

BTI 2012 | Rwanda Country Report

Status Index	1-10	4.50	# 94 of 128	
Political Transformation	1-10	3.82	# 101 of 128	➔
Economic Transformation	1-10	5.18	# 75 of 128	➔
Management Index	1-10	4.92	# 68 of 128	

scale: 1 (lowest) to 10 (highest) score rank trend

This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2012. The BTI is a global assessment of transition processes in which the state of democracy and market economy as well as the quality of political management in 128 transformation and developing countries are evaluated.

More on the BTI at <http://www.bti-project.org>

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Key Indicators

Population	mn.	10.6	HDI	0.429	GDP p.c.	\$	1163
Pop. growth ¹	% p.a.	3.0	HDI rank of 187	166	Gini Index		53.1
Life expectancy	years	55	UN Education Index	0.407	Poverty ³	%	89.6
Urban population	%	18.9	Gender inequality ²	0.453	Aid per capita	\$	93.5

Sources: The World Bank, World Development Indicators 2011 | UNDP, Human Development Report 2011. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$2 a day.

Executive Summary

The 2010 re-election of President Kagame for a second seven-year term did not comply with minimal democratic standards, but coincided with a new phase of Rwanda's ambitious strategy for modernization and development. In the first decade of this strategy the country was still recovering from the post-civil war breakdown of the state in 1994. It was characterized by substantial economic recovery rates and sound fiscal and market politics, albeit with massive assistance from international donors. Performance in education and health care was remarkable. The territorial administration was reformed and the modernization of agriculture started with a crop intensification program and the consolidation of land tenure.

The country's foreign policy has been subordinated to economic progress. In order to placate major donors, Rwanda reduced its military involvement and illicit exploitation of mineral resources in the Kivu region of the Democratic Republic of Congo (DRC). Friendly relations with DRC's President Kabila were established. Integration into the East African Community (EAC) is actively pursued.

However, this progress does not remove doubts over whether the strategy of reforms imposed from above will be suitable for tackling the structural deficits of the country's economy and the restoration of its social fabric. Modernization will bring about a profound transformation of Rwandese society, the creation of a business- and service-oriented knowledgeable middle class, a class of productive farmers and a class of non-agrarian workers. It aims for further urbanization and a substantial reduction of population growth. The data show an uneven degree of progress. Population growth remained at a high level and few new non-agrarian jobs have been created. The development of industry and the non-state service sector have remained below expectations. Inequality is increasing because Rwanda's achievements have so far served primarily the urban middle class and upper layers of the population.

The current government pursues authoritarian capitalism, firmly believing that the reforms are imperative and require strong leadership. The regime continues to suppress any real opposition but skillfully hides its authoritarian character behind an innovative set of seemingly democratic institutions. However, the elections, multiple parties and special commissions of inquiry serve as instruments of the ruling elite rather than promoting true political pluralism.

History and Characteristics of Transformation

At the time of independence in 1962, Rwanda was part of the Belgian Congo, but stood like Burundi was a former German colony under the trusteeship of the United Nations, being governed in a distorted form of indirect rule. The Belgian administration recognized the king or mwami as formal head of the territory, but increasingly administered it directly by employing and thereby privileging a part of the former royal Tutsi aristocracy. The Tutsi aristocracy struggled for dominance over the newly independent state with a new intellectual Hutu elite educated by Christian missionaries and rooted in the peasantry. Both sides exploited ethnic differences although ethnicity constituted only one facet of the complex structure of Rwandese society. With the support of the departing Belgian administrators, the Hutu elite won the battle, carrying out widespread pogroms against the Tutsi. About half of the Tutsi community, approximately 150,000 persons, including many aristocrats, fled and settled in adjacent countries. The country was then ruled first by a civilian and from 1973 onwards by a military dictator. Both had difficulty mediating rivalries between the regional elites.

At independence, the country was poorly developed and lacked major mineral resources but nevertheless had some agricultural potential due to its moderate climatic conditions and rich soils. However, despite substantial foreign development aid, the economic transformation was not successful. Subsistence livelihoods continued to predominate but were endangered by a rapidly growing population and increasing scarcity of land. The cultivation of coffee, tea and pyrethrum brought only small export earnings. The economy lacked diversification; it suffered from its landlocked position and conflicts in neighboring countries. With the support of a relatively effective administration, the country saw economic growth until the early 1980s, but later the economy began to decline due to sinking world market prices for coffee and tea and rising public expenditures and debt service. This destroyed the regime's legitimacy, which had relied on economic performance. The fragile society was destabilized. In a speech at the Africa–France summit in La Baule in July 1990, President Mitterrand of France announced that in the future all French public development aid would be conditional on democratic reforms. This forced President Habyarimana to concede to internal demands for political liberalization.

Meanwhile, in Uganda Tutsi refugees, who had originally fought in the resistance movement of the later president Museveni, managed to form a rebel force, the Rwandese Patriotic Army (RPA). They also joined with Rwandese renegades to form a liberation movement, the Rwandese Patriotic Front (Front Patriotique Rwandais, RPF). The rebels invaded Rwanda in

October 1990 and occupied significant parts of northern Rwanda until 1993. The Rwandese government's defense was weakened by the imminent bankruptcy of public finances and the collaboration of parts of the internal opposition with the RPF. Habyarimana finally had to concede to an internationally mediated peace treaty (the Arusha Agreement), which foresaw multiparty government, the integration of RPF politicians into state structures and the large integration of RPA forces into the national army. The latter concession was especially resented by radical Hutu forces. Growing internal violence and opposition stalled the implementation of the Arusha Agreement. The event that launched the final phase of the civil war was the shooting down of Habyarimana's airplane on 6 April 1994. This was followed by the genocide of 500,000 to 800,000 Tutsi and the murder of political opponents by the presidential guard and radical Hutu militias. Eventually, the RPA conquered the rest of the country. The perpetrators of genocide, the army and approximately 2 million peasants fled to neighboring countries. Using the Arusha Agreement, the RPF established a transitional government with the former opposition parties.

Throughout the rest of the 1990s, the RPF consolidated its dominance over the political process. Leaders of the coalition parties and any Hutu politicians who had joined the RPF were forced into exile or prosecuted for corruption and sowing ethnic hatred. Some of them were assassinated. From November 1996 onwards, the RPA supported the liberation movement in the DRC with the hope of forcing Rwandese refugees in the Congo to return, destroying the remainder of the former Rwandese army and militia, and gaining control over the rich natural resources of the eastern Congo.

Having ousted the Hutu President Bizimungu, Vice President Kagame took over the presidency in direct contravention of transitional constitutional law in 2000. Subsequently, an extensive consultation process was launched to draft a new constitution. In 2003, the government asked the Rwandese to approve this draft by referendum in order to gain legitimacy. However, the constitution failed to meet international standards for democracy as it provided the legal framework for the massive repression of any opposition under the guise of protecting national unity and abolishing ethnic thinking. In the elections which followed, President Kagame and the RPF won by questionable means.

The genocide destroyed the country's human resources and economic achievements. The elites of the former regime were largely replaced. RPF leaders dominated the process and other parties were only accepted if they recognized the RPF's dominance. The RPF imposed a policy of economic liberalization and modernization under the condition that its control of the process would not be endangered. The leaders' deep distrust of the former elites and the will to radically transform Rwandese society justifies authoritarian rule in their eyes. The only limits are the need to cooperate with the donor community. Privatization in favor of foreign investors is welcomed, higher education is promoted and gender equality endorsed. However, the government's sharp rejection of any form of criticism excludes any meaningful step toward civil liberties.

The high price to be paid for this strategy is the absence of political competition, restrictions on personal freedom and the state's heavy intervention in society. Despite the government's official claims, Rwanda is far from being a "power-sharing consensus democracy." The country lacks any serious democratic experience. The current political regime is authoritarian and repressive. The decision to bar any reference to ethnic differences – which is severely punished as an offence called "divisionism" – has taken precedence over a process of social inclusion and reconciliation. The campaign for national unity and the fight against "tribalism" is compromised by exclusiveness, privileges, nepotism, enrichment and corruption within the politically dominant circles.

Donors continue to be satisfied with Rwanda's economic cooperation. In the absence of any promising alternative to the current political leadership – an absence which is obviously the result of the long-standing authoritarian rule – they accept the sophisticated political façade and hope that democratic improvements will follow economic development.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 10 (best) to 1 (worst).

Transformation Status

I. Political Transformation

1 | Stateness

The president and his top aides hold a complete monopoly on the use of force, free of the control of parliament or the courts. Rebel groups of refugees in the neighboring provinces of the DRC no longer represent any security threat. Rwanda's small and densely populated territory and relatively strong police and armed forces (as well as a ubiquitous secret service) facilitate tight security control throughout the country.

Rwanda had a long tradition as a centralized monarchy which continued in the form of indirect rule under colonial domination. The legitimacy of the post-independence nation-state has never been questioned. Nevertheless, Rwanda's monolingual society has been deeply divided between ethnically perceived status and socioeconomic groups. Fighting between elite groups for the control of power has led to large and repeated emigration in the 1960s and 1970s and again following the civil war in 1994. The genocide and mass killings of both groups further sharpened societal antagonism. Group identities still prevail over national identity in spite of the government's constant appeal for "national unity."

The state is defined as a secular order. Religious dogmas have no influence on politics. Religion and state are separated and the different religious groups are largely tolerated as long as they do not oppose the authority of the state. Minor conflicts with groups like Jehovah's Witnesses are a result of the authoritarian nature of the state and not a result of religious norms.

The administration functions quite effectively throughout the country and is improving. The reform of territorial administration has created a strong presence of the state from the central government over the provincial, district and sector administration down to the local and village level. In principle the authorities use commissions and committees at all levels of the administration to communicate with citizens and community-based organizations. But in practice, functionaries

Question
Score

Monopoly on the
use of force

9

State identity

6

No interference of
religious dogmas

10

Basic
administration

7

stick to a bureaucratic and authoritarian top-down approach. Coordination between ministries and different levels of government is still weak in spite of reorganization.

2 | Political Participation

The September 2008 parliamentary elections led, in the absence of any viable alternative, to a large majority of the RPF. The most viable opposition party with strong popular roots is the Mouvement Démocratique Républicain (Democratic Republican Movement, MDR) whose leaders played a significant role in the 1993 Arusha Agreement and in the first transitional government, but it was forced to dissolve in 2003. Younger parties that have no links to the pre-1994 regime, such as the Democratic Green Party of Rwanda (Parti Democratique Vert du Rwanda) or Social Party Imberakuri (Parti Social Imberakuri, PSI), were blocked from participation in both elections by administrative means.

Free and fair elections

2

On 9 August 2010 President Kagame was re-elected for a new seven-year term with 93.08% of the vote. The only other serious candidate, Victoire Ingabire, who had previously lived in the Netherlands, was arrested after her return to the country for alleged contacts and collaboration with “persons denying the genocide” and with rebel groups in the eastern DRC. She was therefore not admitted. There were administrative strikes against the Green Party and the PSI, which were excluded from the electoral contest.

Aside from their official reason for arresting Ingabire, the Kagame regime might have considered her candidacy dangerous because of the potential damage a significant vote for her would have inflicted on President Kagame.

The tight control of the local administration secured a high turnout rate of 95.1 % for the 2010 election. Though both elections were formally free, Rwandese cast their vote in the absence of alternatives and relevant information. Many citizens probably feared disadvantages if they did not vote. The elections contributed therefore more to the consolidation of the authoritarian personal rule of Kagame than to democratization and the inclusion of segments of the population who are unaffiliated with the dominant party.

The local election ballots were not secret as they used the public queuing system. The same elections had a national impact because they partly constituted electorates for the powerful senate.

The Rwandese political system is defined by its ruling circles as a “consociational democracy” or “power-sharing consensus” democracy. The avoidance of a competitive democratic system is justified by the ethnic division of the society seen in the 1994 genocide, and the necessity to strive for national unity. But despite the multiparty composition of the cabinet, the 2003 constitution gives the president

Effective power to govern

2

unlimited competence in security and foreign policy. He appoints the prime minister and the members of the cabinet, and although he only is obliged to give a share to all registered parties, he can select the people he prefers. Furthermore he appoints his personal advisers, the senior army officers, the top administrators, the chief judges, a quarter of the senators etc.

The system is fact in a skillfully designed institutional façade that hides the real distribution of power. All major political and power-related matters are decided by the president, together with his key advisers. The RPF and the army control access to political and administrative office and to important business opportunities. The power of the president rests on the loyalty of key actors (e.g., high-ranking officers in the army and secret service, presidential aides, some cabinet members and provincial governors). Many of them are still close to the rebel forces that came to power under Kagame's leadership in 1994.

The senate and the national assembly have large RPF majorities and rarely develop any initiatives of their own. They generally vote unanimously for the government's own proposals. They are weak institutions that rarely follow explicit invitations to participate in institutionalized discussion with foreign donors on development issues and budget allocations.

There is no open opposition. The regime has sufficient legal and forceful means to stop every approach of it. Opponents who considered dangerous live under constant threat of being condemned to long prison sentences by vague legal regulations. Many of them have been forced to seek refuge abroad. Even overseas, renegades may be further harassed by requests for extradition or by the secret service, which is suspected of ordering the assassinations of people considered particularly dangerous to the regime.

The constitution of Rwanda guarantees freedom of association and assembly. There are no unreasonable legal restrictions on civil and social organizations as long as they respect the government's interpretation of "national unity." The government uses the ill-defined, constitutional prohibition of "divisionism" as a basis for calling out alleged infringements and restricting or hampering the activities of NGOs.

Civil and human rights organizations that are critical of the government continue to fear accusations of "divisionist" tendencies because these are liable to harsh prosecution. Human rights defenders continue to exercise self-censorship to avoid confrontations with the authorities. The government exercises intense control of NGOs both by overt and covert methods. Civil society as a whole operates under severe restrictions. Civil society groups that do not toe the government line are not allowed to operate freely.

Association /
assembly rights
4

The Freedom House ranking of Global Press Freedom continues to classify Rwanda as “not free” with a rank of 171 out of 185, slightly worse than before. Freedom of press and information, although stipulated by the constitution, is in fact limited by the interpretation of “national unity,” which considers any criticism of the president and high-ranking officials to be a violation of this principle. Both state-owned and private media outlets therefore practice self-censorship to avoid government interventions. Investigative journalism is impossible and can endanger the lives of journalists. Material explaining internal government discussions is rudimentary.

Freedom of
expression
3

The government does not filter Internet content or foreign radio transmissions, and the government media services comment on international criticism of Rwandese politics, so people with access to the Internet and radio sets can inform themselves without difficulties about the international response to Rwandese politics. However, the majority of poor people are cut off from this information because the government controls information in the national language of Kinyarwanda. Even the BBC Kinyarwanda program had to agree to meet the criteria of the government. The rural and the poor urban populations are almost entirely restricted to government-controlled media.

Non-RPF urban politicians and functionaries arouse suspicion if they communicate too frequently with the countryside. Telephone calls are bugged. A recent survey commissioned by the Senate concluded that most people fear those in power and public institutions and therefore renounce free expression of their views.

3 | Rule of Law

The constitution provides for a separation of powers, but the parliament’s counterbalancing power is weak due to its limited competences and one-sided composition. The central administration reaches all the way down to local level. The president has decisive power as chief of the army and the central administration; he has been in office since 2000 and was re-elected 2010 for a second and constitutionally final term. Previously he was vice president and also chief of the army. At the end of his present term in 2017 he will have been the strongman of the country for 23 years.

Separation of
powers
4

The judiciary is formally independent, but in reality is subordinated to the will of the executive. The institutional differentiation of the judiciary has further improved but is still insufficient. It is permanently overloaded, understaffed and only partially qualified. Many citizens, particularly the poor in rural and urban areas, have no access to court and counsel.

Independent
judiciary
3

In order to prosecute the suspects of the 1994 genocide, over 12,000 special community-based “gacaca” courts have been established since 2001. About 170,000 local judges have handled more than a million cases and convicted some 800,000 perpetrators nationwide. This means that every fourth person who was over the age of 16 in 1994 has been convicted. Serious doubts exist regarding the fairness of trials. They are said to be marred by false accusations, corruption and difficulties in calling defense witnesses. The trials may also have been used to settle other disputes. In any case it is very doubtful – in view of the large number of verdicts – whether gacaca courts have contributed to the reconciliation and reunification of the Rwandese. Instead they may have had the effect of intimidating the population and further fragmenting the local social fabric.

While the gacaca courts are due to finish their work in 2011, the new laws set in 2001 and 2008 against genocide ideology, sectarianism and divisionism have already led to a significant number of indictments and verdicts. International human rights organizations have complained that the legal definitions are exceedingly vague and that the laws are used to silence dissent and any form of opposition to the government’s policies. The courts are authorized to penalize offences committed by children under the age of 12 with sentences of up to 12 months at a rehabilitation center. Those aged between 12 and 18 years can receive prison sentences of between five and 12 ½ years.

Cooperation with the International Criminal Tribunal for Rwanda (ICTR), which is scheduled to terminate its work in 2012, continues to be controversial particularly since some ICTR judgments do not support the official views of the Rwandese government.

The withdrawal of the Rwandese army from the eastern DRC ended the forced labor in DRC mines by those condemned for genocide crimes, but the practice probably continues inside Rwanda.

In general abuses of office and corruption are strictly prosecuted. International and national donors acknowledge the efforts of the government. However, abuse of office by top officials is tolerated – for instance their involvement in the illegal exploitation of resources in the adjacent provinces of the DRC. Recent charges made against renegade top officials indicate that evidence of abuse of office at higher levels could be used as a pretext to eliminate, blackmail or to harass officials and politicians in the future, if the president no longer trusts or needs them.

Prosecution of
office abuse

5

The constitution guarantees the usual civil rights. The government particularly emphasizes the promotion of women, who have special representation in the National Assembly.

Civil rights

4

However, the “divisionism” clause in the constitution gives the authoritarian administration great scope to undermine political rights, ostensibly for the well-being of a peaceful society. A large majority of citizens do not feel equal before the law.

Due to tight controls by public forces and the fear of draconian punishments, there are no uncontrolled weapons in the country. Public safety is therefore satisfactory with the exception of some rare incidents such as a bomb attack of obscure origin that took place in the capital during the presidential campaign.

There are reports of relatively frequent unexplained murders in rural areas probably linked to the genocide and unsettled land disputes. Other reports refer to people, particularly young men, having disappeared without further police inquiries.

Violations of civil rights by security forces have been prosecuted in some cases, but in a very selective way in the case of high-ranking officials.

4 | Stability of Democratic Institutions

The authoritarian inner circle controls and disciplines efficiently the administration from top to bottom by means of a ubiquitous secret service. Additional control is provided by RPF structures at local level.

Deputies and senators – particularly those of the coalition parties – are under specific supervision. This means that political and parliamentary discussions on controversial issues generally are limited to technical questions. The political discourse tends to confine itself to the question of who praises the president and the government most.

There are no relevant actors to contest the current authoritarian rule of Kagame. The president is legally and de facto the most powerful actor. Possible opponents are co-opted or coerced into the system so that they have no actual influence on decision-making. If they become too independent or outspoken they are removed. This happened to the politicians of the MDR after they had usefully given the transitional government a pluralistic appearance, and also to politicians who were needed to give the RPF a multiethnic composition in its early years. Almost all these individuals have been excluded from political activities. As a consequence, the exiled opposition has radicalized.

Performance of
democratic
institutions

2

Commitment to
democratic
institutions

2

5 | Political and Social Integration

The RPF dominates the political scene. Because other parties' political activities had been restricted to the national level until 2007, the RPF remains the only political organization with financial and human resources necessary to be present in the whole country. During the 2010 election campaign, villagers were forced by local officials to attend only RPF campaign rallies. A large percentage of people believe that their vote has no weight in view of the imbalance between political parties.

Party system
2

At national level all registered parties are obliged to take part in the consultations of the Forum of Political Organizations. The forum is an instrument of control to impede open confrontation in the parliament. None of eight accredited parties openly opposes President Kagame. Other opposition parties have not been admitted.

The work of interest groups is restricted. The government does not accept outright criticism by CSOs. Trade unions do not play a role. Interest groups and NGOs are obliged to participate in state-controlled umbrella organizations. The prevalence of the administration gives interest groups and NGOs little room for independent initiatives and actions.

Interest groups
3

A 2009 survey – although unrepresentative – commissioned by the Senate of Rwanda corresponds interestingly with a survey of the year 1993/1994 made shortly before the genocide: a large majority of the respondents in both surveys prefer a democratic system based on power sharing between the major political forces. Even if the majority of the people surveyed in 2009 were selected from among regime sympathizers or did not dare to reveal their true opinion, it is significant to learn that the vast majority favors the participation of all political, social and ethnic groupings in the government, and that almost half of the respondents have doubts as to whether freedom of expression exists. It seems likely that the majority of those who were victims of the genocide do not approve of the authoritarian turn of the present government.

Approval of
democracy
n/a

The government has little confidence in the self-organization capabilities of Rwandese society and considers community-based initiatives as a potential long-term threat to its power. Due to genocide, gacaca trials and land conflicts there is still very little trust among and between the majority of Hutu peasants, the educated Hutu, the mostly Anglophone ex-refugee Tutsi and the Tutsi who survived the genocide. Many of those who belong to the middle and upper class feel uncomfortable with a ruling clique of military former refugees. Because of the threat of being accused of “divisionism,” there is no open debate in which these

Social capital
2

feelings are expressed. This, in turn, generates a latent danger and hinders substantial reconciliation on an individual and societal level.

II. Economic Transformation

6 | Level of Socioeconomic Development

Rwanda is one of the smallest but the most densely populated territories of Africa. It is landlocked and has few mining resources. The main economic activity is subsistence agriculture on tiny smallholdings. The destruction and losses caused by the long civil war, culminating in the genocide of 1994, are still felt. The country is one of the poorest in the world.

Eighty per cent of working people earn less than \$1 per day, and 95% of the population are seriously deprived. The rise of Rwanda's HDI from 162 (2007) to 152 (2010) is mainly due to income growth in the cities and improvements in the education system and health services. The growth of inequality is alarming. Rwanda had a Gini coefficient of 46.8 in 2000. The economic and social gap between the rural (80 %) and urban (20%) population is widening. In spite of their precarious situation, the urban poor have better chances for jobs, small-scale trade and handicrafts and better access to health services and education facilities than the rural population.

A high percentage of the rural population suffer due to a scarcity of land caused by population growth. The number of landless peasants is rapidly growing. They cannot migrate to the cities because the government strictly controls migration in order to avoid wild settlements and slums. Poverty afflicts men and women to the same high extent. An increasing number of people live in extreme poverty without land or work and have to fight for their day-to-day survival – they have no freedom of choice.

Economic indicators		2007	2008	2009	2010
GDP	\$ mn.	3741.1	4712.3	5262.0	5627.7
GDP growth	%	5.5	11.2	4.1	7.5
Inflation (CPI)	%	9.1	15.4	10.4	2.3
Unemployment	%	-	-	-	-

Question
Score

Socioeconomic
barriers

2

Economic indicators		2007	2008	2009	2010
Foreign direct investment	% of GDP	1.8	2.2	2.3	0.8
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ mn.	-146.6	-252.1	-382.9	-421.4
Public debt	% of GDP	26.9	21.2	20.2	23.9
External debt	\$ mn.	584.6	662.8	748.9	794.6
Total debt service	\$ mn.	22.9	14.3	11.3	14.5
Cash surplus or deficit	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	16.5	14.7	14.5	-
Public expnd. on edu.	% of GDP	4.8	4.1	-	-
Public expnd. on health	% of GDP	9.1	9.4	9.0	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.5	1.4	1.4	-

Sources: The World Bank, World Development Indicators 2011 | International Monetary Fund (IMF), World Economic Outlook 2011 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2011.

7 | Organization of the Market and Competition

Rwanda's shrunken economy is characterized by a small formal sector of industry and services and a large informal sector with predominantly small-scale subsistence farming. The fiscal share amounts to about 40% of GDP, highly subsidized by foreign aid.

In the context of its modernization strategy, the government deploys serious efforts to create the conditions for the development of a market-based competitive economy. This includes efforts to ensure the respect of property rights, currency convertibility, the fight against corruption, the removal of bureaucratic barriers for business, anti-monopolistic regulation, liberalization of trade and the attraction of foreign investment.

However, serious structural obstacles hamper these efforts. In the mostly informal agricultural sector there is no real competition. The goal of transforming agriculture into a productive, high-value market-oriented sector is pursued by placing

Market-based
competition

5

authoritarian administrative pressure on the peasants to form cooperatives, to accept land-sharing and terracing, to specialize in certain crops and to change production methods. So far the results are limited. Production for the internal market continues to be insufficient, 66% of food production is for subsistence use and only 34% reaches markets. Special attention is given by the government to agrarian export products, particularly coffee, tea and pyrethrum, as they are one of the main sources of Rwanda's export earnings. Their quantity and quality has somewhat improved, but it is doubtful whether the peasant farmers or workers have received their share of the higher proceeds.

The Rwandese economy has continued to register notable economic growth at 6.0% in 2009 against 11.6% in 2008. The tertiary sector performed most strongly (44.9% of the GDP) followed by the primary sector (35.5%) and industry (13.7%). The manufacturing sector primarily produces consumer goods for the poor population and is not very competitive. It suffers from regional trade liberalization because people with higher income prefer imported products. Urban construction is a dynamic growth sector, mainly sustained by FDI, public funds and remittances from Rwandese abroad. The outstanding performance of the services sector, particularly in education and health care, are due to increased government spending and foreign aid.

The formation of monopolies and oligopolies in the small formal economy is still regulated inconsistently, but the government is working on better formal regulation. Movements toward pluralization and increased competition have continued. There are indications that access to investment and credit both from within the country and from abroad are influenced by networks of English-speaking former refugees close to the government or by certain privileged circles of Rwandese abroad.

Anti-monopoly
policy

6

The liberalization of foreign trade is a declared government objective. Due to Rwanda's membership of the EAC, intra-regional tariffs on imports have been reduced, ranging from 0% for raw materials to 25% for finished goods. The free movement of goods, services and capital will be further enhanced by the 2010 establishment of the East African Common Market, although the free movement of individuals will be limited to professionals and academics. Privatizations and sales to foreign investors of key sectors of the economy have been realized. There is still a shortage of foreign investors, but they are encouraged in every way. Bureaucratic procedures have been further simplified.

Liberalization of
foreign trade

7

The banking system is free and is expanding, but remains small and poorly developed. It is largely privatized and owned by foreign investors. The Bank of Kigali is still owned by the government whereas Ecobank, Finabank and the Banque Commerciale de Rwanda are mainly owned by foreign investors. Banque Populaire is controlled by Rwandese cooperatives and the Dutch firm, Rabobank. Banking is a highly dynamic sector. Rwandan banking services are spreading more

Banking system

7

rapidly across the country than banking systems in other African nations. Access to the banking system is, except for microcredits financed by foreign donors, limited to a small section of the population.

8 | Currency and Price Stability

The government is committed to the stability of currency and prices. The Rwandese franc floats freely against the dollar. The exchange rate has remained relatively stable due to prudent monetary policy. The government and the central bank – which is formally independent – are trying to observe budgetary discipline, to reduce the foreign trade deficit and to balance the current payments account. The inflation rate increased yearly between 8% and 11%. This rise is partially due to the inevitable “Dutch Disease” caused by large foreign aid, but it is not excessive due to prudent policy. The international financial crisis had no major impact due to Rwanda’s still modest integration into the global markets.

Anti-inflation /
forex policy

7

In spite of Rwanda’s prudent monetary policy, modernization efforts and budgetary discipline present serious obstacles to macroeconomic stability. Rwanda depends on significant foreign imports. To reach an acceptable balance in its current account, Rwanda needs a massive influx of foreign aid. This will approximately compensate for the huge trade deficit; imports amounted to 27% of GDP and exports to only 9% in 2009. In exchange the government had to agree to full financial transparency and prioritize its expenses according to the Millennium Development Goals.

Macrostability

6

Foreign donors expect that the size of their grants will gradually be reduced. However, this would require higher exports. Cash-crop exports (coffee, tea, pyrethrum and, more recently, flowers) depend largely on weather conditions that have been favorable in recent years. Consequently, exports have slightly increased. However, there has been a decline in food production for the growing population, and the value of imported wheat and flour exceeded the value of exported agrarian products. In the past, export takings have also been boosted by the re-export of minerals illicitly imported from the eastern Congo. These transactions are now limited by stricter international controls.

Balancing the current accounts through foreign investments will be difficult, since the country lacks the incentive of rare mineral resources. Private FDI remains below expectations despite an open trade policy, a favorable investment climate, cheap and abundant labor, tax incentives to businesses, stable internal security, and crime rates that are comparatively low. Additionally, the remittances sent by expatriate Rwandese for the housing sector have diminished. Debt cancellation was obtained in 2006 and the debt stock of Rwanda, of which 84% are loans of international and regional financial institutions, was reduced significantly to an acceptable 15% of GNI by 2009. However, in order to satisfy the urgent energy needs of the growing

cities, new debts have accumulated and will be a heavy burden in the future. They also will render further infrastructure investments more difficult (e.g., in hydroelectric power plants, one of the country's few natural resources).

In view of all these obstacles it is very doubtful whether macroeconomic stability can be secured in the medium term.

9 | Private Property

Property rights and the right to acquire property are guaranteed by law, but suffer due to the deficiencies of the rule of law in the country. In practice the guarantee of real estate ownership is limited to the titled property in the hands of the small elite and urban middle class.

Property rights
4

The most crucial question is the ownership of farmland, which is traditionally regulated by customary systems. The complex issue of land tenure has been complicated by the massive refugee movements of the 1960s and 1990s, in which hundreds of thousands of people lost land while others took illegal possession of it. A land act passed in 2005 stipulates procedures for the settlement of land disputes and property registration. In 2008, a land titling campaign was launched as a pilot project and has now gone nationwide and become compulsory. It is scheduled for completion in 2014. The fertile marshlands remain state property. The land titling project concerns the hillsides and assigns the land for 99 year leases. The minimum size of a leased unit is one hectare and it can be recalled if the land is not cultivated according to the standards set by the administration. It cannot be further divided between the children of the farmer.

Through these regulations the government aims not only to settle conflicts over ownership but also to foster agricultural modernization through creating credit-worthy units that permit modern cultivation methods. To this end the government is imposing land sharing or cooperatives. The land act gives the administration a strong say in land use by peasants.

This reform will stop the further fragmentation of the land and perhaps increase productivity. However, it will create a new class of state-led peasants and another class of landless laborers, which – as far there are no additional jobs in the cities – will be remunerated for community-organized labor or other public works.

The concept, when fully realized, undoubtedly runs counter to a policy promoting private property for the large majority of people.

Efforts to privatize state-owned companies have been successful. Foreign investment is preferred. The small Rwandese “middle class” owns at best only a small share of larger companies. Investment companies such as Tristar and RIG that are close to politically influential circles and cooperate closely with the government combine investment by Rwandese citizens, foreign private stakeholders and development funding. Generally speaking, Rwandese and foreign investors who want to establish businesses and access credit have to make deals with the ruling circle. It also seems that opportunities to obtain bank credit – beyond microfinancing – are limited since the state maintains considerable control over bank matters.

Private enterprise
7

10 | Welfare Regime

Only 15% at most of the Rwandese labor force is employed in the modernized sector. There are clear rules for contractual conditions and social insurance. However, due to the surplus of unskilled workers these rights are frequently disregarded and are applied mainly to qualified employees.

Social safety nets
5

For 85% of the population there are no safety nets against risks of accidents, illness and old age. Traditional solidarity has been weakened by extreme poverty and the disruption of neighborhoods and even within families by the 1994 genocide.

Basic health services, many of them run by religious institutions or supported by foreign NGOs, have traditionally been accessible for a large part of the rural population. However, a high percentage of health workers died in the genocide or fled as refugees. With the assistance of public funds and private foreign contributions, the new government has made considerable efforts to rebuild the health sector. There is substantial progress in the prevention of malaria and HIV/AIDS as well as in the treatment of other fatal illnesses.

The government insists that childbirth takes place in health care centers to limit the dangers to mothers and children. Life expectancy at birth has improved in the last decade from 32.7 to 50.1 years, aided in particular by a decrease in child mortality. In order to increase efficiency in health care, the government has introduced a system of health insurance that became compulsory in 2008. It covers 94% of the population. For an annual fee of \$2 free medical assistance is provided. The system also aims to reduce distrust among the poor for health care services by supporting reproductive health, incorporating all populations groups and improving medical care through quality control. However, the fees cover only a small fraction of the real costs. The system requires budgetary subsidies from the government and particularly heavy extra-budgetary aid from foreign donors and NGOs. Those who are too poor to pay the fee must also be subsidized. It is estimated that approximately 50% of total costs are covered by foreign assistance. Foreign

subsidies and direct funding lower the sustainability of these social safety measures. However, compared to other African states, conditions are improving.

Food aid is also provided by donors to reduce malnutrition, particularly in children.

Women's equality is advanced.

Primary education is free and school enrollment has reached 97% of boys and 98% of girls. Although the set quantitative goals have been reached in primary education, the disparity of chances seems to have increased. There is at present an almost insurmountable barrier for the rural poor to gain access to secondary schools. The percentage of pupils in private primary and secondary schools – generally of better quality and with a better teacher–student ratio – is very high at almost 40%. Private secondary schools are expensive and therefore exclusive. In addition, the imposition of English as the principal teaching language places the majority of French-speaking Rwandese at a disadvantage compared to the children of the refugees who returned from Uganda after 1994.

Equal opportunity

6

11 | Economic Performance

In 2000 the government adopted an ambitious development strategy called “Vision 2020” with the aim of transforming Rwanda into a middle income country with a knowledge-based economy. The pillars of this strategy are: Efficient government and administration; the transformation of Rwandese agriculture into a productive, high value market-oriented sector; the development of an efficient and competitive private service sector, particularly in IT, tourism and appropriate industries; comprehensive human resources development; modern infrastructure and regional integration and cooperation.

Output strength

5

At first sight Rwanda has experienced steady economic recovery. The rise in the production of cash crops was enabled by favorable weather conditions, subsidies for chemical fertilizer and improved seeds. Industry and services performed only moderately in comparison with earlier years.

Although exports have increased, the deficit of the annual trade balance continues to be alarming. The negative balance of payments could only be compensated for by a monetary influx through foreign aid. Private foreign investment remains below expectations, in spite the government's efforts to welcome it. The World Bank's September 2009 “Doing Business” report catapulted Rwanda from rank 143 to rank 67.

The exchange rate of the Rwandese Franc to international currencies has been contained mainly due to prudent monetary policy. After obtaining debt cancellation in 2006, the debt stock of Rwanda was reduced significantly. However, as a result

of the capital Kigali's energy demands, new credits have been contracted as a matter of urgency. Following the advice of World Bank and IMF, the government agreed to abstain from taking further credits in the next few years.

Tax revenues increased slightly in 2008, but the balance of the budget required massive budget aid from foreign donors.

At the mid-point of its development strategy, the government points to the noticeable progress in the country's economic structure, such as privatization, capacity of the administration, progress in education and health services. However, in 2009 annual growth of GDP has slowed down from 5.3% per capita to 2.4%. The weakness of exports, low foreign private investment, insufficient domestic savings rates and low tax revenues indicate threats to future economic growth. Considerably more economic growth is required in order to reach the goals of the strategy: To close the widening gap between the rich and poor, urban and rural, and to diminish dependency on foreign aid.

There is no reliable data for unemployment. The rural population is a priori considered to be self-employed.

12 | Sustainability

The major problem in the field of environmental protection is the imbalance between population density and natural resources. This has led to soil degradation, deforestation, depletion of biodiversity, erosion and pollution. The government follows the conservative path to agricultural improvement: Better seeds and more chemical fertilizer. It is unclear if this will work given the soil degradation that has taken place.

Environment degradation has also been severely exacerbated by violent conflict, repeated population displacement and the clearing of natural areas for the resettlement of refugees since 1994.

Unlike many other African governments, the Rwandese government understands environmental policy as a serious issue that needs to be included in their agenda. For instance, Rwanda recently set up an agency for environmental protection and passed an Organic Law bolstering support for the conservation of the environment. Rwanda is a pilot country of the U.N. Poverty and Environment Initiative (UNPEI) and receives massive funding from donors for environmental projects. However, if environmental protection conflicts with economic development, it is likely that the government will favor economic growth.

Environmental
policy
6

The government of Rwanda is committed to education and training. Expenditures for education and training have been continually increased and now amount to 4% – 5% of GDP. However the results have remained substandard.

Education policy /
R&D
5

The improvement of education has priority in the modernization program. Primary school enrollment is close to 100%, but the teacher–pupil ratio of public primary schools is poor (70.2). Completion rates remain disappointing. Only 40% of those who enter first grade will complete grade six. Now that significant rates of enrollment have been achieved, the government’s focus is now turning to the goal of a nine-year basic education, raising the completion rates, strengthening post-basic education and improving the quality of teaching. Secondary school enrollment has grown from a very low basis; a similar growth has been observed in university, technical and business education as well as other tertiary education.

The rate of the adoption and integration of science and technology into socioeconomic life is very low. The shortage of technically qualified professionals – partly a consequence of genocide and massive emigration – is obvious. The efforts to improve this situation are still in their early days. A scholarship program for study abroad and improved teaching of science and technology at secondary and tertiary level have been initiated.

The level of education and research reached so far does not suffice to secure the prerequisites for Rwanda to become a middle-income country with a knowledge-based economy and to compensate for the heavy loss of employment caused by the planned transformation of agriculture.

Transformation Management

I. Level of Difficulty

The structural constraints on the development of the country are massive. Due to the accelerated post-independence growth of the population from 2 million to 10 million, farmland has become scarce and overused. The rural population has become increasingly impoverished. There are scant natural resources. The development of industry and services suffered due to the country's landlocked status and frequent blockades caused by political strife in neighboring countries. The potential for hydroelectric, thermal and methane gas energy has only been marginally exploited. The already precarious situation of the predominantly rural population was further aggravated by the civil war (1990 – 1994) and by HIV/AIDS. During the genocide and its violent aftermath, a large number of qualified people lost their lives, and hundreds of thousands of children became orphans.

Structural
constraints
9

The government has worked on improving the country's infrastructure. Domestic roads have improved. However, major projects such as the improvement of thoroughfares to the east African coast or the new airport have not yet materialized. The EAC facilitates dialogue about the regional road traffic on which Rwanda is largely dependent, but neighbors – such as Kenya – do not always feel comfortable with Rwandese accusations of corruption and mismanagement. Alternative transport by rail or air requires massive investments with high risks. This is why the construction of a rail link to Tanzania and of a new – and hardly essential – airport have become protracted. The fight against HIV/AIDS has been accelerated; the same applies – with even more success – to malaria. Structural improvement must wait.

Prior to 1994 there was a relatively dense net of religious and community-based development organizations encouraged by the then authorities who had a policy of promoting ground-upwards development. In the early 1990s, many CSOs became active at national level. The civil war, genocide and resulting repression destroyed these hopeful beginnings.

Civil society
traditions
8

In the last decade the current government pretended to mobilize the local population for development efforts in the context of its decentralization policy, but popular

“participation” is directed and controlled by local administration and the RPF. Self-organized community projects are virtually nonexistent.

Independent CSOs and NGO’s exist at national level but they react to the government’s distrust with self-censorship and therefore make little impact. Organizations promoting regime policies and depending on government work are disliked by the people and are therefore not very efficient.

The civil war, the genocide and their aftermath have further polarized Rwandese society. Distrust, envy and hatred between the different social groups has been sharpened by the practice of massively prosecuting genocide suspects, the criminalization of “divisionism”, the interdiction of the largest opposition party and the material and status-related privileges claimed by refugees returned from Uganda. Migration and civil war led to many quarrels over property. Rwandese society has remained conflict-laden: A heavy burden for the reforms pursued by the government. In the long run, the change to authoritarian rule will complicate conflict management rather than ease it. In the short run, the strict control of the population and the threat of accusations of “divisionism” will minimize any threat to the ruling circles and contribute to the general security in the country.

Conflict intensity

7

There have been violent incidents in the form of grenade attacks in the period under review, particularly in the pre-election period. The government accused extremists of infiltrating the country from neighboring Congo. Critics of the regime suggest that the government itself may be behind the attacks in an attempt to link incoming opposition campaigners, in particular Victoire Ingabire, to a deteriorating security situation. Rwanda’s tight security regime make this version at least as plausible as the official one.

All in all, the events underline the troubled state of Rwandan society.

II. Management Performance

14 | Steering Capability

The government’s priority is rapid economic development. The president needs opportunities for growth in order to strengthen his authority over those groups whose support he needs to stay in power (e.g., big business, officials of the national and decentralized administration, army officers, cadres of the RPF etc.) The government also needs the continued support of the United States and the United

Question
Score

Prioritization

5

Kingdom as well as that of the international financial institutions and other donors who want to see the streamlining of Rwanda's economic and fiscal policy and the improvement of its administration.

Where the exercise and control of power is concerned, the government makes no concession to donors' wishes and concepts. Democratic liberalization is not on the Rwandese government's agenda. Donors seem to accept the priority of economic reform as long as the violations of international law and human rights are not too obvious and the façade of democratic elections for president and parliament are maintained.

The long-term strategy is based on interwoven goals: Securing authoritarian government and satisfying the expectations of the elite, higher functionaries, army and police officers, party officials, and businessmen close to the government. These expectations are linked with the successful development of an efficient and competitive private sector for services, banks and industries. They include living conditions in the capital, security, good prospects for those with a certain level of educational qualification and attractive jobs for their children.

The government pursues progress in all these fields with great persistence. If necessary the government does not shy away from conflict with major donors, for example, taking a large amount of credit from India for the construction of a hydroelectric power plant needed for the energy supply of Kigali.

The government also pursues decentralization, giving districts more competence and increasing the efficiency and coherence of development projects. However, the focus of decentralization is not directed towards the increased participation of the population. On the contrary, it aims to better control the rural population and thus facilitate the modernization of agriculture.

Here is the Achilles' heel of economic modernization. The agricultural policy includes the regional specialization of crops, the use of fertilizer and improved seeds, irrigation, better use of valleys and the terracing of hillsides. However, experts have serious doubts as to whether these measures are promising. The government ascribes the recent growth of agricultural production to its crop intensification program, but it could also merely be the result of favorable weather.

The most crucial part of the agricultural reform is the titling of land, which has just been initiated and is scheduled for completion in 2014. Besides the consequences already mentioned, millions of peasants will become landless as a result of this process. This would be acceptable if the government were to succeed in creating alternative employment. "Vision 2020" is supposed to create 1.4 million new jobs outside agriculture by 2020. Midway through the strategy's implementation, it is evident that this goal will be accomplished only marginally. The most likely scenario is that there will be several million landless and jobless peasants with no

prospects, nourished and clothed with the support of international aid. This sheds serious doubts on the sustainability of the government's strategy.

The controversial agricultural modernization policy demonstrates the insensitivity of the authoritarian government to the social consequences of its own policy. In the late 1990s the government propagated and implemented policies to concentrate settlement in villages and encourage land sharing. When it was unsuccessful and encountered heavy criticism, the measure was discarded. The weakness of this earlier agricultural modernization strategy was its neglect of social aspects. But due to the short-term interests of ruling circles, the new policy outlined in "Vision 2020" follows the same logic.

However, a change of policy may happen if power-related issues are at stake. The improvement of relations with the DRC was probably meant to calm increasingly irritated foreign donors critical of Rwanda's involvement in the conflicts of the Congolese Kivu region in 2009. Rwanda withdrew its support from the Congolese Tutsi rebel movement The National Congress for the Defense of the People (Congrès National pour la Défense du Peuple, CNDP) and arrested its leader. In the past the Rwandese army and RPF-linked businessmen profited from illicit trade of coltan and other minerals and seemed to pursue a hidden agenda to control and even annex the North Kivu province. President Kagame now entertains friendly relations with President Kabila, motivated by the calculation that the support of the Western donors is more important for stabilizing his power and his country's economy. In the same spirit he settled his quarrel with France. With these moves he hopes to secure foreign aid at its present level for the coming years without sacrificing the option of once more interfering in the Kivu region under more appropriate circumstances.

There is no sign that Rwanda will change its controversial policies relating to reconciliation with the followers of the former regime. These policies result in a combination of total legal neglect of ethnic categories and a de facto overrepresentation of ex-refugees and RPF activists in all key positions. Group mobilization or protest movements are smothered at an early stage. Potential opposition leaders are forced to withdraw from politics. The distrust between different groups is suppressed and not openly debated.

15 | Resource Efficiency

The government uses most of its available resources efficiently. However, domestic financial resources are scarce and human resources are politically filtered.

Under pressure from major donors, the state budget is balanced, but only with substantive foreign budget aid. Expenditures for bloated security forces have

Policy learning

5

Efficient use of assets

6

stagnated, but are probably subsidized by unidentified sources or the U.S. government, which reimburses the cost of dispatching Rwandese contingents to A.U. and U.N. missions.

Rwandese bureaucracy performs relatively well in terms of efficient administration. The official ombudsman (a senior RPF member) and parliament (with its large RPF majority) can only raise selected points of view. There was no follow up to the APRM review comment that inadequate self-criticism increases inefficient resource allocation. There has not been much progress with regard to the 2005 APRM report on Rwanda. Mistakes are rarely recognized. Once the government has made a decision, it resists any amendments.

The inner circle of power headed by President Kagame coordinates politics hierarchically and without noticeable internal deviation. Public statements by government representatives are always aligned with the official policy of the presidency. The political leadership replaces interfering individuals immediately. But in spite of all efforts, coordination between ministries remains deficient.

Policy
coordination
7

The fight against corruption is an official priority. It serves at least three functions, namely fighting negative economic impacts and strengthening development, removing personnel who are out of line politically, and improving the country's international reputation. Consequently, lower-grade civil servants are prosecuted if allegations are brought against them. Corruption charges against members of the political and military elite are probably the result of rivalry and power struggles. One good example is the 2010 case against the four high-ranking Tutsi renegades Kayumba Nyamwasa (former army chief of staff), Patrique Karegeya (former director of external security), Theogene Rudasingwa (former cabinet director of the president), Gerald Gahima (former prosecutor general and then vice president of the supreme court). All four have now been condemned in absentia for corruption (among other charges). The charges are most probably justified but it is most likely that their practices were already known and tolerated when they were in office.

Anti-corruption
policy
5

The flawed judiciary makes it impossible to distinguish between legitimate and politically motivated allegations. In general petty and political corruption continues to be a major problem.

16 | Consensus-Building

According to the official analysis of the Rwandese authorities, the 2003 constitution has created a favorable environment for civil society and free mass media, instituted a forum where political parties can deliberate, and empowered people at grass roots. The authorities insist that political pluralism and power sharing have been

Consensus on goals
4

entrenched in Rwanda's political culture by the country's context and experiences and are driven by the search for social cohesion, national development and economic prosperity.

In reality, the RPF leadership has achieved internal security and some unsustainable economic progress. With the gacaca courts, bureaucratic decentralization and the new distribution of land ownership, the RPF is about to form a new social structure of an estranged peasantry and underclass (which can be easily controlled and manipulated) and an adaptable and opportunistic middle class of state and business employees.

Any signs of political opposition are met with the charge of divisionism, harassment and ill intentions bound to the legacy of ethnicity and genocide, corruption, nepotism or the inherited culture of fearing leaders.

The president, being virtually the sole domestic political actor of real importance, employs a strategy in which dissident opinions are eliminated before the negotiation of real consensus. The current leadership hopes to gain legitimacy at least among the middle and upper strata by economic progress toward a full market economy through liberalization, albeit without liberal democracy.

There are no pro-democratic reformers with significant political influence in Rwanda. Potential reformers are mostly in exile. Non-democratic actors dominate all branches of government and public power.

Anti-democratic
actors

2

The influence of the military is still very high. Internal and external security and the military's own privileged status remain their top priorities, to be maintained at all costs. Consequently, a mixed style of military and entrepreneurial leadership dominates politics with an authoritarian tone. Defections of high-ranking officers show frictions within the security forces; however they are the consequence of internal rivalries and power struggles rather than the result of democratic convictions.

Fear of revenge or loss of privilege prevent victims of the genocide, Tutsi refugees and repatriates from neighboring countries from favoring political. The president cannot afford to alienate these groups, since they constitute the core of the protagonists of his regime.

During the period under consideration, there was no danger of cleavage-based conflicts on Rwandese territory. Hutu militias in the Congo are no longer a serious threat but, together with the activities of oppositional Rwandese in exile, they provide evidence of how the unsolved conflict is defined by ethnic identities. The secret continuation of the conflict is exacerbated by the fact that Tutsi repatriates are overrepresented in all privileged realms of society.

Cleavage /
conflict
management

3

There are very few independent civil society actors in Rwanda. The Rwandese League for the Promotion and Defense of Human Rights (Ligue Rwandaise pour la Promotion et la Défense des Droits de l'Homme, LIPRODHOR) still suffers under the vague and unsubstantiated allegations of “genocide ideology” made against their leaders some years ago. Rwandese human rights defenders continue to cite this case as a defining moment that still restricts their work. The public denunciation of international human rights groups as “sectarian operators” and “deniers of the genocide” during the 2010 presidential campaign has served to heighten their fears. The government strictly controls the support of CSOs by external NGOs.

Civil society
participation
3

Other actors, such as genocide victims’ or women’s’ organizations, profit from close relationships with government officials. Some NGOs appear to be more like parastatals than CSOs. Segments of civil society, such as women, youth or disabled people, are officially integrated in the polity via reserved seats in parliament.

The government openly criticizes the notion of civil society as a counterweight to government and insists that national and international NGOs must be effective partners in service delivery and for development. National and foreign development NGOs are therefore increasingly forced to integrate their activities into the institutionalized development implementation.

The re-election of President Kagame with the consent of almost 90% of registered voters is interpreted by the government as confirmation of a successful reconciliation process. It claims that the Rwandese, enjoying a climate of national harmony, peace and security and socioeconomic prosperity, had expressed their full confidence in the president with this result.

Reconciliation
3

There are however no objective data of real perceptions of the reconciliation process. Neither the electoral results nor the public opinion surveys commissioned by the Senate, the continuing activity of Forces Démocratiques de Libération du Rwanda (FDLR) in the DRC nor the anti-RPF propaganda of the escaped or exiled Rwandese abroad can be taken as reliable sources to prove success or failure of the restoration of national unity.

In order to prove its legitimacy and sideline leaders outside the “Uganda elite”, the current leadership conceptualizes reconciliation narrowly and one-sidedly as the handling of perpetrators of the genocide and sympathizers of “tribalism” and “divisionism”. This leads to an inherent contradiction: On the one hand, the RPF’s reconciliation policy is based on the neglect of ethnic identities and the interdiction of all ethnic references, but on the other, it officially dubbed the 1994 tragedy as the “genocide of the Tutsi” in an August 2008 constitutional amendment. This inconsistency explains the RPF’s fervent reaction to a U.N. report published in October 2010 on the atrocities committed by the RPA against the Hutu refugees in the first Congo war (1996 –1997). Its adamant stand on this report is in line with its

refusal to investigate the crimes of the RPA both during and after the civil war of 1994 – 1995, or to identify the perpetrators of the assassination of President Habyarimana on 6 April 1994.

In retrospect it appears that the current leadership has never been willing to seek inclusive reconciliation. It pursues with a skillful combination of measures its intention to engineer the transformation of the Rwandese society according to its nationalistic and authoritarian ideology. The outcome of these efforts remains to be seen.

17 | International Cooperation

Rwanda depends entirely on foreign assistance. Neither the trade deficit nor the budget could be balanced without foreign aid. The country's own revenues suffice only to cover the salaries of state employees; all other expenses, around 50%, are financed by foreign aid. The creditworthiness of the country, the influx of foreign investments and credits depend on the expectation of increasing international aid. The ambitious socioeconomic strategy "Vision 2020" would have no credibility without commitments from the main donors.

Effective use of
support
7

In the first few years after the genocide, donors provided aid while accepting their own responsibility for the failures of 1994 and the lack of reliable alternatives. They agreed to finance the rebuilding of the failed state and were ready to neglect its deficiencies. However, since the turn of the century they have increasingly insisted on good governance and an end to Rwanda's interference in the DRC. The government responded with a poverty reduction strategy and accepted assistance for the reform of the public finance and banking systems, for agriculture and for infrastructure. Rwanda implemented NEPAD's APRM, and also agreed, though hesitantly and never fully, to cease intervening in the DRC. Rwanda gained a reputation for firmness against corruption and using aid effectively. Official development assistance (ODA) commitments increased year after year, as did the number of donors active in the country. The government grasped the opportunities provided by the Paris Declaration on Aid Efficiency and insisted on the priority of "on-budget" development assistance. The country is considered to be an excellent example of how country-owned reform can produce tangible results. International donor agencies are highly satisfied with Rwanda's economic cooperation. They praise the current government for its clear commitment to good governance, market policy, financial transparency, for its economic trajectory, development achievements and the high level of internal calm and order.

In line with their deep and prestigious involvement in Rwanda's reconstruction, the IMF, the World Bank, the United States, the United Kingdom and the EU prefer either to ignore the country's democratic deficiencies and human rights violations

Credibility
7

or to express their concerns only privately and diplomatically. Other international actors ignore or hesitate to criticize democratic deficiencies behind the power-sharing façade, while academic experts generally underline the political shortcomings that endanger the country's future. In the absence of any promising alternative, international actors hope that democratic improvements will follow economic development. Kagame's straightforward style and ability to define preferences have won him credit in international economic cooperation, although occasionally he does not hesitate to embark on harsh polemics against the United Nations, human rights organizations and the agencies of Western donor states. He insists on sovereignty and demands that Rwanda be considered at eye-level with international actors. While France settled its dispute with Rwanda about the prosecution of RPF officials for alleged war crimes and has resumed diplomatic relations, Netherlands and Sweden are irritated about the human rights situation and have already broken off their budget aid twice.

Relations with the ICTR remain strained, but since the mandate of the ICTR will end soon, this doesn't matter any more politically.

To improve its image and gain prestige, Kigali is attempting to become a regular venue for international conferences and participates in U.N. and A.U. military missions. Due to the efforts of the British government, Rwanda has also become a member of the Commonwealth, although some of its members expressed concern over the commitment of the Rwandese government to civil rights and democracy.

In the context of its economic strategy, Rwanda has turned to the East and became a full member of the EAC in July 2007. This integration into the EAC is economically reasonable. Rwanda will profit from the customs union since substantial parts of the country's trade are either imports from Kenya or are transited through the ports of Kenya and Tanzania. Whether the efforts to turn EAC into a common market and monetary union will be successful remains to be seen, however such a development could reduce Rwanda's serious economic problems.

Relations with the DRC have been very difficult for the past ten years due to Rwanda's involvement in the DRC civil war and the illicit exploitation of natural resources. Since Rwanda at least temporarily lowered its interference in the eastern Congo, cooperation between the two countries in general and particularly in the field of security has improved. In this context the regional organization Communauté Économique des Pays des Grands Lacs (Economic Community of the Great Lakes Countries, CEPGL) has been revived.

Regional
cooperation

6

Strategic Outlook

The undemocratic results of the 2008 parliamentary and the 2010 presidential elections have given the RPF a base to further strengthen its dominance in the future. The presidency will remain the real center of political gravity. There are no internal actors who could challenge the power of the president and its inner circle. Virtually all serious opponents will remain in exile with the risk of being further isolated and attacked. The prosecution of Victoire Ingabire will be a test case. A heavy sentence for divisionism will cause further deterioration to the chances for reconciliation. The recent desertions or exclusions of top army officers are only signs of internal power struggles and are not motivated by democratic aspirations. The population is under close supervision by the security forces and any sign of independent organization is immediately followed up. Any serious pressure for more political liberties and democracy is unlikely to develop in the next few years. The distance between the political leadership and Rwandese society (including parts of the elite) is broadening, which could lead to the government taking insensitive measures and provoking unrest.

There are no more external security threats. The FDLR has degenerated into a criminal association. It no longer has the military strength to attack Rwandese territory. The reconciliation with the president of the DRC and the integration of the Tutsi former rebel group CNDP into the Congolese army as a semi-autonomous unit are an additional guarantee against any violent incursion.

The government's strategy is to strengthen its legitimacy through economic success triggered by its modernization strategy. Here lie the real dangers: The methods and measures employed may be inappropriate and insufficient or erroneously conceived. Negative social consequences may not duly be taken into consideration. If growth rates slow down and inflation increases the regime may lose the support of the middle and upper strata.

Currently, the country is calm, safe and orderly, but the latent potential for conflict must not be underestimated. If conflict escalated once more, the country's slow economic success could be destroyed very quickly. The government should do more in order to promote growth among the poor and combat increasing income inequalities that leave extremely poor people (mainly rural Hutu) behind. It should also reconsider the consequences of its agricultural policy – particularly land titling.

Although the democratic façade cannot conceal the authoritarian character of the regime, international donors are still prepared to support the government. They hope economic modernization will succeed, the level of education increase and poverty decrease. On this basis, they expect that political liberalization will progressively replace repression. However, this arrangement is highly fragile in the light of the serious shortcomings of the current strategy.

There are further hidden dangers. Rwanda's economic success is highly dependent on its regional environment. The decline of the Habyarimana regime was accelerated by the civil war in Uganda. Rwanda's neighbors are by no means politically stable. It is at present impossible to predict the political future of the DRC, Burundi or Uganda. Even if political turmoil in these countries does not contaminate the calm and order of Rwanda, it could deter the foreign investment indispensable for Rwanda's development strategy.

In reconsidering all the risks, Western donors should be more critical and consequential in respect of the government of Rwanda's plans and policy implementation. While it is very difficult to design alternative scenarios, the medium- and long-term consequences of a possible full or partial failure of the current leadership should be duly taken into consideration and timely countermeasures envisaged.