

Rwanda

Status Index (Democracy: 1.6 / Market economy: 2.3)		3.9	Management Index		3.2
System of government	Autocracy		Population	8.1 mill.	
Voter turnout	90 % (Local Council elections 2001)		GDP p. c. (\$, PPP)	1,250	
Women in Parliament	25.7 (2003)		Unemployment rate	n. a.	
Population growth^a	2.3 %		HDI	0.422	
Largest ethnic minority	9 %		UN Education Index	0.63	
			Gini Index	28.9 (1983-85)	

1. Introduction

Rwanda continues to struggle with the repercussions of the 1994 genocide. As a result, since 1996 it has been prominently involved in affairs in the Democratic Republic of Congo, chiefly to safeguard its own security interests. With this action the ruling government evacuated the domestic conflict with the former Rwandan Army (APR) that has been responsible for the genocide, and the Hutu militia (Interahamwe) into the neighbor country. A peace pact signed on July 30, 2002, calling for Rwandan troops to withdraw and Hutu militia fighters to be neutralized—disarmed, rounded up and repatriated—opened the possibility of a peaceful resolution.

The need to address the genocide and pursue national reconciliation, the task of rebuilding the economy, the ongoing battles with supporters of the toppled government and the entanglement in the Congo war were therefore the crucial factors determining the status of transformation toward democracy and a market economy during the past five years.

In view of the difficult political and economic setting, the influential actors can be credited with considerable managerial achievements, particularly in economic transformation. By contrast, deficiencies—some of them significant—must be recognized in the area of democratic changes, since authoritarian and hierarchical structures have become entrenched. In the short to medium term, therefore, the overall success of economic and political transformation depends on whether whether this trend can be halted and reversed in order to include both the political opposition and the population into the decision-making process, despite their ethnic affiliation.

2. History and characteristics of transformation

The economic and political transformation process in Rwanda has been inadequate. Rwanda is a very poor country with immense structural deficits, such as its high dependence on world commodity prices (particularly those of coffee and tea) and on foreign aid and its overpopulation. Since colonial times, Rwandan society has been marked by hostility between the Hutu, who make up 90 % of the population, and the Tutsi, who comprise 9 %. In wave after wave of fighting, the post-colonial Hutu-dominated governments drove Tutsis and opposition Hutus into exile.

This conflict, often described as “ethnic,” is actually a power struggle among the elite, who, now, as in the past, promote the distinction between Hutu and Tutsi and use it to serve their own interests. The fighting obstructed successful development; so too did the authoritarian regimes following the military coup in 1973 and the introduction of a single-party system in 1975. The democratic transformation was essentially initiated by outside forces, starting in the 1980s with the end of the cold war and calls for democratization by donor organizations, followed in 1990 by the invasion of the Tutsi-dominated rebel Rwandan Patriotic Front (RPF). In 1992, the Arusha accord between the RPF and the government introduced a multiparty system, which the Hutu elite strenuously resisted.

In 1994, extremist Hutu militias began the deliberate slaughter of Tutsis and moderate Hutus, but in the ensuing struggle the Tutsi rebels defeated the Hutu regime, which fell from power. The new transitional government, dominated by the RPF, bases its claim to legitimacy on the 1991 constitution, the Arusha peace accord and a 1994 multiparty protocol of understanding. However, the persistent threat from the overthrown Hutu regime (which continued to operate from refugee camps in neighboring Zaire, with the support of dictator Mobutu Sese Seko), an extreme need for security based on historical experience, and a power struggle among the political leaders of the RPF led to the formation of new authoritarian structures.

When the domestic power struggle peaked in 1999-2000, high-ranking Hutus—including President Pasteur Bizimungu, who resigned in 2000—and members of the Tutsi elite were cleared out. This dangerously narrowed the government’s power base. The transition period, originally set for five years, was extended in 1999; the process of democratization is now set to culminate in 2003 with the drafting of a new constitution and presidential and parliamentary elections. Local elections have already taken place, and, although some aspects were criticized, as ballots were not entirely secret, and party activities were prohibited, on the whole the elections were seen as fair and transparent. The democratization process is thus characterized by careful opening attempts accompanied by repression of the political opponents.

The market-economy transformation proceeded only superficially after Rwanda gained independence. Its failures—such as the dissolution of traditional social ties without the development of workable new structures, the persistent dominance of the subsistence economy, a decline in economic performance and agricultural yields and hence in foreign currency income—were a crucial reason for the government's crisis of legitimacy in the 1980s. This economic stagnation undermined the until then functioning system of clientele.

The genocide that slaughtered 800,000 people, including large portions of the elite, also destroyed important infrastructure and economic institutions. But the takeover of power by the RPF and the ensuing flood of returning refugees also brought an influx of foreign currency and professional know-how. The new government, following the model of Uganda, where many RPF leaders lived for decades in exile, considers itself a regime of liberal modernization and is working with Western donors to reform political, economic and social structures.

Underpinning its policies are agreements with the IMF—the Program for Reconstruction and Reconciliation of 1996-1998; the Structural Adjustment Program of 1998; and the Poverty Reduction and Growth Facility, 2000-2002—that seek to implement economic reforms and combat poverty through income enhancement, rural development and investment in human capital and infrastructure. Structural reforms aim to promote transparency. This is driving in particular at the fight against corruption and the involvement in the Congo war (revelation of defense expenditure).

The discussion on the economic exploitation of the Democratic Republic of Congo and human rights violations in which the Armée Patriotique Rwandaise (APR) has allegedly been involved, put a strain on the relations with the international community and made donors reluctant to disburse urgently needed funds. International pressure among other things caused Rwanda to withdraw its troops from the Democratic Republic of Congo in October 2002.

3. Examination of criteria for democracy and a market economy

3.1 Democracy

In transforming its political regime, Rwanda has made progress in some of the areas under evaluation, most notably the announcement of the end of the transition period, decentralization, and conduct of relatively free elections. Shortcomings, some of them serious, remain in areas such as political freedoms, freedom of the press and safeguarding human rights. In regard to democratic stability, therefore, the overall trend is negative and demonstrably threatening to the system.

3.1.1 Political organization

(1) *Stateness*: There is no problem with state identity in Rwanda, and the state has a monopoly on the use of force. This is challenged again and again by Hutu rebel offensives. The Rwandan Patriotic Army (RPA) was able to repulse the Hutu offensives, thereby increasing its support among the local populace during the past five years. A positive development began to emerge in 2001 with the accelerating peace process in the Democratic Republic of Congo, leading to a roundup of Hutu combatants and the arrest of Hutu politicians wanted for crimes of genocide.

The question of citizenship and who qualifies as a citizen is not a politically relevant issue. All citizens have the same civil rights. There is de facto separation of church and state, and the political process is secularized. The administrative system is functional, though hampered by lack of specialists, partly as a result of the genocide.

2) *Political participation*: Because the government is a transitional one, those in power at the upper levels are not elected. Political developments have favored the RPF. The powerful Forum of Political Parties determines the composition of the parliament and the government. It selects members of the Transitional National Assembly and the cabinet, primarily based on political criteria. Elections have been held only at lower levels, namely for local councils in 1999, and for community councils as well as magistrates for the newly created *gacaca* justice tribunals in 2001. The elections were judged to be mainly fair, though flawed in some respects, including the prohibition of party activities and campaigning, open voting in 1999, social pressure on voters and candidate selectors, as well as impediments to candidacy for opponents of the regime and preferential treatment for politicians close to it.

Officeholders occasionally find their power constrained by bureaucratic restrictions that may be politically motivated. Political organizations cannot form freely. Only the parties that existed in 1994 are permitted, and the party that had governed until 1994 was prohibited in 2001 on flimsy grounds. No new parties are allowed before a constitution is ratified in 2003.

When President Pasteur Bizimungu left the ruling party in 2000 and tried to form a new party, he faced arrest, house arrest and prosecution, and fellow dissidents were murdered in 2001. Civic organizations and the media can pursue their activities only if they refrain from criticizing the government. But associations representing victims of genocide did gain political influence, sometimes considerable. Although freedom of opinion and freedom of the press exist in theory, journalists and politicians who criticize the government have been intimidated; some have been murdered, and an increasing number have recently fled into exile.

(3) *Rule of law*: The separation of powers exists in theory, but the executive branch clearly dominates. The RPF wields great influence; through the Forum of Political Parties, it determines political appointments and directs substantive discussions in the executive branch and the legislature. Constraints on judicial independence present a significant problem. The judiciary is institutionally well differentiated. The *gacaca* tribunals instituted in 2002 represent an interesting experiment in addressing crimes of genocide—an important component of national reconciliation. Some 120,000 individuals accused of participating in the genocide are now behind bars. It would take decades to try these cases in the “normal” courts, where proceedings are often considered unfair and frequently culminate in the imposition of the death sentence, which so far was carried out only in 1998. The *gacaca* tribunals are intended to relieve this situation.

However, it is precisely when it comes to addressing crimes of genocide as well as domestic opposition that political forces influence the course of justice. Thus, former government officials who switched to the opposition have found their names on the government’s list of persons primarily responsible for the genocide, court decisions have been disregarded by the authorities, and the domestic power struggle has shaped the composition of the high courts.

Anti-corruption measures have increased, especially since 1999. However, accusations of bribery and corruption serve as yet another potent weapon to eliminate political opponents.

Except for the right to freely practice religion, civil rights are not completely guaranteed. Dissidents are harassed, prosecuted or murdered. However, the government refuses to impose sanctions for crimes or corruption involving high-ranking members of the RPF and RPA, unless they have gone over to the opposition. High-ranking RPA officers in particular are said to have conspired in the economic exploitation of the Congo. The government’s failure to address these issues brings it into conflict with international bodies such as the International Criminal Tribunal for Rwanda, established in Arusha for the prosecution of the perpetrators of genocide. It also jeopardizes the credibility and success of the *gacaca* tribunals.

3.1.2 Political patterns of behavior and attitudes

(1) *Institutional stability*: The organs of the transitional government are heavily influenced by the RPF. During the power struggle of 1999-2000, the National Assembly was manipulated to eliminate political opponents in its own ranks and in the government. Under these circumstances, the institutions find only perfunctory acceptance, which appears to be chiefly a nod to demands by Western donors.

(2) *Political and social integration.* A serious impediment to institutional stability is the weak party system. The parties are poorly anchored in society, some are riddled with internal conflict and their platforms are practically indistinguishable. All reflect ethnic and regional roots, cronyism and patronage. This is also true of the RPF, although its political leaders refuse point-blank to acknowledge ethnicity as an issue and claim not to give preferential treatment to any ethnic group or region. In the domestic power struggle, which at first mainly excluded the Hutus, the RPF is generally seen as a Tutsi party that managed to consolidate its position through adroit maneuverings, for example in organizing previous elections.

Other interest groups, to the extent that they exist, follow this model. Under these conditions, and in the long shadow of Rwanda's traditionally authoritarian past, the population has little incentive to embrace democratic mores and behavior. In general the civil society in Rwanda is weak. The degree of self-organization is rather poor although a large number of NGOs and clubs have been established since 1994, often times due to economic want.

3.2 Market economy

In transforming its economic order, Rwanda has made progress in individual aspects relating to macroeconomic stability and sustainability. Shortcomings, some of them serious, persist in socioeconomic development, establishment of a welfare regime and economic performance.

3.2.1 Level of socioeconomic development

Rwanda is an underdeveloped and extremely overpopulated country (LDC status). Poverty is widespread at 60 % and was exacerbated by the genocide. Subsistence agriculture dominates the economic scene. Because estates are traditionally partitioned among the heirs, 90 % of the farms are smaller than one hectare and they barely secure the survival of the farmer's family. Jobs outside the government sector are few. Poverty affects all ethnic groups and social strata. Women are particularly disadvantaged because of the traditional social structures and the genocide. The illiteracy rate is 39.6 % for women and 26.4 % for men. Only 16 % of all households were considered complete in 2000, compared to 86 % in 1994, and 300,000 children were orphaned by the war.

AIDS threatens Rwanda's society. Estimated 11-13 % of the population are affected. Core tasks in the national fight against poverty are to cope with the AIDS epidemic and to stop the extreme population growth. During the period under study, the government has tried to redress these imbalances through its anti-poverty policy which has been written down in a joint effort of the population and the international donor community in the National Anti-poverty Strategy (PRSP). This includes for example the planning for land reform, improving inheritance

laws to benefit women, eliminating ethnic quota systems in the schools, implementing agricultural reforms.

Due to the ethnic conflict, however, these measures could be, and were, interpreted as steps to consolidate the power of the RPF. For example, the use of English, increasingly encouraged since 1994, is perceived as favoring Tutsi who have returned from exile in Uganda. Moving inhabitants that traditionally live on isolated farms into villages—a measure officially touted as promoting rural development—is often seen by those affected as an attempt to bring them under control and often times led to a socioeconomic decline due to the long distance between the new villages and the traditional cultivable areas. Meanwhile even the government accepts the need to revise this part of the strategy.

3.2.2 Market structures and competition

To the extent that this is possible in a society dominated by subsistence agriculture, the foundations of a competitive market economy are largely assured. However, Western donors have chided the government in its strategic planning for its strong protectionist attitude and its arrogation of leadership in industrial affairs. These policies were eventually relaxed to some extent; for example, foreign currency and price controls were lifted. There are plans to break up the dominance of the subsistence economy by a targeted development of rural areas through infrastructure development, programs to bring products to market, and loan policies.

Implementation, however, is hampered by the low level of foreign investor interest due to the region's poor security situation and possibly because of the suspicion, based on a few instances, that personal political interests would influence economic policy decisions. Foreign trade is largely deregulated. One imbalance, however, is that compared with civilian enterprises, companies with ties to the military are burdened little, if at all, with import taxes, for example. The banking sector, which is partly private, experienced an upswing in 1994 as returning Tutsi refugees brought an influx of foreign currency. In 2001-2002, however, its situation was critical, with 40 % of all loans rated as weak. Reforms are planned here.

3.2.3 Stability of currency and prices

In its reform efforts, Rwanda pursued consistent inflation and exchange rate policies, though these were constrained by external influences, such as inadequately developed markets, poverty, drought, the country's landlocked location, oil prices and transportation policies in neighboring countries. The same is true of fiscal and debt policies, which aimed to stabilize the budget. Thus a

medium-term fiscal planning, a cash-flow-budgeting system and a value-added tax have been implemented in 2001.

In 2000, Rwanda received a foreign debt relief package from the IMF and the World Bank under the Heavily Indebted Poor Countries Initiative. Hampering this were the low tax base—only 23 % of Rwandans pay taxes and 40 % of tax revenue comes from ten corporations—the lack of qualified personnel and the Congo war. An agreement was reached to review claims relating to domestic indebtedness (encumbrances from 1994), making it possible to reduce that debt as well. The central bank is considered as largely independent and functional.

3.2.4 Private property

Private property does exist and can be achieved. However, open land ownership questions that arose as a result of the genocide hinder the development of the rural areas. but the ethnic conflict has caused problems. Disputes have arisen between refugees who returned in 1994, Rwandans who remained in the country during the Hutu regime, and the Hutu who fled in 1994 and have returned in several waves in recent years. The authorities have not always managed to resolve these disputes. Moreover, private enterprises are often small and less than competitive regionally. Widespread smuggling poses another threat. There are plans to reduce the dominance of state enterprises through privatization. Despite some achievement for example in telecommunication their implementation has been delayed, especially when it comes to large and/or strategic enterprises.

3.2.5 Welfare regime

There is no adequate social security system. State structures apply only to the small modern sector; traditional systems broke down in part during the genocide. Equal opportunity is limited, especially for women. The anti-poverty campaign includes plans to develop new structures (for example the establishment of a health insurance), while the elimination of ethnic quotas in schools served to lower social barriers.

3.2.6 Strength of the economy

Macroeconomically, the rampant growth immediately after 1994 was followed by more stable development and then a mild slump in 1999-2001. The decline in economic output in 1999 after numerous development projects ended, dependence on foreign funds, caution on the part of private investors, widespread smuggling, dependence on such regional and global economic developments as high oil prices and worsening terms of trade—all are signs that the economy's capacity for

independent growth remains weak. Additional factors are Rwanda's landlocked situation and repeated droughts.

3.2.7 Sustainability

The formulation of an anti-poverty campaign laid the foundation for eliminating social barriers. There is an awareness of potential environmental damage. In consequence the protection of the environment has been put down as a goal in the PRSP. However, measures reflecting ecological concerns often conflict with other political objectives. The school system, which collapsed during the genocide, has been rebuilt, expanded and improved, but continues to exclude lower income brackets and to emphasize the theoretical rather than the practical. Reforms are planned. Expenditures for education and health services rose from 20 % and 3.8 %, respectively, in 1999 to 26.9 % and 4.2 % in 2000, while outlays for defense dropped from 31.4 % in 1999 to 28.9 % in 2000. This suggests that social policy is receiving greater attention.

4. Trend

(1) *Democracy*: Considering the poor starting conditions, certain indicators—an effective administrative system, public safety and order, state monopoly on the use of force, the conduct of relatively fair elections—have shown improvement, in some respects considerable improvement. In theory, institutional stability was strengthened with President Paul Kagame's announcement that the transition period would finally be terminated in July 2003. On the negative side, political influence led to abuses, some of them serious, in the areas of human rights, freedom of speech and freedom of the press.

Since 1999, the RPF has consolidated its position at the expense of the legislature, the judiciary and other political parties, gaining a considerable advantage as the planned parliamentary elections approach. This could prove to be a serious problem. Efforts to combat corruption have increased, though the issue has also served as a tool in internal political conflicts. The parties and civic organizations have made little progress toward political and social integration.

Given the dominance of the RPF, as well as the meager progress toward national reconciliation and the constant fear that personal disputes will engender accusations of crimes of genocide, the population has shown a cautious wait-and-see attitude toward political engagement. Despite its efforts to create structures for public discussion through country-wide debate of the planned constitution, introduction of the *gacaca* tribunals after thorough discussion and several postponements, as well as the introduction of national and regional forums for national reconciliation, the government has been unable to overcome this reluctance.

In view of the government's inconsistent behavior—elections and anti-corruption measures have been announced and implemented, but repression of the opposition has intensified—it earns only mixed marks for the coherence and stability of its actions.

(2) *Market economy*: All fundamental development indicators showed improvement during the period, and the institutional environment for market-economy action improved in important areas, such as restructuring the budget, planning a decentralized administrative system, strengthening the review mechanisms of the auditor general's office, and introducing fees for state services.

However, deficits such as widespread smuggling, corruption, a small market, and dependence on world economic factors remained, and some important measures such as privatization were delayed. However, the implementation of key measures such as privatization has been delayed, in part due to the low level of attractiveness of Rwandan companies and general investment circumstances. The dynamics of reform during the period suffered from Rwanda's involvement in the Congo war, disagreements with donors about that involvement, and bureaucratic resistance and inadequacies. The economic growth does not suffice to substantially reduce the immense degree of poverty.

Table: Socioeconomic indicators of modernization

	HDI	GDI	GDP Index	UN Education Index	women in Parliament (appointed)	GDP per capita (\$, PPP)
1998	0.382	0.377	0.31	0.57	17.1 %	660
2000	0.403	0.398	0.37	0.58	25.7 %	943

Source: UNDP: Human Development Report, 2000, 2002 (<http://www.undp.org/hdr.2002>; <http://hdr.undp.org/reports/global/2000>)

Despite a slight improvement of the socioeconomic indicators the social situation – especially in the rural areas but due to a growing urbanization also in the urban centers – remains bad or even disastrous. The AIDS epidemic destroys many efforts in the socioeconomic realm.

Table: Macroeconomic fundamentals (1998-2002)

	1998	1999 ⁵	2000 ⁵	2001 ⁵	2002 ⁶
Growth of GDP ¹	8.9	7.6	6.0	6.7	7.3
Inflation ¹	6.8	-2.4	3.9	3.4	2.0
Exports ¹	-8.9	12.8	19.7	36.7	-13.8
Imports	3.3	-4.8	-14.2	11.0	-0.4
Balance of trade	-15.2	-16.1	7.6	-20.7	-4.5
Foreign debt ²	58.3	65.3	72.1	77.3	73.2
Debt service ratio ³	33.5	47.6	33.8	22.4	31.4

¹ Percentage change from previous year; ² As percentage of GDP; ³ As percentage of all exports and services; ⁴ \$ millions; ⁵ Estimated; ⁶ Planned.

Source: Rwanda – 2002 Article IV Consultation and Requests for a New Poverty Reduction and Growth Facility Arrangement and for Additional Interim Assistance under the Enhanced Initiative for Heavily Indebted Poor Countries, September 25, 2002 (<http://www.imf.org/external/pubs/cat>).

5. Transformation management

5.1 Level of difficulty

Many factors created unfavorable conditions for transformation in Rwanda. These include a bad initial situation; lack of experience with democracy; rudimentary civil society and parties; civil war and genocide causing the destruction of fundamental infrastructure; concerns around ethnicity that persisted despite the government's denial of their existence; widespread poverty; a poorly qualified workforce and a weak educational system; regional instability; the world economic situation; the slump that followed an initial boom after 1994; and the mounting dissatisfaction of donors with the deteriorating human rights situation. Positive factors included: the government's general will to introduce reforms, the flow of comprehensive financial aid after the genocide and the ongoing effort of the war parties and the international community to find a solution to the Congo crisis.

5.2 Reliable pursuit of goals

The government showed its determination to reform the economy and society despite all obstacles. It worked with donors to formulate a coherent development policy, then fleshed out this policy and tried to implement it, notwithstanding such structural shortcomings as the lack of a qualified workforce, and the country's landlocked situation. In 2002, however, the signing of a new Poverty Reduction and Growth Facility was delayed for months because the government and the IMF

disagreed about how high the budget deficit could be. The reason for this delay were different policy approaches.

Bureaucratic obstacles hampered a purposeful transformation policy, as did the extreme and counterproductive need for security of the Tutsi elite, which caused high defense expenditures, engendered human rights abuses and curtailed measures to combat corruption and enhance prosecution. In principle, and given these limitations, the government sought to create attractive conditions for domestic and foreign investors. Finally, as international donors held back, Rwandans who had settled abroad were targeted for aid.

Overall, a long-term and reliable strategy for economic and societal transformation was identifiable. New structures to address fundamental issues such as national reconciliation and repairing the ravages of genocide were cautiously tested, including a human rights commission that proved quite effective. Nevertheless, the democratic transformation was less than convincing. When it came to creating a pluralistic system with freely working political parties, there were considerable reservations right from the start.

The decision was temporarily postponed when the transition period was extended in 1999. At the same time, the jostling for power at the top escalated and a dialogue with moderate forces of the overthrown regime did not take place, for reasons on both sides. But starting in 2000, as the regional political situation changed, and as moderate Hutu rebels at least verbally indicated their willingness to cooperate and in fact did work more closely with the excluded domestic opposition from 2001, the government initiated a cautious change of course. However, it can be expected that the FPR is going to with all means consolidate its power position in the coming-up of the planned presidential and parliamentary elections 2003.

5.3 Effective use of resources

The government's use of available personnel and organizational resources to pursue its transformation policy was mainly effective, though obstacles abounded. Its own exclusionary treatment of the opposition drove into exile educated people who were urgently needed for development. One consequence of inadequate personnel resources and disputes over project and platform concepts was that only 45 % of the funds released by donors could be disbursed. This represents 27 % of the total originally pledged.

To counter these deficiencies, and also to improve transparency, the government proposed a cash-flow budgeting system, medium-term fiscal planning and standardizing bidding procedures, among other measures. These in turn met with opposition from local administrative agencies and donors who feared that too much power would be concentrated in the finance ministry and/or that their own

influence would diminish. To avoid burdening the state budget with the costs of the Congo war, the RPA mostly financed its own operations.

The hoped-for relief to the state budget was in part cancelled out when an international outcry against the plundering of Congo's mineral resources heaped scorn on the government and delayed the disbursement of foreign funds. In some instances, various political goals blocked each other. For example, environmental protection measures fell by the wayside after decentralization gave local agencies responsibility for implementing them but failed to provide adequate funding.

Efforts to dismantle traditional authoritarian structures and replace them with new decentralized administrative structures, such as popular elections for mayors, met a similar fate.

Because of the RPF's dominance, the transfer of responsibilities to lower levels was only partly successful. However, the establishment of decentralized administrative structures, initiated in 2001, has stirred up expectation of an overall more effective and more efficient use of the scarce resources. In sensitive areas, the government responded to opposition concerns in order to make its reform policies possible. To the extent that it could do so, the government provided the necessary services, especially in the areas of infrastructure and development of human resources. Corruption was opposed as long as nobody close to the regime was involved.

5.4 Governance capability

The planning for economic reform was both astute and far-sighted, but implementation met obstacles in the form of inadequate funding, lack of qualified personnel and resistance from influential groups. The government, which had drawn legitimacy from its victory over the regime responsible for the genocide, ultimately lost some this legitimacy due to the power concentration in the hands of the FPR. It lacks the backing of the population whereas the question of a political alternative remains open.

Especially in the economic arena, Rwanda's actors demonstrated political astuteness in the choice of instruments and strategies. On the other hand, the democratic transformation suffered from the excessive need for security, the increasingly authoritarian structures and the leaders' distrust of their opposition and the Hutu rebels. This hindered the breaking down the mutual distrust between Hutu and Tutsi. Rwanda's involvement in the Congo war increased regional instability and exacerbated tensions with its former ally Uganda as well as with large parts of the donor community. Overall, the government's organizational capability declined somewhat at the end of the period under study.

5.5 Consensus-building

The goal of creating a functioning democracy and market economy is widely accepted. However, they have reservations, except in the economic arena. Differences between the government/RPF and other parties about the outward form of democracy, and especially about how to address the undeniable ethnic antagonism, soon came to light. Neither the government nor the Hutu rebels were prepared to engage in dialogue. The resulting exclusion of opposition voices ultimately blocked the road to democracy.

Nor were the RPF and RPA prepared to open the door to criminal prosecution of their own excesses arising out of the civil war. President Kagame's concessions on this matter in 2000 later had the look of a political ploy. Despite single measures (such as national reconciliation committee; abolition of ethnic affiliations in passports and ethnic quotas in schools) this intransigence made it impossible to repair the rift caused by social conflict along the fault lines of ethnicity. Rwanda remains a deeply split society. Differences exist both between the Hutu and Tutsi and between genocide victims and returned refugees, both mainly Tutsi groups.

The FPR's claim to power destroyed the post-genocide consensus and led to the breaking up the alliance of Tutsi and Hutu that had opposed the former genocide regime. The population's openness to solidarity faded as fear of being persecuted for dissident views inhibited societal engagement. Against this background, the efforts to achieve the national reconciliation that must underpin economic and political transformation—expressed in such actions as the creation of new state symbols in 2002, the implementation of discussion forums and the introduction of the *gacaca* tribunals—are rather modest.

5.6 International cooperation

Motivated in part by self-interest, namely its dependence on financial and military aid, Rwanda worked closely with international donors. Foremost among these were the IMF, the World Bank, the US and Great Britain, and to some extent the UN. On those occasions when the government accused the foreign community—the UN, France, Italy and the Vatican—of failure to stop the genocide, it was confrontational but always carefully avoided a breach. At least where economic transformation was concerned, the government managed to present itself as a reliable partner.

In foreign affairs, Rwanda's partners criticized its heavy emphasis on security and the resulting decisions, such as intervention in Congo, and accepted it less and less. Under the increasing international pressure Rwanda could not refuse to participate in the Congo peace process (Lusaka 1999). However, the country's reputation suffered when attention focused on human rights violations and the plundering of Congo's mineral resources.

The Congo war dominated Rwanda's foreign policy in recent years and had a widely negative influence on its cooperation with its regional neighbors. A rift with former ally Uganda over their differing interests in Congo was avoided only with difficulty. At the same time, Rwanda sought to diversify its foreign trade structure (membership application to the East African Economic Community ECA). Now that the Tanzanian railway has expanded, plans are underway to make greater use of the port at Dar es Salaam. Economic policy developments have also brought close cooperation with South Africa.

6. Overall evaluation

In view of the initial conditions, current status and ground gained, as well as the key actors' management, this assessment arrives at the following concluding evaluations:

(1) Originating conditions: The starting conditions after civil war, genocide and involvement in the Congo conflict were very difficult. The government's legitimacy derived from a military victory over the genocide regime, a weak foundation from the standpoint of democracy. But its political opposition was repudiated at home and abroad because of the genocide; conscious of its own sins of omission, the international community shared in this disavowal.

The negative factors were ethnicity's unremitting grip on the nation's ways of thinking; Hutu distrust of the new leadership; the absence of traditions of rule of law, civil society and democracy; and differences of opinion about what democracy and national reconciliation would look like. The economic transformation was facilitated by international cooperation, an influx of funds from Rwandans who had settled abroad and the general agreement that socioeconomic reforms were necessary.

(2) Current status and evolution: Transformation was most apparent during this period in the economic arena, where, despite obstacles and setbacks, macroeconomic development was stabilized and the foundations for further progress were outlined or established. However, structural barriers like a high population growth rate, HIV/AIDS and a lack of skilled workers remain; these can be removed only slowly, in some cases against strenuous resistance.

As for the democratic transition, the first elections were held; steps were taken toward decentralization and the dismantling of authoritarian structures; promises were made, presumably in good faith, to restore civilian control of political structures. But there were also setbacks, some of them massive—the rule of law was challenged; the opposition was excluded; human rights were violated; consensus remained out of reach. As a result, authoritarian structures were not dismantled, but instead became entrenched.

(3) *Management*: The verdict on the actors' management performance is mixed. In the economic arena, they pursued their objectives purposefully and steadily, despite all obstacles and delays, achieving them to the extent that this was possible. In terms of the democratic transition, however, the political leadership's excessive need for security put a stranglehold on progress—insofar as progress was actually desired at all, rather than merely espoused in response to foreign demands. On the whole, this inhibited whatever openness to compromise and consensus existed within Rwanda.

7. Outlook

Given the dichotomy in Rwanda's transformation—mostly positive developments in the economic arena, setbacks in some areas fundamental to democracy—its further course depends in the short term on whether and how the government manages to halt and reverse the anti-democratic trends that it helped set in motion. First steps must include a conclusion to the transition phase that all sides can accept, with parliamentary elections planned for 2003; sustained improvement in the human rights situation; achievement of national reconciliation, with justice meted out and accepted; and the prosecution of crimes and corruption, even in the highest circles of RPF leadership.

In the medium term, key tasks are to develop and strengthen democratic institutions, such as parties and independent civil society organizations, and to establish democratic attitudes and models of representative governance. In the economic arena, the measures already introduced must be continued, implemented especially at middle and lower administrative levels, and broadened.

Structural adjustments such as agricultural reform and rural development must be carried out in ways acceptable to the entire populace. Regional developments are also important: Peace must come to the Democratic Republic of Congo, and the related problem of the “negative forces”—the Hutu militia and the rebel forces—must be resolved. To this end, the government must open a dialogue with the appropriate groups on the Hutu side and must integrate returning refugees into Rwandan society. Success critically depends on the management skills of the political elite, who absolutely must make concessions on questions of security. This may well prove to be possible only if the international community and Western donors keep up their pressure and also provide security guarantees.