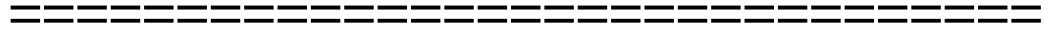


PERFORMANCE CONTRACT

Between



The Government of the Republic of Kenya

Through

The Ministry of Local Government

And

The Municipal Council of Malindi



For the Period 1st July 2007 To 30th June 2008

Preamble

This Performance Contract (hereinafter referred to as the "Contract") is entered into between the Government of the Republic of Kenya through its Ministry of Local Government (Hereinafter referred to as "Government of Kenya") of P.O. Box 30004 Code – 00100 Nairobi – Kenya.....(together with its assignees and successors) of the one part, and the **MUNICIPAL COUNCIL OF MALINDI** (together with its assignees and successors) of **P.O. BOX 371** of the other part.

WHEREAS

The Government is committed to ensuring that Local Authorities are well managed and cost less in delivering efficient and quality service to the public;

The Government recognizes that Local Authorities hold vital key to improving performance and restoring the faith of the Kenyan people in their Government;

The parties recognize the need for adequate and reasonable managerial and operational autonomy to facilitate achievement by the Council and management of **Municipal Council of Malindi** agreed and freely negotiated performance targets set out in this contract.

The Council had indicated its capacity and competence to perform the duties and undertake the functions specified herein.

This contract represents a basis for continuous improvement of the **Municipal Council of Malindi** to meet the needs and expectations of the Kenyan people.

From this Contract, should flow the programme and management priorities of the **Municipal Council of Malindi** .

NOW THEREFORE, the parties hereto agree as follows:

Part I

(a) Vision of the Municipal Council of Malindi.

- To be an eco-friendly, sustainable, multi-sectoral economy Municipality.

(b) Mission of the Municipal Council of Malindi.

- To ensure the provision and co-ordination of mandated Municipal Services in an efficient and effective manner for the benefits of the residents of Malindi and its visitors.

(c) Objectives of the Municipal Council of Malindi.

- To provide Health Services
- To provide Early Childhood Development Services
- To provide Housing Services
- To provide Town Planning Services
- To provide Fire Fighting and other safety related & life saving Services
- To create a conducive environment for employment and wealth creation
- To enhance revenue collection
- To promote Tourism
- To Conserve and sustain the environment
- To provide garbage collection services
- To develop and improve the infrastructure

Part II

Commitments and Responsibilities of Municipal Council of Malindi.

- Reviewing and implementing the strategic plan and ensuring that it is linked to National policy documents such as ERS, National Development Plan, vision 2030 etc
- Designing appropriate annual work plans;
- Developing comprehensive performance targets;
- Assigning weights to performance indicators;
- Signing performance contract with the Permanent Secretary, Ministry of Local Government.
- Ensuring achievement of the agreed targets;
- Preparing employees in the Council for the desired changes in working styles, attitudes and work ethics.

Part III

Commitments and Obligations of the Government of Kenya.

- The Government of Kenya shall ensure timely disbursement of financial transfers to the Council.
- The Government of Kenya shall grant approvals of requests from the Council without undue delay within 21 days.
- The Government of Kenya shall respond to all correspondences from the Council within 7 working days upon receipt.

Part IV

Frequency of Monitoring and Information Flow.

- The **Municipal Council of Malindi** undertakes to submit quarterly and annual performance reports in the prescribed format in accordance with the performance contract guidelines.

Part V

Duration of the Performance Contract

The Performance Contract will run for a period of 12 months from 1st July 2007 to 30th June 2008.

Signed:

Mayor

..... Date:
CLLR. PATTERSON KARISA KAFULO

Chairman, Finance Committee

..... Date:
CLLR. THOMAS KAHINDI MWAMBIRE

Permanent Secretary, Ministry of Local Government

..... Date:
S.S. BOIT, CBS

Counter-signed:

Honourable Minister, Ministry of Local Government

..... Date:
HON. MUSIKARI KOMBO, EGH MP

A) FINANCIAL

REVENUE COLLECTION 100,000,000 Excluding Latf

During the last financial year 06/07 the Council collected Kshs. 86million from the local source of revenue.

The Council anticipates the revenue to improve by Kshs. 14 million as compared to the current contract period.

The following are the areas where the revenue is expected to be enhanced.

- New fees and charges
- New bus park fees
- New markets being introduced in rural areas
- Lease of the replanned showground
- Lease of part of dumpsite
- Advertisement fees on wall painting

COST REDUCTION Kshs.2 million

In the current contract period we had target to reduce cost by Ksh. 2 million.

The Council had anticipated to do away with the hiring of a private garbage collection vehicle. Due to frequent breakdown of the Council's garbage vehicles the Council was forced to retain services of private garbage collection vehicles, hence not realizing the cost saving of the Ksh. 2 million.

During this contract period the Council anticipates to save Ksh. 2 million through PPP (Public Private Partnership) in street lighting and other areas such as reduction in utility, procurement and project cost.

UTILIZATION OF FUND ON PROGRAMMED ACTIVITIES – 100%

During the period ending 30 June 2007 the Council spent 146,259,090 on programmed activities.

The Council intends to utilize 100% of fund on programmed activities in the current contract period.

DEVELOPMENT INDEX – 28%

In the coming contract period the Council intend to invest Kshs. 28,961,358/= on projects and road maintenance as compared to the recurrent expenditure Ksh. 101,848,329/= thus increasing the development index from 19% to 28%.

COMPLIANCE WITH STRATEGIC PLAN – 100%

The Council has already completed its strategic plan which runs from 04/05 to 08/09 financial year.

The Council has already implemented 50% and it anticipates to implement 100% by 30th June 2008 in the following areas:

- Institutionalization of adherence for work schedule.
- Redeployment of personnel according to their professional strength.
- Staff training.
- Formation of disciplinary committee.
- Seek ministerial approval for recruitment of the following professional employees.
 - 1) Computer programmer 11
 - 2) Senior Law Clerk.
 - 3) Public Technician 11
 - 4) Cleansing Superintendent 111
 - 5) Nurse 1
 - 6) Clinical Officer 11(Dental)
- To develop code of conduct.
- Follow up with ministry of Local Authority on approval of new fees and charges.

DISPOSAL OF IDLE ASSETS 100%

During the contract period ending 30th June 2007, the Council was not able to dispose of the idle assets due to procurement logistics as per new disposal regulations which came into effect from

January 2007. The Council has come up with a revised list of asset of which it intends to dispose them of a target of 100%. (See attached list).

ISO CERTIFICATE 50%

During the current contract period the Council wrote a letter inviting officials from Kenya Bureau of Standards (KBS) to come and enlighten the Council on the way forward towards, attaining an ISO Certification. Unfortunately as of now they have not responded nevertheless the Council is still making o follow-up. However in this financil year the Council anticipate to conduct training to its top and middle level officers in ISO Certification.

AVG. COLLECTION PERIOD – 40 DAYS

During the contact period ending 30th June 2007, the Council had targeted to reduce the average collection period from 90days to 45 days.

In the coming contract period we intend to reducethis to 40 days.

B) OPERATIONS

PROJECTS.

1.Construction of Classrooms

The council has targeted to construct 6 classrooms in the following areas:

2 classrooms for village polytechnics at Ganda and Central wards at a cost of kshs. 2,080.000.

3 classrooms for secondary schools at K/tanga, Sabaki and Gede wards at a cost of kshs. 3,840,000.

1 classroom for a primary school at Barani ward @ kshs.1,040,000.

2.Construction of Dispensaries

During the previous financil year the council had targeted to construct 3 dispensaries in Malimo ,Watamu and Gede wards. By the end of the year these were not yet completed . However the council targets to finish them during this contract period.

3. Opening and maintenance of Roads

During the financial year 06/07 the council graveled 12 kms of roads and it anticipates to open and maintain 36kms during this current contract period.

4. Piped water -200 metres

During the 06/07 contract period the council budgeted to lay 200ms of pipes for the provision of piped water but was unable to undertake this project. However it has carried forward the same project to this current contract period.

5. Streetlights rehabilitation

During the previous contract period the council was able to install new fittings and bulbs in 100 poles. In the current contract period the council targets to install new fittings and bulbs to 150 poles at Shella and Watamu wards.

6. Construction of Markets

During the 06/07 contract period the council had targeted to construct 3 markets.

However it was able to complete only one market.

Thus it now undertake to consult the 2 remaining markets this contract period 07/08.

Conference/Social Hall -40%

The Council had anticipated to undertake the Construction of a conference /social hall a project which has of now stalled. However to financial difficulties it wants to enter into partnership with private developers so that the project can be completed. However as of now the Council has already advertised for partnership and it targeted this 07/08 contract period to undertake the project up to 40%.

Garbage collection - 100%

The Councils current status of cleanliness is at 50%. This is as a result of continuous breakdown of garbage trucks and some are grounded.

However in this financial year the council has budgeted to purchase 2 garbage collection trucks, thus it intends to reach a target of 100% cleanliness.

Compliance/Enforcement of By – Laws – 100%

The Council has in place several by – laws .It will re-train its Enforcement officers to ensure the application of the Council’s by – laws.

The Council will organize education exercise on by – Laws to the community.

TIMELINESS – 100%

Procurement procedures and disbursement of funds are the determinant factors in addition to technical personnel. The Council undertakes to be 100% compliance as per the public procurement and disposal act 2005.

COMPLETION RATE - 100%

Procurement procedures and funds disbursement affects the completion rate.

D) CUSTOMERS SERVICE DELIVERY CHARTER IMPLEMENTATION 100%.

The Council in the year 06/07 had developed a service charter which was officially launched.

However this year 07/08 the Council anticipates implementing this charter up to 100%.

CUSTOMERS SATISFACTION – 70%

During the period 06/07 the Council did carry a customer satisfaction survey whereby a report was compiled. This contract period 07/08, the council intends to carryout the implementation up to 70%.

E) DYNAMIC/QUALITATIVE

Training Needs Assessment.

The Council has carried out a TNA for its employees whereby it is finalizing the process.

The finalization of the TNA process is supposed to be by 30th Sept 2007.

Training – 50%

The Council in the year 06/07 had trained 2% of its employees. However, having carried out the TNA for its employees the Council has targeted to train 50%in this current contract period.

AUTOMATION - 40%

The Council is computerizing its treasury department with a view of improving the financial management. So far the exercise has reached 20% completion level. The target for the next contract period is to bring automation exercise to 40%

WORK ENVIRONMENT (BASELINE SURVEY & IMPLEMENTATION) – 60%

The Council carried out a work environment survey and is in compiling its report. However the Council intends to improve on its work environment by 20% in this contract period.

EMPLOYEE SATISFACTION.

Baseline survey / implementation.

This survey was conducted in line with the work environment baseline survey whereby a report is being compiled for implementation.

However, the Council has targeted to improve on employee satisfaction by 20% this financial year.

SERVICE DELIVERY INNOVATIONS – 2

During the current contract period the Council was able to come up with the following innovations:-

1. Partnership with Germany Development Co operation (DED) and Malindi Residents forum. Through this the Council was able to improve in the following areas:-
 - Transparency and accountability through sharing Council information on revenue expenditure and projects implementation with the residents.
 - To improve channels of communication with the residents.
 - Monitoring of projects with partners and stakeholders at the ground level.
2. Revenue Collection enhancement through weekly consultative meetings with partners and stakeholders.

The Council will undertake to come up and implement two more innovations to improve service delivery in the coming contract period.

REPAIR & MAINTENANCE – 80%

Out of the 14 vehicles earmarked for repair and maintenance only 7 were repaired hence the current status of 50%.

During the coming contract period the Council intends to

- (i) Renovate the maternity ward.
- (ii) Repair two tractors.
- (iii) Repair an old cesspit empties and convert it to a refuse collection vehicle.

The above will lead to the target of 80%.

SAFETY MEASURES – 60%

During the current contract period the Council was able to:-

- To train one fire officer on disaster preparedness and management.
- All fire officers were retrained in first aid.
- Purchase protective gear for cleansing and conservancy staff hence the 40% current status.

The Council undertakes to carryout the following trainings/ orientations to attain the 60% target.

- Train 20% of members of staff in first aid.
- Purchase of gloves for clinic staff.
- Purchase protective gear for mechanics section staff.

STATUTORY REQUIREMENTS – 100%

The Council undertakes to comply with all statutory requirements (KRA,NSSF,NHIF) deductions, signing of performance contract and compliance with CAP265 and other legal instruments.

CORRUPTION ERADICATION – 100%

The Council has already undertaken the following:-

- Operationalized corruption prevention/integrity committees.
- Trained integrity assurance officers.

During the current contract period the Council intends to carry out the following:-

- Putting an anticorruption policy in place.
- Developing corruption prevention plans.
- Developing a code of conduct.

HIV/AIDS BEHAVIOR CHANGE – 100%

In this year the Council has planned to undertake a baseline survey to establish status of the following:-

- number of employees/dependants who have received HIV testing and counselling;
- number of eligible people living with HIV and AIDS, who are on antiretroviral treatment (ARVs);
- number of HIV positive mothers receiving a complete course of ARVs to prevent mother to child transmission of HIV;
- number of male and female condoms distributed within a time frame;
- proportion of employees reporting consistent condom use with a casual/non-regular sexual partner;
- number of employees looking for HIV and AIDS preventing, treatment, care and support information;
- proportion of employees willingly declaring their HIV and AIDS status, and submitting themselves to HIV and AIDS testing.