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## Case of Rwanda: a transition towards Good Governance

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Rwanda has been defined as Singapore of Africa for the impressive development achieved in many fields since the 1994 genocide (The Economist, 2012). The main reason behind these improvements is considered to be governance (Kukutschka, 2018). The Government of Rwanda is celebrated by international donors for its capacity of delivering results and managing resources efficiently. It is considered a success story in the fight against corruption (Bozzini, 2013). This paper aims to analyze what determined the positive transition in Rwanda between 2000 and 2018.

## Rwanda as a leader in the transition towards good governance

Corruption had significantly reduced between 2000 and 2018. In the Control of Corruption Indicator (WGI) of the World Bank, starting from a score of  $-0.60$  (out of 1) in 2000, Rwanda achieved a score of  $+0.58$  in 2018. Similarly, the Ibrahim Index of African Governance registered a change of  $+5.9$  between 2008 and 2017, from 58.4 to 64.3 (out of 100), making Rwanda the fifth-best improver out of the 54 African countries analyzed.

By looking more in detail at the resources (Administrative Burden, Trade Openness, Transparency) and constraints (Judicial Independence, Press Freedom, E-Citizenship), which should determine the level of corruption in a country (Mungiu-Pippidi, 2015), Rwanda still stands out as a clear leader, displaying a positive change in multiple dimensions: administrative burden, trade openness, transparency and e-citizenship. According to the World Bank Ease of Doing Business, administrative burden improved in Rwanda. The indicator registered a positive variation, from 8.61 in 2008 to 9.35 (out of 10) in 2018. In the Ease of Doing Business ranking, Rwanda passed from the 158th position (out of 183 countries) in 2006 to 41st in 2018. Further, in 2010 it was categorized as second-top world improver. In trade openness, according to the World Bank Data, the percentage of trade over GDP improved from 31.2 in 2000 to 51.5 in 2018. In transparency, the country registered a positive change in the UN Online Service Index of  $+0.45$ , passing from 0.27 in 2008 to 0.72 (out of 1) in 2018. For e-citizenship, two indicators have been considered: the UN E-Participation Index, which passed from 0.09 in 2008 to 0.76 (out of 1) in 2018, registering the most striking change within the region, and the Education Index of the Human Development Index, which registered a change of from 0.28 in 2000 to 0.46 (out of 1) in 2018.

However, Rwanda is backsliding in freedom of the press, moving from a score of 87 in 2002 to a score of 79 (out of 100) in 2017 in the press freedom score of Freedom House. Further, it seems lagging in judicial independence, even if it is difficult to grasp conclusions on this dimension due to the short time of data available (2011–2018).

## Two possible determinants of this transition

Structural elements seem not to have played a key role in the development of Rwanda, rather they seem to have been obstacles to its development. Indeed, Rwanda started with many severe and unpromising structural constraints, lacking natural and human resources as well as infrastructure. Being landlocked without access to water and railways leading to the coast, it was in an unfavorable position in attracting foreign investments and liberalizing trade. Further, it was under-endowed with natural resources and with an exceptionally unfavorable person-land ratio. The country was trying to restart after a long story of ethnic conflict, which tore the country for almost forty years. The massive killings and the numerous exiled elites led to an acute lack of competence. The country had a low level of education and was extremely poor. As an indirect consequence of the genocide, the economy collapsed. The informal sector was predominant.

Rwanda's impressive performance is instead agency-based and results from the deliberate actions of its President, Paul Kagame, that committed himself to revolutionize the country. The key starting point of this process is the long-term strategy "Vision 2020", a development plan drafted by the Government in 2000 to convert Rwanda from a subsistence agriculture economy to a knowledge-based society by 2020. The final aim is to transform Rwanda into a middle-income country (Ministry of Finance of Rwanda, 2000). The pillars of this strategy are: develop a capable state based on good governance, reform the agricultural sector, develop an efficient and competitive private sector, improve comprehensively human resources, develop state infrastructure and promote regional economic integration and cooperation (Ministry of Finance of Rwanda, 2000).

## Vision 2020: key policies implemented

### **Development of a capable state**

Empirical studies have shown that Weberian bureaucracy is closely associated with lower corruption (Rauch & Evans, 2000). As part of Vision 2020, the country's internal administration was reformed. Personnel cuts occurred in 2006 and salaries for the remaining positions were significantly increased. Since 2007, recruitment practices have been digitalized and anonymized. Further, they are effectively based on merit (Baez-Camargo & Gatwa, 2018). Moreover, performance-based contracts were introduced and, in 2012, the Government approved the National Policy to fight against corruption, formalizing a zero-tolerance approach (Bozzini, 2014). The bureaucracy has become more efficient and transparent, the discretionary space for corruption has been reduced and the capability of delivering results increased.

### **Development of a competitive private sector and promotion of economic integration**

The government committed to the development of a market-based competitive economy and the liberalization of trade. Firstly, it engaged in a privatization campaign by selling entire key sectors of the economy to foreign investors (Reason Foundation, 2005). The process started slightly before, in 1996, but intensified since 2000 with Vision 2020. Secondly, Rwanda joined in 2005 the Common Market for Eastern and Southern Africa, and in 2007 became a full member of the East African Community ('EAC'). In 2009 it acceded to the EAC Customs Union, and in 2010, with the creation of the East African Common Market, free movement of goods, services and capital has been enhanced. Thirdly, the regulatory environment for private businesses has been improved to attract foreign investors and incentivize entrepreneurship. Bureaucratic procedures have been significantly simplified. The Government made it easier and easier over the years starting a business by reducing the requirements needed, shortening the time required and introducing online registration. Further, between 2016 and 2017, an online system for filing and paying taxes was created (World Bank, 2017).

### **Human capital development**

The Government pursued a social development strategy to rebuild human capital with a focus on ICT. Education has been improved by eliminating schooling fees in 2006 (Ministry of Education of Rwanda, 2000), and later extending basic education from 9 to 12 years with the Education Sector Strategic Plan 2013–2015. Further, in 2016 the Government digitized the education-learning process through the smart classroom program, which provides students with access to computers, education software platforms and internet in class (MiTEC, 2017). Beside school-related policies, the Government focused on increasing the number of digitally literate citizens across the country by

initiating large scale initiatives, as the ICT Awareness Campaign and the Digital Ambassadors Program in 2016. The aim is to empower citizens digitally and increase the use of e-government and e-business services, provided through the online platform Irembo since 2014 (MiTEC, 2017).

## Reasons behind the government's commitment

The Government's commitment to foster social and economic development could be the result of a strong civil society creating normative constraints that limit the executive power and push it towards the implementation of good policies. However, this is not the case in Rwanda. The current political regime is authoritarian and repressive, making the civil society extremely weak. The Government does not consider civil society organizations as full political actors, but as mere service providers, and allows them limited space to question public policies (Bozzini, 2014). Further, as outlined by Amnesty International, politicians and journalists face restrictions on their rights to freedom of expression and association (Amnesty International, 2017). As political dissent is rarely tolerated, journalists and media houses face pressure and harassment, thus practice self-censorship (CIVICUS, 2016). The state lacks checks and balances limiting the power of the Government.

On the contrary, these policies are the result of the will of an enlightened despot, the President of Rwanda Paul Kagame, which committed himself to transform the country by pursuing a top-down approach. All the programs are government-run and entirely subsidized by the central budget (Bertelsmann Foundation, 2014). A good illustration of this is the state-led approach to economic reconstruction and the development of the private sector through the creation state-owned entities in charge of performing key market functions as long as private actors are not in a position to undertake them (Baez-Camargo & Gatwa, 2018).

## What made Paul Kagame an enlightened despot?

Modernizing the state, its economy and society is the only way for Paul Kagame to keep the support of those groups needed to stay in power, keep satisfied international donors and gain legitimacy from Rwandan citizens while maintaining an authoritarian regime. The President needs to create opportunities for economic growth to keep the support of big businesses, cadres of the RPF and the other key supporting groups (Bertelsmann Foundation, 2012). To fund them, the country needs to attract foreign aid and investment. Rwanda depends entirely on foreign aid, which amounts to about 15% of GDP and contributes to almost half of the national budget (Bertelsmann Foundation, 2018). If aid would be reduced substantially, the economy could collapse. This became obvious when, in 2012 and 2013, foreign aid was temporarily withheld due to Rwanda's involvement in the conflict of the Democratic Republic of Congo. Rwandan GDP growth fell by 50%, making the Government desisting from interfering in the conflict (Bertelsmann Foundation, 2018). International donors are willing to support the President and neglect the democratic deficiencies within the country as long as he maintains its commitment to foster economic and social development, manages resources efficiently, and keeps interior stability (Bertelsmann Foundation, 2010). Thus, what constraints the discretionary power of the executive in the case of Rwanda is not the society, but international donors. As demonstrated, they are capable of influencing the Government's actions.

The positive transition is fostered by an enlightened despot determined to transform Rwanda. Even if part of his political will might be explained in voluntaristic terms, it is necessary to investigate the opportunity and incentive structure he faces to properly understand the reasons behind his

behavior, as suggested by the principal-agent theory (Persson & Sjöstedt, 2012). Traditionally, the leader, which is the agent, should have fewer incentives and opportunities to act opportunistically the more citizens, which are the principals, are willing and able to control him. In the case of Rwanda, citizens not able to control the leader, but the “principal” role has been assumed by international donors, who, by providing the funding needed by the Government to survive, can highly constrain the leader’s behavior. The drawback of this approach is that progress is not an enduring feature rooted in the society and the political system, but it depends entirely on the political will of the leader and, more importantly, of international donors.

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