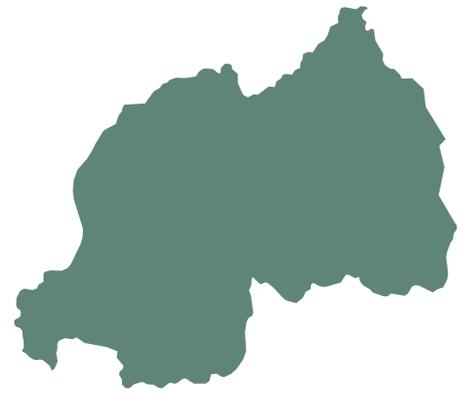




Budget Strengthening Initiative



COUNTRY LEARNING NOTES

Rwanda: performance contracts (imihigo)

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SUMMARY

- Each year performance contracts are signed between the president of Rwanda and local government institutions and line ministries. These bind respective institutions to targets they set for themselves.
- Performance contracts are measured against an agreed set of governance, economic and social indicators known as performance indicators. Performance indicators provide a clear framework to establish domestic accountability at a level directly relevant to citizens.
- Senior policy makers and citizens both closely follow the performance of government institutions which are hotly debated at bi-annual evaluation meetings chaired by the President.
- Local authorities are held accountable to their targets, and civil servants can be fired for below-average performance.
- The performance contract process is still in its infancy. Problems include the monitoring of agreed indicators and the setting of unrealistic targets. Ensuring the contracts are properly inserted into Rwanda’s wider planning and budgeting processes also remains a challenge.

Rwanda’s performance contracts are binding agreements between government agencies and the President of the Republic for the former to reach certain targets on socio-economic development indicators. These performance contracts started in 2006 and now cover most central and decentralised government agencies.

This note starts with a description of how the process works -with a focus on the district level.¹ The subsequent sections detail the links between the performance contracts and the wider budgeting and planning processes in Rwanda, how performance contracts are prepared and the

current problems with monitoring and evaluating performance contracts at decentralised government levels. These sections are closely related to the Country Learning Notes “*Rwanda: budgeting and planning processes*”.

WHAT ARE PERFORMANCE CONTRACTS?

Performance contracts (“Imihigo” in Kinyarwanda²) are contracts between the President of Rwanda and government agencies detailing what the respective institution sets itself as targets on

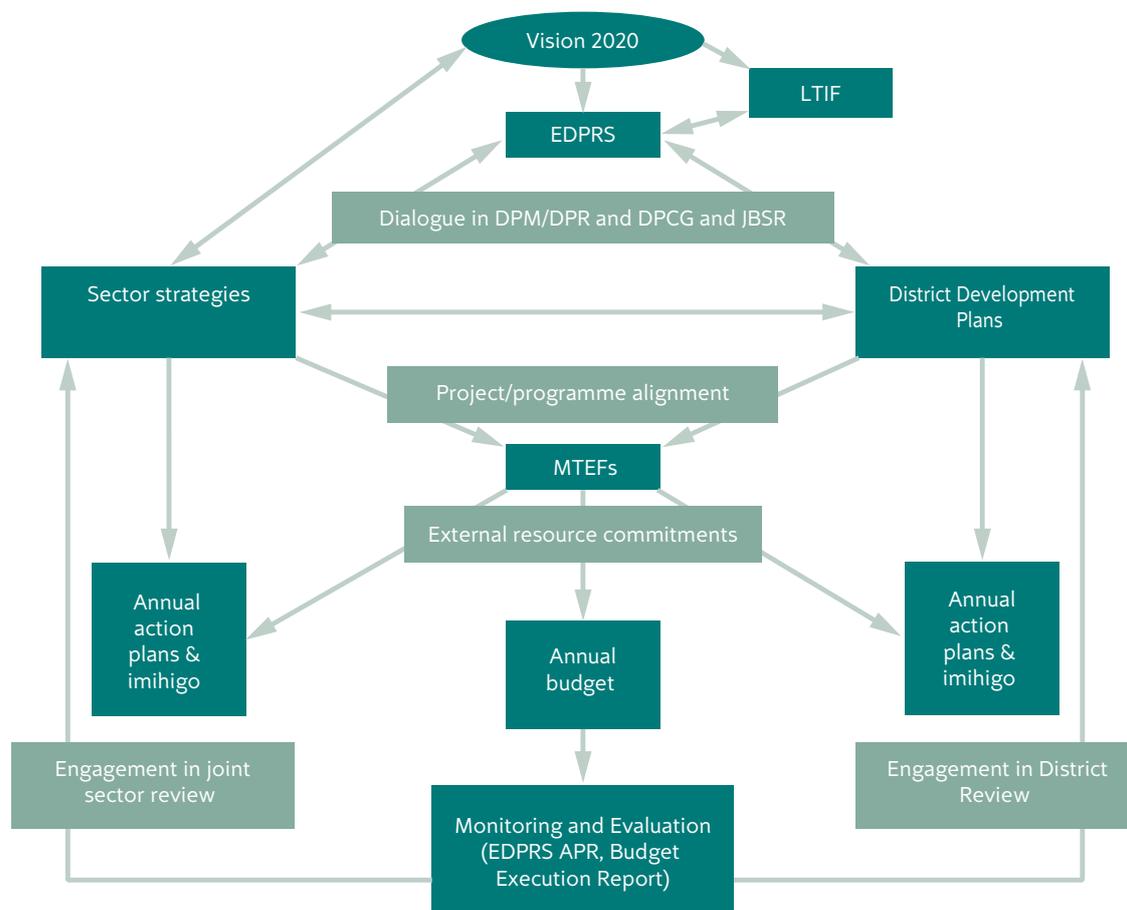
a number of governance, justice, economic and social indicators. The stated objective of Imihigo is to improve the speed and quality of execution of government programmes, thus making public agencies more effective. *It is a means of planning to accelerate the progress towards economic development and poverty reduction. Imihigo has a strong focus on results which makes it an invaluable tool in the planning, accountability and monitoring and evaluation processes* (GoR, 2010a, p1).

Since 2006 this approach has been used by local government authorities for setting local priorities, setting annual targets and defining activities to achieve them. The performance indicators provide a clear framework to establish domestic accountability at a level directly relevant to citizens. The above table is

an extract from the template for performance contracts for the financial year (FY) 2009/10. A similar table is constructed for the four pillars of the imihigo (governance, justice, social and economic development). The extract is taken from the economic development pillar.

When preparing the performance contracts each local government administrative unit determines its own objectives (with measurable indicators), taking into account national priorities, as highlighted in the International and National strategic documents, such as the Millennium Development Goals (MDGs), VISION 2020, Economic Development and Poverty Reduction Strategy (EDPRS), District Development Plans (DDPs) and Sector Development Plans (see Figure 1 below).

FIGURE 1: OVERVIEW OF RWANDA’S PLANNING AND BUDGETING PROCESSES



PERFORMANCE CONTRACTS WITHIN THE WIDER PLANNING & BUDGET PROCESSES

Figure 1 shows the link between performance contracts and Rwanda's planning and budgeting processes. For our purposes it suffices to highlight the District Development Plans (DDPs) which are the districts' 5 year plans. They make the link between local priorities and national priorities as outlined in the EDPRS and sector strategies. Note that central government agencies are also subject to performance contracts.³

Annual Action Plans (AAPs) are prepared annually by all budget agencies - including the local authorities. An AAP is a set of activities supposed to be realized within a year. The performance contract is a subset of the AAP, showing priority activities and associated indicators to be used to measure the performance of the local authority. The AAP includes certain activities of a routine nature such as payment of salaries, which would not be considered for inclusion in the imihigo. What is included is ultimately for the local authority to decide. The Imihigo planning and evaluation concept paper outlines some criteria for inclusion, such as:

- Will the activity impact positively on the welfare of the local population?
- Does it create jobs / does it reduce poverty?
- Is it a priority for the local population? Is there ownership by the local population?
- Does it help to achieve national targets described in VISION 2020, EDPRS, MDGs?
- Is it realistic and cost-effective? Have resources been identified for implementation?
- Does the activity promote social cohesion / reduce social disturbances?

In practice, there is still “*confusion of action plan and imihigo*” (GoR, 2010b) and a need to ground the imihigo better in the AAP and the district budget. Furthermore, the AAPs are often not aligned to the annual budget process because (i) targets are not adjusted when the budget allocation is lower than requested, (ii) activities and outputs indicated in the programmatic classification of the budget are not always the same as the ones indicated in the AAPs.⁴

PREPARATION OF THE PERFORMANCE CONTRACTS

The concept paper identifies the following steps for the preparation of the imihigo:

1. Identification of national priorities – each line ministry identifies national priorities to be implemented at the local level for which they have earmarked resources that they will transfer to local governments.
2. List of central government priorities is communicated and discussed with local government leaders in the Central and Local Government forum.
3. Districts consult their District Development Programmes (DDPs) and consultative meetings are held at the different local authority levels to discuss and consolidate emerging priorities.
4. Consolidation of national and local priorities at district level and discussion of draft imihigo with Quality Assurance Technical Team (QATT) . After this the imihigo is presented to stakeholders and approved.

The alignment with the budgetary process is not automatic, however, and the emphasis on the accountability to the president can well undermine the budgetary process. For example, if performance is bad and this is acknowledged in the mid-year review of the performance contracts then this is not always reflected in adjusted budgets.

MONITORING & EVALUATION

At the district level imihigo monitoring is the responsibility of the Community Development Committee and the District Executive Committee, together with the Governor of the respective Province. Reporting is⁶ done on a quarterly basis in sync with the reporting calendar of the EDPRS.

Every semester the imihigo is also evaluated by a team consisting of a representative from the Prime Minister's office, Ministry of Local Affairs, Ministry of Finance and Economic Planning, the Rwandese Association of Local Government Authorities, the respective province and the National Decentralization Implementation Secretariat. The evaluation team scores the imihigo performance on a scale of 0-10 depending on the percentage of completed activities. This leads to a "traffic light" rating of Green (between 90-100% of activities implemented), Yellow (between 50-89%) and Red (between 0-49%).

District Mayors are held to account on their imihigo performance twice a year in public sessions in Kigali, which are chaired by the President. There is a Q&A session, with phone-ins from the public on the how and why of Districts' performances. When performances are repeatedly below-par mayors can get fired.

CONCLUSION

A guide for districts to prepare for the 2010/2011 imihigo exercise (GoR, 2010b) mentions the following problems that have hampered imihigo implementation to date:

- Unrealistic and overambitious targets
- Inadequate funding sources (i.e. targets are unrealistic because not properly resourced)
- Absence of data
- Poorly defined baseline, targets, indicators
- Poor costing of activities – and confusion of activities with outputs/indicators.
- Poor reporting systems

With low capacity at local authority level, these are to some extent inevitable problems. Some of these problems should be overcome through the aforementioned QATT. Overambitious targets are often linked to inadequately resourced activities (again linked to the imihigo not being streamlined with the budgetary process) even though the gradually increasing block transfers from MINECOFIN to districts has helped the latter to assume more responsibility in implementation of these targets.

If the links to the planning and budgeting processes can be sorted out the imihigo has the potential to become a good tool to hold government agencies to account. The public interest that the bi-annual imihigo evaluations attract show that it can become a very valuable citizen empowerment tool.

ENDNOTES

1. Other central government institutions like line ministries also sign performance contracts with the President. The focus here is on local government authorities, which comprise five levels (from the bottom-up): (i) Village, (ii) Cell, (iii) Secteur, (iv) districts and (v) Provinces and the city of Kigali. Unless otherwise indicated, this note deals with performance contracts at the district level, the most visible of the imihigo.
2. *“Imihigo is the cultural practice in the ancient tradition of Rwanda where an individual would set him/herself targets to be achieved within a specific period of time and do so by following some principles and having determination to overcome the possible challenges”* (GoR, 2010a, p1)
3. For a full explanation of the figure, we refer to the briefing note *“Rwanda’s planning and budgeting processes”* from which this figure is taken.
4. I.e. the AAPs and imihigo should be organised per programme, and the programmes in line with the organisational structure and the objectives of the sector strategies.
5. The QATT was set up in 2009 to ensure imihigo are fully aligned to the key government priorities. Comprised of technocrats from PRIMATURE, MINECOFIN and MINALOC, it also looks at the overall quality of the imihigo and proposes improvements.
6. Note that the Concept Note uses “will be done” implying that reporting and M&E activities are very much work in progress.
7. This is of course linked to the aforementioned weak links between the imihigo and the budgetary process.

BIBLIOGRAPHY

- GoR (2010a) “Concept paper on Imihigo Planning and Evaluation”, Kigali, February.
GoR (2010b) “Preparation of Imihigo 2010/2011”, powerpoint presentation, Kigali.

The *Country Learning Notes* series is intended as a tool for policy makers and practitioners to learn from the experiences of other countries. Each note focuses on a specific country and a particular policy area, documenting the challenges faced and decisions taken to overcome them.

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