

INFLUENCE OF PERFORMANCE CONTRACT ON SERVICE DELIVERY IN LOCAL GOVERNMENT PROJECTS IN RWANDA CASE STUDY OF KICUKIRO DISTRICT WATER PROJECT

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Abstract: Performance contracts originated from the perception that the performance of the Public Sector has been consistently falling below the expectations of the Public. Performance contracting is part of broader Public sector reforms aimed at improving efficiency and effectiveness in the management of Public service. The main objective of the study was to determine the influence of performance contracting on service delivery at Kicukiro water project. This study also sought to answer the question; factor affecting the implementation of performance contract. The purpose of this study is therefore to establish whether performance contracting has enhanced service delivery. A descriptive research design was adopted using both qualitative and quantitative data collection approaches. The study target population comprises 550 employees of Kicukiro water projects from which a simple size of 226 respondents was obtained through multistage sampling technique. A closed ended questionnaire was used to collect primary data which was analyzed in both descriptive and inferential statistics. The results reveal that 99.1% majority of the respondents agreed that implementation of performance contract affects service delivery. Qualitative data was used through interviews, participation and observation in order to describe the impact of performance contract and service delivery. This research employed qualitative methods of data collection, among others included; Questionnaire and Documentary review. The results showed that there is a positive relation between performance contract implementation and service delivery. The government should facilitate the implementation of performance of contract to every organization for the service delivery.

Keywords: Performance contracts, Performance Appraisal System (PAS), Strategic planning, “Imihigo”, A work plan, Performance contracting.

1. INTRODUCTION

Background of the Study:

Performance contracts originated from the perception that the performance of the Public Sector has been consistently falling below the expectations of the government. Performance contract is part of broader Public sector reforms aimed at improving efficiency and effectiveness in the management of Public service. The problems that have inhibited the performance of government agencies are largely common and have been identified as excessive controls, multiplicity of principles, frequent political interference, poor management and outright mismanagement (RBM Guide, 2005).

Performance Contract system originated in France in the late 1960s. It was later developed with great deal of elaboration in Pakistan and Korea and thereafter introduced in India. It has been adopted in developing countries in Africa, including Nigeria, Gambia, Ghana and now Rwanda (Kobia & Mohammed, 2006). 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 all over the world. Its success in such diverse countries as France, Pakistan, South Korea, Malaysia and India has sparked a great deal of interest in this policy around the world. A Performance contract is a freely negotiated performance agreement between government, organization and individuals on the one hand, and the agency itself on the other (GoK, 2005).

The Government of Rwanda adopted performance contracting as a tool for managing public resources and as a management accountability framework. Hitherto, management of public resources focused on processes and inputs rather than outputs and results. Performance contracts are deliberately designed to ensure that institutions take into consideration all the perspectives of an institution's performance (Letangule & Letting, 2012). According to the Government of Rwanda, before the advent of performance contracting, the basis for determining a manager's performance was purely on perception and processes, and managers were not comfortable being evaluated on the basis of perceptions. The introduction of performance contracts compelled all public institutions to prepare and submit quarterly performance reports to designated agencies, and annual performance reports to the Performance Contracts Secretariat.

Performance based contracting has been identified by both the private and public sectors as an effective way of providing and acquiring quality goods and services within available budgetary resources. Whereas within the private sector, profit orientation and competitiveness have necessitated the introduction of performance contracts, the public sector has taken long to embrace the practice, especially in Local Authorities (Omboi, 2011). The public sector has come under intense pressure to improve their operations and processes so as to reduce its reliance on exchequer funding. Further, there is need to increase transparency in operations and utilization of public resources, increase accountability for results and to deliver services more efficiently and at affordable prices to the tax payer/ customer thereby, forcing governments to institute reforms in the public sector (Akaranga, 2008).

Local Governments are strategic institutions for the provision of basic socio-economic and environment services. Their strategic position makes them valuable and viable for providing effective and efficient services required by the community. They also provide platforms where community members exercise their democratic rights by electing their representatives who in turn coordinate the provision of the local services. In 2005, the Ministry of Local Government placed the management of all the 175 Local Authorities on performance contracts with the hope that this would improve service delivery to citizens (GoK,2008).

Rwanda experienced one of the most violent conflicts of the 20th century but it is making significant progress towards reconciliation, reconstruction and development. This progress has been the result of a combination of good leadership, development partner support, national ownership, and innovative approaches to governance. The use of Rwanda's indigenous knowledge system, known as Imihigo (performance contracts), is one of those innovative and homegrown approaches that has strengthened service delivery and contributed significantly to improvements in the socio economic well being of citizens.

Public sector reforms started simultaneously with decentralization as an integral part of the Governments national development strategy expressed in Vision 2020 and the EDPRS. The decentralized reforms are based on the National Decentralization Policy (NPD) adopted in May 2000. Decentralization was done in phases, the policy and a strategy for decentralization which aimed at ensuring political, economic, social, managerial and technical empowerment of the local population to fight poverty a close range. As part of the strategy, a three year decentralization implementation program was launched on 16th January 2000 and ended 2003(1st phase), the second phase started in 2004-2008 and was marked with territorial reforms(Republic of Rwanda 2005) enforced in January 2006 reduced Local Governments from 106 to 30 districts. "Imihigo" is a Kinyarwanda word, meaning the setting of goals upon which "Kwesa imihigo" (evaluation) will be conducted at a future point in time. Imihigo is founded on the old Rwandan cultural practice whereby two parties publicly committed themselves to the achievement of a particularly demanding task. Failing to meet these commitments usually led to dishonor, not only to the participating individuals but to the community as a whole. Those who achieved their pledges became role models in the community, and their exploits were echoed in history.

Service provision by the local authorities in the recent years has been deteriorating. Moreover, public servants have been a target for criticism due to what is perceived by recipients of government services as unsatisfactory service delivery. This state of affairs has resulted largely from systems of management in government which put emphasis on compliance with processes rather than results. Whereas the general public and even some public servants welcomed the idea of performance contracting as a means of measuring performance, it was not readily accepted by everybody. Some saw it

as a rigorous exercise that amounted to little if any. In terms of service delivery, majority of recipients of Government services have faulted it claiming that it had had very little positive effect. Close scrutiny of the management and performance of existing local authorities shows that most local authorities in Kenya are poorly managed and that there is disillusionment with the performance, management and competence of local authorities in providing the services that they are mandated to provide. As a result, there has been a rising number of residents associations which are prepared to resort either to court action or to campaigns aimed at withholding of the rates due to councils as a mechanism for compelling local authorities in Kenya to provide services on a regular basis.

When trying to understand how the performance evaluation is done in National Post Office, we found that one of the reasons was that the design of the performance contract for the employees were prepared basing on their job descriptions rather than on the targets set for every and each employee, and most of the times, for some job positions the job descriptions the tasks are not measurable (Twagilimana 2011)

Problem Statement:

Choke (2006) studied the perceived link between strategic planning & performance contracting in state corporations in Kenya and found that most managers perceive PCs as a management tool useful in achieving set targets. Kiboi (2006) on the other hand studied the management perception of performance contracting in state corporations and achieved similar results. According to RALGA (2010), though Rwandans noted a significant improvement in service delivery by Local Governments, they also highlighted the following shortfalls: Inadequate information sharing among various levels of administration, accessibility to agriculture credits and related benefits, participation by males in reproductive health, the public awareness and understanding of laws and regulations.

The New Public Management (NPM) movement emphasizes and strengthens the need to adopt private sector practices in public institutions (Balogun, 2003). This initiative strives towards making public servants to become service orientated, to pursue excellence in service delivery and to commit them to continuously improve service delivery. It also sets the principles for transforming service delivery with regard to consultation, service standards, access, courtesy, information, openness and transparency, redress and value for money. These principles are required, since it is argued that a transformed local government needs to be measured against its commitment to continuous service delivery improvement.

The introduction of 'Imihigo' in Rwanda was geared towards introducing New Public Management approach to service delivery. There are a few studies that have attempted to study Imihigo on various institutions. Some of this include: the research on employee responses to the implementation of performance contract (Ogwayo, 2007), factors influencing implementation of performance contract (Murgor, 2008); employee state of psychological contract on the implementation of performance contract (Njenga, 2008); management of strategic change (Njiri, 2007). In spite of the few studies that have been done, it remains unclear the extent to which the aforesaid objectives have been met and also the challenges related to implementation of Imihigo. It is against this background that this study is seeking to determine the extent to which Performance Contracting has affected service delivery in local government in Rwanda. Therefore, this study sought to answer the question; to what extent did performance contract affect service delivery in local government projects in Rwanda?

Objectives of the Study:

The general objective:

The research general objective of this study was to determine the influence of performance contract on service delivery in local government projects in Rwanda.

The specific objectives:

The specific objectives of this study were;

- i. To establish the relationship between performance contract and service delivery in local government projects;
- ii. To establish how the implementation of performance contract affects employees' service delivery.
- iii. To determine the effects of performance contract on service delivery, customer and employee satisfaction.
- iv. To determine factors affecting the implementation of performance contract on employees service delivery.

Research Questions:

- i. What are the relationship between performance contract and service delivery in local government projects?
- ii. How can the implementation of performance contract be achieved among the employee's service delivery?
- iii. What are the effects of performance contract and service delivery in local government projects in Rwanda?
- iv. What are the factors affecting the implementation of performance contract on employees service delivery ?

Scope of the Study:

The study examined the relationship between performance contract and service delivery in local government projects in Rwanda, it was conducted in Kicukiro district in Kigali city. The researcher examined the contributions of performance contract on service delivery in local government projects and specifically Kicukiro district for a period of 3 years from 2011 to 2013

Significance of the Study:

The study is important because it would enable the Government to improve the service delivery in local government projects. In addition the study will be an invaluable source to those interested in establishing strategies of using performance contracts in providing quality services.

The study would also create a monograph which could be employed by other companies. Most importantly, this research is further aimed at offering some practical suggestions on the strategies to be put in place in order to improve service delivery.

The policy makers may be made aware of the challenges in service delivery in local government. They would therefore obtain guidance in designing appropriate policies that would improve service delivery in local government.

Future scholars may use the results of this study as a reference. The findings of this study may be compared with other sectors to draw conclusions on various ways an institution can improve service delivery by use of performance contract.

The study would also benefit consultants who endeavor to provide assistance to successful running of organizations in developing and sustaining service delivery.

2. RESEARCH METHODOLOGY

Research Design:

Case study research design was employed in the study..

Target Population:

The study population for this research was 550 are employees of Kicukiro District Water Project.

Sample Size determination:

The sample size of 232 was determined using the formulas of Slovin's.

Sampling Techniques:

Stratified random sampling technique guided sample selection for this study was used since the target population of subjects from each department was heterogeneous. Using simple random sampling, subjects to be used in the actual study were selected from each stratum

Table 2.1: Sample Size of Respondents and Sampling Technique (Propotianate)

Category of Population	Population Size	Sample Size	Sampling Technique
Board Members	15	7	Simple Random sampling
Senior Management	15	7	Simple Random sampling
Technical Staff	40	23	Simple Random sampling
Junior staff	478	195	Simple Random sampling
Total	550	232	

Source: Human Resource department of Kicukiro Water Project, 2015

Data Collection Instruments:

Questionnaire:

The research instruments used for the study were observation and a semi structured questionnaires.

Data Processing and Analysis:

This is treated as an important intermediary stage of the research between data collection and data analysis.

Quantitative Data Analysis:

Quantitative data analysis was involved used of both descriptive and inferential statistics in the Statistical Package for Social Scientists (SPSS). Descriptive statistics was entail determination measures of frequency distributions; and percentages. Data was processed by editing, coding, entering, and then presented in comprehensive tables showing the responses of each category of variables. Inferential statistics was used including correlation analysis using a correlation coefficient using a regression equation in order to answer the research questions.

Qualitative data analysis:

Qualitative data analysis was involved both thematic and content analysis, and, was based on how the findings relate to the research questions. Content analysis was used to edit qualitative data and reorganize it into meaningful shorter sentences.

3. RESULTS AND DISCUSSIONS

Performance Contract And Service Delivery:

Effect of Organizational Service Charter on Service Delivery:

The study sought to find out whether service charter has any effect on service delivery. Table 4.5 summarizes the findings on effect of organizational service charter on service delivery

Table 3.1: Effect of Organizational Service Charter on Service delivery

Item	Agree	Neutral	Disagree E
Effective display of Service Charter	68.33%	5%	26.67%
Properly Displayed customer comment cards in notice Boards	41%	22.00%	37%
Appointed Customers Care officers to coordinate quality services initiatives	65.57%	11.48%	22.95%
Service Charter has promoted partnership between service providers and clients	61.29%	22.40%	16.39%
Service Charter is informative facilitates service Delivery	45.95%	21.62%	32.43%

Service charters are important information tools for the public to be guided on the costs and the variety of services that are provided by the organizations in this case Kicukiro Water Project. The effectiveness of the service charter was examined to understand its support for performance contract in service delivery. The clear and effective display of service charter was supported by 68.3%. Those who agree to proper feedback on service delivery through comment cards on notice boards were supported by 41% of the respondents. The project had appointed Customer Care officers to coordinate quality service initiatives and the contribution of these care officers was rated 65.57%. The customers feel that their relationship between them and the council has improved and this was supported by 61.3%. The service charter was ranked as being informative was 46%. However, those who feel that level of information on the service charter is required were 32.4%.

Influence of Work plans on Service Delivery:

Table 3.2: Work plans impact on Service Delivery

Item	Agree	Neutral	Disagree
Work plans have improved the implementation of Budgets	54.10%	21.30%	24.60%
Work plans are available and circulated	52.50%	27.90%	19.60%

Staff abreast with work plan implementation	49.20%	31.14%	19.66%
Work plans have eliminated ambiguity at work	41.67%	38.33%	20%
Work plans assist in achieving goals and objectives at expected timeframe	47.54%	32.79%	19.72%

The departmental and individual work plans are vital for Service Delivery. Those who agree that work plans have improved budgeting were 54.1% while those who disagree are 24.6%. The circulation and availability of work plans to the employees was supported by 53%. The knowledge of the staff on the utility of the work plan was 49.2%. Those who believe that now their work is more defined and that they know what to deal with when they are at work were 42%. Work plans assist in achieving goals and objectives at expected timeframe and this was affirmed by 48% of the respondents.

Impact of Strategic Plan on Service Delivery:

Table 3.3: Impact of Strategic Plan on Service Delivery

Item	Agree	Neutral	Disagree
SP is a practical way of managing performance in an era of fiscal constraint	61.41%	21.05%	17.54%
SP defines operational priorities and clarify Workloads	70.18%	17.54%	12.28%
SP has promoted people oriented customer-service Governance	54.39%	24.56%	21.05%
SP ensures that management and employees focus on purpose and mandate	59.20%	18.40%	22.40%
SP has improved decision making to result based	50.88%	33.33%	15.79%

Strategic plan focuses on any organization to project its goals. Those who agree that strategic plan offers a practical management approach in time when there is fiscal constraint were 61.4% while those who disagree were 18%. Importance of strategic plan in defining operational priorities and clarification of workloads were 70.2% while those who disagree are 12%. Those who supported the strategic plan in the promotion people oriented customer service governance were 54.4% while those who disagreed were 21.05

%. The contribution of strategic plan to effective organization management and employee focus on purpose and mandate was lauded by 59% whereas those who believe it has contributed to service delivery were 51%.

Impact of Performance Appraisal Systems on Service Delivery at CCN:

The study sought to examine the impact of PAS on supporting the performance contracting on service delivery at CCN. Table 3.4 summarizes the findings on the impact of PAS on the service delivery at CCN.

Table 3.4: Impact of PAS on service delivery at CCN

Item	Agree	Neutral	Disagree
Reward and sanctions	50.94%	22.64%	26.42%
Training Needs Assessment	43.40%	32.08%	24.52%
Effectiveness and Efficiency	51.85%	27.78%	20.37%
Strength and Weakness	50%	35.20%	14.80%
Cooperation and Team work	46.30%	33.33%	20.37%

Those who believed that the company has improved the rewards they get at work and commensurate punishment for not completing tasks or meeting targets were 50.94% which was slightly more than half of the proportion. Information on training sessions was supported by 43% of the employees were trained on performance contract. Those who were indifferent on the training on PC needs assessment were 32%. The contribution of PAS on efficiency was supported by 52% of the respondents. PAS also highlights strengths and weakness of persons and systems at the company therefore offering further opportunity for capacity enhancement and training to improve on the skill of employees and strengthen policies for institutions to deliver an element which was supported by 50% of the respondents. The cooperation and teamwork was supported by 46.3% who believe in the impact of PAS on service delivery.

Reason why Government of Rwanda decided to use performance contracts in projects:

The researcher wished to find out why the government of Rwanda decided to use performance contract in Government projects.

The table below shows the responses given as the reasons why government decided to use performance contracts in government project

Table 3.5: Reason why Government of Rwanda decided to use performance contracts in projects

Reasons	Frequency	Percentages (%)
Regular performance evaluation	60	26.5
Innovation	30	13.3
Promote accountability	76	33.7
Enhance efficiency in service delivery	60	26.5
Total	226	100

Source: Primary data, 2015

Table 3.5 above shows, 33.7% of the respondents thought the government main reason was to promote accountability, 26.5% regular performance evaluation and another 26.5% was to enhance the service delivery and only 13.3% said it was to promote innovation. This implies that the majority of respondents thought that the government decided to use performance contract so as to promote accountability in the projects and also to enhance efficiency in service delivery to the society and as a means of ensuring regular performance evaluation.

Influence of performance contracts in projects and service delivery:

Table 3.6: Influence of performance contract and service delivery

Respondents	Frequency	Percentage
Yes	200	88.5
No	26	11.5
Total	226	100

Source: Primary data, 2015

The table 3.6 above indicates that 100% of the respondents indicated that there was a positive relationship between performance contracts and service delivery in Government projects.

Reason for improved service delivery by Government of Rwanda officials by use of performance contracts in projects:

Table 3.7: Reason for improved service delivery by Government of Rwanda officials by use of performance contracts in projects

Reasons	Frequency	Percentages (%)
Service delivery is part of performance evaluation	66	29
Motivation	104	46
Competitiveness	56	25
Total	226	100

Source: Primary data, 2015

Table 3.7 above shows, 46% of the respondents said that the government officials had better or improved service delivery because service delivery is part of performance contracts, 29% performance contract is a motivation and another 25% was competitiveness. This implies that the majority of respondents thought that there was improved service delivery by use of performance contract because the service delivery is part of performance contract.

Challenges faced by Government officials on performance contracts and service delivery:

Table 3.8: Challenges faced by Government officials on performance contracts and service delivery

Reasons	Frequency	Percentages (%)
Lack of coordination	66	29
Long process of approval	104	46
Evaluation criteria	56	25
Total	226	100

Source: Primary data, 2015

Table 3.8 above shows, 46% of the respondents said that the government officials faced challenges on adhering to performance contract and service delivery because of long process of approval, 29% performance contract is lack of coordination and another 25% was evaluation criteria. This implies that the majority of respondents said that the challenge of adhering performance contract and service delivery was the long process of approval.

Causes of challenges faced by Government officials on performance contracts and service delivery:

Table 3.9: Causes of challenges faced by Government officials on performance contracts and service delivery

Causes	Frequency	Percentages (%)
Delay in payments	66	29
No information sharing	104	46
Lack of sensitization	56	25
Total	226	100

Source: Primary data, 2015

Table 3.9 above shows, 46% of the respondents said that the causes of challenges on adhering to performance contract and service delivery because of not sharing information, 29% performance contract is delay in payments and another 25% was lack of sensitization. This implies that the majority of respondents said that the causes of challenge of adhering performance contract and service delivery were not sharing information.

How the Performance Management System is institutionalized:

The question asked to the interviewees was to know to what extent they think the Performance contract and service delivery is beneficial for improving the individual and organizational performance. They were unanimously to agree that Performance contract and service delivery is very beneficial not only beneficial for both individuals and organization, but also for the country. For an organization Performance contract and service delivery helps to improve and increase significantly employee productivity and quality of work, thus to improve the profit.

For employees performance contract and service delivery is beneficial because it ensures the equal and fair treatment by implementing standardized procedures, as everybody is sure to be evaluated on his/her performance every end of the year. One of the interviewees told me that ‘PMS is can also contribute to the motivation of an employee, because of the recognition of their effort, by having rewarding score which can lead to obtain bonuses’.

Table 3.10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.278 ^a	.729	.078	278

a. Predictors: (Constant), Implementation of PC, Effects of PC and factors affecting PC.

According to results in above Table 3.10 shown that, the model summary of all variables, Implementation of PC, Effects of PC and factors affecting PC, were strongly affecting the service delivery in Kicukiro Water projects (R=0.278).

The rule of Thumb is that, usually an R square of more than 50% is considered as better. This study proves the rule of Thumb the R² is (0.729).

The rule of thumb is that, usually an R square of more than 50% is considered as better, this study show that R square is (0.729) implying that performance contract has a strong effect of service delivery by employees of the companies in Rwanda.

Table 3.11: ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	31.610	3	7.323	6.231	.000 ^a
	Residual	.882	222	.010		
	Total	31.415	225			
a. Predictors: (Constant), Implementation of PC, Effects of PC and Factors affecting of PC						
b. Dependent Variable: Service delivery						

ANOVA results further shown that aspects of variables Implementation of PC, Effects of PC and Factors affecting of PC show the sig value (0.000) less than the level of significance (0.05). The F-statistics (F=6.231) is greater than the P-value (0.000) hence a further confirmation that the aspect of implementation of PC, effects of PC and factors affecting of PC affects the service delivery. Further, the residual value (0.882) is less than the regression value (31.610) which means that sub-variables of independent variable, implementation of PC, effects of PC and factors affecting of PC influenced the service delivery.

Table 3.12: Coefficients^a

Model		Unstandardized Coefficients			t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.146	.081		1.728	.023
	Implementation of PC	.743	.034	.843	22.050	.001
	Effects of PC	.813	.061	.064	1.631	.0015
	Factors affecting PC	.731	.036	.015	.122	.000
a. Dependent Variable: Service delivery						

Using linear regression analysis from SPSS data bases, Implementation of PC, Effects of PC and Factors affecting of PC were regressed to find out how they affect the service delivery in Kicukiro district water project.

$$Y=0.146+0.743x_1+0.813x_2+0.731x_3+ \varepsilon$$

From the table 3.7, the researcher regress Implementation of PC, Effects of PC and Factors affecting of PC. The researcher used regression analysis to estimate the effect they have on the dependent variable.

- Basing to the above equation, all variables has positive relationship on the service delivery. When implementation of PC increased by 1 unit and remaining other variables constants, the service delivery will increase at (0.743).
- When effects of PC increased by 1 unit and remaining other variables constants, the employee performance will increase at (0.813) and when factors affecting PC by 1 unit and remaining other variables constants, the service delivery will increase at (0.731).

Table 3.13: Relationship between extrinsic rewards and employee's performance

	Implementation of PC	Factors affecting PC
Service delivery	Pearson Correlation	1 .764**
	Sig. (2-tailed)	.000
	N	226 226
Implementation of PC	Pearson Correlation	.764** 1
	Sig. (2-tailed)	.000
	N	226 226
**. Correlation is significant at the 0.01 level (2-tailed).		

Pearson correlation coefficient, (r=0.764) shows that there is a positive high correlation between implementation of PC and service delivery, where the P-value (0.000<0.05). This was an indication that implementation of PC has positive effect on service delivery by the employee's in Kicukiro water project.

4. SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Implementation of performance contracts and service delivery:

The findings revealed that staff needed to be involved in performance contract signing and also designing the projects to be implemented in the district so as to ensure its successful accomplishment. Majority of respondents thought that the main reason why staff should be involved in designing project activities was to increase level of ownership and incorporate local context in the projects so as to enhance efficiency in service delivery to the society and as a means of ensuring regular performance evaluation.

The effects of performance contracts in projects and service delivery:

This study has established that performance contracts have had varied positive effect on the performance of the projects. To this end, the study findings revealed that performance contracting has enhanced performance in the areas of service delivery. These findings agree with those of Akaranga (2008) that introduction of performance contract initiatives will enhance better service delivery by public institutions.

Factors affecting the implementation of performance contracts in projects and service delivery:

The performance contracting management system has brought three main challenges as identified by this study. Firstly, meeting the performance targets has been cited as a challenge. This can be attributed to the fact that some performance targets were highly ambitious and hence unachievable. It is also possible that since the managers are not involved in determining rewards for improved performance, they see no reason to exceed targets. The second challenge identify by the study was the periodic monitoring of results as one of the principles of performance contracts. It is possible also that the instruments set to promote coherence and enhance the efficiency of the system are hindered by lack of well-defined evaluation mechanisms. There is need to adopt and implement good corporate governance in fulfilling the performance contracts. The third challenge that the study revealed is that lack of adequate resources has hindered effective implementation of performance contract. There is need for the government to diversify its sources of revenue so as to effectively implement performance contract.

Conclusions:

The study concludes that all staffs had signed a performance contract with the Kicukiro district water project. The individual and the organizational performance at Kicukiro district being directed towards achieving the objectives were set out in the performance contract. Performance contract enhanced the ability to discharge the duties. The study concludes that adoption of performance contract at Kicukiro district improved the level of performance in the organization to a very great extent.

The study concludes that there was positive relationship between performance contract and service delivery as there was improved service delivery in government projects. Staff had come-up with a new idea/product/service to enhance service delivery in Kicukiro district projects. The staffs were motivated by added duties to come up with the idea/product or service. They got remunerated when they did something to improve the service delivery in Kicukiro district off the terms in the performance contract. There were challenges in the implementation of the performance contracting program in Kicukiro district to a moderate extent.

Recommendations:

Based on the analysis of the study, the researcher wishes to make the following recommendations:

On the basis of these findings, it is recommended that the government provides adequate resources to the local authorities for effective implementation of performance contract.

Further, it is recommended that for effective implementation and desired outcomes, all employees need to be sensitized through structured training programmes to enable them understand the various aspects and components of performance contract.

This study recommends that employees should be made aware of how the performance contract evaluation mechanism.

It is recommended that employees be included in determining rewards for improved performance. This will go a long way in motivating them to exceed their set targets.

Finally, the study recommends that performance contracting should be retained in Local Government Authorities as a tool for enhancing performance.

Recommendation for Further Studies:

This study has reviewed the study on the effect of performance contracting on the performance of the local governments in Rwanda. The study was carried out at the Kicukiro district thus the same study should be carried out in other Local government and government sectors to find out if the same findings will be obtained.

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