

BTI 2008 | Rwanda Country Report

Status Index	1-10	3.89	# 103 of 125	
Democracy	1-10	3.67	# 103 of 125	↘
Market Economy	1-10	4.11	# 99 of 125	↘
Management Index	1-10	4.59	# 81 of 125	

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

This report is part of the Bertelsmann Transformation Index (BTI) 2008. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 125 transformation and developing countries are evaluated.

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Key Indicators

Population	mn.	9.0	HDI	0.45	GDP p.c.	\$	1,073
Pop. growth ¹	% p.a.	1.7	HDI rank of 177	158	Gini Index		46.8
Life expectancy	years	44	UN Education Index	0.61	Poverty ³	%	87.8
Urban population	%	19.3	Gender equality ²	-	Aid per capita	\$	63.7

Sources: UNDP, Human Development Report 2006 | The World Bank, World Development Indicators 2007 | OECD Development Assistance Committee 2006. Footnotes: (1) Average annual growth rate 1990-2005. (2) Gender Empowerment Measure (GEM). (3) Percentage of population living on less than \$2 a day.

Executive Summary

Overall, not much has changed in Rwanda's political situation during the last two periods under review. The government consolidated its authoritarian rule, and the 2003 elections failed to meet international standards as any serious opposition had been suppressed before the elections even began. Indeed, repression has prevented the usual checks and balances – political parties, the judiciary and the media – from furthering political liberalization. Meanwhile, the Rwandan leadership insists on its particular version of democracy based on an alleged “consensus model.” The government's performance as gauged by the criteria in this assessment, however, exposes this claim as part of a mere façade. The stability of President Paul Kagame's government relies on repression but also on some economic success and the return of order and security in the country in the wake of genocide. The population may not perceive the price it pays for this stability due to a lack of democratic experience. Rwanda is not and has never been a democracy. Poverty, unresolved ethno-social conflict and ill-conditioned reconciliation are still the main ills that plague Rwandan society. The political decision to bar any reference to ethnic differences – severely punished as an offence of “divisionism” – marked a political turnaround from escalation to denial. This approach has taken precedence over a process of reconciliation. Most steps aiming officially to resolve the problem follow an authoritarian and didactic approach. They are one-sided; thus allegations of war crimes presumably committed by the current regime's troops are not investigated.

Rwanda still is a very poor country with a low level of human development. Massive population density and continued growth have led to a serious scarcity of arable land for the vast majority of subsistence farmers. Structural factors – such as Rwanda's landlocked geographic position, infrastructural conditions and lack of considerable natural resources – also constrain economic development. Certainly, the government

effected many reforms to rebuild the economy, but since the pre-war level has been re-attained, economic growth has begun to decrease significantly. Recent privatization has been considerable, touching most of the key economic sectors, albeit accompanied by a rising level of corruption. The economic life of the most of the population is informally structured and dominated by subsistence cultivation.

While donors are increasingly satisfied with Rwanda's economic cooperation, political cooperation suffers from the international community's sense of guilt, having failed to intervene before and during the genocide and, certainly, under the present autocratic government. International observers deplored persistent and severe deficiencies, particularly in the judiciary. Contrary to earlier years, Rwanda's role in the Democratic Republic of Congo has been less visible. Particularly in the 2006 elections, Rwanda refrained from interfering with the Congolese democratization process. However, links to former rebel groups in the Kivu region remained intact.

History and Characteristics of Transformation

Rwanda is an extremely poor country characterized by several structural deficits relating to its geographical position, high population density, serious land scarcity, dominant subsistence sector, limited industrial development and dependency on world market commodity prices.

Fueled during the colonial era, the conflict between the Hutu (about 85%) and the Tutsi (about 15%) has played a key role in Rwandan politics and economic life ever since. Mainly perceived as an ethnic conflict, it is, in reality, far more complex. The conflict encompasses social, historical and political dimensions. Members of the elite inflame the conflict by exploiting ethno-social differences in their struggle for power, thus dividing society and preventing sound development. Following independence in 1962, a group of Hutu dominated Rwanda's government as Tutsi repeatedly fled the country due to political harassment and massacres. When General Habyarimana took power in 1973, the situation could be stabilized for some years, albeit under the auspices of autocracy. Later, economic pressures and demands of the donor community led to a process of political liberalization. The July 1990 speech of the French President Mitterrand at the Africa-France summit in La Baule, announcing the future dependence of public development aid on democratic reforms, played a key role. Shortly thereafter, Habyarimana conceded to internal demands and established a constitutional commission. The invasion of the Rwandan Patriotic Front (RPF) – a Uganda-based, Tutsi-led rebel group – in October 1990 interrupted the process.

Thereafter, ceasefire and political liberalization had to be negotiated together. The 1993 Arusha Agreement led to the introduction of a multiparty government and

foresaw the integration of RPF politicians and the military into state structures. This initiative particularly intended to bring about the large-scale integration of RPF soldiers into the national armed forces, which contributed to a further radicalization of positions. Hence, Hutu extremists planned the genocide and mass murder of political opponents, in which approximately 500,000 to 800,000 Tutsi and moderate Hutu died in 1994. Responsibility for the shooting of Habyrimanas airplane on April 6th, the event that launched the genocide, is disputed. Nevertheless, elite units of the Rwandan army and centrally organized militias carried out the most brutal atrocities. Finally, RPF troops ended the genocide and took power in Kigali. The perpetrators of genocide and army soldiers regrouped in neighboring Zaire while the RPF based its transitional regime formally on the Arusha Agreement.

Throughout the rest of the 1990s, the RPF consolidated its dominance over the political process. Dozens of high-level politicians went into exile (e.g., Prime Minister Faustin Twagiramungu in 1995) or were prosecuted for corruption or “divisionism,” among whom were leading members of the RPF (e.g., President Bizimungu in 2000). In the same period, Rwanda became involved in the Democratic Republic of Congo’s civil war, aiming to destroy Rwandan Hutu militia and plunder Congolese natural resources.

On the turn of the millennium, General Kagame took over the office of President without any consideration for the Arusha provisions. This step reveals the goal that drove Kagame’s management of the project since 1994. To strengthen its legitimacy, the government ended the prolonged transitional period with a referendum and elections in 2003. However, the new constitution fails in many respects to meet international standards for democracy as it provides the legal framework for massive repression of any opposition under the guise of protecting national unity and abolishing ethnic thinking. President Kagame and the RPF gained an absolute majority through questionable means and systematically mislead donors with a sophisticated democratic façade.

In retrospect, economic transformation following independence was not successful. Subsistence livelihood continued to dominate an economy lacking in diversification and suffering from its landlocked central-African position as well as from the loss of its integral position in the larger economic area established by Belgian colonialism in the Congo. Supported by a relatively effective administration, the country saw economic growth in the early 1980s, but the economy broke down some years later with sinking world market prices for coffee and tea. The decline destroyed the regime’s legitimacy with respect to economic performance and destabilized the fragile society once again.

The genocide destroyed the country’s human resources and economic achievements. The political and economic elite have been largely replaced. RPF leaders dominated the process from the beginning, and members from other parties were only accepted if they recognized the RPF’s dominance. The RPF imposed a policy of economic liberalization and modernization under the condition that its control of the process not

be endangered. The leadership's deep distrust of the former elites prevents them from allowing real liberalization. However, Rwanda cooperates intensively with the donor community (e.g., with Structural Adjustment and Poverty Reduction programs) in economic programs. Privatization for foreign investors is welcomed, higher education fostered and gender equality pronounced. However, the government's sharp rejection of any form of criticism in regard to politics hinders economic growth. Moreover, the first rehabilitation phase after the 1994 breakdown is over, and economic exploitation of the Congo has abated.

Transformation Status

I. Democracy

1 | Stateness

The current leadership holds a complete monopoly on the use of force. Rwanda's small territory facilitates tense state control throughout the entire country. There is no internal competition with the state's monopoly. Massive military intervention into neighboring Democratic Republic of Congo (DRC) secured the western border in the past and thereby the only problematic security challenge from outside. However, the use of force is not under the control of democratic institutions.

Monopoly on the use of force

Rwanda has a long national tradition and thus the legitimacy of the nation-state is not questioned in principle. However, the question of who has the right to govern the country is more problematic. The official policy propagates a strategy to overcome the division of the population into two main groups: Hutu (large majority) and Tutsi (minority). A significant percentage of the citizens regards the current leadership as a foreign Tutsi government. Indeed, many of today's political elite are ex-refugees who originate from the minority group. In this difficult situation, the incumbents opted for the decreed abolition of different identities and made reference to them punishable by law, rather than for open debate or a quota system, as has been introduced in Burundi.

State identity

The state is largely defined as a secular order. Religions and the state are separated, different denominations are largely respected by the state and in society, and this includes the growing Muslim minority. There is no influence of religious dogmas on politics.

No interference of religious dogmas

Generally, although infrastructural problems cause deficiencies, the administration is functioning quite effectively throughout the entire country. Its operation benefits from a long tradition of a dense, intensely hierarchical bureaucratic network and from the country's relatively small territory. The most problematic weakness is the population's poor access to professional jurisdiction in rural areas, which makes it nearly impossible to voice objections to executive decisions.

Basic administration

2 | Political Participation

General elections in 2003 were supposed to be the first free and fair elections since independence, but international observers from the European Union and the United States reported widespread irregularities. The opponents of President Kagame and his Rwandan Patriotic Front (RPF) had few financial and human resources due to late legislation on their authorization, harassment and intimidation of candidates and potential opposition voters and, finally, a last-minute ban of the main opposition party, the Democratic Republican Movement (Mouvement Démocratique Républicain, MDR). The MDR had been participating in government for the entire transition period and held the office of prime minister. The rural population, which did not know much about the other candidates or which feared the repercussions of voting against Kagame, acted rationally in voting for him and the RPF. This probably unnecessary manipulation of the electoral process underlines the government's fear of losing control. Local elections did not match democratic standards either.

Free and fair elections

In reality, Rwanda's citizens cannot choose their leader. The direct but undemocratic elections only count for the presidency and half of the parliamentarians, who are elected directly via a proportional voting system. However, President Kagame rests his power principally on the loyalty of key actors (e.g., the armed forces, secret service and administration) and a measure of legitimacy in terms of economic performance, owing to his provision of security and apparent stability. In addition, the country succeeded in increasing its regional political reputation as a reliable partner of the West in the course of the Congo crisis during the late 1990s. The lower chamber of parliament, where the 53 directly elected members of parliament sit, depends on a number of constitutional constraints permitting the opaque influence of the RPF. None of the 26 influential senators is directly elected, most of them are said to be close to the president and 16 are RPF members. The lower chamber does not debate central issues in its public sessions.

Effective power to govern

Theoretically, there are no unreasonable restrictions concerning political organization and communication. The constitution asks for a commitment to fight "ethnic, regional, racial and divisive tendencies." However, the accusation of "divisionism" is heavily politicized and also used against NGOs. Amnesty International (AI) repeatedly deplored the constriction of human rights groups. According to the U.S. Department of State, some peaceful religious activists are not safe from repression, especially Jehovah's Witnesses. It appears as though government interference is on the decline, which indicates that self-censorship among societal actors has increased.

Association / assembly rights

The Global Press Freedom Survey 2006 characterizes Rwanda as being “not free.” Rwanda fell back to position 182 of 194. The government controls domestic broadcasts, while a few foreign services – Deutsche Welle, RFI, BBC and Voice of America – provide independent news. There is no daily newspaper. The main independent weeklies Umuseso and Umuco have to reckon with government repression. Journalists have to fear severe punishment if convicted of “divisionism.” The editor of Umuco, Bonaventure Bizuremyi, disappeared in August 2006 after critical reports in his newspaper. Outside of the capital, independent news is available only through limited foreign radio services in the local language, Kinyarwanda. Most of the 90% rural population depends on official announcements, and thus the vast majority of citizens cannot access a plurality of opinions.

Freedom of
expression

3 | Rule of Law

As reported above, the executive and particularly the presidency dominate legislation and jurisdiction. Parliament is reined in by institutional arrangements and behind-the-scenes politics. A “Forum of Political Parties” prepares decisions in the lower chamber behind closed doors, which, officially, facilitates a broad consensus but also reduces and circumvents public debate, even despite the fact that RPF possesses a broad majority in both chambers of Parliament. Since the only party with oppositional potential, MDR, has been dissolved (and others have been refused registry), there is no serious opposition.

Separation of
powers

The institutional differentiation of the judiciary is insufficient. There are no commercial courts and Gacaca grassroots courts for genocide suspects (categories II to IV) proved inadequate for fully fair trials. Due to the lack of human and financial resources, many citizens cannot access counsel. The judiciary is formally independent but, in reality, is significantly subordinated to the will of the executive. Presumed war crimes of RPF soldiers have never been tried by Rwandan courts. The Supreme Court’s extension of former President Bizimungu’s sentence for treason to 25 years imprisonment in February 2006 reveals the impact of RPF influence. Cooperation with the International Criminal Tribunal for Rwanda (ICTR) is plagued with conflict. In November 2006, Rwanda argued for the prosecution of the ICTR staff, including defender Callixte Gakwaya. The separation of powers in foreign countries is not recognized, as the break in diplomatic relations with France in late 2006 demonstrated. It was not the French government, but the investigating judge, Jean-Louis Bruguière, who accused the current Rwandan leadership of implication in the shooting of President Habyarimana’s airplane in 1994 that set off the genocide, which provoked the government to break off all relations with France.

Independent
judiciary

Many political actors have been removed from office during the last years; others went “voluntarily” into exile. While allegations of “divisionism” towards politicians decreased, the argument of incompetence and corruption increased in the context of reshuffling. In 2005 and 2006, the President replaced three ministers for this reason. Due to opaque procedures, it remains unclear whether official arguments or a power maintenance strategy supported the decisions. Allegations of abusive exploitation of resources were leveled against Rwandan officials in the eastern parts of the DRC. Such allegations have not been tried by the Rwandan judiciary, nor discussed in Parliament, but instead sharply denied by the government.

Prosecution of
office abuse

The state largely provides security for its citizens. The situation in the country is calm and generally safe. There are reports of vigilante justice, which threatens amnestied genocide suspects. Violence against women is common despite official attempts to counter it. Freedom of movement is not denied, though tightly controlled, by the administration. Poverty restricts access to civil rights. The judiciary is permanently overloaded, pitifully understaffed (about 140 lawyers and 250 professional judges) and not independent. Thus it cannot provide an effective redress in the case of violations of these liberties, particularly not in rural areas.

Civil rights

4 | Stability of Democratic Institutions

“Democratic” institutions only exist as a façade. All of the institutions installed under the constitution are – at least partially – under control of the RPF leadership. There is certain room for debate in the institutional system when it comes to economic issues or issues of trifling importance, but there is no critical debate of central political issues. Observers have once again begun speaking of an “Akazu” to describe president Kagame’s leadership circle. The term means “little house” and, before 1994, was a synonym for the inner circle of the Habyarimana regime, led by his wife Agathe.

Performance of
democratic
institutions

There are no relevant actors who contest the institutional arrangement. The president is legally and de facto the most powerful actor and either provides other actors with a certain share in power (e.g., the military and RPF “barons”), ensures the weakness of potential actors (e.g., the lower chamber of Parliament) or incites their prosecution (e.g., former President Bizimungu). Political culture remains largely authoritarian and – due to the social structure – parochial, since the country and its citizens have never experienced liberal democracy.

Commitment to
democratic
institutions

5 | Political and Social Integration

The massive domination of the RPF, the co-opting (or dissolution) of other parties and the history of recent multiparty politics make it impossible to credit a party system with a major role in Rwandan politics. Even those parties allowed to participate have lost in relevance and are subject to the control of the Forum of Parties. Personal co-optation and self-censorship muzzle the Social Democratic Party (Parti Social Démocrate, PSD) and the Liberal Party (Parti Libéral, PL). None of these parties presented a candidate for the 2003 presidential elections, but they supported the outgoing Kagame. Whether radical or moderate, Rwandan officials aggressively refuse to recognize or even negotiate with external opposition groups.

Party system

The work of interest groups is restricted. Certain interests, in particular those of genocide victims, are promoted with government support or even interwoven into political institutions. However, the government does not accept criticism by civil society organizations. Unlike other African states, trade unions do not play a visible role. Networking is imposed by the state (via an obligation to participate in a state-controlled umbrella organization) leaving no appropriate means to mediate between society and the political system. Instead, the government uses interest groups to pursue its own policy or merely to uphold the façade of an inclusive political system. At the same time, an important number of social interests cannot represent themselves for fear of prosecution for “divisionism.”

Interest groups

Due to a lack of survey data, the population’s attitude toward democracy cannot be adequately measured. The very high official voter turnout could be interpreted as a commitment to democratic norms, but one must bear in mind that many citizens believed voting was compulsory.

Consent to democratic norms

The government has little confidence in the self-organization capabilities of its society. For the sake of political steering, most associations are either dependent on the state or confronted with discouragingly bureaucratic requirements. Due to a lack of a balanced process of reconciliation, there is still very little trust among the population. Frictions exist between domestic genocide survivors (passive population and potential victims), returning or released genocide suspects and a still unknown number of (Tutsi) returnees from neighboring countries. Parts of the society feel uncomfortable with a ruling class dominated by ex-refugees. Due to imminent allegations of “divisionism,” there is no open debate in which these feelings are expressed. This, in turn, has generated a latent danger and hinders substantial reconciliation on an individual and societal level.

Associational activities

II. Market Economy

6 | Level of Socioeconomic Development

Rwanda is still a very poor and extremely populous country. It improved slightly on the Human Development Index (now 158th of 177 nations), but this does not provide sufficient social inclusion in a fast-growing society of 9.1 million. Half of the population is under the age of 15. More than 80% of the population lives on the basis of a subsistence economy. A similar share of the population lives in rural areas with a daily income below \$2 respectively. Formal employment is rare. Poverty afflicts men and women to the same high extent. As such, Rwanda lacks the socioeconomic prerequisites for adequate freedom of choice.

Socioeconomic
barriers

Economic indicators		2002	2003	2004	2005
GDP	\$ mn.	1,732	1,684	1,835	2,153
Growth of GDP	%	9.4	0.9	4.0	6.0
Inflation (CPI)	%	2.3	7.1	12	9.1
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	0.2	0.3	0.4	0.4
Export growth	%	5.6	-1.8	10.9	-2.2
Import growth	%	-5.6	5.4	10.1	16.5
Current account balance	\$ mn.	-126.2	-97.5	-35.2	-52.1
Public debt	\$ mn.	1,306.6	1,418.0	1,545.1	1,419.6
External debt	\$ mn.	1,437.0	1,540.0	1,655.7	1,518.4
External debt service	% of GNI	1	1.3	1.3	1.1
Cash surplus or deficit	% of GDP	-	-	-	-
Tax Revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	11.8	15.1	12.9	13.3

		2002	2003	2004	2005
Public expnd. on edu.	% of GDP	-	-	-	3.8
Public expnd. on health	% of GDP	2.1	3.7	4.3	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	2.9	2.4	2.2	2.9

Sources: The World Bank, World Development Indicators 2007 | UNESCO Institute for Statistics | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security

7 | Organization of the Market and Competition

The market economy operates under a weak institutional framework, though the government tries to make efforts that are recognized by international donors like the IMF. Investors are generally free to operate as long as they meet government conceptions. If not, the government relies on its authoritarian style when and if conflicts with foreign investors begin. Important structural obstacles to market-based reforms include a significant informal sector, corruption and a lack of infrastructure and human and natural resources.

Market-based
competition

The formation of monopolies and oligopolies is regulated inconsistently. Effective regulation is difficult due to structural obstacles, but the government is working on better formal regulation. Liberal enforcement of regulations beyond government intervention is weak due to a lack of specialized commercial courts and an independent jurisdiction. Close (informal) ties between government officials and businessmen could further weaken official reforms. The admission of a second provider for mobile phone services with the privatization of Rwandatel to U.S.-led Terracom marks a significant step toward pluralization.

Anti-monopoly
policy

The liberalization of foreign trade is a declared governmental objective. The integration into Comesa and the East African Community (EAC) as well as privatizations and sales to foreign investors in key sectors of the economy (e.g., coffee, tea, banking, and telecommunication) are some of the important efforts that have been realized. However, a number of investors still deplore the excessive bureaucracy and their selective, unpredictable and sometimes arbitrary treatment at the hands of the government. Fitch Ratings declared in its first analysis of the Republic of Rwanda in December 2006: “Thanks to government efforts to simplify bureaucracy and eradicate corruption, Rwanda fares relatively well compared with regional peers on procedures and days it takes to start business, hiring and firing, paying taxes and enforcing contracts; but it compares unfavorably on transport costs.”

Liberalization of
foreign trade

The banking system is free, though small and poorly developed. In 2006, the government sold 80% shares of two commercial banks to foreign investors. Legislation on the banking sector was enacted in 1999, but international observers call for corrections to strengthen the independent supervision by the central bank.

Banking system

8 | Currency and Price Stability

The government is committed to the stability of currency and prices. The Rwandan franc floats freely and upholds relatively stable exchange rates with the U.S. dollar, while inflation continues to be high mainly due to external factors like costs for energy and transport and the massive influx of development aid. The independence of the central bank is in a process of further improvement.

Anti-inflation /
forex policy

The strong commitment to economic growth is constrained by the country's unfavorable structural starting point and certain prestige-motivated projects. Due to institutional deficiencies and the autocratic character of the regime, there is no guarantee of future policy change.

Macrostability

9 | Private Property

Property rights and the right to acquire property are defined formally in law, but suffer due to shortcomings in the country's rule of law. However, often the sole significant property of the mass of the population is land, and land legislation is not to be implemented until 2007. Up till now, rural land occupants have been subjected to the often arbitrary decisions of the local authorities. They have no opportunity to contest such decisions in front of an independent judiciary.

Property rights

Privatization policy improved during the last two years, consisting of the sale of former state companies to foreign investors, including strategic sectors such as telecommunications, banks, coffee, tea, tourism and energy. There are negotiations in process on the national airline as well. However, there is no domestic economic "middle class" that privately owns an important share of companies and is independent from the political leadership.

Private
enterprise

10 | Welfare Regime

There is no adequate social safety against the most prevalent risks for the large majority of the population. Some success has been made in the context of the official poverty reduction strategy, but it is still insufficient to safeguard most of the population from poverty or diseases. Insurance companies concentrate on "luxury problems," such as car insurance. The national pension system is weak and only serves former employees of the small formal sector. Some health "insurance" (mutuelles) is being built up, but on a low, insufficient level.

Social safety nets

Some instruments are said to compensate for gross social differences with varying success. While the level of equal treatment of women in the public space is advanced in comparison to other African countries, there are allegations concerning hidden discrimination against Hutu and French-speaking Tutsi. They are usually not uttered publicly due to the threat of severe prosecution under the official Banyarwanda (“We are all Rwandans!”) policy, and they are difficult to prove. However, ex-refugees estimated to be very close to the state’s leadership occupy a large share of important public offices.

Equal opportunity

11 | Economic Performance

The Rwandan economy is still suffering from the genocide and its endemic structural constraints. A comparatively flourishing recovery phase immediately after the 1994 breakdown has ended. Between 1995 and 1999, the GDP grew 16% p.a. on average but dropped down to 5.5% for the period between 2000 and 2006. The IMF projection for 2006 and 2007 indicates Rwanda’s growth well behind all other EAC members and the DRC. Due to relatively high inflation and fast population growth, much more economic growth would be needed to have a substantial impact on the country’s development. There is hope that debt relief (HIPC, MDRI), extensive privatization and the successful work of the Rwanda Revenue Authority will lead to a better performance than that foreseen by the IMF.

Output strength

12 | Sustainability

Compared to other African countries, Rwanda performs quite well in basic education. The 2006 budget allots 17.1% of government spending to education, i.e., 5.3% of the estimated GDP. The government recognizes the relatively poor natural resources available in the country and therefore fosters higher education, and is committed to offering technological services on the world market. However, important structural deficiencies persist.

Education policy
/ R&D

Transformation Management

I. Level of Difficulty

The structural constraints on governance are massive. There are large obstacles regarding the lack of natural and human resources as well as infrastructure. The country reached its pre-genocide economic level in no more than a decade, but the social burden persists. Extreme poverty, low human development and massive overpopulation undermine all government efforts. Rwanda is landlocked and without access to water or railways leading to the coast. All goods must be transported on freight vehicles from Mombasa or Dar-es-Salaam – both well over 1,000 km away. The energy supply is insufficient, which leads to regular blackouts where electricity is available at all. Because of the lack of short-term alternatives, the state's energy company Electrogaz has started running petroleum generators. Due to recent market prices, this decision has made energy prices in Rwanda among the highest in the world, as well as caused unfavorable inflation. Though the government is right to invest in education, this will have only medium-term benefits at best. Direct and indirect consequences of the genocide have led to an acute lack of competence. Many educated people were victims of the 1994 killings; others have been driven into exile after the genocide. Moreover, staff must qualify politically as well as functionally. Potential government critics are excluded from professional careers. HIV/AIDS prevalence is lower than estimated earlier, but still problematic (UNAIDS reports 3% on average, but 13% among pregnant women in Kigali).

Structural
constraints

Civil society organizations exist, but have poor impact due to repression or dependence on the government. The country's authoritarian tradition has never left space for substantial contributions of a free and independent civil society. The government continues to constrict the few independent NGOs, such as the main domestic human rights organization Rwandan League for the Promotion and Defense of Human Rights (Ligue rwandaise pour la promotion et la défense des droits de l'Homme, LIPRODHOR). AI and the Economist Intelligence Unit (E.I.U.) reported that the League was de facto closed down in early 2005, which was denied by its new president Augustin Gahutu, but exiled senior members deplored the renewed NGO's strong pro-government leanings. For the sake of a liberal façade, it is preferred that such organizations are not dissolved, but rather

Civil society
traditions

“reformed.” Individual organizations close to the government are supported. In general, there is only a low level of participation in public life. Renewed community work (Umuganda) is imposed by the state. Self-organized community projects in rural areas are virtually nonexistent. Distrust among the population and particularly towards the state is pronounced as a consequence of the 1994 events.

The polarization of Rwandan society is now latent but nevertheless very serious. The potential for future escalation is high. Despite the government’s negation of group confrontation, the burden of genocide and domestic (1990-1994) as well as neighboring civil war activity contribute to the reinforcement of severe cleavages. The government undertook reconciliation measures that sanction “divisionism” rigorously. In general, the government pursues an authoritarian educative approach, but risks sharpening identity conflicts will increase. Group mobilization or protest movements are smothered at an early stage. Many potential protest leaders went into exile or disappeared. The distrust among different social groups, who are not exclusively ethnically defined, is suppressed instead of openly debated.

Conflict intensity

II. Management Performance

14 | Steering Capability

The current leadership’s evident priority is to maintain its power. Within this framework, it is able to set political aims that cover security and economic development. In general, the government favors market economy. It defines and implements corresponding policy programs with different levels of progress and success. An efficient top-down bureaucracy covers the whole country and largely ensures policy implementation. However, the government’s concept of democracy fails to meet the normative points of reference guiding the BTI. When push comes to shove, security and power maintenance trump the implementation of all other policies. Despite Rwanda’s heavy dependence on foreign assistance, with 51.5% of the national budget 2006 assured by foreign grants, the international community hesitates to criticize the current leadership for democratic deficiencies. For a certain sense of guilt following the failure of the international community to intervene in 1994 and for lack of a visible alternative, even President Kagame’s harshest polemics against regime opponents, the United Nations and France, are ignored and left unpunished by multi- and bilateral donors.

Prioritization

In economic questions, the government is able to identify key problems and formulate the adequate means to tackle them. In this realm, great progress has been made since the total breakdown of economy and society. The government is determined to carry out reforms in cooperation with the donor community, and donors such as the IMF articulate their general satisfaction with Rwanda's economic cooperation. Nevertheless, experts urge speedier reform to combat economic regress and express some concern regarding the major prestige projects in the capital, while rural areas remain largely excluded from progress. The 2003 elections put a definitive halt to democratic transformation. The implementation of a decentralization policy may lead to more efficient governance but certainly not to democratic governance. Moreover, the publishing of the decentralization regulations (dated in January, well after their implementation in April 2006), contradicted the rule of law. New laws have abolished secret direct elections of the district council, now an important administrative unit with key competencies in health, education and infrastructure. District representatives are now elected in a three-step, indirect system on a non-partisan basis.

Implementation

Polarization of the society due to ethnicity has been the most significant and instructive political error of the past. Nevertheless, the insensitive political leadership relies on authoritarian strategies to suppress discussion of the problem. Toward the outside world, the government has shown great creativity in building a democratic façade. However, this does not reflect the normative idea of the BTI as to innovation and flexibility of the political leadership, which must result in real domestic progress as well. At the same time, the government further increased its resolve to carry out effective economic and structural reform. It has privatized significant parts of main economic sectors. It has given priority to technological innovation, e.g., methane gas exploitation at Lake Kivu, the first ever of its kind worldwide, and the strengthening of tertiary education at the Kigali Institute of Science and Technology (KIST). The government is very much interested in external consulting as long as it concentrates on the resolution of economic problems. However, there is a massive gap between economic and political liberalization as well as between the levels of flexibility and innovation in the respective realms.

Policy learning

15 | Resource Efficiency

The government uses only some of its available resources efficiently. Its main errors resulting in waste are the exclusion of the opposition and military expenditures. The finance ministry strives for a balanced state budget and benefits from recent debt relief in the framework of HIPC and MDRI initiatives. Cabinet reshuffles are frequent for a variety of reasons. During the period under

Efficient use of assets

review, the long-serving minister of finance and economic planning, Donald Kaberuka, became head of the African Development Bank, while the ministers of agriculture, public services and justice have been removed for corruption allegations. However, it remains unclear whether these dismissals were free of political motivation. Earlier dismissals clearly were not. Concerning efficient administration, the Rwandan bureaucracy performed quite well. On 1 January 2006, the government tightened the extent of local administration through the reduction and centralization of units in the context of the decentralization program by regulations. Provinces, districts and sectors were significantly reduced in numbers (e.g., 5 instead of 12 provinces), which is meant to make administration more modern and efficient. However, there are no domestic instruments to control the administration effectively, although the ombudsman (a senior RPF member) and the senate (highly influenced by the RPF leadership) did make some efforts.

The inner circle of the government can increasingly guarantee coherent action and effective implementation of its policies. The powerful leadership coordinates politics hierarchically but without significant internal deviation. It replaces interfering individuals immediately. Public statements of government representatives never deviate from the official policy line. The weak prime minister and parliament do not pose obstacles to the coordinating presidency.

Policy coordination

The government is aware of the need to meet certain expectations established by international donors to assure continued good relations. Hence, the fight against corruption is one of the government's official priorities. Consequently, both members of the political elite and simple civil servants are prosecuted, if allegations against them appear. The flawed judiciary makes it impossible to distinguish between legitimate and politically motivated allegations. Correspondingly, the president of the republic reacted with nervous and harsh criticism when his country dropped down from 43.6 to 24.1 (on a scale from 0 [worst] to 100 [best]) on a World Bank Institute corruption assessment. Transparency International recorded the same pronounced backslide: Rwanda dropped from 3.1 to 2.5 (scale: 0 (worst) to 10 (best)) and lost 38 out of 159 places on the ranking list. This trend does not affirm successful anti-corruption work.

Anti-corruption policy

16 | Consensus-Building

Although the government presents the polity as committed to power-sharing and broad-based consensus, it seems to employ the strategy that it is easier to produce "consensus" if deviant opinions are eliminated in advance. The inner circle of the political leadership is virtually the sole domestic political actor of real importance. Political parties besides the RPF are very weak, and more

Consensus on goals

credible opposition parties are banned or hindered from registration. International actors hesitate to criticize the power-sharing façade, while academic experts generally underline the political deficiencies. Taking into account the sometimes massive backlash of Rwandan officials if foreign actors outline political deficiencies, there are no signs that the leadership wants further democratization. However, economic liberalization towards a full market economy is a credible long-term aim of the current leadership.

Relevant political actors have no interest in excluding anti-democratic veto actors as they themselves are not committed to substantial democratization. The influence of the military is historically very high, and President Kagame has been the leader of the RPF's dominant military branch, called Rwandan Patriotic Army (RPA), which later became the Rwandan Defense Forces (RDF). He served as minister of defense before he became president of the republic in 2000. There are no anti-democratic veto players in the country seeking to undermine the regime.

Anti-democratic veto actors

During the period under consideration, the political leadership has been very effective in preventing cleavage-based conflicts from escalating. However, the government has not been able to produce sufficient trust among potential conflict groups in order to ensure stability. Due to the current leadership's great military power – which allowed it to intervene forcefully in neighboring Congo – and geographical conditions, it has been able to press genocide militias into today's DRC, where they have been reduced to a number estimated to be no serious threat for Kigali. The government uses its Banyarwanda policy to propagate a national identity beyond Hutu or Tutsi and other means of reconciliation to prevent future escalations. Seen critically, these measures are mostly state-driven and based on the threat of severe punishment for "divisionism." There are doubts that the government's measures can prevent the escalation of conflict in the country on the medium or long term.

Cleavage / conflict management

It is quite difficult to decide who is a true civil society actor and who is not. Clearly independent civil society organisms such as the human rights organization LIPRODHOR have been intimidated and are often reported to be much closer to the government than beforehand. Other actors, such as genocide victims' organizations, profit from closeness to government officials and the government's reconciliation policy. Also, several segments of civil society, such as the representation of women, youth or disabled people, are incorporated into the polity with the help of reserved seats in parliament. However, such measures amount more to "parastatal society" elements than to civil society organizations.

Civil society participation

The eradication of ethnic thinking and the prosecution of all who contributed to the genocide and contribute to so-called "divisionism" are important constitutional and policy aims. Besides its Banyarwanda policy, the government

Reconciliation

introduced numerous institutional arrangements for reconciliation, such as the National Unity and Reconciliation Commission, responsible for community projects to overcome past atrocities, and the Gacaca court system, which judges genocide suspects much more rapidly than professional tribunals probably could. However, observers doubt that Gacaca procedures are entirely fair and independent. There are concerns that the government could misuse the grassroots structure to repress opponents. Therefore, the current leadership formally recognizes the need to deal with past injustice, but reconciliation is conceived in the narrow sense of confession statements from those acting on the side of the Habyarimana regime and its radical successors. Demands to include RPF war crimes have been consistently rejected, but will need to be addressed if the reconciliation process is to advance. An example is the refusal to argue on the allegations published in Abdul Ruzibiza's chronology in November 2005. The former senior RPF intelligence officer writes that RPF soldiers shot down president Habyarimana's plane on 6 April 1994 and speaks of large-scale massacres of the Hutu by RPF troops. Instead of dealing with these allegations, the government continues to tighten its claim on absolute power. The government's rhetoric, its institutional façade, its relatively good performance in economic development and its current record on safety and assumed stability do not cover the overall lack of inclusive consensus-building and reconciliation.

17 | International Cooperation

The government is willing to cooperate with external forces to some extent, especially due to its high dependence on foreign assistance. In doing so, however, the political leadership seeks to strengthen its authoritative grip on society and defends its security policies inside the country and toward neighbors. International donors, with the exception of France, are officially satisfied with Rwanda's economic cooperation. Donor states praise the current government for its relative achievement and the high level of interior calm and order. Still, a more democratic government might well have achieved the same and more. Openness to economic reform has improved during the period under review, while actual economic growth declined, also due to structural constraints that would not be easy for any government to overcome.

Effective use of support

Rwanda has mixed credibility and reliability in relations with the international community. Kagame's straightforward style and ability to define preferences wins him some credit in international economic cooperation. The first-ever international credit analysis of Fitch Ratings, published in December 2006, rates the country B-, indicating both relative success by regional standards and important obstacles still to overcome. As concerns politics and democracy, international partners either bypass the subject diplomatically or risk shaky

Credibility

relations. Some international actors hope for democratic improvement through economic development, while the E.I.U.'s statement that "a number of donors have their own concerns about governance in Rwanda" may come closer to the mark. The most visible frictions exist with France and the International Criminal Tribunal for Rwanda (ICTR). In November 2006, Kigali interrupted diplomatic relations with Paris due to the decision of a French judge who issued an international warrant of arrest for senior Rwandan officers and proposed to the ICTR the introduction of inquiries into the implication of President Kagame in the shooting down of Habyarimana's aircraft. Kigali sharply rejected the accusations and denied France's competence in investigating the case. Instead, it repeated allegations of the responsibility of France for the genocide. British Prime Minister Tony Blair revealed the incoherence of the international position toward Rwanda when he received President Kagame in London only a few days later.

To improve its image and gain prestige, Kigali endeavors to organize international conferences in the new conference center at Hotel Intercontinental in Kigali, to integrate its own personnel into regional organizations (e.g., former finance minister Kaberuka's chairing of the African Development Bank) and to participate in AU military missions (e.g., in Darfur). Rwanda has been the first country to undergo NEPAD's African peer review mechanism (APRM), but it failed to recognize its rather cautious criticism. Rwanda is a member of COMESA and was accepted as a member in the East African Community (EAC) in November 2006 (valid on 1 July 2007). The integration into the EAC is economically reasonable as most of Rwanda's external trade runs through Kenyan and Tanzanian ports. It underlines Rwanda's general orientation toward the anglophone East and its growing distance from francophone Congo. Concerning the DRC, Rwanda did not intervene in the electoral process – at least not openly – and therefore helped to improve its formerly bad relations with the country. However, there are still allegations that Rwanda continued to support militias in the Kivu region, particularly the RCD-Goma, for its own interests. Tensions with Uganda, another EAC member state, have improved slightly, remain somewhat worrisome. The general calm does not change the trend toward selective cooperation largely subordinate to Kigali's interests.

Regional cooperation

Strategic Outlook

President Kagame opted for the same strategy as his predecessor Habyarimana in the 1980s, who tried to strengthen his legitimacy through economic development while simply negating social obstacles and dangers. The former regime collapsed during a period of political liberalization, but the current leadership has used the construction of a democratic façade to strengthen its dominance. The Rwandan government is highly authoritarian. Substantial changes are unlikely in the near future. The overall political situation cannot be expected to change as long as President Kagame is in office, due at least in part to the large support Kagame enjoys from the military, a crucial political actor beyond the official structures.

Chances are slim that the 2008 parliamentary elections will serve as a step toward political liberalization. All of the allowed parties support the government. The real center of political gravity is the presidency and there is no doubt but that Kagame will be re-elected for a second 7-year term in 2010. For the past one and a half decades, domestic conditions have resulted in a lack of promising pro-democratic alternatives to the incumbents.

However, the 2008 elections provide an opportunity for external and internal actors to demonstrate their commitment to democracy. The tragic failure of the international community in the early 1990s should not lead to international avoidance of political critique. External actors should clearly denounce the lack of democratization and call for freer and fairer elections and extensive election observation. Consequences should be imposed if the elections fail minimal standards.

Also, the Rwandan government should begin investigating allegations of war crimes committed by RPF soldiers and stand behind the unequivocal condemnation of human rights violations. Suspected perpetrators of the genocide must stand trial, and trials should be in accordance with the rule of law. Unabated support for national reconciliation is crucial, and donors in particular should press for more effective programs.

The danger of conflict escalation is high due to omnipresent repression, the lack of serious reconciliation, a growing distance between the political leadership's inner circle and the rest of the society (including parts of the elite), and a possible decline in economic performance. The recent prognosis for the growth rate is insufficient for substantial economic improvement; the government must take more extensive action and do so more quickly. Currently, the country may

be calm, safe and orderly, but the latent potential for conflict must not be underestimated. If conflict escalates again, the gradual economic success due to market liberalization may be destroyed very quickly.

The incoherence of Western donors facilitates the Rwandan government's rejection of external political critique. The relationship between Washington and Kigali is favorable, although it worsened during the Bush administration due to the latter's policy of pro-democracy intervention. Several observers believe that U.S. military interests in the region account for its positive attitude towards Rwanda, since the country currently provides stable conditions in a fragile neighborhood. In Europe, British politicians extended President Kagame a cordial public handshake only days after he interrupted diplomatic relations with Paris for a legally correct measure of its independent judiciary. Though France's difficult relationship with Kigali is partly due to its good relations with the former Rwandan regime, the obvious incoherence in the way international actors behave cannot send a credible message against authoritarianism and should not continue. As long as the majority of Western donors benefit from stability and economic reforms without calling collectively for political liberalization, they support the autocratic status quo.