



**GOVERNMENT OF MAKUENI COUNTY
OFFICE OF THE GOVERNOR
OFFICE OF THE COUNTY SECRETARY
PERFORMANCE MANAGEMENT PROGRAMME**

**FINAL REPORT OF THE PERFORMANCE
MANAGEMENT PROCESS 2017/18**

FORWARD

The government of Makueni County has adopted Performance Contracting as a way of measuring and improving service offered to its citizens. Performance Contracting was first implemented in the FY 2015/16. However, there was a lapse until 2017/18 when the government resolved to execute a pilot phase to guide the full implementation process.

The pilot covered the whole process from performance contracting all the way to staff performance appraisal. All County departments and the County Public Service Board signed and implemented performance contracts while the staff set performance targets through the staff performance appraisal systems. At the end of the pilot period; an evaluation was carried out by a team of independent experts. The experts ensured ensure objectivity in the process besides offering advice to staff.

This report covers the pilot phase implemented from March 2018 to June 2018 and the evaluation of the contracts. It is expected that this report will be used by departments to improve on their management of the performance management process and service delivery.

I would like to appreciate the County leadership led by HE the Governor, Kivutha Kibwana, HE the Deputy Governor, Adelina Mwau and the entire County Executive Committee Members for supporting the process as well as the entire county public service for embracing the process.

Further gratitude to the coordinating committee comprising Daniel Ksee the Principal Administrative Secretary and Chairman, Boniface Mutua – Director Planning and Secretary, Christopher Yulu – Director M&E, Mutua Mulonzya – Director Governance and Liaison, Zipporah Wambua – Director Public Participation and Patrick Kyenza – Director Human Resources for their commitment to see the process succeed.

Finally, I wish to thank the external experts Mary Ndeto, Maundu Matenzawa and Dr Bani Orwa for providing training, technical support and independent evaluation of the Pilot Performance Contracts.

Paul Wasanga
County secretary,
HEAD OF COUNTY PUBLIC SERVICE AND
SECRETARY TO THE COUNTY EXECUTIVE COMMITTEE.

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EXECUTIVE SUMMARY

This is a report of the pilot performance management process implemented by the Government over four months spanning from March to June 2018. The report is organized in four chapters as follows;

Chapter One is an introduction of performance management, including a brief on the performance management process in Kenya and in Makueni County both in the 2015/16 and in 2017/18. It also covers the justification for the performance process and the objectives and scope of this report.

Chapter Two gives a bit of literature review on performance management just to bring the context of the process and this report.

Chapter Three gives the results of the 2017/18 performance contracting process with some details covering the project implementation for the 2017/18 financial year. It gives a detailed explanation of the evaluation process and the overall achievements of the county as well as individual departmental achievements. The chapter ends with a summary of how each department was evaluated. It shows that none of the departments achieved the excellent score. However, some two departments achieved very good, three departments were rated good and the rest were rated fair. None of the departments was rated poor.

Chapter Four provides a summary of the conclusions from the pilot, the lessons learnt and gives recommendations for improving the process as we move forward.

CHAPTER ONE: INTRODUCTION AND BACKGROUND

1.0 Introduction

Performance management is a process that brings together many aspects of people management. It is concerned about performance improvement at individual and team/departmental levels while enhancing staff development as a means of improving and augmenting performance behavior and attitudes. Effective implementation of performance management systems leads to establishment of a culture in which individuals and groups take responsibility for the continual improvement of business process and their own skills, behaviors and contributions.

Managers clarify what they expect individuals and teams to do; likewise, individuals and teams can communicate their expectations of how they should be managed and what they need to do their jobs. It is about interrelationships and improving the quality of relationships between managers and teams, between members of teams.

The following benefits can be derived from a performance management system: It can identify an individual's strengths and areas of development and indicate how such strengths may best be utilized and weaknesses overcome; reveal problems that may be restricting progress and causing inefficient work practices; develop a greater degree of consistency through regular feedback on performance and discussion about potential which encourages better performance from staff; provide information for human resource planning, to assist succession planning and talent management, and to determine suitability for promotion and for particular types of employment and training; improve communications by giving staff opportunity to talk about their ideas and expectations and how well they are progressing.

Performance management is a shared understanding about how individuals contribute to an organization's goals. An effective performance management and appraisals process focuses on aligning workforce, building competencies, improving employee performance and development, and driving better business results. It provides a deliberate effort to improve performance towards achievement of organizational goals. It offers a comprehensive system of gathering

information on performance, reviewing/evaluating performance against the set standards, providing feedback to the individual employees and storing information to improve institutional effectiveness. It is the deployment and management of the components of the casual models that lead to timely attainment of stated objectives within the constraints specific to the organization. Performance contracting is an element of performance management. Other elements include; Rapid Result Initiative, Staff Performance Appraisals, Service Delivery Charters, ISO certification and Programme Based Budgeting.

Performance management in Kenya is a distinct element of public sector reforms. Performance contracting is a key tool of performance management. The establishment of performance management systems is regarded as a means of getting results from individuals, teams and the organization at large within a given framework of planned goals, objectives and standards. It allows for the setting of targets and the development of indicators against which performance can be later measured. It is an integral part of the public service delivery mechanism and is a process by which a government can assess whether or not it is delivering the appropriate services to the people according to its vision, mission and objectives and in the appropriate quantity, quality, cost and time.

The Government of Kenya introduced performance contracting in the Public Service as one of the tools to improve service delivery. Since its introduction in 2004, when only a few State Corporations were participating, performance contracting has been implemented in all Ministries, Departments and Agencies (MDAs). The decision to extend its coverage to all MDAs was as a result of the benefits that were beginning to manifest in participating institutions through improved administrative and financial performance as well as improved service delivery. Ministries were for the first time being required to work towards set targets, draw out service charters with their clients and compare their performance with the best practices in aspects of service delivery. The results of these efforts were so significant that they won international recognition with various African countries wishing to learn from the Kenyan experience.

The promulgation of the *Constitution of Kenya (2010)* led to creation of County Governments under the devolved system of governance. Some functions formerly undertaken by the national government were devolved to be implemented by the Counties. In order to ensure efficient service delivery, and progressive public service, the ideals of performance management in the public service need to be fully institutionalized at the devolved levels.

The expected outcomes of performance management include: Improved service delivery; Improved efficiency in resource utilization; Institutionalization of a performance oriented culture in the public service; Measurement and evaluation of performance; Linking rewards and sanctions to measurable performance; Reduction or elimination of reliance of public agencies on exchequer funding; and Instilling accountability for results at all levels and enhancing performance.

The management of the Public Service in Kenya has been undergoing reforms aimed at improving service delivery. Performance management as an element of this reform has contributed to financial accountability and measuring of agency performance. The key trend observed is performance contracting as an instrument to reform state-owned enterprises and government departments.

1.1 Background

1.1.1 Introduction of Performance Contracting in Makeni County

Preparations for performance management process in Makeni County began in the 2014/15 financial year with the sensitization of all senior staff at the headquarters and Sub-County levels. A Performance Management Secretariat was constituted to coordinate the process across departments; devise and implement policies and strategies for the management of departmental performance matters; and generally drive the performance management process.

This Secretariat supported departments to come up with performance contracts that were signed at the beginning of the 2015/16 financial year. The process was however abandoned mid-way. In the year to 2016/2017 performance contracts were prepared but the signing did not take place mainly because the results of the 2015/16 had not been released.

Following the challenges faced in the implementation of Performance Contracting in the County; the coordinating Secretariat prepared a report to highlight challenges faced and recommend possible remedy. The report established the following as some of the major challenges encountered: change of targets mid-way as a result of poor conceptualization of projects; poor project conceptualization leading to delays in approval of cabinet papers and overall achievement of targets; delay in timely implementation of the project activities; and inadequate knowledge on performance management by staff leading to lack of cascading of performance contracting to some officers at lower levels. Other challenges identified were failure by departments to prepare and implement work plans on time; delayed reporting from the directorates and departments; and low quality reports and weak follow up mechanism by departmental on implementation of performance contracts targets.

The Secretariat further established that during the implementation of Performance Contracting in the County; more emphasis was given to development projects than on service delivery; there was delay in development of a policy to guide the process of offering rewards for best performers and sanctions for poor performers; some activities depending on good will of others and where this lacked there were delays in implementation of activities hence the achievement of the set targets. It was noted that some contractors took too long to complete projects leading to targets not being met during the contract period while inadequate capacity by the beneficiaries of the AGPO arrangement to deliver results in time for some specialized items awarded to them lead to low achievement of set targets.

To address the bottlenecks encountered; The Performance Management Secretariat then made the following recommendations: establishment of the Office of the Performance Management Coordinator in the Office of the County Secretary; strengthening the Chief Officers' Forum to ensure cascading of performance contracts through performance appraisals to all staff in the County; establishment of negotiation mechanisms through appointment of ad hoc committees to facilitate the negotiation before signing of performance contracts and work as an evaluation committee at the end of the financial year to oversee the evaluation process and the ranking; strengthening the capacity of the Performance Contracting Secretariat to ensure efficient monitoring of the implementation of performance contracts in the County; consolidation of incomplete projects in the performance contracts of the following financial year; consideration of

County Vision 2025 flagship projects in performance contracts; analysis of implementation by Directorates to ensure monitoring and quarterly reports and feedback are presented to assess achievement; and the development of Performance Management Guidelines.

The Secretariat was not able to give a rating for departmental performance. In the 2016/17 Financial year, the Secretariat worked with departments and started the process afresh. However, the signing of the Performance contracts did not take place and was deferred until after the 2017 General elections when the new government adopted the process as a means of improved public service delivery.

1.2 Pilot Performance management 2017/18

1.2.1 Preparation and signing of pilot performance contracts

In January 2018, the new County Executive resolved to re-introduce performance contracting on pilot basis. The County Executive Committee Members and Chief Officers were inducted and sensitized on performance contracting process. An independent consultant was procured to assist staff in appreciating the process, identification of performance target and drafting of contracts. The performance contracts were prepared in line with Performance Contracting Guidelines of May 2015. Weights were assigned to each target based on the Guidelines.

This resulted in the preparation of Four-Month performance contracts for the period March-June, 2018. The contracts were negotiated, vetted and signed by all County Departments and the County Public Service Board. Three levels of contracts were signed on 28th February, 2018. In the first level; all the County Executive Committee Members (CECMs) and the Chair of the County Public Service Board signed contracts with the Governor; for the second level; CECMs signed contracts with Chief Officer's; and in the third level, Chief Officers signed contracts with Director's. The performance contract targets were cascaded down to all County staff through performance appraisal system. County staff only took into their performance appraisal systems targets that were relevant to their jobs (job descriptions).

To crown the exercise; the Governor and His Deputy signed a performance Contract with People of Makeni on March 23rd, 2018; at a public meeting held in ATC Kwa Kathoka.

1.2.2 Cascading of Performance Contract Targets

Performance Contract targets were cascaded downwards from the Executive Committee Members (ECMs) to the lower level staff by ECMs signing PCs with Chief Officers (COs) and COs signing PCs with Directors. Below the Directors PC targets were cascaded through the County Staff Performance Appraisal System (PAS). This ensured that all staff would be aware of the targets and what they are required to do.

1.2.3 Implementation

The departments implemented the performance contracts over the four months from March to June 2018. They started with cascading the contracts from Executive Committee members to Chief Officers and then to Directors. Directors then cascaded to all other staff through staff performance appraisals.

The departments provided mid-term report as required and end term report.

1.2.4 Evaluation process

Upon implementation of the Pilot Performance Contracts, Departments carried out self-evaluation and presented their results to a team of independent evaluators. The self-evaluation reports formed basis of evaluation.

Comprehensive evaluation of Performance Contracts was carried out from July 30th to August 3rd, 2018 at the County Headquarters by a team of Independent Evaluators. The Evaluators used the Performance Contracting Guidelines for County Governments of May 2015 and the signed Departmental Performance Contracts as the basis of evaluation.

Departments presented their self-evaluation results and evidence to the evaluators. The evaluators assessed the evidence and discussed the results with the departmental staff. Based on the evidence produced, the evaluators calculated the score attained by use of formula provided in Chapter 3 of this report.

1.3 Justification for Performance Management

Section 47 of the County Governments Act, 2012 provides for mechanisms for performance management by County Public Service. It also requires the Governor to submit annual

performance report of the County Executive Committee and the Public Service to the County Assembly for consideration.

The institutionalization of performance management in the County Government is in fulfillment of the provisions of Articles 10 and 232 of the *Constitution of Kenya (2010)*. It aims to foster greater accountability on the efficient, effective and economic use of resources for development and provision to the public of timely, accurate information. It also gives impetus for responsive, prompt, effective, impartial and equitable provision of services.

1.4 Objectives of the report

The objective of this report is to document results of the pilot performance contracting process including the lessons learnt to enable the government learn from it and improve on the process going forward.

1.5 Scope of the Report

This report presents the performance of the County Government for the 2017/18 pilot process but making some highlights on the 2015/16 process.

CHAPTER 2: LITERATURE REVIEW

2.0 Literature Review

Various literature defines performance management as a strategic and integrated approach to delivering sustained success to organizations through improving the performance of the people who work in the organization and by developing their capabilities. In a lay man's language, it is a Memorandum of Understanding (MOU) between a supervisor and a supervisee. It specifies the intentions, obligations, responsibilities and powers of the parties in the contract and addresses values, service delivery, flagships and other tasks to be discharged to enable delivery of the change that is anticipated.

Further, performance contract is a tool of performance management. Performance management is the systematic process for improving organizational management by developing and maintaining the level and method of working of individuals and teams. It is a means of getting better results from public officers, teams and individuals through understanding and managing of performance within an agreed framework of planned goals, standards and competence requirements. The overall goal of performance management is to establish a right performance culture in which individuals and teams take responsibility for the continuous improvement of government business, own skills and contributions within a framework provided by effective leadership.¹

This chapter focuses on the review of literature concerning performance contracting in the context of performance management. This is because the Government of Makueni County aims at improving service delivery through performance management as a whole. The section discusses literature related to: 1) performance contracting in the Kenyan Context; 2) Outlook of the County performance management framework; 3) the linkage of performance contracting to quality service delivery; 4) Performance contracting objectives; 5) shaping of an organizational culture through performance management; 6) primary data concerning performance management in Makueni County; and 7) presentation of a conceptual framework upon which performance contracting is measured in Makueni County.

¹ Armstrong, M. *Performance Management: Key Strategies and Practical Guidelines*, (3rd edition) Kogan Page Ltd, London. (2006);

This is the basis upon which the findings of performance management report of the FY 2017/18 are evaluated against best practices with a purpose of sustained continuous improvement. The analysis of the practice of performance management is compared with the theoretical thinking in the final chapter to bring about strategic recommendations for performance improvement. Each of these areas is discussed below:

2.1 Performance contracting in Kenyan and in the Makueni County

In the Kenyan context, performance contract is a written agreement between government and public servants delivering services to the public, wherein quantifiable targets are explicitly specified for a period of one financial year (July to June) and performance measured against agreed targets². The government of Kenya guide-book on performance contracting defines it as a ‘management tool for measuring performance against negotiated performance targets. It further states that a performance contract is a freely negotiated agreement between the government, acting as the owner of the public office or agency and, the management of the office/agency. The Performance Contract specifies the mutual performance obligations, intentions and responsibilities between two parties.

The purpose for introducing performance contract was solemnly to improve service delivery, improve efficiency in resource utilization, institutionalization of a performance-oriented culture in the public service, measurement and evaluation of performance, linking rewards and sanctions to measurable performance, retention or elimination of reliance of public agencies on exchequer funding, instilling accountability for results at all levels and enhancing performance.

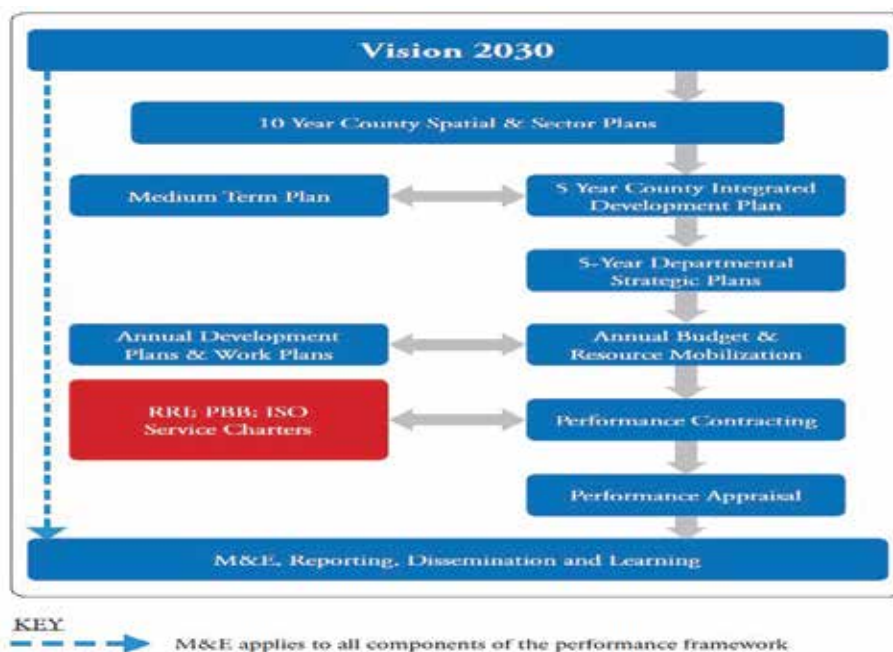
Similarly, performance contracting in the County of Makueni began in the financial year 2015/16. The initial activities included sensitization of the staff of the County. The objectives of introducing the performance contracts were to improve service delivery to the public by ensuring that top-level managers were accountable for results; improve efficiency levels and ensure that public resources were focused on attainment of the key national policy priorities of the government; and institutionalize performance oriented culture in the public service; measure and evaluate performance among others.

² Republic of Kenya. *Results for Kenyans: Capacity Building Programme for Transforming the Public Service, Public Service Reform and Development Secretariat* (December, 2006).

2.2 County Performance Management Framework

The County Performance Management Framework (CPMF) seeks to promote accountability in service delivery by ensuring that tasks are performed efficiently, effectively and economically. It also provides a mechanism for citizen to engage and evaluate the performance of their County government. The CPMF is composed of seven (7) components or steps. These components include; Vision 2030; 10-Year county spatial/sector plans; 5-Year County Integrated Development Plan; 5-Year departmental strategic plans; Annual Development Plans; Performance Contracting; Performance Appraisal System; and Monitoring, Evaluation and Reporting. Figure 1 below highlight the linkage between the components of the CPMF.

Figure 1: Components of CPMF



Source: County Performance Management Framework. Pg. 8

2.3 The Impact of Performance Contracting

As shared in the objectives above, performance contracting provides an original combination of increased operational autonomy in service delivery and a better strategic control by the

government. This section focuses on highlighting the effects/impacts of performance management from four fronts: Human Resource Management; Financial Management and Cost Consciousness; Internal Organization; and External Relations. Each of the aspects is discussed as:

2.3.1 Human Resource Management

Performance contracting and management in general is about staff/employees and workers who are key stakeholders in the organisation. They are the ones who directly get in touch with customers/the public and deliver the County service. Improvement in performance management therefore means to the County the improvement of virtues, values, attitude and behavior of employees interacting with customers. This goes a long way in transforming/influencing the feeling and behavior of the customers when they get the service. Hence, performance contracting has a significant positive effect on staff commitment and satisfaction. If well utilized performance contracting would increase real speed in decision making and building self-confidence in employees.³

2.3.2 Internal Organization Management

Performance contracting increases the operational independence of any organization. It causes governments to brand who they are, what they believe in and how they contact business. It forms the basis of how the employees behave as an organization, competency expectations and determines the investments in training that make the employees better and better.

2.3.3 Improved External Relations

Performance contracting leads to innovations in mechanisms of customer satisfaction, employee satisfaction and forecasting for organizational development. This leads to introduction of instruments to monitor client satisfaction such as customer satisfaction surveys, complaint mechanisms and annual reporting of performance and challenges to the public. In most cases the customers of government are also provided with an opportunity to respond to the government by giving their views and concerns. When their views are positively received, they go a long way in improving the government's service delivery process as well as relationships with those it serves.

³ Farnham, D. & Horton, S.) *'The New Public Service Managerialism: An Assessment'* in: *Managing the New Public Services*, Farnham, D. and Horton, S. (eds). (Macmillan, England, 1993)

Further, governments establish functional customer care desks, public relations offices, monitoring and evaluation units and service delivery units to provide the perspectives of an outsider through formal engagement and reporting. Such offices have acted as valuable instruments for introducing a client focus reports to the government that are a cause for its continuous improvement. A good example is the Service Delivery Unit (SDU) in the County that provided adhoc reports to the executive in relations to absorption of funds and service delivery.

2.3.4 Rewarding and Sanctioning

Performance contracting is fueled by the counties capacity to complete the annual cycle through rewarding of best performers as well as sanctioning those who do not meet set targets. These elements are negotiated earlier during the signing of the performance contract to enable people to adhere to the set standards. It acts as a motivating factor of performance. Those who adhere and fit the set culture and structure, as well as meet individual goals and objectives are much more likely to get rewards as opposed to those who do not.⁴

2.3.5 Inclusion and the Citizen Service Delivery Charter

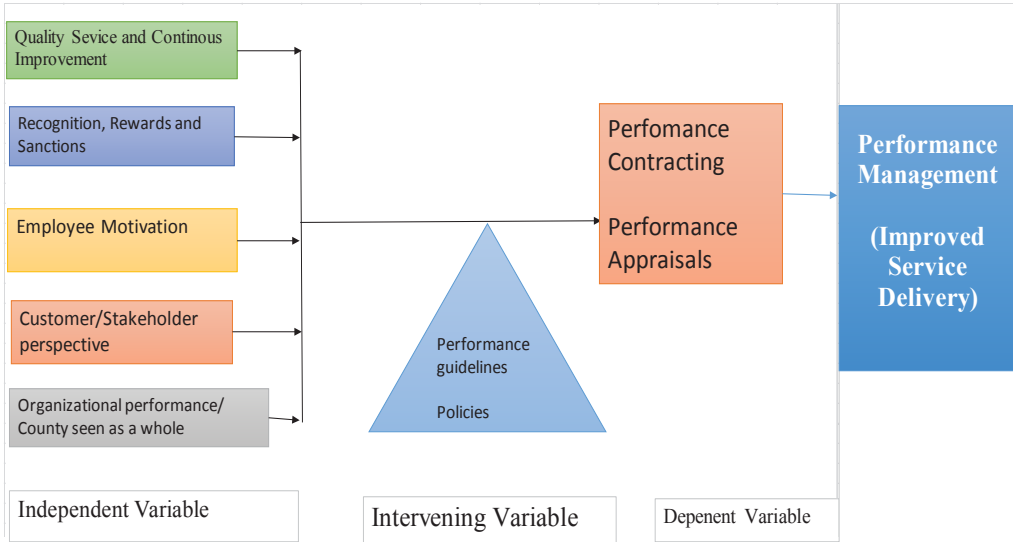
Performance contracts tools provide for essential values and expectations that cause inclusion and information dissemination and concern for those whom a project is delivered to. A good example is the inclusion of the citizens' service delivery charter in every PC as a performance indicator. By causing every department to develop a service charter that communicates its services and service standards to the customers it is serving, the government demonstrates its capacity, specifies its quality, quantity, cost and standard of service to be expected.

Further, the performance contract causes departments to think about the remedial mechanisms in the event that a client of a certain service is not satisfied with the service offered by the institution and in case an agency does not live up to the commitments specified in its charter. This has empowered the public to fight corruption in the public institutions because government has sensitized the public to the effect that good and efficient service by government officers is their inherent right.

2.4 Summary of the literature review through a conceptual framework

Figure 2: Performance Conceptual Framework

⁴ Nahavandi, A. *The Art and Science of Leadership*. (Upper Saddle River, NJ: Prentice Hall, 2006).



CHAPTER THREE: RESULTS

3.0 Introduction

This chapter presents the performance of the County Departments for the period under review, FY 2017/18 (July 2017 – June 2018). Within this period; the government initiated a pilot performance contract process that ran from March 2018 to June 2018. However; this report presents performance for the entire period from July 2017 to June 2018. The chapter outlines the summary of the areas of performance, the discussion of findings and the key emerging performance issues. It also captures a summary of the performance of the pilot performance contracting process.

3.1 Performance Evaluation Methodology

The Government of Makueni County 2018 Performance Contract evaluation was carried out from July 30th – August 3rd, 2018 at the County Headquarters. The County procured a team of Independent Evaluators to carry out the performance contract evaluation exercise. The Evaluators used the Performance Contracting Guidelines for County Governments of May 2015; the signed Departmental Performance Contracts; and departmental self-evaluation reports as the basis of evaluation.

The evaluation methodology used is the one prescribed in the Performance Contracting Guidelines. According to the Guidelines; performance achievement ranges from excellent to poor where excellent attains a maximum score of 1 and ranges from 1-2.4. Very Good performance ranges from 2.4 - 3.0 while Good ranges from 3.001 -3.6. Fair performance ranges from 3.6001 - 4.0 and poor from 4.001-5.0

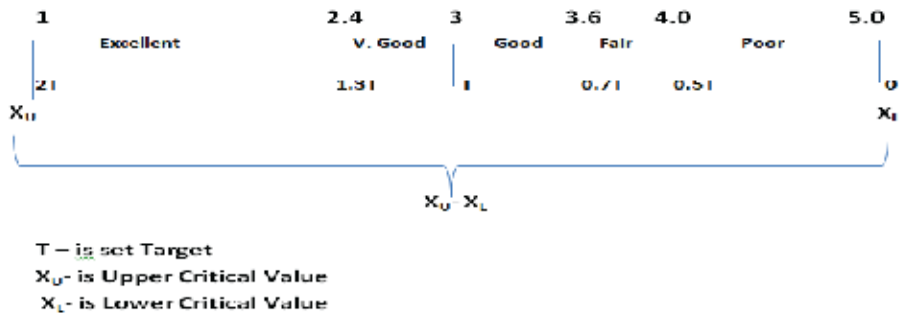
Table 1: Performance Criteria Range

	Performance Criteria Range	Score
	1.00 - 2.40	Excellent
	2.39 - 3.0	Very Good
	3.01 - 3.60	Good
	3.601 - 4.0	Fair
	4.01 - 5.0	Poor

Scores that lie at the border line of 2.4; 3; 3.6; 4.0 and 5.0 are ranked as Excellent; Very Good, Good, Fair and Poor respectively.

Figure 3 below shows the grading scale

Figure 3: Performance Grading scale



The Evaluation Team assessed the evidence presented and awarded a raw score based on evidence presented and explanations given by the team. Attainment was awarded on each target. The attainment score was in the same unit as the set target e.g. in %, No. or Kenya Shillings.

The Attainment score was converted to a Raw Score by use of the following formula:

Figure 4: Formula for Calculation of Raw Score

The raw score is calculated by use of a formula:

$$\text{Raw Score} = \text{Upper Critical Value} + \text{Span} \left[\frac{X_U - X_a}{X_U - X_L} \right]$$

Where:

- T** – is set Target
- X_a** – is Assessed Performance
- X_U** – is Upper Critical Value
- X_L** – is Lower Critical Value

3.2 Overall performance per criteria

3.2.1 Financial and Stewardship

3.2.1.1 Compliance with the set Budget

All the departments complied with the set budgets hence there was no major deviation from the approved budget. This indicates good financial stewardship in that the departments are complying with the set principles in the public finance as stipulated per the Constitution of Kenya and the Public Finance Management Act, 2012.

3.2.1.2 Utilization of Funds on Programmed Activities

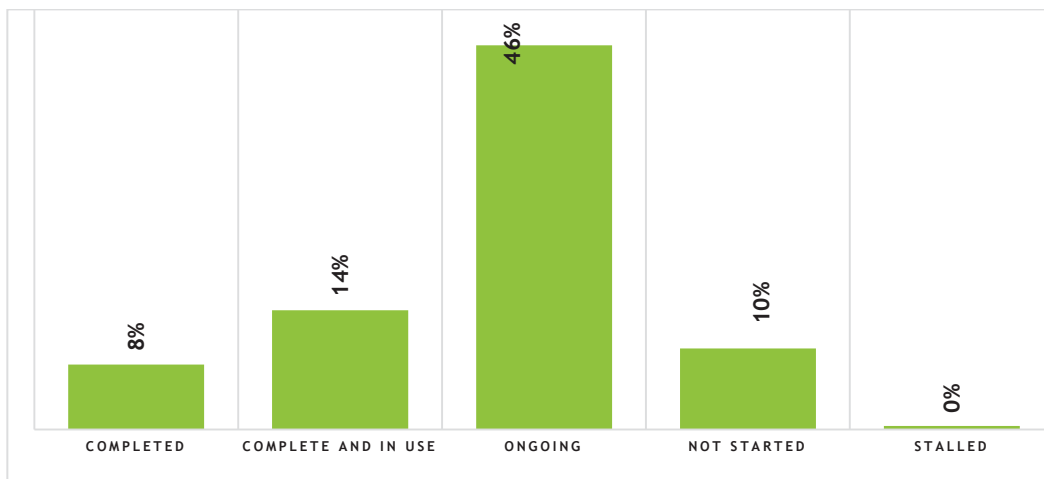
The absorption of the allocated funds faced challenge in the year under review; no department was able to utilize their funds fully. This was occasioned by prolonged 2017 electioneering process that led to delay in establishment of the County Government; delays in the disbursement of funds by the National Treasury; and delays in the procurement process. However, departments were able to utilize the funds disbursed to them. Table 2 below highlights the implementation status of projects across departments.

Table 2: Summary of Projects Implementation FY 2017/18

Status as at 30 th June 2018	No	Budget
Completed not in use	164	351,177,729
Completed in use	212	645,458,316
Ongoing	261	2,078,153,613
Not started	103	438,825,900
Stalled	11	19,451,230
Total	751	4,544,853,484

Source: County Service Delivery Unit

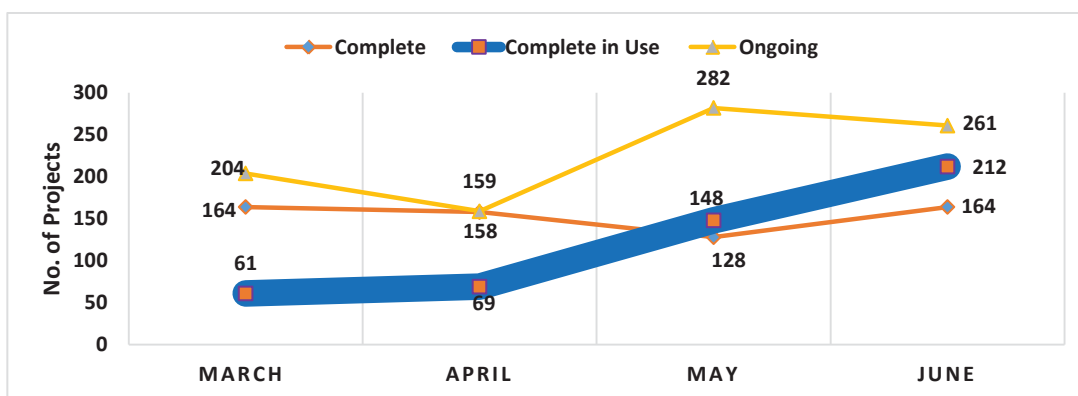
Figure 5: County Projects Implementation Status



a) Trend in Implementation

The County experienced tremendous increase in implementation of programmes and projects following the full introduction of the pilot performance contracts from March 2018 as demonstrated in figure 6 below. Over this period, the number of completed and in use projects increased from 61 in March 2018 to 164 by end of June 2018. Over the same period; the number of ongoing projects increased from 204 to 261. This indicates the important role played by the introduction of Performance Contracting in the County confirming the saying that *“what gets measured gets done”*.

Figure 5: Trend in Implementation (March – June 2017)



b) Budget Absorption

The County recorded an average budget absorption rate of 77%. The absorption of the development budget is a critical indicator in development process. In the year under review, the average County absorption rate was 55% with the department of Finance recording the highest at 84% and the Department of Lands with the lowest at 34%. The Lands Department had low budget absorption level because it was not able to procure some parcels of land because some vendors changed the prices they had offered their land for sale. The recurrent budget absorption was at 88%. The summary is provided in tables below.

Table 3: Summary of Development Budget Absorption

	DEPARTMENT	FY 2017/18 Revised budget	Cumulative Expenditure	Absorption
1.	Finance	53,648,354.86	44,819,828.95	84%
2.	Education & ICT	226,615,208.90	181,546,416.50	80%
3.	Devolution	3,874,000.00	2,800,870.00	72%
4.	Health	630,289,613.39	392,431,169.27	62%
5.	Agriculture	470,758,737.03	285,550,217.75	61%
6.	Transport	714,173,422.38	370,934,561.95	52%
7.	Trade	129,977,795.45	65,667,710.00	51%
8.	Youth, Gender	186,268,957.22	92,040,234.05	49%
9.	Water	1,011,786,696.02	465,621,948.46	46%
10.	Lands	78,797,271.77	26,437,265.10	34%
	Sub Totals	3,506,190,057.02	1,927,850,222.03	55%

Source: Department of Finance

Table 4: Recurrent Budget Absorption

	DEPARTMENT	FY 2017/18 REVISED BUDGET	Cumulative Expenditures	Absorption
1.	Transport	125,964,128.94	124,790,355.50	99%
2.	Agriculture	244,487,842.23	242,113,364.93	99%
3.	CPSB	65,234,904.87	64,074,112.17	98%
4.	Trade	79,826,878.06	76,926,883.02	96%
5.	Gender, Youth	74,558,850.06	71,520,064.16	96%
6.	County Secretary	848,260,903.75	814,586,188.60	96%
7.	Education & ICT	353,929,591.04	338,228,049.29	96%
8.	Health	2,067,178,194.27	1,962,588,604.43	95%

9.	Water	152,796,455.69	143,993,899.63	94%
10.	Lands	44,035,786.91	40,627,511.40	92%
11.	Office of Deputy Governor	28,600,000.10	26,391,294.60	92%
12.	Office of Governor	188,942,765.58	167,573,211.06	89%
13.	Devolution	302,797,310.73	259,502,775.36	86%
14.	Legal	30,379,680.80	25,820,952.80	85%
15.	Finance	865,303,919.30	660,617,791.02	76%
	Sub Totals	5,472,297,212.33	5,019,355,057.97	92%

Table 5: Summary of County Absorption

	Budget	Expenditure	Balance	%
Development	3,506,190,057	1,927,850,222	1,578,339,835	55%
Recurrent	5,472,297,212	5,019,355,058	452,942,154	92%
Total	8,978,487,269	6,947,205,280	2,031,281,989	77%

c) Local Revenue Mobilization Trends

Mobilization of local revenues is a critical indicator for development and sustainability. A county will be sustainable if it can mobilize adequate internal resources and ultimately reduce overreliance on the National Government transfers. This will be realized if the county enhances the capital projects as investments that will yield returns over a period of time.

Over the last five years, Makeni County has realized tremendous increase in revenue collected rising from 189 million in 2013/14 to over 322 million in 2017/18 FY. However, despite this growth in revenue collection, the County has not been able to achieve its revenue target.

The average revenue attainment for the period 2013/2014 to 2017/2018 stands at 52.2%. The highest revenue mobilization attained was in FY 2015/16 attaining a rate of 55% while the lowest was FY 2016/17 recording a rate of at 44%. The figure 6 and figure 7 below highlight the trends in local revenue mobilization.

Figure 6: Local Revenue Trends (Target against Actual) FY 2013/14 – FY 2017/18

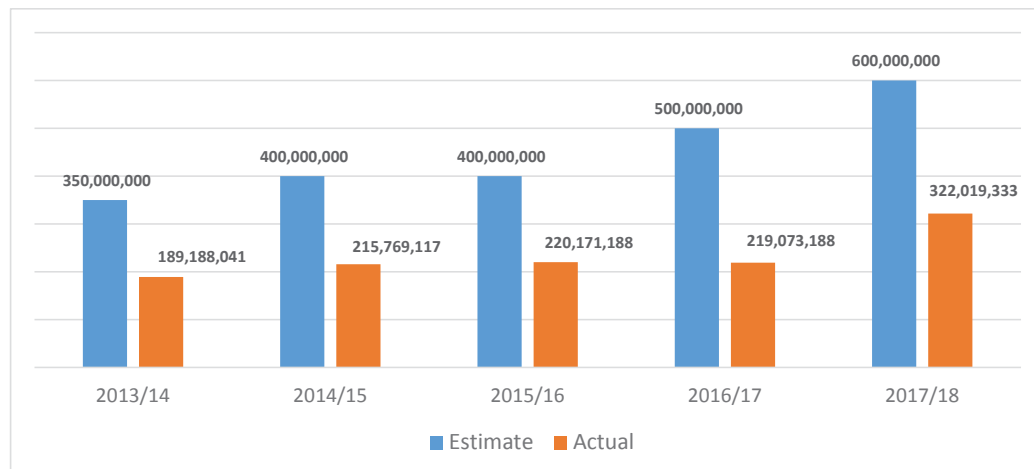
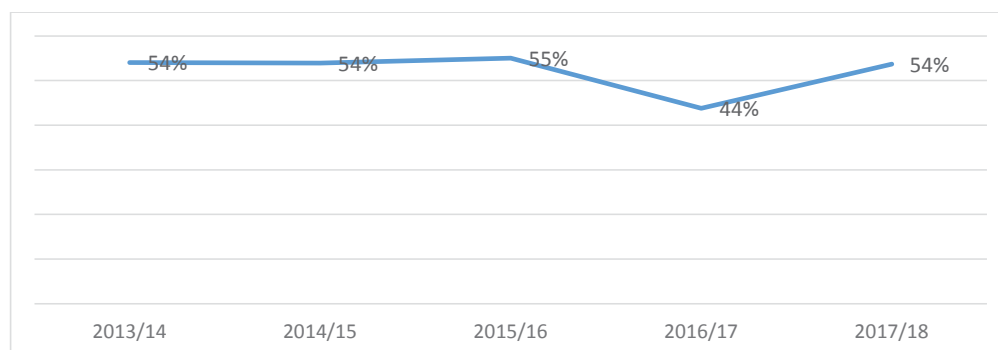


Figure 7: Revenue achievement FY 2013/14 – FY 2017/18



To enhance revenue mobilization there is need to:

- Develop a revenue mobilization strategy;
- Widen and deepen revenue collection through full automation from all streams, civic education on importance and benefits of revenue payments, and enhancing enforcement on compliance; and
- Enhance revenue staff capacity through training, capacity building, rotations and strengthening performance based revenue administration.

3.2.1.3 Development Index

Development index for the County was 27.75%. This is below the provisions of the Public Finance Management Act, 2012 that over the medium term, the County allocation for capital expenditure be at least 30% of the total budget. The Government is working on various fronts to address this including strategies to increase own revenue as well as tightening expenditure on operations.

3.2.1.4 Cost Reduction/Savings

There were efforts by the departments to cut on costs. This was shown through use of pool transport, use of local garages to repair vehicles, printing on both sides of paper, use of dispensers as opposed to use of bottled water and procuring materials from manufacturers other than retailers and conducting of market surveys before procurement. A total of Kes 7,639,954 was saved across the departments.

3.2.2 Service Delivery

3.2.2.1 Citizen Service Delivery Charter

Most Departments went direct into development of Citizen Service Delivery Charters without following the laid down procedure. This led to preparation of Charters that did not meet set standards thus all Departments attained low scores in this area. This shall be addressed in the 2018/19 FY.

3.2.2.2 Service Delivery Innovations

The evaluation team noted that some of the departments came up with very good service delivery innovations which will lead to improved services once the innovations are fully developed and implemented. The following are some of the notable innovations:

- i) Development of E-Farmer Innovation by the Department of Agriculture, Livestock and Fisheries Development;
- ii) Development of an ECDE Enrollment Data Base by the Department of Education and ICT;
- iii) Water ATMs by the Department of Water, Irrigation, Environment & Climate Change;
- iv) Document Digitization by the Finance Department; and
- v) Solar Street Lighting by the Department of Roads, Transport, Energy and Public Works.

3.2.3 Non-Financial Components

3.2.3.1 Youth Internship/ industrial attachments/ Apprenticeship

All departments were able to absorb youth on internship /industrial attachments to enable them develop their skills. The County absorbed 95 interns in the 2017/18. This is in addition to and 119 students who were on industrial attachment in various departments in the government. This programme offered youth with appropriate skills and experience to enter the job market besides assisting the County in service delivery.

3.2.3.2 Youth, Women and PWDs empowerment (sensitization and prequalification)

Special interest groups were sensitized and prequalified to benefit from the 30% allocation by all departments. The departments sensitized a total of 12,259 Youth, Women and PLWDs on the AGPO opportunities available to them.

3.2.3.3 Uptake of 30% Actual Value of Tenders Awarded

Tenders worth Ksh. 612,003,634 equivalent to 27% of the total procurement were allocated to Youth, Women and Persons Living with Disabilities. Some departments did not meet the 30% target in this category because some of the projects are highly specialized and the target group could not tender and manage. Examples of such projects included; Fruit Processing Plant, Milk Processing Plant, Motor Vehicles, Machineries among others.

3.2.3.4 Cascading of performance contracts

All departments cascaded PCs downwards to the lowest level by having all ECM sign contracts with HE the Governor; ECMs signing contracts with Chief Officers (COs) and the COs signing contracts with Directors. Below the Directors PC targets were cascaded to staff through Staff Performance Appraisal all the way to the lowest level of staff.

3.2.4 Operations

During the period under review FY 2017/18, the County prioritized programmes along flagships and other projects.

3.2.4.1 Main projects implemented by the various departments

Table 1: Summary of Flagship Programmes and Initiatives

No	Programme	Target	Achievement	Remarks as at June 2018
1.	Makueni Fruit processing plant development	100%	98%	<ul style="list-style-type: none"> ☒ Civil works are 95% complete; landscaping is 100%; ☒ Procured 1,079 MT of mangos; however only 824.473 MT were processed. The balance was lost through rotting and other postharvest problems in the ripening shed ☒ Produced 453 MT of puree; ☒ Trained 5,055 farmers; held two co-operatives workshops; started two model nurseries one in Ndue- Nguu and the other at Kaiti each with 10,000 seedlings.
2.	Dairy development	100%	95%	<ul style="list-style-type: none"> ☒ In Kikima dairy, yoghurt plant is procured, installed and is in use; cold-room installed awaiting power connection; and purchased 2 milk quality control kits. ☒ Allocated Kshs 10,602,155 to support dairy farmers to purchase dairy cows under Tetheka fund. The uptake has however been slow. ☒ In supporting dairy cooperatives, delivered one milk pasteurizer and one milk cooler. However 2 pasteurizers have not been delivered.
3.	ECDE capitation (Purchase of learning materials)	1,350	1,350	Purchased and delivered 1,350 sets of teaching and learning materials for the new ECDE curriculum
4.	Purchase and delivery of kiddy tables	11,450	-	The department advertised, evaluated and awarded the contract. However, the contractor has not delivered and has asked for extension- of up to August 2018.
5.	Bursaries	6,000	6,335	The county awarded bursaries to 6,255 students and full scholarships to 80 students.
6.	Operationalization of Makueni County Referral Hospital (MCRH) Mother and Child Hospital	80%	100%	The hospital final touches have been done; the hospital is equipped with necessary equipment for operationalization has been procured, delivered and installed/delivered. It is ready to start operations but had not started operations

No	Programme	Target	Achievement	Remarks as at June 2018
				by the end of June 2018.
7.	UHC Implementation	24,450 HHs	33,632 HHs	UHC- Universal Health Care facility has been increased to 33,632 House Holds (HHs).
8.	Makindu Sub County Hospital Trauma Centre completion	60%	100%	Construction works at Makindu Trauma Center complete; the facility has been tilled, painted and roofed.
9.	Operationalize Makueni County Referral Hospital High Dependency Unit	100%	100%	The county deployed 4 ICU nurses and one ICU Doctor specialist plus a Cuban doctor. It is ready to start operations but had not started operations by the end of the June 2018.
10.	Thwake bridge construction	100%	100%	The County constructed to completion 2 No. bridge apartments and 2 No. Piers.
11.	Emali bus park phase II construction	100%	70%	County has procured, installed but pending finishes; 8 No. container kiosks at Emali Bus Park.
12.	Nunguni bus park phase II construction	100%	40%	Containers for shops/stalls had not been delivered, other works are going and were at 40% complete as at June 2018.
13.	Installation of 120 no solar flood lighting	100%	27.5%	Installation of the flood lights are ongoing (120 No. are 20% complete while 18 No. are at 35%).
14.	Ene Microfinance Bank	100%	100%	The target included preparation of a concept paper on ENE microfinance bank, feasibility study and business plan which are all complete and the bank is awaiting approval by Central Bank.
15.	Operationalization of Makueni County Co-operative Societies Act, 2017	100%	67%	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> The Makueni County Co-operative Act was gazetted on November 14th, 2017; <input checked="" type="checkbox"/> Sensitization of key stakeholders was carried out in March 2018; and <input checked="" type="checkbox"/> Ushirika Fund Guidelines have been developed³

3.2.4.2 Challenges and proposed intervention in Implementation of Programmes/Projects

a) Delayed implementation of programmes/projects

The period under review witnessed delayed initialization of project implementation due to prolonged electioneering period in 2017 general elections. There is need therefore to develop and

adhere to departmental work plans and roll out rapid results initiative to fast track incomplete projects.

b) Low utilization of completed projects.

Some projects completed witnessed low utilization, meaning reduced benefits to the citizens. To address this, it is recommended that the County will enhance project conceptualization as well as develop an action plan on operationalization of complete projects.

c) Inadequate human capital

The County has experienced inadequate human resources in some key sectors. To address this; the County will carry out staff rationalization; engage experts in some critical areas on contractual basis; and carry out training and development to equip staff in post with critical relevant skills.

d) Slow procurement process

The procurement process/procedure is long hence slowing some project implementation processes. To address this; the County shall implement open contracting system and develop an action plan to fast track the procurement process.

e) Weak coordination of development partners

The County has a weak mechanism to coordinate development partners and non-state actors. To address this, the County will develop a legal/policy framework to strengthen the collaboration mechanism.

3.2.5 Compliance with constitutional and other statutory obligations.

This section of the report covers the status of compliance with and enforcement of the Constitution and other statutory obligations. The achievements included:

3.2.5.1 Implementation of the Constitution

This addresses the implementation of the functions outlined in schedule IV of the constitution. The departmental mandates and the performance criteria are linked to the function as well as provided for in the constitution. Thus most departments were implementing the schedule IV functions in there programmes and projects.

3.2.5.2 Compliance with public procurement regulations

The County prepared a procurement plan which was used to guide all procurement activities. All the procurement undertaken in the year under review were based on the approved procurement plan. Additionally, most departments adhered to the 30% procurement regulations (AGPO).

3.2.5.3 Remittance of statutory deductions

Over the plan period; the county remitted statutory deductions on time. These included NHIF, NSSF and PAYE. The remittance of third party deductions were also done in time.

3.2.5.4 Disability and Gender mainstreaming.

The development in the County is based on key principle that in order to attain inclusive and equitable development, there is need to empower the disadvantaged groups including women, children and people living with disabilities. The need for a responsive intervention and development has increasingly grown. In the period under review, concerted efforts were made to mainstream gender and disability matters in the County processes through the development cycle from the identification of needs, resource allocation, public participation process, the implementation and sustainability processes.

3.2.5.5 Environmental sustainability

In an effort to mitigate against environmental degradation; the county undertook the following actions:

- a) Sensitized farmers on environmental conservation and management measures during periodical extension services;
- b) Tree planting; and
- c) Raising awareness on the importance of conserving the environment as well as climate change mitigation and adaptation mechanisms.

3.2.5.6 National Cohesion and National Values

In the period under review, concerted efforts were engaged to sensitize staff on national values and corruption eradication. By the end of the period; a total of 3,214 officers were trained on national values and corruption eradication. These included 52 Enforcement officers; 96 Administrators; 330 Heads of Department; 2,600 ECDE teachers; and 136 TTI instructors' teachers.

3.3 Summary of departmental performance per performance criteria

After carrying out performance evaluation of the County Departments and the Public Service Board, the team of independent evaluators ranked the departments based on performance criteria. The performance results are presented in table 7 below.

Table 7: Ranking of Departments based on Performance Criteria

Performance Criteria		A	B	C	D	E	F	G
Rank	Financial	Service Delivery	Non-Financial	Operations	Dynamics/ Qualitative	Corruption Eradication/ Governance	National Cohesion/ Values	
1	Education and ICT	Health Services	County Public Service Board	Education and ICT	Youth, Gender, Sports, Culture & Social Service	Devolution, County Administration, Participatory Development & Public Service	Devolution, County Administration, Participatory Development & Public Service	Devolution, County Administration, Participatory Development & Public Service
2	Finance & Socio-economic Planning	Water, Irrigation, Irrigation, Environment & Climate Change	Finance & Socio-economic Planning	Health Services	County Public Service Board	Agriculture, Livestock & Fisheries	Agriculture, Livestock & Fisheries	Agriculture, Livestock & Fisheries
3	Roads, Transport, Energy & Public Works	Roads, Transport, Energy & Public Works	Devolution, County Administration, Participatory Development & Public Service	Agriculture, Livestock & Fisheries	Devolution, County Administration, Participatory Development & Public Service	County Public Service Board	Water, Irrigation, Irrigation, Environment & Climate Change	Water, Irrigation, Irrigation, Environment & Climate Change
4	Agriculture, Livestock & Fisheries	Devolution, County Administration, Participatory Development & Public Service	Education and ICT	Office of the Governor	Health Services	Lands, Physical Planning & Urban Development	Office of the Governor	Office of the Governor
5	Health Services	Education and ICT	Health Services	Finance & Socio-economic Planning	Water, Irrigation, Environment & Climate Change	Youth, Gender, Sports, Culture & Social Service	County Public Service Board	County Public Service Board

Performance Criteria							
	A	B	C	D	E	F	G
Rank	Financial	Service Delivery	Non-Financial	Operations	Dynamics/ Qualitative	Corruption Eradication/ Governance	National Cohesion/ Values
6	Lands, Physical Planning & Urban Development	Finance & Socio-economic Planning	Trade, Industry, Tourism & Co-operatives	Roads, Transport, Energy, & Public Works	Trade, Industry, Tourism & Co-operatives	Water, Irrigation, Environment & Climate Change	Youth, Gender, Sports, Culture & Social Service
7	Office of the Governor	Agriculture, Livestock & Fisheries	Roads, Transport, Energy, & Public Works	Water, Irrigation, Environment & Climate Change	Education and ICT	Trade, Industry, Tourism & Co-operatives	Education and ICT
8	Trade, Industry, Tourism & Co-operatives	Lands, Physical Planning & Urban Development	Water, Irrigation, Environment & Climate Change	Youth, Gender, Sports, Culture & Social Service	Agriculture, Livestock & Fisheries	Roads, Transport, Energy, & Public Works	Finance & Socio-economic Planning
9	County Public Service Board	County Public Service Board	Lands, Physical Planning & Urban Development	Devolution, County Administration, Participatory Development & Public Service	Lands, Physical Planning & Urban Development	Health Services	Trade, Industry, Tourism & Co-operatives
10	Water, Irrigation, Environment & Climate Change	Youth, Gender, Sports, Culture & Social Service	Office of the Governor	Trade, Industry, Tourism & Co-operatives	Finance & Socio-economic Planning	Office of the Governor	Health Services
11	Youth, Gender, Sports, Culture & Social Service	Office of the Governor	Agriculture, Livestock & Fisheries	Lands, Physical Planning & Urban Development	Roads, Transport, Energy, & Public Works	Education and ICT	Roads, Transport, Energy, & Public Works
12	Devolution, County Administration, Participatory Development & Public Service	Trade, Industry, Tourism & Co-operatives	Youth, Gender, Sports, Culture & Social Service	County Public Service Board	Office of the Governor	Finance & Socio-economic Planning	Lands, Physical Planning & Urban Development

3.4 Overall departmental performance

On overall performance; 2 departments attained a performance score of Very Good, 4 departments attained a performance score of Good while 6 departments attained a performance score of Fair. No department attained a performance score of Excellent or Poor. On the average, the County attained a mean performance score of 3.33 which is about 85% and is in the category of Good.

The performance evaluation and ranking of County Departments and the Public Service Board are given in Table 8 below.

Table8: County Departments and the Public Service Board Performance Evaluation Results

Rank	Department	Total Score	Financial	Service Delivery	Non-Financial	Operations	Dynamics/Qualitative	Corruption Eradication /Governance	National Cohesion/ Values	Overall Performance Category
1	Education and ICT	2.8620	0.27700	0.37000	0.21004	1.49496	0.21000	0.17400	0.12600	V. Good
2	Health Services	2.9655	0.32690	0.32000	0.21100	1.60122	0.19440	0.16200	0.15000	V. Good
3	Agriculture, Livestock & Fisheries Development	3.1024	0.31270	0.41500	0.27893	1.67581	0.21000	0.12000	0.09000	Good
4	Devolution, County Administration, Participatory Development and Public Service	3.2120	0.42900	0.37000	0.20900	1.97700	0.19000	0.00900	0.02800	Good
5	Finance & Socioeconomic Planning	3.2932	0.29500	0.37000	0.20779	1.86440	0.22000	0.19200	0.14400	Good
6	Water, Irrigation, Environment & Climate Change	3.3447	0.37280	0.35000	0.25360	1.93828	0.20000	0.14000	0.09000	Good
7	Roads, Transport, Energy & Public Works	3.3604	0.29576	0.35500	0.24043	1.88100	0.24000	0.14818	0.20000	Fair
8	Office of the Governor	3.3794	0.34400	0.45000	0.26800	1.80300	0.25000	0.16200	0.10200	Fair
9	Youth, Gender, Sports, Culture and Social Services	3.5185	0.38150	0.44000	0.29930	1.97568	0.16000	0.13600	0.12600	Fair
10	County Public Service Board	3.5446	0.34600	0.42500	0.20000	2.16428	0.16334	0.12600	0.12000	Fair
11	Trade, Industry, Tourism & Co-operatives	3.6273	0.34583	0.46500	0.22870	2.09780	0.20000	0.14000	0.15000	Fair
12	Land, Physical Planning & Urban Development	3.7378	0.34349	0.4200	0.2574	2.16293	0.21000	0.0900	0.2500	Fair

CHAPTER 4: CONCLUSIONS, LESSONS LEARNT AND RECOMMENDATIONS

4.0 Introduction

The performance management process has proven to be a vital tool in the enhancement of service delivery. It is a catalyst to the planning, development and implementation of programs and projects within any institution in the world. The Government of Makueni County is committed to implementing Performance Contracting as a means of enhancing and measuring service delivery to its citizens.

4.1 Conclusions

4.1.1 Staff embracing Performance Management

There has been a shift in appreciation of the performance management process by staff and supervisors from the previous implementation experience in FY 2015/16. Initially staff had a negative perception about the process because they suspected that its intention was to be a punitive one. The Performance management process alleviated the fear that the misconception that the PC was a tool for staff victimization. Rewards and recognition offered to exemplary departments following independent consultants' evaluation was evidence that Performance Contracting process is a motivator of performance.

4.1.2 Improved service delivery and efficiency

Since every staff has committed themselves to certain key deliverables within the process of implementation; it has become critical that for the government to achieve the intended development results, everyone has to deliver their mandate and hence enhancing the quality of services offered.

4.1.3 Strengthened institutional arrangement for performance management

In 2017/18; the County has realized strengthened institutional mechanism compared to the initial introductory phase in FY15/16. This includes establishment of a full time performance management office as well as strengthening departmental performance management process.

4.1.4 Enhanced accountability and openness in programmes implementation

Implementation of the performance management has greatly increased openness and accountability by opening the process to the citizens. Through the cycle, H.E Governor and H.E Deputy Governor signed a performance contract with the citizens represented by the County

development committee members. Through this process, the citizens as the right holders are empowered to understand their rights and obligations. The civil servants on the other hand understand their responsibilities. The signing of the Performance Contract by H.E. the Governor with the people was an innovation that through the Council of Governors (COG) is likely to be replicated in other counties.

4.1.5 Enhanced cross-sectoral linkages and collaborations

Due to the engagement of the departments in negotiation, vetting and during the evaluation process, most departments recognized the importance of collaborations among themselves. The staff appreciated the fact that the process enhances teamwork between staff and across departments. This has greatly enhanced whole government approach (*one government, many agencies*) in implementation of programmes, projects and initiatives.

4.1.6 Promotion of evidence based performance

In the implementation of the performance management process, it was clear that performance must be proved through evidence. This additionally provokes and empowers departments to innovate in their programmes and/or projects.

4.1.7 Improved knowledge and capacity on performance management

In the FY 2017/18, there was intense sensitization and awareness creation on performance management. Through the trainings and the awareness creation sessions, there was enhanced capacity building among staff, especially in PC process.

4.2 Lessons Learnt

The old adage of what is not documented has not been done is true with the Performance Management Process. During the evaluation process, the evaluation team insisted on getting evidence of all that departments were claiming to have undertaken. This was a revelation whereby departments committed to ensure all that they have undertaken is well documented.

4.2.1 Continuous feedback process

There is need to ensure continuous feedback from the supervisors to the supervisees rather than waiting until the end of the quarter or FY to conduct performance appraisals.

4.2.2 Strengthening Staff Performance Appraisals (SPA)

During the initial cycle, staff performance appraisal was not very well implemented. This helped the secretariat to undertake a comprehensive sensitization to all senior staff regarding the Staff Performance Appraisal, which were cascaded to lower cadre staff.

4.2.3 Performance Management has become a motivating factor to staff

Human beings are known to be majorly motivated by rewards while sanctions help keep others in check. These motivations help in the enhancement of service delivery as staff are always on their “toes” to implement what they have committed to do.

4.3 Recommendations

Performance management is a human resource function which if well implemented, will help the government to achieve better results from its workers.

The following are the recommendations to improve the process and make it more responsive to the needs of departments.

4.3.1 Strengthening the county performance management unit

There is urgent need to strengthen the office of County Performance Management through staffing, adequate resource allocation as well as capacity building throughout the year to enable significant improvement of the service delivery.

4.3.2 Introduction of electronic performance appraisal process

In entrenching performance management, there is need to introduce electronic performance appraisal through the government human resource information system (GHRIS). This will greatly save costs and paperwork in managing the process. This however needs capacity building of the staff to be able to use the system.

4.3.3 Preparation of sectoral Plans

Section 109 of the County Governments Act, 2012 provides for preparation of sectoral plans as an integral part of the County Integrated Development Plan (CIDP). The sectoral plans consequently form the basis for budgeting and performance management. There is therefore need to fast track the preparation of county sectoral plans.

4.3.4 The Process of Performance Management be up-scaled and Implemented

This includes the Performance Contract (PC), Staff Performance Appraisals (SPA) and full evaluation up to the lowest level of staff.

4.3.5 Incorporate other areas of performance management

The county adopted performance contracting and staff performance appraisals as the tools for performance management. However, there is need to incorporate other tools such as RRI, Service re-engineering and ISO Certification.

4.3.6 Continuous capacity building supervisors on staff performance appraisal management

In order to improve the process, there is need to continuously enhance the capacity of the county performance management committee, the departmental coordinators and the supervisors on staff performance management.

Government of Makueni County
Office of the County Secretary
Performance Management Programme
P.O Box 78 - 90300
Tel: 020-2477000 | 0795717885 | 0780717885
www.makueni.go.ke