has registered 66,840.5 ha under irrigation representing an increase of 4.8% from last fiscal year 20219/2020.

**Figure 6: Conceptual model specification of organizational performance**



**Source:** Author, own design, 2022

There are three variables. For our study, we consider decentralization as independent variable, organization performance as a dependent variable and performance contract as a mediating variable. As country like Rwanda for this case, assign decision making authority to the citizens, in other words, decentralized power and enhanced citizens voice, the organization performance increases. There is an affirmative correlation between decentralization and organization performance. The performance contract plays a vital protagonist in the organization performance, if performance contract will increase between the top-level management and citizens at lower level the organization performance enhances.

For better understanding of the essence of decentralizing, one should first of all, know what and why a country decentralizes and its intentions: Decentralization as measures that transfer a range of powers, responsibilities and resources from central government to subnational governments, defined as legal entities elected by universal suffrage and having some degree of autonomy<sup>31</sup>

**Figure 7: Interlink of model decentralization and organizational performance**



**Source:** Author (2022), own design

<sup>31</sup> OECD (2019), *Making Decentralisation Work: A Handbook for Policy-Makers*, OECD Multi-level Governance Studies, OECD Publishing, Paris, <https://dx.doi.org/10.1787/g2g9faa7-en>.

To better understand the essence of decentralizing, one should first of all, know what and why a country decentralizes and its intentions: Decentralization as measures that transfer a range of powers, responsibilities and resources from central government to subnational governments, defined as legal entities elected by universal suffrage and having some degree of autonomy<sup>32</sup>

International organizations such as Council of Europe, the European Commission, the United Nations and the World Bank<sup>33</sup>. The decentralize system, subnational governments are administered by political bodies (with assemblies and executive bodies) and have their own assets and administrative staff. They can raise own-source revenues, such as taxes, fees and user charges and they manage their own budget<sup>34</sup>. This is exactly what happens in Rwanda.

For instances, the international organizations outside of Rwanda, have also been reporting annually on the country's progress including but not limited to the Mo Ibrahim Index on Africa Governance (IIAG), the Doing Business Index, the Global Competitiveness Report (World Economic Forum), the Human Development Index, the Corruption Perception Index and the Global Open Data Index. Rwanda's transformational journey was observed by those aforementioned international ranking institutions that report on countries' performances in different areas and near or far, performance contract had contributed a lot and to this, Rwanda was ranked among the top performers on the African continent as well as on a global scale.

The below table present the summary to which extent decentralization influences and interlink with performance in Rwanda which is our main objective of this study.

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<sup>32</sup> OECD (2019), *Making Decentralisation Work: A Handbook for Policy-Makers*, OECD Multi-level Governance Studies, OECD Publishing, Paris, <https://dx.doi.org/10.1787/g2g9faa7-en>.

<sup>33</sup> Slack, N. (2009), *Guide to Municipal Finance*, UN-Habitat.

<sup>34</sup> <https://www.oecd-ilibrary.org/sites/e5b9ba7d-en/index.html?itemId=/content/component/e5b9ba7d-en>

<https://doi.org/10.53819/81018102t4061>

**Table 3: Summarized interlink between decentralization and performance contract**

Statements	Strongly Agree	Agree	Indifferent	Strongly Disagree	Disagree
Decentralization influenced the initiation of performance contract in Rwanda	84	13	2	1	0
Decentralization and performance contract directly interlink and connect	98	2	0	0	0
Performance contract as result of decentralization in Rwanda has increased quality service delivery in Public Institutions in Rwanda	98	2	0	0	0
Performance contract has increased responsiveness and transparency of both leaders and technicians in Public Institutions in Rwanda	87	12	1	0	0
Performance contract is a tool to hold public officials accountable in Public Institutions in Rwanda	89	9	2	0	0
Decentralization aims at successfully implementation of government programs and actions as Imihigo had a push effect of effective government policies/programs implementation	97	3	0	0	0
One of the key deliverables of both decentralization and imihigo is the increase of social, economic development across sectors.	93	6	1	0	0
Both decentralization and Imihigo created a strong culture of performance across country.	89	9	0	2	0
Both decentralization and Imihigo guarantee stakeholder participation, engagement in policy formulation, evaluation and increase ownership of the development agenda	78	20	0	2	0
Public institutions promoted results-oriented performance due to decentralization and performance contract initiated in Rwanda	74	20	6	0	0

Source: Author, compilation (2021)

## 5.0 Conclusion and Recommendations

### Conclusion

*“The district rankings that were presented to us today show us many things, key among them being the aspect of leadership. The quality of leadership will always reflect on the performance of any institution. The issue of lack of collaboration and coordination between people themselves and institutions is an issue that continues to be persistent. You can’t call yourself a leader if you think you can work without collaborating with others. We need to improve the way we work together; there must be consequences for any failure to coordinate among each other”,* asserted H.E President Kagame Paul during the signing of 2017/18 imihigo on 6<sup>th</sup> October 2017.

The introduction of Performance Contract in general and Rwanda in particular case, has significantly contributed towards the improvement of social, economic development of Rwandan in all sectors. This initiatives or innovation from home grown initiative have encouragingly transformed service delivery in most government sectors and citizens considered as center of governance benefited.

<https://doi.org/10.53819/81018102t4061>



The study finds out that, decentralization influences organization performance through performance contract in Rwanda. As the citizens participation increases and strong collaboration of organization's top-level management with middle and lower level management increases, the organization performance is undoubtable will be increased.

We conclude that the citizens' participation, accountability, transparency, collaboration and performance contract of top-level management with lower level management is much more important for organizational performance. In case whereby, Management is cooperative, both citizens and employees will feel respect and considered for themselves, this will increase determination, focus on results and work hard for the betterment and prosperity of the organization in one hand, but other hand, if the management is not cooperative and they did not give attention and authority to make decision by citizen (which is the aim of decentralization) or not consider their opinion then certainly the organization performance will move downward.

Performance contracts-imihigo is the outcome of the decentralization initiated by the government of Rwanda as home grown initiative and have set in motion development processes that have contributed towards Rwanda's achievement of national development priorities, strategies and programs. Again, Imihigo have served as a means for mustering both human and financial resources needed to enable the desired nationwide development and transformation. Performance contracts imihigo planning, prioritization and implementation has focused at contributing to the desired socio-economic transformation.

To attain this, all government institutions both central and local government as well as agencies has precondition to strengthen their capacity to plan, engage stakeholders, citizens and sectoral institutions in prioritizing performance targets, identified through a participatory process, in obedience with the national priorities, challenging in nature. While implementing project, should be remembered to promote principle of "value for money" and innovative among others.

Vigorous participation of stakeholders and citizens from expression of their needs, planning, implementation, monitoring and evaluation as well as decision-making process offers an opportunity to increase institutional performance and upsurge the level ownership and commitment to efficaciously implement imihigo activities through intensive mobilization and collaboration of all involved in institutions concerned. Specifically, central and local government should create an environment that facilitate smoothly implementation of activities under performance contract. Furthermore, these institutions need to motivate their citizens and counterparts, create innovation, work hard, change their way of thinking about community engagement, mindset and behavior as well as engage them how do they wish to deliver on programs intended. This will also increase trust and working environment towards successful implementation of organizational performance.

## **Recommendations**

Thoughtful of the respondents demands and opinion views stated from government institutions, expressed causes affecting performance such as lack of coordination and proper communication between institutions, availability of budget on time, project implemented without feasibility study and non-respect of value for money and most respondent expressed one key element that should be addressed careful which is inputs, outputs and indicators while designing imihigo that do not reflect on District reality (Central government provide targets to local government without consent). The following recommendations are suggested:

- Performance contract in both central and local government and agencies targets should be well from the beginning, analyzed, consider local needs and context and applicability

as well as renowned through active participatory and consultative planning process with all concerned.

- Among other roles and responsibilities of central government includes capacity development, to this, there is a need for capacity development and empowerment of all concerned staff and institutions in performance contract. Mostly, both political and technical staff are to be considered as well as partners and stakeholders. The topics to be covered included but not limited to planning and budgeting skills, project feasibility, procurement, monitoring and evaluation, this will dismiss all the blame game on joint imihigo when it comes to poor ranking and performance.
- Both ministries of Local Government (MINALOC) and Ministry of Finances (MINECOFIN) to set and share clear roles and responsibilities as far as joint imihigo is concerned to avoid duplicating efforts and loss of energy or waste of time but also held accountable to who is responsible since at the end, citizens will lose chance and opportunity in one way or another.
- Concerned Institution such as Prime Minister's Offices, MINALOC, MINECOFIN and NISR in partnership with Districts, to design one agreed imihigo/ performance contract format but also the template for quarterly reporting to harmonize different formats available.
- In the framework of collaboration between central and local governments, imihigo/performance contract set targets should be the results of negotiation and active consultation than being dictated by central without full ownership of local government which at the end, will implement them, here much focus is on applicability of the set targets with clear indicator, inputs, output (SMART goals)/

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