



Citizen-Centered Approaches
to State and Market



“Nobody Owes Us Anything”: Self-Destruction to Self-Reliance in Rwanda

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I. Introduction

In the mid-1990s, Rwanda was considered almost unviable as a modern state, beset as it was with some of the most difficult political, economic and socio-ethnic problems in the world, which culminated in the 1994 genocide that killed nearly a million Rwandans and displaced a further three million in a period of just over three months. Now, over 99% of Rwandan refugees have now returned to their homes; the economy has grown at an average of 8% over the last 10 years, tripling average incomes; and Rwanda is now ranked as one of the easiest places in the world to do business. Rwanda has generated uniquely Rwandan solutions to Rwandan problems through leveraging its significant assets to support national regeneration and self-reliance.

II. Background

Post-genocide, the RPF put in place a Government of National Unity and transitional National Assembly that were broadly inclusive in terms of political representation. The new government encouraged the repatriation of Hutu refugees, guaranteeing the return of lands and homes, and with Hutu community leaders drawn into local government structures as far as possible. Emphasis was placed on a return to normality as quickly as was feasible. With the security conditions improving, the government also sought to develop a stabilization and recovery program which provided the legal and procedural framework for economic transformation over the course of the latter half of the 1990s.

III. State Transformation

By March 2000 Rwanda had consolidated internal security, begun the difficult process of reconstruction, put through a series of liberal economic reforms, and ensured the framework was in place for nascent governance systems to develop. This progress was subsequently catalyzed through the Kagame government's ongoing approach to six key areas of reform:

- i) **Nation-Building.** Consideration of the transition in Rwanda has to begin with issues of national unity and reconciliation, if only because these tend- either explicitly or implicitly- to underpin almost every other aspect of policymaking. The government has made a great deal of progress through a focus on reconciliation (a clear emphasis on progress rather than retribution); citizenship (through constitutional provisions and efforts to develop shared symbols and programs); and the development of social capital (through, for example, a program to protect the most vulnerable from economic shocks, and an affordable healthcare system).
- ii) **Visioning.** A visioning process has brought in stakeholders from across Rwandan citizenry to provide inputs on where the country should go. This process led to a more concrete, long-term vision for the future. A reduction in aid dependency, human resource development, infrastructure creation, market-oriented agriculture and regional and international integration were seen as the basis for realization of this vision. Many of the *Vision 2020* goals are now in the process of being revised by the government in relation to new realities- the targeted \$900 per capita annual income figure for example, is now being projected upwards to \$1500 by 2020.¹
- iii) **Leadership and Management.** Linkages between leaders and the population at all levels of government have allowed for clear communication of ideas, adaptive policy-making and feedback on performance in Rwanda. President Kagame holds audiences every month with

¹ Discussions in Kigali, June 2010

ordinary Rwandans and hosts famous government retreats biannually during which cabinet members and legislators are forced to make public declarations of goals, knowledge is shared, ideas are generated, relationships are built and feedback is provided across government. He has also put in place a number of capable ministers in key ministries who best understand the need for effective systems, and who can put in place governance across a variety of different domains and ensure patterns of corruption do not become entrenched through routinization over time.

- iv) **Decision-Making and Delivery.** Once decisions are made in Rwanda, they are announced, made in accordance with proclaimed goals, acted upon, and progress is then benchmarked through clear reference to original goals. A well-known example was the effort last year by the Ministry of Education to mobilize the army, police, prisons, district authorities, communities and development partners to build 3127 schools in just 4 months, increasing the country's stock of classrooms by almost 10%.² The ban on plastic bags throughout the country, declared by the government with immediate effect in 2006, is a further, well-known case in point. As a result, Rwanda, and Kigali in particular, is one of the cleanest places in Africa.
- v) **Building on What Exists.** The Rwandan ability to identify and adapt local traditions that can contribute to modern progress (such as *Umuganda*- or "contribution", for example, through which all Rwandans provide a morning of communal labor each month; or the *Gacaca*, or local level courts to resolve disputes). is both ubiquitous and impressive, and has strengthened decentralization, fostered collective action, regenerated social capital, built skills within communities, designed solutions to difficult problems, and provided local-level funding to recapitalize the rural Rwandan economy. It represents a problem-solving and entrepreneurial approach to strategy and management that has focused collective energies on solutions to shared problems.
- vi) **Capacity Building.** The government understands and recognizes this fact and is working to build out the skills of the population and develop the capabilities the country will need to compete in the future. Rwanda is one of the few countries in the developing world that spends more on education (5.5%) than the military.³ Primary education and the first three years of secondary education are now free for Rwandan children, with net primary school enrollment at over 95%. Between 1962 and 1994, Rwanda produced a total of 2000 graduates, but by 2010, there were 7 public universities (producing over 3000 graduates in 2010) and 8 private universities across the country. The government has also supported the development of a range of first-class capacity-building institutions and partnerships with international institutions.
- vii) **Rules-Based Governance.** The RPF leadership has been deeply thoughtful as to how to ensure poor governance can be overcome through analysis of the role, functions and levels of government. A decentralization process was put in place to encourage local participation in decision-making; a clear emphasis is put on government transparency and accountability as a central tenet of the state-building project; annual audits of all ministries are mandated by law; and the Anti-Corruption Commission and Ombudsman investigate and prosecute corrupt practices. On the revenue side, new, even-handed tax policies have been put in place to streamline processes and domestic revenue collection (through customs, VAT and direct tax reform) rose from 7% GDP in 1995 to 13% in 2003, to 15.6% GDP in 2008.⁴

² Discussions in Kigali, June 2010

³ Fairbanks, M. "Nothing Good Comes Out of Africa", *Huffington Post Blog*, May 3rd 2010, available at: http://www.huffingtonpost.com/michael-fairbanks/nothing-good-comes-out-of_b_560639.html

⁴ IMF. "Rwanda: Sixth Review Under the Three-Year Arrangement of the Poverty Reduction and Growth Facility, Staff Report" (*IMF Country Report No. 09/264 August 2009*) p.10

- viii) **Focus on Results.** Deep decentralization and clean government in Rwanda are complemented by a very clear, private-sector inspired, results-based focus in public sector institutions. Through a process of *Imihigo*, each newly elected official across all levels of government in Rwanda must create a public document indicating measurable goals within their first 3-6 months in office. This process of performance contracting ensures accountability from top to bottom. The government has also sought to ensure results-based accountability to citizens through the development of citizens' charters for all local administrations. Citizen scorecards are also now being piloted in every district (with a view to national roll-out) as a mechanism through which Rwandans can further rate their government on the delivery of promises.

IV. Market-building

At independence in 1962, Rwanda had the third lowest income per capita in the world. With this understanding, the government has worked to reconceptualize its assets and build on what exists through:

- i) **Streamlining Processes**, through for example, and the Rwandan Development Board, a “one-stop shop” for investors, modeled on international best practice examples from Singapore and Costa Rica. The RDB has worked to improve regulations and ease access to credit, simplify business formation, strengthen minority shareholder protections, build capacity and improve trade and property registration. A virtuous circle has been created in Rwanda as a result, whereby intelligent and well-sequenced reform has allowed for investment and increased economic activity. This is reflected in the fact that the country jumped 67 places in the World Bank’s Doing Business Indicators between 2009 and 2010- to 67th from 143rd of 183 countries.⁵
- ii) **Building Domestic Revenue Streams**, through identifying key sectors; mapping potential land productivity; understanding critical ecosystems; protecting wildlife and areas of natural beauty; and providing the infrastructure and conditions for large-scale growth. The government has developed a systemic approach to each economic sector, with analysis of the current situation, the development of sector objectives, plans to target customer needs, articulation of how best to uniquely position goods and services, and the implementation of action and investment plans.⁶ Linkages have been created through integration of supply and value-chains and aggressive income and production targets are in place, matched with communications campaigns to bring various stakeholders together in support of sectoral development strategies.
- iii) **Moving up Value Chains**, through developing high-value, low-volume goods. In agriculture, these include including coffee, tea, silk, nuts, herbs, essential oils and speciality vegetables. President Kagame has also built relationships with Jim Sinegal, CEO of Costco, and Howard Schultz, Chairman of Starbucks with both companies now drawing on Rwanda’s coffee supply for their global operations, for example. Rwanda has also positioned itself as a high-end tourist destination based on its natural beauty, security, environmental sustainability and increasingly, tourism-related infrastructure and services. In 2000 just 3,700 foreigners visited Rwanda’s national parks, but by 2007, this number had risen to over 39,000, with the sector becoming the highest foreign currency earner.⁷
- iv) **Focus on Catalytic Sectors**, such as telecommunications and financial services- as necessary to support broader economic growth. With the ICT budget at 1.6% of GDP, the government has worked to put in place a new type of economic and social partnership through which the state facilitates the infrastructure, services, telecommunications and ICT links as part of a cluster approach to provide an efficient working environment for national and international

⁵ See World Bank Doing Business Indicators 2010: <http://www.doingbusiness.org/economyrankings/2010>

⁶ Fal, M. in Fairbanks et al. *In the River They Swim*, p.86-89.

⁷ Bringing in \$42.3 million. Discussions in Kigali, May 2010

stakeholders.⁸ The government is supporting research units and funding technology capacity building in universities, establishing district innovation centers to support new ideas, and supporting an ICT park in Kigali to provide services to technology companies, incubate new businesses, provide venture capital funding, and ensure research support.⁹

V. Key Factors

In Rwanda, a number of key themes seem to have underpinned success to date:

- i) **Overcoming the Legacy of the Past.** Given the truly horrendous situation in which Rwanda found itself post-genocide, the RPF government came to power with the very specific aim of ensuring that a similar situation would simply be impossible in the future. The visioning process is an attempt to demonstrate a future that is opposite to the 1994 past, and the country's entire approach to economic development is in order to ensure that control over limited resources cannot provide the basis for further conflict. The government is seeking to make the past inconceivable for a new generation of Rwandans.
- ii) **Take Calculated Risks.** Rwanda's collaborative visioning process allowed it to move beyond considerations of constraints in the present and sought to identify possibilities in the future- a process that in itself led to calculated risk taking. In the immediate post-genocide period, risk-taking of this type was possible because the country had lost everything, and the new leadership understood that a very different reality was conceivable. To the credit of the RPF, it has been willing to take these risks. Mistakes have certainly been made, but progress has also been significant.
- iii) **Focus on Delivery of Outcomes and Results.** Through a consistent focus on results, Rwanda has managed to move away from the aid dependence syndrome in which many developing countries become ensnared, and towards fiscal independence, not only with government "ownership" but truly with government "authorship" of reform. This does not only refer to the state as narrowly defined, but more broadly as the balance with the market, with the roles and responsibilities of each understood and developed accordingly. This balanced approach to development and human security has generated the confidence the Rwandan people need to invest in the future of their country. Messaging and communication, both internally and externally, generated confidence based in results.
- iv) **Management of the Regional and International Environment.** Rwanda's success has been predicated on understanding how local capacities and traditions can be combined with global knowledge and tools. This has allowed the country to buy into progress and foster participation, while also ensuring that it benefits from modern ideas and processes. This also relates to Rwanda's drive to build on new ideas through the focus on ICT and modern infrastructures; the government's modern management techniques and focus on business process streamlining; and President Kagame's emphasis on building global networks with key individuals to catalyze change.

VI. Conclusion

Significant problems persist in Rwanda: over 50% of the population still lives below the poverty line; government systems are still maturing; human capacity remains low; and the necessary balance between freedom and security has not yet been struck. Rwanda, not so long ago considered on a par with the most dysfunctional societies in the world, however, is a country that these places now consult for advice and

⁸ The government is also using the new ICT structure to support governance reforms through e-governance.

⁹ <http://www.rita.gov.rw/services/projects.htm>

best practice. There is perhaps no better indication of how far Rwanda has come and how important the Rwandan model can be for the future of development both in the country itself, and around the world.