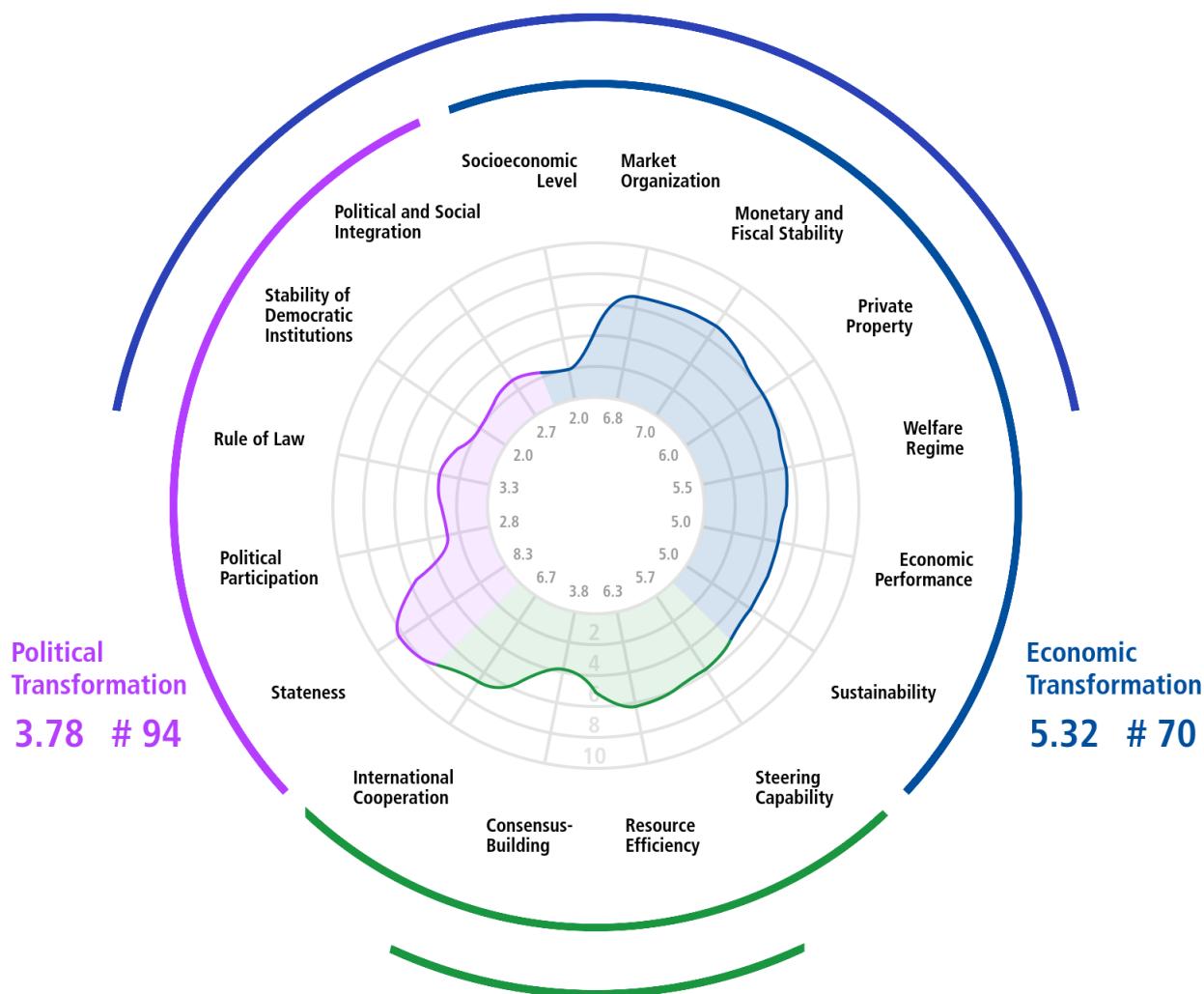


Rwanda

Status Index

4.55 # 86

on 1-10 scale out of 137



Political Transformation
3.78 # 94

Economic Transformation
5.32 # 70

Governance Index

5.29 # 42

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2024**. It covers the period from February 1, 2021 to January 31, 2023. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

Please cite as follows: Bertelsmann Stiftung, BTI 2024 Country Report – Rwanda. Gütersloh: Bertelsmann Stiftung, 2024.

This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Strasse 256
33111 Gütersloh
Germany

Sabine Donner

Phone +49 5241 81 81501
sabine.donner@bertelsmann-stiftung.de

Hauke Hartmann

Phone +49 5241 81 81389
hauke.hartmann@bertelsmann-stiftung.de

Sabine Steinkamp

Phone +49 5241 81 81507
sabine.steinkamp@bertelsmann-stiftung.de

Key Indicators

Population	M	13.8	HDI	0.534	GDP p.c., PPP \$	2792
Pop. growth ¹	% p.a.	2.3	HDI rank of 189	165	Gini Index	43.7
Life expectancy	years	66.1	UN Education Index	0.459	Poverty ³	78.0
Urban population	%	17.7	Gender inequality ²	0.388	Aid per capita \$	97.7

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

Rwanda has maintained political stability and relatively low levels of corruption over the past two years. This is directly attributable to the regime's strong authoritarian grip over the country. Security and control of the territory have remained largely secure. The ruling party, the Rwandan Patriotic Front (RPF), continues to exert significant influence over the country and effectively controls public space and civil society. Loyalty and discipline are expected across institutions and in various aspects of the public sphere. Detractors, particularly those within circles of power, are not tolerated, and many have either been targeted and forced into exile or assassinated. Repression has also been aimed at other forms of opposition, specifically non-RPF political adversaries, journalists and civil society activists. There is minimal space for power-sharing, genuine political diversity, an independent and thriving civil society, or freedom of expression.

From an economic standpoint, Rwanda had been experiencing steady growth by the time the COVID-19 pandemic occurred. GDP had been growing at an annual rate of about 7% throughout the period from 2010 to 2019, and GDP per capita is at a rate of 5%. As a result of the COVID-19 pandemic and its impact on the economy, Rwanda experienced a contraction of its GDP (-3.4%) in 2020. The Rwandan economy rebounded in 2021, with a GDP growth rate of 10.9%.

The country's important structural constraints have remained unchanged. Rwanda is a landlocked country, which affects its transportation costs and its ability to compete with neighbors. It has a small resource base, which it has tried to transform by investing in the service sector. While it has made important headway in terms of restructuring its economy, major impediments continue to limit development – notably a modest level of industrialization, a small formal sector, high levels of unemployment or underemployment, and a high level of dependency on foreign aid. Most Rwandans continue to live in rural areas and to live off subsistence farming on decreasing quantities of land. Poverty rates are therefore high – even higher than the government estimates, according to some researchers. Most Rwandans have little formal education and few labor skills to contribute to the type of economy the Rwandan government aims to set up. Economic disparities

increasingly overlap with socioeconomic – especially urban-rural – and ethnic divides, which makes the combination a source of frustration, especially among those not privileged or as privileged by the Rwandan government’s policies. These include subsistence farmers, as well as youth working in the informal sector in cities.

In addition, the party’s impact on the economy remains significant. The president and his top advisors advocate for an authoritarian developmental state. Consequently, a group of favored businesses overseen by the military and the ruling party has extended its control over the market. In rural regions, the government has exerted considerable influence over the agricultural sector by way of cooperatives managed by local administrators who are predominantly loyal to the ruling party. Despite the Rwandan government’s claim to espouse liberal and market-oriented policies, it continues to exert substantial influence over the economy and market.

History and Characteristics of Transformation

The Rwanda we see today gets its character from three sources. It is shaped first by its history, including traditions and customs that reach back to times prior to contact with Europeans. These traditions and customs were dictated by a centralizing Tutsi monarchy and traditional lifestyles. Successive regimes have reinterpreted this past to buttress their political stances. This is also the case of the current government in Kigali, dominated by the Rwandan Patriotic Front, which claims to tie many of its policies and initiatives to Rwanda’s traditions. Second, the country’s trajectory has been shaped by external interventions and influences, from the colonial era under German and Belgian administrations to foreign influences in the form of relations with key allies, such as France, the United States or the United Kingdom today. The imprint of external relations on Rwanda’s trajectory can also be felt in terms of regional relations, especially with the neighboring Democratic Republic of the Congo. Finally, Rwanda was dramatically impacted by the 1994 genocide against the Tutsi, which constituted a massive disruption of life and structures across the country, while also constituting, in its aftermath, an opportunity to redevelop the country.

The country has been ruled by an autocratic government since gaining independence. Emerging from a backdrop of civil unrest, the First Republic quickly transformed into a de facto one-party system. The First Republic took over the joint governance of the Tutsi monarchy and the colonial administration that existed prior to independence and was largely led by Hutu officials from the South and Center. A coup led by officers primarily from the North brought about the Second Republic. Even after independence, regional and ethnic identities continued to fuel divisions and political turmoil. Administrations following independence also faced economic challenges. The country, already densely populated, lacked modern infrastructure and relied heavily on subsistence farming and cash crops like tea, coffee and pyrethrum. Unlike some neighboring countries, the nation possessed only modest mineral resources.

By the late 1980s and early 1990s, the government confronted a multifaceted crisis of legitimacy. It encountered escalating domestic discontent due to its inability to handle economic instability and faced calls for political and economic liberalization from certain key international allies, such as France. The situation was further exacerbated by the commencement of the war with the Rwandan Patriotic Front – a rebel group comprised of exiled Tutsi and political opponents – which launched an attack on Rwanda in October 1990.

In the context of severe political division, the genocide began following the shooting down of then-President Juvénal Habyarimana’s plane upon its arrival in Kigali on April 6, 1994. Over the next three months, hundreds of thousands of Tutsi were massacred, along with moderate politicians. In July 1994, the Rwandan Patriotic Front successfully took control of the territory from government forces and militias. Millions of perpetrators, as well as ordinary Rwandans, fled to neighboring countries during and after the genocide.

In subsequent years, the RPF established control over the political system, starting as early as the first years following the genocide. Established Hutu politicians were forced into exile, assassinated or prosecuted for allegations of corruption throughout the 1990s – a practice that has been extended since to other political opponents, especially under the guise of accusations of complicity in the genocide or of sowing ethnic hatred. The RPF-dominated government has also targeted opponents abroad, most notably through Rwanda’s direct or indirect armed involvement in the DRC, which has been regularly condemned by the international community. Additionally, the government has conducted targeted assassinations of some key detractors abroad.

Over its decades in power, the RPF, under current President Paul Kagame, has extended its dominance of the political landscape. Recognized opposition parties generally follow its lead and are made to operate by consensus. The government has undertaken significant political reforms, including at the lower administrative levels, to achieve greater RPF presence and influence at the local level. The government has also undertaken major economic reforms, ranging from a complete new economic vision for the country to changes implemented in the lives of Rwanda’s subsistence farmers, who continue to be a large economic group. Though donors have at times been critical of the government, especially of its involvement in the DRC, they have largely been strong supporters of its reform agenda, especially in the economic and development sectors.

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

Transformation Status

I. Political Transformation

1 | Stateness

The history of Rwanda as a functioning polity dates back to ancient monarchical times, with a structure already at that time built on extending power through hierarchical political allegiances. In present-day Rwanda, the president and his top aides hold the monopoly on the use of force. Rwanda's densely populated territory is tightly controlled by strong police forces, security services, armed forces and local authorities. Given the density of armed personnel and authorities, levels of public safety are high. Incidents of politically motivated violence are rare.

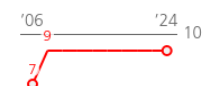
Rwanda does not have rebel groups operating on its territory. However, the country has experienced attacks from armed groups in neighboring countries in recent decades, which has partly led to its involvement in the Democratic Republic of the Congo (DRC). Over the years, rebels have infiltrated Rwanda through border regions in order to target the civilian population and destabilize the state. Moreover, certain former rebel groups in the DRC have merged with the Rwanda National Congress (RNC) in both eastern Congo and southern Uganda. The renewed rebel violence in the neighboring DRC has recently caused significant tensions between the DRC and Rwanda. These tensions arise from the alleged involvement of President Kagame's government in supporting one rebel group, the M23 (Mouvement du 23 mars). However, the Rwandan regime disputes this claim. The recent violence has also resulted in incidents of cross-border shelling, with some attacks reaching the Musanze district, for instance.

The current government has made significant efforts to present itself as being capable of ensuring security within its territory. Consequently, many segments of the Rwandan population acknowledge the state's authority in this regard, despite the compromises in terms of political transparency and freedom of speech.

Question
Score

Monopoly on the
use of force

9



1

The government asserts a commitment to fostering an inclusive concept of citizenship and belonging to the state. In an attempt to eradicate divisive identities linked to the genocide, it promotes the notion that all individuals in the country are Rwandans (Ndi Umunyarwanda or I am Rwandan policy). Nonetheless, divisions persist, partly due to the forced nature of this policy. Rwanda has a past marked by divisions based on ethnicity, region and socioeconomic status, resulting in disparities both within institutions and among the population. The mass killings of Tutsis in 1994, as well as the alleged retaliatory killings carried out by the RPF against Hutus during and after the genocide (which the regime vehemently denies), intensified social antagonisms. While the ethnic divide is diminishing among some segments of the population, including certain youth, Rwandans are also acutely aware that the current government and privileged elite predominantly consist of Tutsis, leading to some feelings of frustration. However, the most notable and widening divide exists between the upper and middle classes on one side, and the impoverished masses on the other, with the former predominantly residing in urban areas and the latter mostly in rural regions.

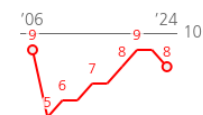
The state is secular. Religion and the state are separate, and diverse religious groups are tolerated as long as they do not question or disturb the authority of the state. Consequently, religious dogmas do not have considerable influence. In fact, the state is in total control of religion. Rwanda has never had a serious problem with Islamic radicalism. To counter its potential and the dangers of terrorism in the country, the government has embarked on a small-scale deradicalization program in some Muslim communities, mostly in Kigali. The Catholic Church has lost the privileged role it enjoyed under the former regime. This is in part due to allegations that it was deeply involved in the genocide against the Tutsi. Nonetheless, the church is involved in socialization and sociopolitical processes, particularly in the countryside. At the same time, there is no open discrimination against LGBTQ+ people. The government of Rwanda has signed the U.N. statement condemning violence against LGBTQ+ people, joining nine other African countries.

In rural Rwanda, the Catholic Church and other faith-based groups have representation on local government councils.

The state has implemented basic administrative structures throughout the country. Administrative services and regulations are well coordinated. Services related to tax collection, the judiciary, sectoral administrative entities and law enforcement are being decentralized nationwide. Government officials are bound by a detailed personal service agreement, known as Imihigo, to the president of the republic. The Imihigo system has proven to be an effective performance management tool and a top-down approach to socioeconomic transformation. Within sub-Saharan Africa (along with South Africa, Namibia, Botswana and Mauritius), Rwanda is considered to have a particularly effective administration.

State identity

8



1

No interference of religious dogmas

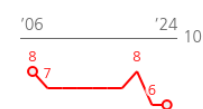
10



1

Basic administration

6



1

The World Bank's World Development Indicators for the year 2020 report that 60.4% of the population had basic access to a water source, 12.1% had access to an improved water source, 68.8% had basic access to sanitation and 46.6% had access to electricity.

Its geography and patterns of settlement have nonetheless posed a challenge to the implementation of administrative structures and the provision of services at the local level. Historically, Rwandans did not reside in villages but were instead scattered throughout the country's hilly terrain. In line with previous administrations, the current government has undertaken efforts aimed at encouraging Rwandans to relocate to villages. Although this transformation has altered the rural landscape, the remote nature of many of these villages, due to the difficult terrain, makes it challenging to access clean water, electricity and schools. Nevertheless, the regime's primary focus on education, health care and digitization has helped mitigate some of these limitations.

The government demonstrated its effectiveness during the COVID-19 pandemic. Through a combination of paternalism and control, the government implemented various anti-pandemic policies, including mandatory mask-wearing, mass testing, curfews, movement restrictions (particularly across district borders), the closure of schools and airports (from March to August 2020), and quarantine measures for incoming visitors. As soon as it became possible, the Rwandan government initiated a vaccination program. The number of COVID-19 deaths in Rwanda was significantly lower than the global average. Paradoxically, however, the pandemic and its economic impacts hindered the implementation of government programs in other sectors.

The rural population's expectations from the administrative structures remain modest and are largely met. Lower district-level administrative structures, especially cells and sectors, are digitally equipped and can be reached within a few kilometers by the populations they oversee. They handle processes such as marriage and birth certificates and passport applications. In collaboration with the districts, they support and enforce the compulsory health insurance system and contribute to the construction of health centers and health posts through compulsory community work (Umuganda). Additionally, they contribute to the government's education policy by constructing schools and overseeing the teaching staff.

2 | Political Participation

The election system, from the village level to the Senate, is indirect. Elections for the National Assembly and the president are direct. Paul Kagame has been president since 2000. The last presidential election took place on August 4, 2017. He was re-elected with 98.79% of the vote for another seven years in office. His reelection was made possible by an amendment to the constitution approved by a referendum on December 18, 2015. The amended constitution effectively allows Kagame to stay in office – if re-elected – until 2034. During the last presidential elections, there were two other previously unknown candidates; a serious third one was excluded. The next presidential election is scheduled for 2024. Recent ideas to hold elections for the parliament and president simultaneously raise questions about whether the separation of powers is fully respected.

The most recent local elections for cell councilors in villages occurred in October 2021. These elections are primarily carried out through public lineups. Cell councilors, in turn, elect the councilors for the sector, and these councilors elect the district councilors, this time through secret ballot. As there is a lack of competing candidates and political parties beyond the RPF, the local councils and committees fall short of functioning as vehicles for political engagement, inclusivity or power-sharing. The most recent local elections for mayors took place in November 2021.

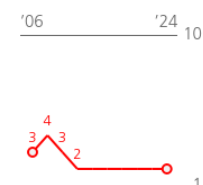
The Senate has 26 members. Twelve senators are elected by the district councils, with two of them being elected by university staff. Additionally, 12 senators are appointed by the president, and four are appointed by the National Consultative Forum of Political Organizations (NFPO).

The Chamber of Deputies is elected by a system of proportional representation for a five-year term. In the last parliamentary election on Sept. 3, 2018, the Rwandan Patriotic Front (RPF) and the small parties under its control won 40 out of 53 elected seats; the two other parties of the coalition won nine seats. For the first time, two new opposition parties were admitted, winning four seats. Twenty-seven seats were allocated to the organizations representing women, youth and disabled persons, with most officeholders selected by the RPF. Thus, the RPF retained a considerable majority. Formerly, the most viable opposition party was the Democratic Republican Movement (Mouvement Démocratique Républicain, MDR), whose leaders played a significant role in the 1993 Arusha Agreement and the first transition government. However, in 2003, the party was forced to dissolve. A party founded in exile by MDR members tried to participate in the elections in 2010. Its leader was arrested on terrorist conspiracy charges in 2010 and released only after the election in 2018, along with 2,000 other prisoners.

Presidential, legislative and local elections are properly conducted. However, Rwandans cast their ballots without true alternatives and in a climate of intimidation. The RPF controls and dominates all electoral campaigns. Moreover, Rwandans fear reprisals and discrimination if they do not vote. The elections therefore contribute

Free and fair elections

2



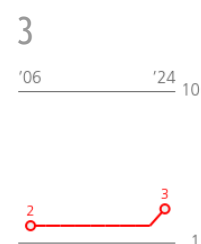
more to the consolidation of the authoritarian rule of President Kagame than to democratization. Lastly, there is no free and independent national print media. Bloggers, whether in Rwanda or working outside the country, present a more critical view. Civil society remains weak, and electoral commissions do not seem to be independent. This definitely means there is no fairness in the whole electoral process. Nevertheless, since the power of President Kagame and the RPF is no longer seriously questioned, the government has allowed a little more political competition than previously.

Elections are not the primary source of legitimacy for the government and its policies; it is the government's performance – specifically, its policy outcomes – that provides legitimacy. Due to vivid memories of the genocide against the Tutsi in 1994, the country prioritizes unity and reconciliation over fully representing a plurality of views, opinions and perspectives. Engaging in open and contentious discussions about sensitive topics can potentially ignite hatred and violence, which is carefully controlled under the current conditions.

The constitution grants the president extensive authority over matters of security and foreign policy. The president has the power to designate the prime minister and cabinet members. While the constitution mandates that ministerial positions be divided among all parties represented in parliament, the president retains the ability to choose individuals from within those parties. Moreover, the president appoints personal advisors, senior military officers, top administrators, chief judges and a quarter of the senators. Consequently, the system is largely a carefully constructed institutional façade. Both the ruling party and the president exert influence over the majority of public and civil servants, which undermines principles of liberal pluralism and competitive processes.

The power of the president still draws on his achievements in ending the genocide against the Tutsi in 1994 as a young military officer. Today, his power 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). The Senate and the National Assembly, with their large RPF majorities, rarely use their constitutional competencies to develop initiatives of their own. They are allowed to discuss issues and proposals as long as they are not related to state power, state security or the prestige of the president. Generally, they unanimously approve the government's proposals. Contrary to other African countries, substantial discussions seldom take place between the parliament and foreign donors on issues of development and public finances. The regime has sufficient legal and forceful means to silence any open critics – they risk being accused of “divisionism” and condemned to long prison sentences. The members of the inner power circle are bound by absolute loyalty. Any detractor or dissenter can be considered a dangerous traitor and may be demoted, jailed or forced to seek refuge abroad.

Effective power to govern



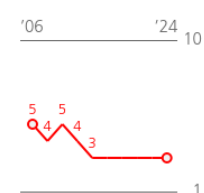
Even overseas, renegades may face additional harassment through requests for extradition or through direct action by the Rwandan secret services, which – as some cases demonstrate – do not hesitate to order assassinations of individuals deemed as a threat to the regime.

The constitution guarantees the freedoms of assembly and association; however, assemblies require police permits and are subject to government restrictions. Opposition groups or people suspected of not supporting the government are rarely accorded the right to exercise the freedom of assembly. Over the past years, government intimidation, harassment, obstruction and threats have significantly undermined independent organizations. NGOs and community service organizations (CSOs) are politically and socially marginalized by the government and allowed primarily as a necessary concession to its international reputation and as sources of additional funds. All non-governmental organizations (NGOs) and human rights organizations must become members of the National Civil Society Platform. Nonetheless, these NGOs are gradually using the government-designed platform to discuss less risky local policy topics. This will not be possible outside of formal structures. The COVID-19 pandemic led to further restrictions on the rights of movement and assembly. Throughout 2020 and the first months of 2021, places of worship, schools and higher educational institutions remained closed or functioned in a limited fashion.

The COVID-19 restrictions on assembly and association rights were nondiscriminatory in nature and met the requirements of legality, necessity and proportionality. For instance, under these restrictions, citizens were permitted to attend churches, weddings and meetings, and were allowed to travel. However, once the infections reached a critical threshold as determined by the Ministry of Health, travel between Kigali and other provinces and districts within the country was prohibited, except for essential and tourism services. Vehicles transporting goods were exempt from these restrictions, provided they carried a maximum of two people. To combat the spread of COVID-19 within the city and the rest of the country, various lockdowns were implemented in Kigali, and movement between districts was also forbidden. The cabinet reviewed and adjusted the COVID-19 restrictions every 15 days to align them with the prevailing circumstances. The measures were transparent, effectively communicated and consistently predictable. Nevertheless, some found them excessively stringent and rigid, particularly those involved in trade and transportation who endured economic difficulties. Understandably, the government lacked the financial capacity to provide compensation on par with wealthier nations.

Association /
assembly rights

3



The freedoms of the press and information, although ostensibly protected by the constitution, are actually limited by the regime’s interpretation of “national unity.” Any criticism of the president and high-ranking officials is deemed a violation of this principle. Information provided on internal government discussions is rudimentary. Therefore, both state-owned and private media outlets engage in self-censorship to evade government interference.

The government interferes with and imposes restrictions on individuals and media outlets that pose questions on certain issues. Typically, this involves blocking media outlets or access to finances, as well as targeted harassment. Journalists critical of the government have endured constant harassment, including arbitrary arrests and intimidation, over the years. Some journalists have fled the country, while others have been arrested. Consequently, a practice of self-censorship has emerged due to fear of government retaliation, revealing a significant flaw in the government’s claimed freedom of the press.

However, the government does not filter internet content or foreign radio transmissions, and government media services comment on international criticism of Rwandan politics. The limitations on criticizing the political system and its representatives likewise apply to foreign media. Most people fear those in power and public institutions and therefore avoid publicly expressing their views.

In relation to COVID-19, access to information was restricted, and the information flow was top-down. Journalists – especially those working in private media and on online platforms – were arrested on the grounds that they had violated COVID-19 measures.

3 | Rule of Law

Legally, a clear separation of powers is established; however, in practice, the executive holds all the power. Neither the legislature nor the judiciary challenges the executive. The central administration adheres to a top-down approach, with the president as the chief decision-maker at every level.

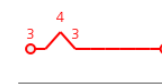
The powers, functioning and organization of the judiciary are regulated by normal law. The president appoints the top judges, who, in turn, appoint other judges. According to the constitution, the judiciary is independent. However, the courts are susceptible to government influence and manipulation. It is unlikely that this system will change in the near future, as President Kagame has secured power potentially until 2034 if he is re-elected twice (next elections in 2024). He can be re-elected again in 2029 based on the revised constitution.

The recent imprisonment – and subsequent release – of Paul Rusesabagina highlights the executive’s use of the judiciary for political purposes.

Freedom of expression

3

'06 _____ '24 10



1

Separation of powers

2

'06 _____ '24 10



1

The Rwandan judiciary serves an important political function. It is generally perceived as independent and fair and is seen as supportive of the less privileged and promoting inclusivity. The judiciary has the authority to interpret laws and review legislation and policies. However, in reality, the judiciary lacks true independence and is frequently influenced by the executive branch. Individuals critical of the regime frequently encounter unfounded accusations, while judges tend to align with the government's position.

Challenges also persist in relation to the necessary training and support for local mediators (abunzi), as well as the limited access to high-quality legal representation. Additionally, there is limited public awareness and understanding of legal processes, rights and dispute resolution mechanisms. Legal advice and conflict mediation are also included in the Umuganda meetings, which take place after shared community labor. The Umuganda is a mandatory community service organized at the village level by local authorities. It occurs every last Saturday morning of the month and involves collaborative endeavors such as cutting grass in public spaces or providing similar services. Its implementation was suspended during the pandemic and has recently resumed.

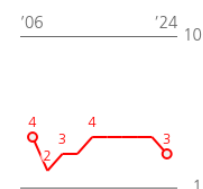
Public officeholders who abuse their positions are thoroughly prosecuted and penalized. Ministers, mayors and public officials need to be very careful. The slightest accusation of improper behavior in office might land them in prison. In 2019, several mayors and other local officials either resigned or were dismissed for corruption and other misconduct, particularly related to a lack of transparency in financial matters. Rwanda ranks 54th out of 180 countries on the Transparency International Corruption Index, with a score of 51 out of 100. It is the third-best-ranking country in Africa, preceded only by Botswana and Cape Verde. Its score is comparable to that of Greece.

In addition, in 2020, other key officials – for example, the former minister of education – were prosecuted on the grounds of corruption. They were joined by other high-ranking officials in the Ministry of Finance and Economic Planning and Infrastructure who had already been tried and are serving their sentences.

At the same time, the construction of accusations can also be used as a political tool. Critics and opponents considered dangerous by the regime are prosecuted on fabricated charges of genocide revisionism, corruption, terrorism and immoral behavior. The judiciary serves as the means through which the government perpetuates authoritarian rule by prosecuting opponents and critics of the state.

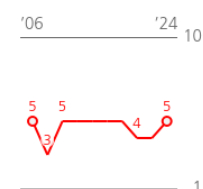
Independent judiciary

3



Prosecution of office abuse

5



Civil rights are codified by law but are not respected or protected. There are tight restrictions on the freedoms of speech, press, assembly and association. The government restricts and harasses some local and international NGOs, as well as foreign-funded media and human rights programs that have reported on the regime's repression or policy failings. Transparency International, Lawyers without Borders, and the Rwandan League for the Promotion and Defense of Human Rights have had their programs shut down or rendered powerless under government pressure. Political opponents are often targeted, and the perpetrators are never prosecuted, nor are the cases investigated. There have been accusations of the police torturing people in so-called safe houses across Kigali. Despite the outcry over their existence, the government has never admitted they exist or addressed the violations committed in them.

The arbitrary or unlawful killing of opponents within and outside the country represents a severe human rights problem.

Violations of civil rights by security forces and civilian officials are prosecuted only selectively. The majority of the Rwandan people are aware of the limited political space in such an environment. To benefit from any government or foreign-funded aid, they must demonstrate loyalty to the president and his party. Resistance in politically sensitive matters only worsens their situation.

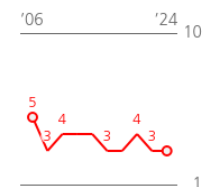
4 | Stability of Democratic Institutions

The main focus of Rwanda's institutional setup is efficiency, control, performance, and unity. Any request for pluralism would be seen as a step back into times of divisions. Future generations may be able to overcome this logic, which is still deeply rooted in the attempt to overcome the genocide tragedy. However, as long as the Kagame generation remains in charge, the logic of those who fought the genocidaires will prevail. Although the government tries to show the outside world that there is an independent parliamentary and judicial system in place, there is no separation of powers in Rwanda. The official administration and orders come from "above" with the help of a ubiquitous secret service. A second chain of control is exercised by RPF structures down to the local level. Officers, deputies, senators and higher officials – particularly those outside the FPR – are under special supervision. Political debates are filtered in advance within the NFPO and are permitted only as long as they do not tarnish the image of the president, call his power into question or endanger the thin ice of reconciliation on which Rwandans walk.

Elections are part of the authoritarian setup of Rwanda's government politics, functioning more openly on the local level than on the national level. However, even at the local level, local authorities maintain a tight grip on the population in the villages.

Civil rights

3



Performance of democratic institutions

2



The inclusion of two new parties in the last parliamentary elections occurred without posing any threat to the power of the system. However, it is noteworthy that the Democratic Green Party – a party the government had previously attempted to hinder – obtained its inaugural parliamentary seats in the 2017 elections. Whether this marks an initial move toward a more liberal and pluralistic approach to Rwandan politics in the future remains to be seen.

The application of the term “democratic to Rwanda is of ambiguous validity. On one hand, there are plenty of opportunities for every Rwandan to participate and contribute. Discussions take place on the village level, and individuals openly express their grievances during Umuganda sessions. However, this does not necessarily have a political nature. Challenging those in power publicly is not common in Rwanda, as the society is highly structured around hierarchical principles. As a result, the involvement of individuals feels more like subjects intervening rather than an equal exchange of ideas. Participation is encouraged when it is constructive and aligns with government objectives.

Commitment to democratic institutions

2

'06 '24 10



5 | Political and Social Integration

The party system is relatively stable. The RPF completely dominates the political landscape. Although other political parties exist, the RPF has superior organizational structures and financial resources compared to all other parties. Party membership is appealing to many individuals who view it as advantageous for careers in administration and business. At the national level, all registered parties are required to participate in the consultations of the NFPO. The forum serves as a control mechanism, preventing direct clashes among parties and in parliament.

Party system

3

'06 '24 10



Generally, elections in Rwanda are well organized. The results since 2003 have remained the same and stable, with the RPF party winning the majority of votes at over 90%.

In post-genocide Rwanda, the Rwandan Patriotic Front (RPF) is deeply rooted in society and holds significant power. Limited polarization exists among political parties, as the focus is on national unity, which serves as the slogan and a reflection of the legacy of the genocide. The RPF acts as the embodiment of this unity, aiming to bridge the divisions and overcome the past’s deep-seated animosity.

There are a variety of interest groups in the country. Most of their activities are limited. The majority of the interest groups concentrate solely on economic and social, but not political, changes. If religious groups are perceived as political, the Rwanda Governance Board (RGB) intervenes. This was seen in 2020, when the leadership of the Pentecostal church was compelled to resign and the RGB appointed a new leader. The constitution allows for the rights to establish trade unions, to participate in collective bargaining and to strike, but collective bargaining and strikes are constrained by binding arbitration rules and are minimally practiced.

All interest groups and NGOs are obligated to participate in state-controlled umbrella organizations. They lack sufficient space for independent initiatives and actions, and there is no cooperation among them.

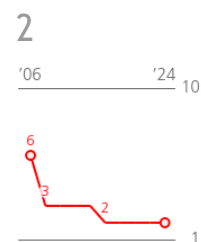
A country in which a self-declared majority tried to annihilate a minority does not have the best preconditions for a system based on majority decisions. This must be kept in mind in all aspects of Rwandan “democracy” – including the elections at various levels and institutional setups. The country is more driven by an urge for unity, which is supported by the vast majority, as well as reconciliation on the village level in order to heal the wounds of genocide that remain tangible in everyday life. The term “consensual democracy” can, to a certain degree, describe the institutional logic of Rwandan politics. However, rhetoric and political programs are not meant to represent different opinions and positions but are instead focused – perhaps even obsessed – with the idea of unity. For the most part, levels of public approval of the police, the military, the president and the state bureaucracy are high, and the public shows little preference for a specific form of government. However, a closer look at the annual national surveys of citizen satisfaction regarding the government and administration shows that the survey does not capture public opinion per se, but instead seeks to demonstrate the popularity of the RPF party and the president. The COVID-19 pandemic did not change this. The majority of the population expressed its satisfaction with how the executive was able to contain the spread of the virus and organize the vaccination campaign.

Survey results in Rwanda, in general, must be taken with a grain of salt because there is no data on public attitudes toward the Rwandan practices of government.

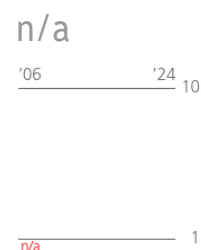
The Reconciliation Barometer continually gauges the level of trust on different levels and toward various institutions, such as the police and public officials. The primary concern, though, is that the government’s potential underperformance may lead to a lack of trust. There is apprehension that the nation’s economic growth is not adequately benefiting its most impoverished residents, as they remain marginalized from advanced agricultural initiatives and the opportunity for quality education.

To regain trust, the government has sought to improve health care and education and introduced a social protection program known as the Vision 2020 Umurenge Program (VUP). As part of the health care improvement initiative, a decentralized health system was implemented. By the end of 2018, each of Rwanda’s 15,000 villages had

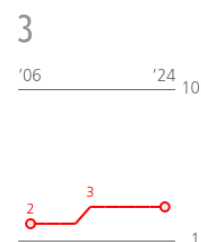
Interest groups



Approval of democracy



Social capital



at least four community health workers who were responsible for the health of their villagers. The presence of community health workers played a crucial role in strengthening trust within villages and the overall health system. Additionally, the health care program aimed to provide universal access to a range of medical treatments, which included HIV prevention and antiretroviral treatments. The VUP's objectives also encompass assisting the poor through employment in public works projects, fostering off-farm productive capacities through microfinance opportunities, and offering direct support to landless households.

These efforts certainly helped to increase trust and solidarity among the citizens at a local-community level. Especially during the COVID-19 pandemic, surveys show that the population had very high levels of confidence in hospitals, health clinics and vaccination programs. However, a low level of trust remains toward the central government, as the gap between rich and poor is constantly increasing, and the measures to prevent the spread of COVID-19 excluded the majority of the rural poor population from economic participation because of strict state regulations on housing and sanitation.

II. Economic Transformation

6 | Level of Socioeconomic Development

Rwanda is a small, landlocked and highly densely populated country with limited resources. This condition significantly influences its economy and future development prospects. According to the World Bank, the country's population reached approximately 13.5 million in 2021, experiencing a growth rate of 2.4% during the same year. Over 80% of Rwandans reside in rural areas, and more than two-thirds engage in subsistence agriculture. Both colonial administrators and subsequent Rwandan governments after achieving independence have prioritized the development of income-generating agriculture, with a particular focus on coffee and tea production. The current government is pursuing an even more ambitious economic transformation plan, first articulated in its Vision 2020 and later updated to Vision 2050. These strategic visions have been implemented through two poverty-reduction strategy papers (EDPRS 1 and 2) and the ongoing National Strategy for Transformation 1 (NSFT 1), covering the period from 2017 to 2024.

Agriculture accounts for roughly one-third of GDP, and some key products such as tea, coffee and pyrethrum are significant Rwandan exports. The current government thus initiated significant reform programs to transition agricultural production away from subsistence farming and smallholder production and toward a productive and market-oriented approach. This has entailed advocating for the professionalization of

Question
Score

Socioeconomic
barriers

2

'06 '24 10



1

agricultural production and greater involvement from the private sector, promoting the adoption of technology, and clustering Rwandans in cooperative groups whenever feasible. However, certain transformations have had disturbing effects on rural communities, resulting in unemployment among a portion of farmers.

Part of Rwanda's Vision 2020 has also been to increase the weight of the service sector in the economy through human resource and infrastructure development, while also promoting a knowledge- and private sector-centered economy. Through these changes, the government hopes to make Rwanda a middle-income country by 2035 and a high-income country by 2050.

These transformations have been slow to be implemented, however. The shift away from subsistence farming has been incremental. Alternative employment opportunities in the small village or city centers that the government has pushed to develop, in commercial enterprises on state-owned land, and in mining have been limited and precarious. In the cities, especially in the booming capital Kigali, the majority of people work in the social services, transport and trade, construction and utilities, or finance and real estate sectors. As part of its economic transformation, the current government has also promoted new technologies, including support for start-ups, tourism and the conference (hospitality) industries. Most of these opportunities have remained centered around the capital, with a few exceptions, favoring urban Rwandans over those living in rural areas.

Poverty rates have declined in recent decades, although the most recent poverty data available dates back to 2017. According to the World Bank, using the national poverty line, the poverty rate stood at 38.2% in 2016/2017, compared to 56.7% in 2005/2006. However, the Bank recently warned that the relationship between growth and poverty reduction had weakened and that there could be a 5% increase in poverty following the start of the COVID-19 pandemic. This decline was largely due to developments in and around the capital and was not experienced uniformly across the country. The Rwandan government produced these latest poverty statistics, and the World Bank has endorsed them, triggering important debates about their veracity.

For similar reasons, accurately assessing inequality in Rwanda is difficult and generates debate, although the consensus is that inequality levels are high in Rwanda, perhaps among the highest in Africa, and are the highest in East Africa. The income share of the lowest 20% was 6% in 2016, compared to 5.2% in 2000, while the income share of the highest 20% was 50.8% in 2016, compared to 54.9% in 2000. The Gini index suggests a rapid increase in inequality between 2000 and 2005, followed by a decline in inequality between 2005 and 2016. This reflects the demographic fault lines in the country, with the small upper and middle classes accounting for about 10% of the population, consisting of civil servants, soldiers, party officials, professionals and business leaders, residing largely in the capital. Therefore, there are significant disparities between economic realities in Kigali and the rest of the country, where a large segment still relies on subsistence farming. This class divide has also

tended to overlap with ethnic identities, with one group benefiting most from government policies and subsistence farmers primarily being Hutu. These overlapping fault lines may become an increasing source of resentment over time. The government has implemented pro-poor and inclusivity policies and measures to address the issue, but these have tended to favor certain categories of Rwandans more than the large group of rural, smallholder farmers.

Rwanda has experienced significant improvements in terms of life expectancy, health, access to education and gender equality since the genocide, as measured by the Human Development Index (HDI). However, the country has stagnated at a score of around 0.5 on the HDI index since 2005, with minimal positive change recorded each year, except for 2020, when the country regressed. Consequently, Rwanda remains in the upper bracket of countries with low human development. The decline in the HDI score in 2020 can be attributed to policies implemented in response to the COVID-19 pandemic. The pandemic had a substantial impact on individuals with limited resources due to strict lockdown measures and their effects on those relying on informal sector employment.

Rwanda's Human Development Index (HDI) score for 2021 was 0.534, while the score on the Gender Inequality Index was 0.388 for the same year.

Economic indicators		2019	2020	2021	2022
GDP	\$ M	10346.7	10172.9	11055.3	13312.8
GDP growth	%	9.5	-3.4	10.9	8.2
Inflation (CPI)	%	3.3	9.9	-0.4	17.7
Unemployment	%	12.4	13.0	13.3	13.0
Foreign direct investment	% of GDP	2.5	1.5	1.9	3.0
Export growth	%	19.9	-9.2	2.9	30.1
Import growth	%	18.1	-3.4	3.6	16.1
Current account balance	\$ M	-1230.9	-1227.5	-1209.2	-1306.3
Public debt	% of GDP	49.9	65.6	66.7	61.1
External debt	\$ M	6514.9	8193.6	8993.9	-
Total debt service	\$ M	325.0	283.7	806.4	-

Economic indicators		2019	2020	2021	2022
Net lending/borrowing	% of GDP	-4.3	-7.2	-	-
Tax revenue	% of GDP	14.6	15.1	-	-
Government consumption	% of GDP	15.8	16.4	17.0	17.0
Public education spending	% of GDP	3.2	3.3	5.6	4.8
Public health spending	% of GDP	2.5	2.9	-	-
R&D expenditure	% of GDP	0.8	-	-	-
Military expenditure	% of GDP	1.2	1.5	1.5	1.4

Sources (as of December 2023): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

In one of its early vision statements, Vision 2020, the current government clearly stated its dedication to a private-sector-led, competitive, market-based economy. Over the past decades, it has championed principles such as reducing bureaucratic obstacles for enterprises, attracting private foreign investment and promoting regional integration.

Notably, Rwanda has developed structures and policies that allow for quick company registration and simplified business procedures. The government has also empowered a group of partners to foster business innovation and startups, particularly in Kigali. Rwanda is considered one of the leading reformers in East Africa and is continuously improving the regulatory environment for private enterprises. However, the U.S. Department of State's 2021 Investment Climate Statement highlighted certain challenges faced by businesses operating in the country, despite the ease of business registration. These obstacles include high transportation costs due to Rwanda's landlocked location, as well as the comparatively small market size.

Another set of important challenges relates to the functioning of the market. A significant segment of the economy remains informal (accounting for approximately 30% of GDP), and more than two-thirds of the population is employed in the informal sector, despite government efforts to expand the formal economy. The regime also exerts significant influence over the economy. It retains some state control through party- and military-led enterprises. Given the current government's strong ties with the military, these dominant enterprises ensure that individuals close to the ruling circles are at the center of the economy. This empowers the president to determine who may accrue economic power, thereby undermining the ability of opponents to raise money. It also enables both legal and hidden forms of reward for key allies. The

Market
organization

5

'06 _____ '24 10



1

way Rwanda has transformed key infrastructure sectors, such as telecommunications and electricity, into private-public partnerships (PPPs), has not fostered competition. However, the situation could improve with the recent adoption of a PPP law. In the agriculture sector, which produces Rwanda’s main exports, the government’s heavy involvement in production decisions and labor organization, particularly through cooperatives, has had an impact on local economic decision-making.

The market is open to all investors. Domestic and foreign investments continue to contribute to the Rwandan economy, in part due to opportunities to invest across a wide variety of sectors. The Rwandan government has been especially active over the past decades in trying to attract foreign direct investment and foreign companies to the country. Some of these efforts have been dedicated to rebranding the country and shaking the association with the extreme violence it experienced in 1994. To do so, the government has worked with international consultants to help develop a new image for the country. One of the most iconic examples is the deal with the Arsenal football club to have the slogan “Visit Rwanda” appear on players’ sleeves. Considerable effort has also gone into transforming the investment environment in Rwanda to make it more attractive. This includes the recent creation of a Kigali International Financial Center, which is spearheading Rwanda’s Sustainable Finance Roadmap (2022 – 2029), meant to promote green finance. The Rwandan government also amended key laws in 2021, including its Investment Code, the Law on Anti-Money Laundering and Counter-Terrorism Financing, and the Company Act. Since reaching a high point in 2014 (\$459 million), foreign direct investment inflows have largely been declining, dropping to \$212 million in 2021. FDI is mainly in manufacturing, construction and real estate.

Rwanda introduced a competition and consumer protection policy in 2010 aimed at providing consumers with competitive prices and high-quality products and intended to ensure a competitive business environment for enterprises in the country. The policy is supported by Rwanda’s 2012 Law relating to Competition and Consumer Protection, which is in line with the East African Community Competition Act of 2006. In 2017, another law was enacted to establish the Rwanda Inspectorate, Competition and Consumer Protection Authority. These legal frameworks are intended to be applicable to all businesses operating within Rwanda, including government and parastatal companies. Nonetheless, there has been criticism regarding the dominant position of government and military-affiliated companies, often referred to as “partystatals” due to their close ties to the political elite.

Competition policy

6

'06 _____ '24 10

7
9 5

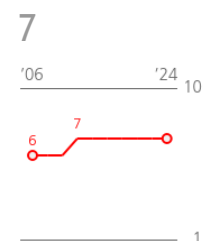
_____ 1

Rwanda is an advocate of trade liberalization and regional economic cooperation. It is a member of the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), and the smaller Communauté économique des pays des Grands Lacs (Economic Community of the Great Lakes Countries, CEPGL). In 2018, Kigali hosted the extraordinary session of the African Union that initiated the African Continental Free Trade Area (AfCFTA), which Rwanda has signed and ratified. The EAC benefits from the United States' African Growth and Opportunity Act (AGOA) and has duty-free access to the European Single Market. Moreover, Rwanda has a Trade and Investment Framework (TIFA) agreement with the United States and has concluded a bilateral investment treaty (BIT) with the United States, making it the only state in the region to do so, according to the U.S. State Department. Nonetheless, a 2019 World Bank study found that barriers to trade and investment still exist, primarily due to the discretionary administration of laws and regulations and the inconsistent application of rules. Investor surveys also reveal recurring concerns surrounding the inconsistent application of investment-related laws and regulations.

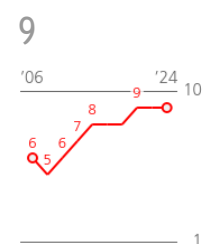
The banking system is free, dynamic and meets international standards. It has experienced growth in recent years, and its stability, structure and efficiency have improved significantly as a result of central bank enforcement rules. The International Trade Association, in collaboration with the U.S. Department of Commerce, stated that the banking system is highly concentrated but increasingly competitive as foreign banks enter the country.

Currently, the banking sector is stable and well capitalized, with an aggregate capital adequacy ratio of 21.5% in December 2021, surpassing the 15% central bank regulatory requirement. According to the most recent data from the OECD (2018), the percentage of bank nonperforming loans as a share of total gross loans was 5.8%. Rwanda's banking industry comprises commercial banks, development banks, cooperative banks and microfinance banks. All commercial banks maintain international correspondent banks in major cities worldwide. These banks are predominantly privately owned, with partial ownership by foreign investors. The national bank of Rwanda oversees the regulation of commercial banks and has enforced a fixed capital requirement of RWF 5 billion (\$5.8 million) for these institutions. Additionally, Rwanda operates a stock exchange that includes listings for some of the country's larger companies and banks.

Liberalization of foreign trade



Banking system

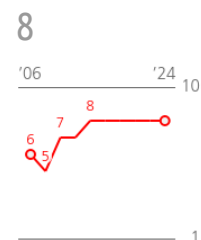


8 | Monetary and fiscal stability

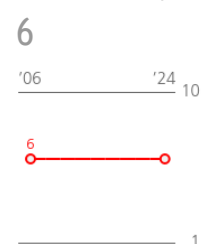
The government is committed to price stability and a stable currency, the Rwandan franc. The IMF and the World Bank monitor the country's monetary and fiscal policies. The exchange rate between the Rwandan franc and the U.S. dollar has been consistently declining over the last five years, with \$1 having been worth more than RWF 1,000 since 2020. The rate of consumer price inflation stood at 9.5% in 2022, its highest such level in a little under a decade, after having declined to 0.8% in 2021. The previous decade saw significant volatility in terms of inflation, with dramatic ups and downs. This sharp rise in the inflation rate in 2022 corresponded to what the World Bank called an “unprecedented” increase in food prices, which posed a significant risk to the most vulnerable populations and could exacerbate poverty. According to the Bank, poorer households were affected more severely than wealthier households by the increase in food prices due to the larger proportion of their income that was devoted to food. Analysts point out that this substantial inflation occurred at a time when the labor market in various sectors had not yet fully recovered after the pandemic, thus further impacting certain vulnerable categories of Rwandans. Increases in food, transport and energy prices have been linked to the war in Ukraine and a poor harvest in Rwanda. Rwanda relied heavily on Russia for wheat and fertilizer and has been struggling to find alternative suppliers in light of sanctions against Russian exports. The government of Rwanda has implemented various strategies to curb inflation, including raising interest rates throughout 2022, providing subsidies for certain goods (such as fertilizer and seeds) and specific transport costs, and increasing spending on social protection.

The Rwandan Economic Update (September 2022) estimated that Rwanda's budget deficit in the financial year 2021/2022 was 7.9% of GDP, lower than the previous year's 9.3%. This decrease reflects a shift away from pandemic measures and spending. According to the IMF, general government gross debt as a percentage of GDP slightly exceeded 67% in 2023, while the general government budget deficit for the same year stood at 5.4% of GDP. In 2021, the country experienced a current account deficit of \$1.21 billion, in contrast to a surplus of \$1.23 billion in 2020, as reported by the World Bank. Despite this, the fiscal deficit, as stated in the Rwandan Economic Update, remains higher than the levels observed prior to the pandemic. Inflation-control measures such as tax incentives and subsidies resulted in lower-than-anticipated tax revenues during the first half of the 2021/2022 fiscal year, exacerbating Rwanda's challenging fiscal situation. Over the past few years, Rwanda's trade deficit has continued to expand, leading to a deficit of \$1.75 billion in 2021. Consequently, the National Bank of Rwanda (BNR) has urged the implementation of budgetary discipline and the reduction of current payment and foreign trade deficits.

Monetary stability



Fiscal stability



The country continues to be highly financially dependent on foreign financing and donor aid. The majority of Rwanda's debt is external (amounting to 82.9% of GNI for 2021) and mainly consists of concessional loans, primarily provided by multilateral institutions. The last two years witnessed a significant rise in borrowing to handle the COVID-19 pandemic, repay existing debt and refinance a debt associated with RwandAir, the national airline. There are no indications of a medium-term return to debt sustainability and fiscal consolidation.

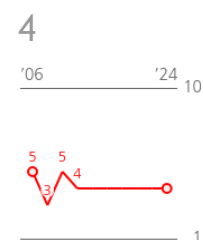
9 | Private Property

Property rights are granted by the constitution in Articles 29 and 30. According to Article 29, every person has the right to private property, whether owned personally or in association with others. According to the constitution, the right to property may not be questioned, except in cases involving the public interest and only in accordance with specific circumstances and procedures determined by law that are subject to fair and prior compensation. Article 30 further states that the state grants private ownership of land and other rights related to land. The law also specifies the modalities of acquiring, transferring and using land. Thus, property rights and the regulation of acquisitions and benefits, as well as the use and sale of property, are well-defined and constitutionally guaranteed.

This said, the right to own land and property remains de facto with the government, a small group of the elite and the urban middle class. Property and land titles are highly politicized, with loss of ownership possible under the public interest statute. The state holds supreme power to manage all land located on the national territory, which it exercises in the general interest with the goal of ensuring rational economic and social development. Farmland that is not properly cultivated can be taken away by the administration. State-driven expropriation has occurred for public-interest projects, including urban development and the construction of roads, energy infrastructure and other public projects. Often, landowners are not adequately consulted or compensated in these cases. These issues highlight the fact that although property rights may be legally defined, they are not fully safeguarded when state policy and decisions come into play.

The government of Rwanda has been a strong advocate for the development of private enterprises, as reflected in its Vision 2020 strategy. Since 1996, it has been possible to establish private companies that are free of government interference. The government has introduced reforms to decrease the bureaucracy involved and time taken to register a company or obtain construction permits and has reduced customs processing times for exporters. Additionally, the government has introduced online certification processes for certificates of origin and phytosanitary approvals – all aimed at improving the investment climate.

Property rights



Private enterprise



The impact of the new law governing companies (2021) remains to be seen, as it introduces new requirements for company governance with regard to reporting, performance and diversity, which may grant the Rwandan state significant oversight over companies operating on its territory.

10 | Welfare Regime

The welfare system in Rwanda has made significant strides since the genocide, and these improvements have been linked to advancements in living standards, health and education. This progress is especially noteworthy considering the extensive destruction caused by the genocide and the subsequent civil war. Following the genocide, there was a sharp decline in life expectancy in 1994. However, since 1995, life expectancy has been steadily increasing. In 1995, life expectancy at birth was 40 years, but it has now risen to approximately 70 years (67 years at birth in 2020).

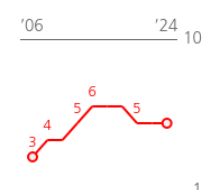
One flagship welfare measure has been the introduction of mandatory health insurance across the country. Community-based health insurance, known as the *mutuelles de santé*, aims to cover poorer Rwandans, especially those in the informal sector. *Mutuelles de santé*, in which participation is required if no other coverage exists, are accessible via a small contribution and are provided free of charge to the most vulnerable. This community-based insurance approach has enabled more than three-quarters of Rwandans to obtain coverage, with an additional number in the formal sector receiving their coverage through more conventional forms of health insurance. Rwanda, therefore, boasts one of the highest levels of health insurance enrollment in Africa. It is also a champion with regard to health spending per capita. According to the World Bank, Rwanda spent 6.41% of GDP on health expenditures in 2019, compared to an average of 4.98% of GDP for sub-Saharan Africa overall. Similarly, the government has developed the *Girinka*, or “One cow per family,” program to promote poverty reduction and improve nutrition, particularly in rural areas, where community-level decisions determine the program’s beneficiaries.

Generally, welfare opportunities remain concentrated in Kigali. This was exemplified during the pandemic, when food programs, cash transfers and hygiene measures to prevent the spread of COVID-19 and counter its economic fallout were primarily focused in the urban centers, particularly in Kigali.

Rwandan authorities appear to be aware of the country’s long-standing discrepancies, including those between urban and rural areas. For instance, the government of Rwanda has undertaken an ambitious program to develop social protection initiatives for the most vulnerable, particularly in rural regions, as well as to address extreme poverty. Referred to as *Vision 2020 Umurenge (VUP)*, this program includes various components, such as early childhood development and nutrition. The Rwandan government has touted the accomplishments of VUP, specifically the expansion of

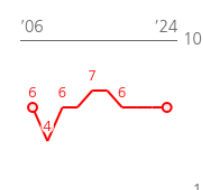
Social safety nets

5



Equal opportunity

6



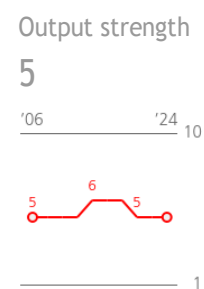
social protection measures throughout the country. Nonetheless, the program’s true impact on poverty, along with the impact of all such government initiatives, remains a topic of debate. Many of the government’s prominent social safety net endeavors heavily rely on budgetary assistance and subsidies from foreign donors and NGOs. Consequently, their long-term sustainability becomes a real concern, especially considering their significant weight and subsequent impact on the national economy.

In terms of equal opportunities, there are also challenges in the education sector, including gaps between urban and rural areas with regard to school access. This disparity is reflected in the quality and training of educators, but more notably in schooling completion rates. For instance, girls are still more likely to drop out of school and continue to lag behind their male counterparts in terms of tertiary education enrollment. The disparities in quality between public and private schools have diminished over time, although they presented a significant challenge in the years following the genocide.

Though the government promotes inclusivity – from gender empowerment to opportunities for the disabled, for example – access to public employment and public office under Rwanda’s authoritarian conditions remains determined by the willingness to be supportive of the government. In other words, the government has championed diverse representation in the public space, but there is limited room for diverse opinions.

11 | Economic Performance

The Rwandan government hopes to boost Rwanda to middle-income status by 2035 and to the rank of a high-income country by 2050. Like some of its African counterparts, the country had been experiencing strong economic growth in the years prior to the COVID-19 pandemic, with growth averaging approximately 7% for the decade from 2010 to 2019, and GDP per capita growing at 5% for the same period, according to the World Bank. The pandemic dramatically impacted the trend, with GDP growth dropping by 3.4% in 2020 and leading Rwanda to experience its first recession since 1994. The economy rebounded the following year as a result of fiscal stimulus, the government’s relaxation of COVID-era measures and general global trends. Nominal GDP reached \$11.07 billion in 2021, while GDP per capita was \$822.3. Rwandan GDP also grew by 10.9% in 2021, though Rwandan authorities predicted slower growth over the coming years (2023 – 2025), averaging closer to 7% annually. According to the African Development Bank, growth in Rwanda has largely been driven by services (12%), industry (13%) and, to some extent, agriculture (6%). Net inflows of foreign direct investment (FDI) as a percentage of GDP were 1.9% for 2021, according to the World Bank, after reaching highs of 3.8% in 2014 and 2018.



Services remain the largest sector of the economy, accounting for 48% of GDP for the 2021/2022 fiscal year, while agriculture accounted for 23% of GDP and industry for 21%, according to the National Institute of Statistics of Rwanda (NISR). These proportions have remained consistent over the last decade, which may prove to be a challenge for Rwanda as it pursues its goal of becoming a middle-income country. The composition of Rwanda's GDP has not changed sufficiently in recent years. Despite government investment in key transformational policies and initiatives, agriculture remains the backbone of the economy, especially in terms of the proportion of Rwandans working in the sector. Government programs have not succeeded in transforming this sector by making it more productive and giving it a market orientation. Poor rainfall, drought, floods and the limited amount of suitable land for agriculture, alongside pests and diseases, have also continued to limit yields. This affects revenues but poses even more dramatic risks to food security.

The unemployment rate has continued to climb since 2017, according to the World Bank. Additionally, while difficult to assess, a significant number of Rwandans still work in the informal economy and earn low incomes. Given the high population density in rural areas and the decreasing size of agricultural plots, addressing youth employment has become an urgent necessity in the country. A recent study by Brookings found that individuals in rural areas, women, and both young and middle-aged people in Rwanda were more likely to experience unemployment. The problem was compounded by the COVID-19 pandemic, as new jobs continued to be created at a higher rate in urban areas than in rural areas. This situation further exacerbated the challenges of poverty and inequality caused by overpopulation and underemployment.

Another challenge to economic growth is tied to the structure of trade and trade imbalances. Trade as a percentage of GDP stood at 54% in 2021, having steadily increased over the last two decades. Rwanda's key exports have continued to be coffee, tea, mining products and processed food products. In the last decade, service exports have also begun to play a growing role in Rwandan trade. Commodities, particularly gold, tin, tantalum, tungsten, tea and coffee, generated over 57% of Rwanda's export revenue, according to NISR. Coffee accounted for \$69.2 million worth of exports in 2018, while tea accounted for \$86.3 million. Tourism, the country's leading foreign exchange earner, generated an estimated \$438 million in revenues in 2017, according to the Rwanda Development Board. That being said, Rwanda continues to experience trade imbalances, and the growth in imports surpassed the growth in exports in 2021. According to UNCTAD, Rwanda exported \$1.53 billion in merchandise while importing \$2.895 billion in 2021. The country's trade balance has consistently been negative. Over the last 10 years, the trade and services deficit has fluctuated around -14.31% of GDP. These deficits have largely been covered by development grants and loans, remittances, and borrowing.

For the foreseeable future, the country's ability to balance external accounts, service its debts, make appropriate budget allocations, and make necessary investments in infrastructure will continue to depend on a constant inflow of foreign resources, particularly aid. Foreign aid remains a cornerstone of the country's economy, accounting for 12.1% of gross national income in 2021, similar to levels seen over the past decade. In 2020, aid as a percentage of GNI rose to 16.3%, largely due to the pandemic. Consequently, Rwanda remains reliant on aid, which contributes to economic vulnerability. If aid were significantly reduced, the Rwandan economy and government programs would be severely impacted.

12 | Sustainability

Rwanda aims to position itself as a forward-thinking nation with regard to the environment. Early on, the current government has made environmental protection one of its priorities. For example, environmental protection and sustainable resource management together formed one of the three cross-cutting areas of the Vision 2020 strategy. More recently, the new Environment and Climate Change Policy adopted in 2019 upgraded the government's 2003 policy. Its purpose is to prepare the country for new opportunities and challenges related to the management of the environment and the climate crisis, while promoting a greening of the economy. This updated policy is in line with Rwanda's National Strategy for Transformation, the EAC Vision 2050, the Africa Union Agenda 2063, the Sustainable Development Goals, the Paris Agreement on Climate Change, and the Kigali Amendment to the Montreal Protocol. A parent policy document is the new Sustainable Finance Roadmap (2022 – 2029), which promotes green finance.

Rwanda was also selected as a pilot country for the U.N. Poverty and Environment Initiative (UNPEI). The UNPEI contributed to the government's prioritization of environmental sustainability, climate action, and poverty reduction in its National Strategy for Transformation (2018 – 2024). The strategy aims to “promote sustainable management of the environment and natural resources to transition Rwanda toward a green economy.”

Despite all the efforts made and initiatives taken, the country saw a decline of 4.20 in its score on the 10-year Environment Performance Index in 2022. Rwanda scored 138th out of 180 countries, dropping by one rank since the last assessment. Thus, on paper, in large part because of its policies, Rwanda ranks high in terms of its commitments to environmental protection, sustainability and climate change mitigation. Yet the practical implementation of its environmental vision remains both wanting and inconsistent.

Rwanda has also faced significant environmental challenges for decades, pitting resource management concerns against economic choices, especially those of subsistence farmers. The continued increase in population, high population density and extensive use of land resources have contributed to significant soil degradation

Environmental
policy

5



and erosion, deforestation, biodiversity loss, and pollution. Growing population density has forced small landholders to divide their already small plots among their children. The average family farm size has now dropped to approximately 0.6 hectares, below what many experts consider sustainable. This has compelled farmers to overexploit their land or encroach on previously unexploited terrain, such as marshes. This has further contributed to environmental degradation, while simultaneously exacerbating the precariousness of these subsistence farmers. Climate change appears to be amplifying the situation, with extreme weather events and droughts becoming more common in certain parts of the country.

Education is a priority for the government. Expenditures for education and training amounted to 3.8% of GDP in 2021 and have been incrementally increasing since 2018, when they were 3.1% of GDP. An education policy is in place, but there are still serious gaps in ensuring successful primary school completion and access to quality education, especially in terms of teacher training. While an impressive 98% of Rwandans attend primary school, fewer complete primary school, particularly in rural areas. Data on persistence through to the last grade of primary school in 2018 suggested that 67% of a given cohort reaches the last grade. Rwanda's score on the U.N. Education Index has remained the same over the past three years, at 0.459.

Like previous governments, the current government has prioritized technical training, particularly as a means of addressing unemployment among underprivileged youth. Strengthening technical and vocational education is seen as crucial to providing proper training that enables young people to contribute to the modern economy the government intends to foster. Additionally, to support the growth of the service sector, the government is actively promoting tertiary education. The government views improvements in higher education and research as essential prerequisites for the country's development. The quality of university education is improving, thanks in part to private initiatives such as the establishment of branch campuses by international universities and international student exchange programs. However, there is a concern that access to higher education may increasingly favor the upper and privileged classes. Nevertheless, the Rwandan government has implemented changes to the scholarship system through the Ubudehe social protection program, which has created more scholarship opportunities for rural communities.

Research and development are lagging, and the country has little domestic capacity to promote cutting-edge research. Research and development expenditures as a percentage of GDP stood at 0.76% in 2019. Some bilateral donors, such as Sweden, have invested significantly in supporting research in higher education institutions in Rwanda; however, the results have not been commensurate with the investment.

Education policy /
R&D

5

'06 '24 10



1

Governance

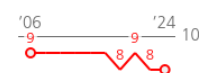
I. Level of Difficulty

The country's ability to develop is significantly impacted by the considerable structural constraints it faces. Many of these constraints have been present since the country gained independence. Rwanda is a landlocked country with hilly terrain, situated thousands of kilometers away from the oceans on both sides of the African continent. Limited infrastructure development makes it difficult to overcome this geographical challenge, resulting in high transportation and export costs. Consequently, Rwanda depends on the goodwill of its neighbors to facilitate the movement of goods and people across its borders. This situation also hinders Rwanda's competitiveness in terms of trade compared to its neighbors. Despite significant government investments in changing the economy's structure and enhancing education, a large proportion of Rwandans remain impoverished subsistence farmers with limited formal education and limited skills beyond agriculture. Consequently, poverty, including extreme poverty, continues to impact the country's sustainability and the livelihoods of its people.

The Rwandan government has proposed several inclusive initiatives intended to address security, economic and humanitarian needs in the country, as they have evolved since the genocide. Its vision for this ambitious overhaul was primarily captured by the Vision 2020 strategy, which was unveiled in 2000. Vision 2020 (now succeeded by Vision 2050) aimed to turn the country into a regional center for trade and investment by encouraging knowledge-based innovation, an entrepreneurial mindset and market-driven agriculture. However, economic and political progress has not been as significant as the Rwandan government had hoped. Faced with slower advancement than expected, the government has been forced to revise some of its development objectives, including in terms of infrastructure development. It has also had to extend its timeline for implementing its transformative vision, as evidenced by the new objectives contained in the Vision 2050 document. The current targets involve attaining middle-income status by 2035 and achieving high-income status by 2050.

Structural
constraints

8



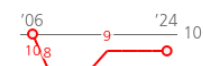
1

The political elite discourages civil society participation. A few segments of society, such as women, youth and disabled people, are integrated into the political landscape via pre-delegated seats in the legislature. Independent NGOs exist mostly at the national level and generally adhere to the government's guidelines and plans. Development NGOs, meanwhile, integrate their activities into the institutionalized development structure if they want to remain active. In rural areas, community-based organizations are almost nonexistent. Overall, the government has largely eliminated independent actors from civil society over the last decades. In the years following the genocide, it made significant efforts to target NGOs and civil society organizations that did not follow its line, including well-established human rights organizations. Since then, community service organizations, civil society and NGOs in Rwanda have been weak and constrained.

To the country's important constraints should be added the war and genocide that ravaged the country in the early 1990s. Though these dramatic events also presented an opportunity to rebuild the country in new and different ways and to develop new international partnerships, their impacts have continued to be felt for decades. Insecurity linked to the aftermath of the genocide remained a concern for years following 1994, especially in the north of the country, resulting in the government targeting civilians in these areas. The massive displacement to neighboring countries of parts of the population, some of whom were associated with the killings in 1994, created significant refugee populations. Some of these populations, organized in armed rebel groups, have regularly caused instability in recent decades, leading to the involvement of the Rwandan government in the Democratic Republic of the Congo. Additionally, while some of the Rwandan government's initiatives have been accepted by Rwandans over time, even though implemented in a top-down manner, they have sometimes amplified societal divisions or made the government's biases toward certain groups evident. Policies and initiatives have primarily benefited urban centers, for example. Similarly, the government's heavy-handed authoritarian style has generated resentment among those who have been most affected by it. The strict control of the population helps minimize threats to the ruling circles and contributes to the overall security and stability of the country. However, many young people, particularly from the urban underclass, are increasingly responding with silent anger to the repression they have endured. Notably, the government has in the past singled out populations it considers undesirable, such as panhandlers and informal vendors, arresting and occasionally displacing them. Overall, there are significant and real divisions in Rwandan society that intersect and pose obstacles to the reforms pursued by the government. Over time, these divisions may become a source of destabilization.

Civil society traditions

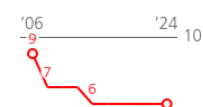
9



1

Conflict intensity

6



1

II. Governance Performance

14 | Steering Capability

The current government of Rwanda, under the Rwandan Patriotic Front, has long been recognized for its efficiency. From as early as the first years following the genocide, it showed a clear sense of its reconstruction priorities in discussions with donors. Its vision for the country was further formalized in the Vision 2020 road map, which set clear strategic priorities operationalized through the country's poverty reduction papers (EDPRS 1 and 2). The Rwandan government recently proposed a new vision document called Vision 2050, which pledges to see Rwanda achieve middle-income status by 2035. In both cases, these documents have proposed ambitious plans aimed at deep social and economic transformation.

To support these visions, the government has developed a series of policies and programs over the last decades. Many of these are described as homegrown initiatives, since the Rwandan authorities describe them as largely inspired by traditional Rwandan practices (e.g., Imihigo contracts, Ubudehe, the Girinka or “one cow per family” program). This has added to the sense that the Rwandan government has a strong policy development and implementation capacity, as it has shown an ability to innovate domestically in terms of policy.

Rwanda's steering capability is reflected in a number of international indices. Notably, the country has consistently been ranked at the top of all African states in the Country Policy and Institutional Assessment (CPIA) since 2011. It ranked well above the African average across all CPIA indicators, including in the areas of governance, structural policies and economic management. Steering capability in Rwanda follows a top-down and dirigiste developmentalist approach with clientelistic characteristics.

Some of the goals of Vision 2020 were not met. Vision 2035 apparently reiterates the same goals without addressing failures and shortcomings.

Rwanda's government has been effective in implementing its own policies as much due to the heavy-handed, top-down nature of its governance as to its ability to achieve results according to its metrics. To project its programs and presence in rural areas, it has relied on extensive decentralization, all the while ensuring that local administrators remain strongly accountable to the regime. Decentralization has served to better connect the government to local realities, but it has also increased the regime's footprint locally, especially at the Umurenge or sector level.

Question
Score

Prioritization

6

'06 _____ '24 10

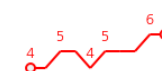


_____ 1

Implementation

6

'06 _____ '24 10



_____ 1

Despite this, implementation capability is also tied to other trends in Rwanda. Implementation of policies needs to take into consideration the expectations of the government's power base – the elite, such as high-level functionaries, army and police officers, party officials, and businessmen – regarding economic and social status. Tolerating a certain degree of rent-seeking activities is unavoidable, but the Rwandan government has been good at channeling it at the highest levels, largely through endeavors that have supported major economic endeavors and enterprises. According to analysts, the Rwandan government and the circle of elites around it exhibit a form of development patrimonialism that has had some beneficial impacts on the economy at the macro level. In other words, some of the effective economic steering in Rwanda has occurred because it has suited elites who have benefited from a strong economy.

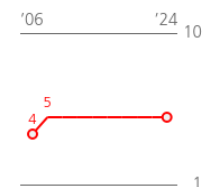
Nonetheless, in other segments of the population, the implementation of policies and initiatives has also caused frictions due to a top-down, heavy-handed approach. Given the highly authoritarian nature of the Rwandan political context, this has not resulted in open contestation. Nevertheless, this does suggest some inherent fragility in terms of implementation. Reforming the agricultural sector has proved particularly challenging. Experts have raised doubts about the government's strategy of transforming the sector into a professional, market-oriented industry, especially if this goal is not widely embraced by the Rwandan population.

As the COVID-19 pandemic has illustrated, the government's steering ability also remains strongly affected by global events. Paradoxically, while the Rwandan government came to be seen as an African champion in terms of managing the pandemic and implementing related policies, the pandemic also demonstrated its vulnerability to external shocks. Due to COVID-19, the implementation of some policies had to be delayed. Government policy failed to buffer the crisis' impacts on trade, transportation and tourism services – the areas most affected by the pandemic. Eventually, the government formulated an Economic Recovery Plan in response to COVID-19, seeking to rebuild the economy and to make it more resilient and greener. Recently, the government announced that the recovery fund is going to be expanded from RWF 100 billion (about \$102 million) to RWF 350 billion (about \$358 million). The main aim is to further support the recovery of businesses severely affected by the COVID-19 pandemic, with a high priority put on sectors such as tourism and hospitality, manufacturing, transport and logistics, agro-processing and transformation, education, and small and medium-sized enterprises (SMEs) linked to domestic and global supply chains.

The government continues to follow the course agreed upon with the World Bank and the IMF, while also promoting certain homegrown mechanisms. As such, it prefers a top-down approach to economic and social transformation that allows for some adaptation. However, the regime's highly authoritarian nature does not tolerate questioning of the overall approach and vision for the country as advocated by the RPF. Rwanda's top-down model of policymaking hinders the flexibility of learning, at least beyond the project or programming level. Nevertheless, in response to the challenges faced, the government has made adjustments to some of its policies and programs in recent years. For instance, it has adapted certain aspects of the implementation of its Girinka program and revised some of its original targets due to slower-than-anticipated progress on the implementation of the Vision 2020 strategy.

Policy learning

5



15 | Resource Efficiency

The Rwandan government efficiently utilizes most of its available financial, organizational and human resources. However, domestic financial resources are scarce, resulting in consistent recourse to public debt. Human resources, on the other hand, undergo significant political filtering.

Efficient use of assets

6



According to the World Bank, Rwanda's development model, which is primarily financed by the public sector, has proven to be a drain on public financial resources, resulting in fiscal deficits. The financing of prestigious projects in the capital, Kigali, consistently adds to the burden on the budget and to public debt stocks. While the budget discloses expenditures for the sizable army and other security forces, these are very low, suggesting that additional funding is coming from sources outside the budget. Nevertheless, forecasts anticipate a reduction in fiscal deficits in fiscal year 2022/2023 due to decreased spending on COVID-19 measures. However, many experts still expect government expenditures to remain above pre-pandemic levels and budget deficits to continue. According to revised figures provided by the Rwandan government, the projected revenues and grants for fiscal year 2020/2021 total RWF 2,171.1 billion, with total expenditures amounting to RWF 3,298.1 billion, resulting in a deficit of RWF 910.7 billion.

Consequently, the country's fiscal situation remains negative. The fiscal deficit for fiscal year 2022/2023 is projected to be around 7%. According to the World Bank, the debt-to-GDP ratio is high, having reached 71.3% in 2020.

The collection of taxes, particularly VAT, has significantly improved, and Rwanda has developed an effective revenue and taxation infrastructure. However, internal revenue in 2021 fell below expectations as a result of policies aimed at alleviating the burden of shocks related to the pandemic. Consequently, Rwandan indebtedness has mainly been financed externally through grants, concessional and non-concessional borrowing, due to insufficient domestic revenues.

With regard to the efficient use of human resources, competition for employment in government services is strong. However, applicants from privileged strata and certain categories often have better chances. Structural impediments regarding access to tertiary education further ensure that certain classes and categories of citizens have privileged access to public employment. There remains a bias in favor of the upper and privileged strata for university-level education, though changes to the scholarship system introduced in 2013 have extended funding opportunities for advanced education to rural communities.

The government coordinates politics hierarchically and without noticeable internal deviation, which means efficient, though autocratic, organizational functioning is expected. Public statements made by government representatives and local administrators are aligned with the official policy of the RPF-led government. Due to the government's hierarchical structure, strict political control, and the resulting fear of taking on responsibility, coordination between ministries is opaque. Innovation within institutions is promoted only if it aligns with the government's expectations.

The fight against corruption remains a priority for Rwanda's government, and the country is often perceived as one of the states with the lowest levels of corruption on the African continent. Prioritizing the fight against corruption has served three functions: fighting negative economic impacts, removing personnel who are out of line politically, and improving the country's international reputation. Consequently, low- and middle-grade civil servants are prosecuted if allegations of corruption are brought against them. Indeed, the government has promoted the idea that citizens should hold local-level administrators responsible for failings in governance. Despite these anti-corruption efforts, the issue remains a concern in some areas, including among the police and within the public sector.

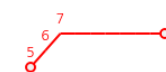
Several institutions and policies have been established over the last few decades to enhance organizational effectiveness within the state. These include the Office of the Ombudsman, the Rwanda Public Procurement Authority (RPPA), the Office of the Auditor-General, the Anti-Corruption Unit in the Rwanda Revenue Authority, and the Public Procurement Appeals Commission. A number of high-level authorities are required to disclose their assets. Furthermore, performance contracts (Imihigo) are also expected from most of the public sector.

The Office of the Ombudsman of Rwanda serves as the coordinating body in the fight against graft, possessing investigatory and prosecution powers. The Intermediate Court also possesses specialized chambers dedicated to corruption. To enhance the exchange of information pertaining to corrupt activities, a national-level advisory council against corruption and injustice was established to oversee strategies. Additionally, in September 2018, Rwanda implemented a new law (No. 54/2018 of 13/08/2018) aimed at combating corruption. This legislation broadened the definition of corruption to encompass bribery; sexual corruption; embezzlement; decision-

Policy
coordination

7

'06 '24 10



1

Anti-corruption
policy

6

'06 '24 10



1

making influenced by favoritism, friendship or animosity; influence peddling; illicit enrichment; misuse of public property; abuse of power; and the solicitation or receipt of undue or excessive money. Despite the achievement of positive outcomes and the implementation of policies to ensure transparency in auditing state expenditures, an open and transparent online public procurement system, and rules addressing conflicts of interest, concerns remain about the independence of the ombudsman's office. These concerns arise from limitations on citizen involvement and restricted media access to information, despite the existence of a law granting access to information.

16 | Consensus-Building

According to Rwandan authorities, the constitution of 2003 has created a favorable environment for civil society and free mass media. It has also instituted a forum where political parties can deliberate, and it has empowered people at the grassroots level, including in terms of holding local administrators accountable. Major political actors agree, at least rhetorically, on political pluralism and democracy as a strategy to forge the base needed for ambitious political, social and economic transformations in the country. However, there is no real internal political opposition or independent public opinion, and any critical voices risk being accused of “divisionism.” Thus, while consensus on political governance appears to be achieved in Rwanda, it is largely because it is imposed.

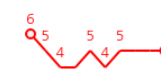
In relation to the market economy, Rwanda has prioritized a liberal, market-oriented economic growth agenda, which involves close cooperation with the World Bank, the IMF and the major Western donors (the United States and United Kingdom in particular). This has helped stimulate stable economic growth for the last 15 years. However, the principle of a market economy is only relevant to the small, modern and formal economy. By contrast, the agriculture sector, which employs the largest proportion of Rwandans, is highly regulated by the administration. In other words, consensus around economic policy may largely be a feature of the class privileged by the government's economic vision.

Rwanda has few reformers within the ruling party. Outside the inner circles of power, there are no pro-democratic reformers with significant political influence. Over the last decade, potential reformers or challengers have preferred to go into exile. Nondemocratic actors loyal to the regime dominate all branches of government and the public sector. Additionally, the security forces and the military wield significant influence, both in terms of norms and expectations in society and their influence on state structures. Some analysts have described the RPF government as animated by a “military ethos,” bent on expected compliance across state and society. The RPF strongly defends the security personnel and the military's privileged status in the country, including in the economy. Consequently, a mixed style of military and entrepreneurial leadership dominates elite circles in the country. However, the circle of the very privileged and those closest to power is very narrow.

Consensus on goals

5

'06 _____ '24 10



_____ 1

Anti-democratic actors

2

'06 _____ '24 10



_____ 1

Given the government's strong hold on the public realm, public contestation is almost nonexistent, at least in terms of challenging national-level authorities. Critics – and especially journalists and political opponents – have regularly been the target of smear campaigns or have been repressed, jailed, disappeared or assassinated in Rwanda and abroad. The circumstances surrounding the deaths of these critics are generally murky, and the Rwandan government has opposed independent investigations, as in the case of Kizito Mihigo in 2020. This also appears to be the case with John Williams Ntwali's recent death in January 2023. The media in the country are therefore strongly controlled, and politicians and political parties allowed in the system are generally those aligned with the RPF.

There has been no identity-based violence on the Rwandan territory in recent years, although ethnic resentment exists due to the unequal opportunities afforded by the system, particularly between rural and urban areas. The increasing number of impoverished individuals (primarily Hutu) serves as a breeding ground for frustrations. The regime is acutely aware of this, but its interventions favor the urban elite minority.

The Rwandan government has established spaces for public consultation, but these spaces are largely under regime control. The opportunities to hold government actors accountable primarily involve evaluating the performance of local administrators. As a result, there is minimal public consultation concerning the direction or performance of the national government. Likewise, civil society actors that are permitted to operate and that are consulted tend to align with the Rwandan government's vision.

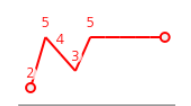
To manage divisions born of ethnic violence, and particularly the genocide, the Rwandan government has advocated for reconciliation and unity among Rwandans mainly through top-down policies and structures. This includes the Gacaca court system of transitional justice and the Ndi Umunyarwanda ("I am Rwandan") policy, which aims to promote a single Rwandan identity. Although the Rwandan government reports positive results from reconciliation, according to its reconciliation barometer, the process remains slow and complex.

The imposition and one-sided nature of the reconciliation policies and tools have also generated resentment. People express concerns about the widening gap between the rich and the poor, the increasing difficulty in accessing land and housing, and the lack of opportunities for specific categories of Rwandans. These divides often intersect with ethnic identities, with the majority of the poor being Hutu. Furthermore, the government continues to limit the freedom of expression for many Hutus, believing that they still pose a threat.

Cleavage /
conflict
management

5

'06 '24 10



Public
consultation

3

'06 '24 10



Reconciliation

4

'06 '24 10



Additionally, the alleged crimes committed by the Rwandan Patriotic Army (RPA) during the civil war, after their victory in 1994 in Rwanda, and during the Congo War of 1996, have not been prosecuted. This lack of accountability reinforces the perception that the government's commitment to reconciliation is primarily a means of control rather than a genuine effort to reshape relationships and bonds within society.

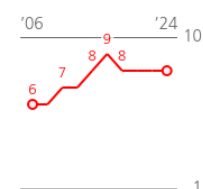
17 | International Cooperation

The government of Rwanda is widely regarded internationally as an effective development partner, employing international aid efficiently to implement its development strategy. Rwanda has become – or has remained since prior to the genocide – a development darling. This is largely due to the perception that the government possesses strong policy and implementation capabilities. Notably, the government has outlined a comprehensive development strategy designed to achieve the Sustainable Development Goals by 2030. The administration has a track record of utilizing aid effectively to achieve desired outcomes, which are closely monitored. In addition to its effectiveness, Rwanda has also chosen to advocate for appealing policies, such as environmental protection, gender promotion and inclusivity. The country receives one of the largest amounts of aid per capita in the region. In 2021, Rwanda received \$98 in aid per capita, compared to \$55 for Uganda and \$59 for Kenya during the same year.

This is not a new trend, however, as Rwandan authorities were seen as having a clear vision for reconstruction as early as the first years of the post-genocide emergency period. This translated into the government of Rwanda having a strong position in terms of guiding development programming in the country and determining sectors in which donors should work. Rwanda's post-genocide policies and institutions were also made robust by developing clear accountability tools and procedures and developing clear results against which to measure progress. According to the government, institutions and structures rebuilt following the genocide incorporated traditional Rwandan values and practices, as reflected in many homegrown mechanisms put in place, as well as best international development practices and know-how, according to an IMF report. This blend has proven quite attractive to donors, who see in this domestic innovation capacity another proof of Rwandan effectiveness.

Effective use of support

8



For the most part, the government acts as a credible international partner. The Rwandan government is seen as a model state with regard to complying with international commitments such as climate change agreements, development agreements and core ILO labor standards. It cooperates well with development institutions such as the World Bank, the African Development Bank and the International Monetary Fund, as well as with key U.N. agencies. Rwanda is also a member of the Commonwealth, the Organisation internationale de la Francophonie and the East African Community.

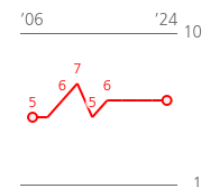
Rwanda is a member of regional structures including the East African Community, the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of Central African States (ECCAS), and the Economic Community of the Great Lakes Countries (CEPGL). It is one of the strongest proponents of the African Continental Free Trade Area (AfCFTA), and it hosted the meeting that led to its initial launch.

However, Rwanda's internal politics and relations with its neighbors regularly sour its relations with donors and allies. International donors regularly point to the country's democratic deficiencies and human rights violations – especially when non-governmental organizations push their home parliaments to address these issues. These domestic concerns rarely affect aid to the point of suspensions or reconsiderations of programming. Indeed, considering Rwanda's international influence, both in terms of its diplomatic weight and involvement in regional and continental security structures, there has been a tendency to react rather timidly to democratic deficiencies and human rights violations. However, international donors and allies have been more vocal regarding Rwanda's involvement in the DRC, starting in the mid-1990s. This has at times resulted in aid suspensions, particularly in 2012.

Relations with neighboring countries have also tended to fluctuate. They have regularly soured with Uganda, Burundi, Tanzania and the Democratic Republic of the Congo. The Rwanda-DRC relationship has been a notable source of instability for the larger region. However, significant efforts and a willingness to improve relations with the DRC have been observed since the election of Félix Tshisekedi in 2018, which was seen as a major step toward regional stability. The remobilization of the M23 (Mouvement du 23 mars) rebel group in the past year and accusations by the Congolese administration of Rwandan support for this group have reignited tensions between the two countries.

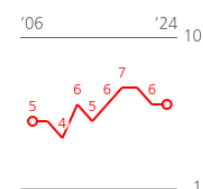
Credibility

6



Regional cooperation

6



Strategic Outlook

Despite significant progress on several developmental and economic fronts, largely driven by the Rwandan government's strong sense of where it wants to see the country in the coming decades, transformation in Rwanda will likely continue to be impeded by key challenges. As these challenges persist and the government's policies continue to exacerbate existing divides in Rwandan society, this could give rise to growing resentment. Rwanda is a highly authoritarian state in which space for open contestation of national authorities does not exist. Therefore, large and dramatic open protests are unlikely in the coming years. However, this suggests that the government's political foundations and perceived legitimacy may be limited among certain segments of the population, which constitutes an important source of political fragility.

Little about this fragile political foundation is likely to change, unless the regime chooses to undertake a substantive political liberalization. This would involve allowing parties critical of the RPF to run in elections. Just as importantly, it would also mean breaking the inner regime's hold on the country's management. The RPF is a highly centralized organization that operates with little transparency. The core group of advisors around the president has narrowed as internal feuds within the RPF have created rifts with former allies, some of whom have been assassinated. A new generation of key regime figures has emerged, acting as staunch defenders of the RPF. The extent to which they hold real sway over the regime is unclear but questionable. In the same vein, little effort has been made to groom a successor for President Kagame, although he recently hinted at an ongoing discussion on a potential successor. Modifications to the constitution in 2017 now allow Kagame to stay in power until 2034. Given the president's strong hold on the country, and the absence of obvious successors, this raises the risk of dramatic instability if something were to happen to him. Key international allies of the country have been timid about confronting the extremely exclusive nature of governance in Rwanda for fear of triggering a negative reaction on the part of the Rwandan government and Kagame. However, conversations with Rwandan authorities that advocate a political transition toward a lighter RPF footprint are becoming increasingly urgent. Experience has shown that authoritarian governance is rarely stable over the long run.

While growth rebounded following the pandemic-era shock to the economy, some of Rwanda's structural constraints continue to limit development, especially in the economic realm. The government has admitted to its inability to achieve certain development objectives set for the country. It revised some of its transformational objectives midway through the implementation of the Vision 2020 strategy, as well as its timelines for transformation as reflected in the Vision 2050 document. However, it has largely maintained its overarching vision for economic transformation.

It has become apparent that some of the country's ambitious projects aimed at developing the service and hospitality sectors have significantly impacted Rwanda's fiscal health without producing the anticipated returns. Recognizing the continued significance of agriculture in the economy, the Rwandan government has also invested in transforming the sector into a market-

based, competitive and revenue-generating industry. However, implementing these changes in the agricultural sector has been a slow process. As a result, growth will continue to depend on international commodity prices and access to substantial foreign aid, making Rwanda vulnerable to external shocks. This has been a persistent challenge for the country since achieving independence. So far, none of the changes implemented have effectively addressed these critical concerns.

The government's policies and initiatives have aggravated the urban-rural divide, which is often intertwined with socioeconomic and ethnic fault lines. Therefore, it is crucial for the government to continue implementing policies aimed at reducing poverty and addressing inequalities. Prioritizing the development of a consistent and transparent strategy to address challenges related to rural and youth-focused development is essential. This strategy should include the creation of sustainable employment opportunities for those who have been left behind by job growth in recent decades, especially low-skilled young individuals in rural regions and in the urban informal sector.