

**'Milking the Cow': Negotiating Ownership of Aid and Policy  
in Rwanda**

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## **Abstract**

Like many countries in sub-Saharan Africa, Rwanda is highly dependent upon flows of external assistance. The convergence of donors around Rwanda's poverty reduction strategy since the late 1990s, combined with international commitments to improve aid effectiveness, have both enhanced and hindered Rwandan 'ownership' of policy processes. Rises in direct budget support and sectoral support have increased collaboration between government and donors in the preparation and implementation of policy. A complex aid management system has been established to coordinate this collaboration, over which the government has sought to assert more control. This gives a semblance of greater convergence between government and donor priorities, and aid to Rwanda is rising. However, the RPF-led government which has been in power since 1994 also has its own policy priorities which sometimes clash with donor perspectives. The government has held a steady line on issues such as internal and regional security, national unity, governance and economic development. Aid dependence does not prevent the government from forging its own path in the face of donor hesitancy. The handling of refugees, resettlement, justice, elections and regional security provide examples of areas where the government has pursued sometimes controversial policies. Some donors have frozen aid or scaled back programmes as a response. However, other donors have been supportive and aid flows overall have rarely suffered. This divergence amongst donors provides one avenue through which the government is able to negotiate policy space and enhance its ownership. Clever use of the moral authority gained from ending the genocide, the legacy of the genocide and international guilt, and the language of the prevailing norms of international development also enhances the RPF-led government's control over policy priorities while ensuring a continuing supply of external assistance. The Rwandan case highlights the effects of an aid system which aims at increasing local ownership but which leads to heightened external entanglement in internal policy processes, while at the same time demonstrating how an aid-dependent government can maintain policy autonomy.

## **‘Milking the cow’: negotiating ownership of aid and policy in Rwanda**

Rachel Hayman<sup>1</sup>

*‘When dealing with donors you are dealing with humans, and you have to deal with them as you would milking a cow. Treat them nicely and more milk flows than you would have expected; treat them badly and they kick over the bucket.’<sup>2</sup>*

Like many countries in sub-Saharan Africa, Rwanda is highly dependent upon flows of external assistance for maintaining economic stability and undertaking socio-economic development programmes. Since the late 1990s, donor agencies supporting Rwanda have converged around Rwanda’s poverty reduction strategy as the country’s main policy agenda. This represents a joint policy, which is ‘owned’ by Rwanda but has involved considerable external input, enabling the Rwandan government to negotiate aid around a set of mutually agreed priorities. These priorities reflect both Rwandan needs and dominant global norms for development, incorporating neo-liberal economic reforms aimed at stimulating growth as well as social and political development activities focused on achieving the Millennium Development Goals (MDGs) and poverty reduction.

The Rwandan government is considered to be genuinely committed to the poverty agenda. The depth of its ‘ownership’ of the policy-making process is, however, debatable. Rwanda’s dependency upon financial and technical resources from donor agencies means that donors are inherently and intricately entwined in the policy process, a situation which has deepened with moves to improve aid effectiveness by aligning around the government poverty agenda, harmonising donor procedures, and providing more aid in the form of direct budget support. The government needs external support and is therefore obliged to play to two audiences simultaneously – the people of Rwanda on the one hand and donor agencies on the other. This distorts domestic political systems and structures, both enhancing and hindering the accountability of the government to the people. This does not mean, however, that the government does not have its own priorities and agenda; indeed the consensus around the poverty reduction strategy and concomitant activities to improve aid effectiveness mask myriad ways in which the government is able to create space to pursue its own priorities.

This article firstly explores the increasing involvement of donors in the policy process in Rwanda. The poverty reduction and aid effectiveness agendas have brought donors and governments closer together, while also giving space for governments to take the lead. Complex systems for aid management have emerged which both enhance and limit this ‘ownership’ on the recipient side. It secondly analyses how the government has sought to assert control over policy and its ability to maintain external support despite its pursuit of activities sometimes considered controversial. Rwanda’s recent history and the nature of the current government plays a large part in this, but differences in individual donor policies on Rwanda are also central factors.

## **Background: aid history and development policy**

The genocide of 1994 led to a rupture in Rwanda's post-independence history both in its political make-up and its international relations. New donors helped legitimise the government which came to power after 1994, and Rwanda has been heralded as a good example of post-conflict recovery. Nevertheless, there are obstacles in the path of Rwanda's long-term prospects for lasting stability and sustainable development, stemming from regional instability, economic constraints and high aid dependency.

### ***Political background***

The government which has been in power since 1994 is dominated by the Rwandan Patriotic Front (RPF), which originated as an insurgency movement formed in Uganda in the 1980s. The RPF was for the majority composed of Tutsi refugees or children of refugees who had fled Rwanda in a series of waves since independence in 1962. Independence saw a reversal in colonial power structures within the state, with the majority Hutu taking power from the minority Tutsi. In the run-up to independence, Belgium – which had controlled Rwanda under a League of Nations then UN mandate since 1919 – switched its loyalties from the Tutsi to the Hutu. Ethnicity became a central factor in Rwandan politics under Presidents Grégoire Kayibanda (1962-73) and Juvenal Habyarimana (1973-94). In October 1990 the RPF invaded Rwanda, launching a civil war which lasted until 1994.

At the outbreak of the war, Rwanda was facing a serious economic crisis caused by escalating debt which had risen from 16% of gross national product in 1980 to 32% by 1990, a collapse in world coffee and tea prices, and drought (Uvin 1998: 54). The economic and political crisis destabilised the Habyarimana government, which came under pressure from international institutions and major donors to liberalise both its economy and its political system, as well as to find a negotiated solution to the civil war. In August 1993 the Arusha Accords officially brought an end to the conflict, foreseeing the establishment of a broad-based government including the RPF and guaranteeing the right of refugees to return. The optimism sparked by this was short-lived, however. As the political process stalled, extremist factions within the Habyarimana regime grew in strength. In April 1994, Habyarimana's plane was shot down, signalling the start of the organised massacre of hundreds of thousands of Hutu moderates and Tutsis which lasted until the RPF gained control of the majority of the country in July 1994. During this period the international community failed completely in its handling of the crisis; a woefully inadequate UN peacekeeping mission was denied the means and mandate to prevent the genocide.

The victory of the RPF in July 1994 did not, however, signal an end to the crisis, as the security situation spilled over into neighbouring Zaire. Elements of Habyarimana's army and militias were able to re-establish themselves and launch attacks into Rwanda from massive refugee camps established on the Rwanda-Zaire border, targeting mainly the north-west of the country. The internal security situation was stabilised in 1998, but the regional crisis continued, with Rwandan, Burundian and Ugandan involvement in civil war in the Democratic Republic of Congo (DRC)<sup>3</sup> until troops were finally withdrawn in 2002. In 2006, the DRC held its first democratic elections, but instability remains in the eastern part of the country, with ongoing threats to Rwandan security from rebel groups.<sup>4</sup> Likewise, there have been frictions with Burundi over border demarcations and refugees, and tensions with Uganda. This regional security situation has been a central political concern since 1994.

Furthermore, the RPF victory did not bring about internal political stability. In 1994, the RPF committed itself to abiding by the terms of the Arusha Accords – albeit with modifications – in establishing a broad-based transition government ahead of multiparty elections. Overcoming the legacy of a political system based upon ethnic cleavages and fostering reconciliation within the population has been a central element of RPF rhetoric since 1994, but political realities on the ground tell a different story. Internal power struggles and reconfigurations saw an increasing number of politicians fleeing the country amid accusations of a “tutsisation of the state machinery”, that is the concentration of power in the hands of the Tutsi and RPF (Reyntjens 1999: 5). Presidential and parliamentary elections in 2003 saw a closing of political space in Rwanda, and donors and international human rights organisations continue to be concerned about political liberties and human rights in Rwanda.

### *Development policy*

In 1994, the RPF-led government faced massive challenges in terms of socio-economic development. In addition to the structural economic constraints which pre-dated the war of high population growth, land shortages, a small private and industrial sector, dependence upon agricultural exports and limited natural resources, the destruction caused by the conflict and genocide added a whole new set of problems. These included: providing for the specific needs of vulnerable groups (orphans, child-headed households, women, the disabled); resettling internally displaced people, refugees from previous pogroms who returned after 1994 and refugees from 1994 who returned en masse in 1996; beginning the process of national reconciliation; and meting out justice for crimes committed during the civil war and genocide. Infrastructure had to be rebuilt and the economy rebooted, all in a situation of internal and regional instability. Further, the new government had limited experience of policy-making or implementation, the severe loss of human life through the genocide and displacement had decimated the bureaucracy, and much of the administrative infrastructure had been destroyed. Consequently, external influence was strong in many of the reconstruction and development strategies devised after 1994, many of them linked to the United Nations Round Table process which was launched in 1994 to bring donors and the government together to negotiate both emergency and development aid.

Nevertheless, a consistent set of principles have formed the basis of the government position since 1994. These were originally set out in the *8-Point Programme of Broad-Based Transition Government* of July 1994 (more commonly known at the *Declaration of Principles*) and covered the restoration of security and peace, the organisation of the administration, the consolidation of national unity, the integration of refugees, the improvement of the well-being of the population, the resumption of the national economy, the redefinition of foreign policy, and the consolidation of democracy (Twagirimungu 1994). The centrality of these principles is reflected in two progress reports produced in 1999 and 2003 (Republic of Rwanda 1999a, 2003). Likewise, these principles form the basis of Rwanda’s *Vision 2020* which emerged from a series of meetings held in 1998 and 1999 involving a wide range of Rwandan actors (including church leaders, Members of Parliament, the judiciary, the army, local officials, journalists and academics), and the *7-Point Programme* produced after the elections of 2003 (Republic of Rwanda 2002a; Makuza 2003). While the translation of these principles into specific, workable policies has been limited, the continuity running through these documents is central to understanding the RPF-led government’s priorities. The core elements of security, national unity and socio-economic development are framed by the legacy of the genocide and are targeted primarily

at the Rwandan population. Despite clear overlaps, these are distinct from development strategies which have been developed with external assistance. This can be illustrated by government-donor interactions around poverty and governance.

Poverty came to the fore within the Poverty Reduction Strategy Paper (PRSP) adopted in 2002. As elsewhere in Africa, the PRSP was a necessary step towards receiving significant debt relief under the Heavily Indebted Poor Countries initiative, and was intended to be a locally 'owned' strategy, devised by the government in consultation with the population. External support was tangible in the preparation of Rwanda's PRSP, with early drafts essentially written by foreign advisers and subject to considerable scrutiny from donor agencies. Despite a participatory poverty assessment exercise, the extent of local participation in the process was questionable (Mutebi, Stone and Thin 2001; Renard and Molenaers 2003). There can be no denying that the PRSP is 'owned' by the government as tackling poverty and achieving the Millennium Development Goals have become increasingly imbedded into the policy process. However, it is interesting to note the absence of specific reference to poverty in the original *Vision 2020* of 2000 (Republic of Rwanda 2000) and in the *7-Point Programme* (Makuza 2003). The real government emphasis lies primarily upon economic growth with the desire to build a modern, knowledge-based, service-oriented economy with investment in information communications and technology and tertiary education; poverty reduction is expected to come from growth rather than being the central aim. The second generation PRSP, expected to be finalised in 2007, is entitled the *Economic Development and Poverty Reduction Strategy*, and emerging priorities within this include increasing agricultural productivity, improving infrastructure and skills development. Extreme poverty is to be tackled through food security, controlling population growth and social protection schemes (Ministry of Finance 2007).

Governance is also central to both government and donor concerns, but the government's emphasis is often different to that of the international community. Issues such as administrative efficiency and democratisation were present in the *Declaration of Principles*, and specific reference to 'good governance' emerged by 1998 (Republic of Rwanda 1998). A programme of good governance linked to poverty reduction was produced in 2002 (Republic of Rwanda 2002c) and the *7-Point Programme* has governance as a distinct pillar, covering political awareness, the media, international relations, security, civil society and decentralisation (Makuza 2003). The conception of governance here reflects Stokke's 'broad' definition of governance which takes in openness, accountability and transparency (Stokke 1995: 23). Policies have been enacted to decentralise powers and planning, strengthen institutional accountability and the role of the National Assembly, combat corruption, address weaknesses in the judicial system, and establish good monitoring and financial management systems. Civil service reform and capacity building programmes have also been created. As such, the government's perspective reflects prevailing norms on governance. When it comes to political governance, however, there is divergence from many western donor institutions. Governance in Rwanda is considered to be an instrument of national unity and reconciliation; the tenets of liberal democracy are subordinate to these objectives. Human rights, political opposition, freedom of expression and the media, popular participation, and civil society activities are tolerated within strict boundaries which do not challenge the status quo nor represent any threat to national stability and security, and by extension to the ruling elite (see Hayman 2006: 138-145).

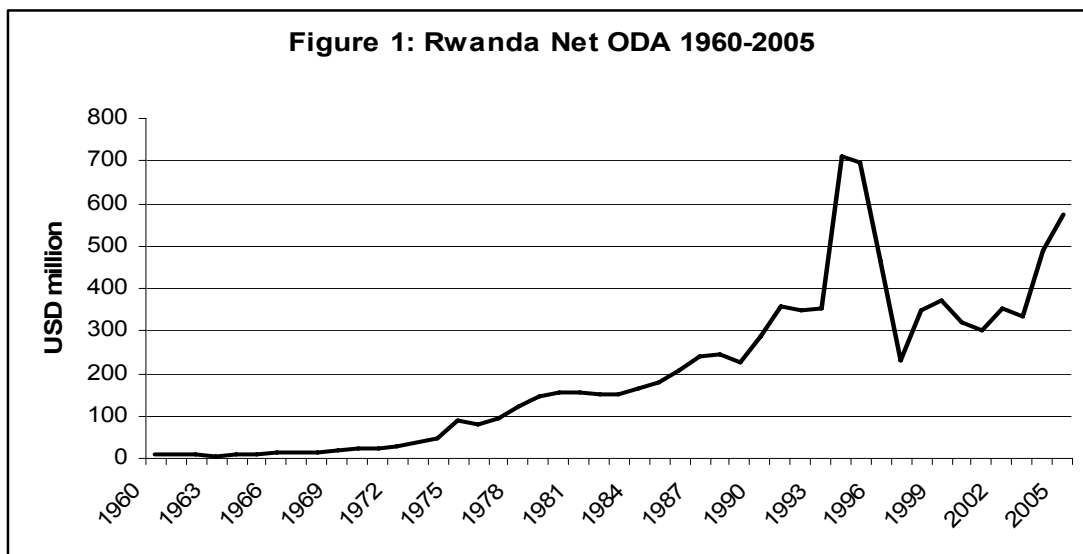
These examples demonstrate the overlap between government policy and current international norms for development; but they also highlight subtle differences in emphasis.



A parallel, if overlapping, policy process has been ongoing since 1994 which reflects the strong sense of purpose of the RPF-led government and its dependency upon aid.

### *Aid dependency*

Rwanda's recent history has rendered the country highly aid dependent, although external financial and technical aid has long been a feature of the Rwandan economy, with the "aid system omnipresent in Rwanda, both physically and geographically" (Uvin 1998: 42) prior to the genocide (see figure 1). Between 1994 and 1996 – in the immediate aftermath of the genocide – aid to Rwanda spiked dramatically, much of it in the form of emergency humanitarian assistance. By the late 1990s aid in support of development activities had taken greater prominence and total amounts returned to similar levels to the early 1990s. In 2005, aid levels were rising again, with Rwanda receiving net assistance of USD 576 million, equivalent to 27.4% of gross national income and amounting to USD 55 per capita, one of the highest rates in Sub-Saharan Africa.<sup>5</sup> Of aid disbursed in 2005, 41% was made up of general budget support (Ministry of Finance 2007: 5). Rwanda also receives a great deal of support from foreign technical assistants, with short and long-term consultants financed by donors working in many core policy areas within government ministries.



Source: Organisation for Economic Development and Cooperation, International Development Statistics (Geographical Distribution of Financial Flows Part I) April 2007, ESDS International, (MIMAS) University of Manchester.

The form of aid is important in relation to aid dependency, and it can be argued that the increasing amounts of aid being received as direct budget support and sector budget support are rendering Rwanda more dependent still (see table 1). As these forms of aid go directly into the central budget, they are used to cover recurrent costs as well as core programmes such as fee-free education (Purcell, Dom and Ahobamuteze 2006), and delays in disbursement or freezes can have a profound impact upon government ability to cover daily expenditure. They also result in greater donor involvement in monitoring the national budget, macro-economic stability, and public financial management. Capital grants or project aid, on the other hand, are more likely to be targeted at specific development activities which have a lesser impact upon daily running costs. Despite increases in tax revenue in recent years, the tax base remains small and there is limited scope to develop it

much further in the short to medium-term. As table 1 shows, there are no signs of the proportion of Rwanda's revenue received from external resources decreasing.

**Table 1: External Financing of the Rwandan Budget**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006*	2007*
<b>Total Revenue and Grants (RWF billions)</b>	70,8	95,7	99,0	103,8	136,8	148,2	160,3	195,5	271,9	349,4	374,3	398,3
<b>Foreign Grants (RWF billions), of which:</b>	<b>31,4</b>	<b>37,7</b>	<b>33,0</b>	<b>37,8</b>	<b>68,2</b>	<b>62,0</b>	<b>59,1</b>	<b>73,1</b>	<b>125,6</b>	<b>169,1</b>	<b>176,4</b>	<b>181,2</b>
current (budget support)	0,1	2,7	3,5	14,1	39,9	33,9	39,3	51,0	90,8	111,3	80,5	123,5
capital (projects)	31,3	35,0	29,5	23,7	28,3	28,1	19,8	22,1	34,8	57,6	95,9**	57,7
Foreign grants as a % of total revenue and grants	44,4	39,4	33,3	36,4	49,8	41,8	36,9	37,4	46,2	48,4	47,1	45,5

Source: Rwanda Development Indicators 2003, National Bank of Rwanda 2007 (<http://www.bnr.rw>, accessed 28 May 2007); MF 2007: 28

Notes: \* projected; \*\* includes MDRI grant (debt relief) of RWF 42.2 billion

## **Donor-recipient relations: managing the donors**

Government officials are fully aware of the risks of high aid dependency, but in light of current needs, reducing external assistance is not considered an option. Multiple donors are engaged in Rwanda, and their presence and activities have shifted over the years. Since 1994, there have been calls for better coordination and use of aid; with shifts in international thinking around aid effectiveness, this has now resulted in a set of mechanisms being established to manage aid better.

### ***Donor engagement in Rwanda***

As a small country in the centre of Africa with few natural resources of note, Rwanda is of limited geo-strategic interest, with the exception of Belgium which sees the three Great Lakes countries (Rwanda, Burundi and the DRC) as central to its foreign policy and development cooperation agenda. Prior to 1994, Rwanda fell within the sphere of influence of France which was Rwanda's main donor from the mid 1970s, providing both military and development assistance. Rwanda was the top aid recipient for both Belgium and Switzerland prior to 1994; other key donors included Germany, Canada, the USA and Japan. As Uvin (1998: 40) states, "international generosity was partly related to the very positive, generally accepted image of Rwanda as a model developing country", an image which took account of neither the authoritarian regime nor the ever deepening ethnic and regional tensions.

In the 1980s and early 1990s aid to Rwanda increased, rising from 11% of gross national income between 1981 and 1990 to 20% between 1990 and 1994 (Piron and McKay 2004: 8). This reflected the response of multilateral, bilateral and non-governmental donors to Rwanda's attempts to deal with its economic and political crises. A structural adjustment programme was initiated in 1991, aimed at addressing Rwanda's fiscal imbalances through the liberalisation of the economy and a reduction in public expenditure. At the same time, the regime came under increasing pressure to democratise, partly reflecting a continent-wide push for political liberalisation and partly reflecting the search for a solution to the civil war. Research conducted since 1994 has consistently pointed to the role of aid in fuelling the genocide, explicitly by providing financial and military support to the Habyarimana regime,

and inadvertently by ignoring the socio-political realities of the country (Uvin 1998; Andersen 2000; Storey 2001).

The genocide brought about a rupture in relations with donors. As the civil war intensified in early 1994, most donor agencies withdrew from Rwanda, leaving a paltry UN peacekeeping mission and the Red Cross as the only representatives of the international community. By July 2004, however, once the immediate crisis was over, international humanitarian agencies and NGOs returned in force to deal with the aftermath. Rwanda's former donors likewise returned, albeit at different paces, and new donors came on the scene. Subsequent years saw intriguing trends in donor engagement in Rwanda, with aid flows from donors varying widely. There was considerable soul-searching among Rwanda's 'traditional' donors about their involvement with the Habyarimana regime and consequently any part they may have played in the genocide. In addition to a Danish-funded study of the international response to the crisis (Eriksson 1996), Switzerland, Canada and the USA all produced reports on their respective involvement (Larose-Edwards 1994; Kumar 1996; Voyame, Friedli, Gern and Keller 1996) and Belgium and France held parliamentary enquiries (Belgian Senate 1998; French National Assembly 1998). Confusion and guilt resulted in mixed responses when it came to re-engaging in Rwanda. While Germany, Canada and Switzerland all increased their aid in 1994-1995, Belgium, France and Japan did not. The overall trend for these donors was a significant decrease in amounts of aid between 1991 and 2001 (Hayman 2006: 42-47). The genocide also brought new donors into the equation, drawn in by the tragedy and failures of the international community, notably Norway, the Netherlands, the UK and Sweden. These donors stepped forward as strong supporters of the new government, helping it to gain international legitimacy. Consequently, the profile of Rwanda's main bilateral donors changed significantly (see table 2). At the same time, several western governments were decidedly hostile towards the new government. Countries such as France and Belgium, which had had the strongest relations with the Habyarimana regime, were suspicious of the 'invading' RPF; but there was also more widespread concern about how the RPF-led government handled issues such as refugees, the internally displaced, justice, human rights and democratisation. This led to some instances of aid being frozen or programmes reduced, as we shall see below.

**Table 2: Top Eight Bilateral Donors to Rwanda in 1993 and 2003<sup>6</sup>**

1993		2003	
Donor	Total (US\$m)	Donor	Total (US\$m)
Germany	38.6	USA	52.6
Belgium	36.7	UK	42.9
France	35.5	Netherlands	23.0
USA	26.0	Belgium	20.8
Switzerland	20.2	Germany	13.9
Japan	14.9	Sweden	13.1
Canada	11.2	France	10.9
Netherlands	7.9	Canada	10.8

Patterns of donor engagement after 1994 have therefore been far from straightforward, and have left a legacy of bitterness in Rwanda. Senior political figures in Rwanda have often been vocal in their criticisms of the international community for its failure to halt the genocide and provide sufficient support for Rwanda's recovery in the immediate post-

genocide years, leading to what one informant termed the government's 'healthy disrespect'<sup>7</sup> for the international community. While vast amounts of humanitarian aid flowed to refugee camps harbouring perpetrators of genocide crimes, the new government was having to constantly justify itself in the eyes of the world, and in return received far less aid than was pledged or required (Baaré *et al.* 1999; Prunier 2002). Throughout this time, the government held a consistent line on its policy priorities, and also a consistent line on what it wanted and expected of donors, namely aid that was better managed, better coordinated, and better targeted around government programmes. Ideally, it also wanted more aid to flow directly into government coffers and by the late 1990s it had mustered the backing of several key donors to push for this.

Between 1994 and 1999, the main rationale for donor engagement was in response to the genocide, with much aid delivered as humanitarian aid or based around short-term reconstruction projects. More recently, the rationale has come to be predicated upon support for poverty reduction and achieving the MDGs (Hayman 2006: 48-49). Emergency and reconstruction aid has given way to new forms of assistance, notably sectoral and budget support around policy priorities laid out in the PRSP. Success in gaining support for the PRSP and in bringing new forms of aid to Rwanda was facilitated by the World Bank, Sweden and the UK which took up the cause of Rwanda as a 'special case' for assistance in the late 1990s,<sup>8</sup> helping to organise annual meetings from 1998 to mobilise funds to implement widespread administrative, economic and social reforms. At the same time, Rwanda's adherence in its rhetoric and policy to the norms of international development – neo-liberal economic reform programmes, coupled with good governance and poverty reduction – as well as its demonstrable progress in post-conflict reconstruction, earned it legitimacy in the eyes of donors who subsequently rallied around the poverty reduction strategy.

### ***The aid management system***

The adoption of the PRSP led to a drive to improve aid effectiveness, as well as increasing donor involvement in policy processes. Since 2002 a complex web of mechanisms has been established to create forums for dialogue and policy implementation amongst donors and government officials, from annual high-level inter-governmental talks to sector-based coordination task forces and information matrices. The desire for more effective aid management is not a new phenomenon, however. Indeed, the early experiences of chaotic aid delivered to Rwanda in the post-genocide period generated great frustration.<sup>9</sup> The government consequently created several institutions over the years to tackle the coordination of aid flows, such as the Guidance Committee set up in January 1995 as a forum for dialogue between aid partners and to track financial flows, and the Permanent Technical Secretariat for Monitoring the Round Table (UNDP/UNOPS 1997). In 1998 the Central Bureau for Public Investments and External Funding (CEPEX) was created as a semi-autonomous body within the Ministry of Finance to monitor public investment programmes, mobilise external resources, and manage donor coordination. CEPEX suffered the same problems as earlier initiatives, with an unclear and heavy mandate, overlapping responsibilities with other government bodies, limited human resources and poor management. This was exacerbated by weak financial, logistical and political support from donor agencies, which were often reluctant to provide information to CEPEX or engage with it rather than individual government ministries.

However, the adoption of the PRSP and international commitments to enhance aid effectiveness, as captured in the Monterrey Consensus of 2002, the Rome Declaration of 2003 and the Paris Declaration of 2005, led to new energy being put into establishing good working practices for the coordination and harmonisation of both programme and project aid. A system for interaction at different levels now exists, known as the Aid Coordination, Harmonization and Alignment (ACHA) Framework. The highest level is the Development Partners Meeting (DPM), an annual high-level gathering of senior government and donor officials, including donors without a physical presence on the ground, where policy priorities and funding needs are discussed. The main forum for dialogue on the ground is the Development Partners Coordination Group (DPCG), established in late 2002, which brings together government officials and heads of local offices of donor agencies. Meetings have been reduced from monthly to 7-8 times a year (Ministry of Finance 2007: 8). Reporting to the DPCG is the Budget Support Harmonisation Group (BSHG) which was formed in 2003 to enable dialogue on macro-economic stability and public financial management between government and budget support donors. The DPCG also oversees a whole range of sector-based working groups or 'clusters' which bring together representatives of line ministries and donors around specific themes. Government administrative control over aid coordination was extended in 2005 with the creation of the External Finance Unit within the Ministry of Finance to act as "a single point of entry" for donors (Ministry of Finance 2007: 9). This is supported by the Aid Coordination Unit which was established in October 2005 and which is financed by a basket fund, administered by the UNDP, with a steering committee made up of the Ministry of Finance, Belgium, Canada, the Netherlands, Sweden, Switzerland and the UK. In addition, a new web tool for tracking aid, the Development Assistance Database, has been set up.

A closer analysis of cluster groups reveals how donors have become increasingly involved in the development of government policy, and some of the problems that this raises. External technical assistance was a feature of the preparation of the PRSP, which now provides the framework within which donor-funded activities are to be conceived. This in turn led to the need for strong sector strategies within which programmes and projects could be developed. It was anticipated that cluster groups would provide a forum for drafting sector strategies. Guidelines were drawn up by the Ministry of Finance to assist the process, with sector groups to be composed of ministry officials and donors, as well as representatives of decentralised authorities, the private sector and non-governmental organisations. However, there were problems with many cluster groups: some were not functioning at all; there were overlapping remits between some groups; leadership on both the donor and government sides was often unclear with government officials rarely taking the lead without donor impetus; and most importantly their remit had never been fully clarified, particularly with regard to policy input. Minutes of DPCG meetings from 2003 and 2004, as well as reports from the UNDP highlight shifting positions on both sides. In 2003 the government saw clusters as a forum for developing sector strategies and for coordinating planning and resources; donors saw them as an instrument for harmonizing procedures (Niloy 2003). In 2004, the government saw clusters more as a forum for implementing strategies once they were in place, rather than for policy development, whereas donors considered clusters to be sounding boards for sector strategies (Smirl 2004).

As a result there have been very different outcomes across sectors. For example, in the education sector there is clear leadership by the Ministry of Education with the UK. Since 1999, the UK has pumped considerable resources into policy, planning, and institutional strengthening of the education sector. This was considered a 'model' sector, with an Education Sector Strategic Plan adopted in 2003. The health sector, in contrast, suffered

from the lack of a clear lead donor. The main donors to the sector – Belgium, the USA and Germany – were all engaged in different sub-sectors and showed little will to take on an overall coordination role. Although the cluster group began to show signs of taking off in 2004, with Belgium taking the lead, in the end the World Bank became heavily involved in preparing the sector strategy. It did this in order to meet its own tight deadline for approval of a Poverty Reduction Support Credit for Rwanda, which required a robust sector strategy to be in place. The examples of the education and health sectors demonstrate how having a clear lead donor makes a difference to the policy outcome. By contrast again, the Ministry of Justice took a strong line on donors not being involved in preparation of the sector plan in 2004. The document was prepared internally and then presented to donors for validation. This created frustration amongst some donors supporting the justice sector, implying that donors expected to be involved in the policy process if they are going to support it (Hayman 2006: 70-78, 86).<sup>10</sup>

The role of cluster groups in preparing sector strategies raised questions within government circles about what coordination meant in terms of ownership, sovereignty and power. Discussions with government officials in 2003-2004 revealed three core concerns: firstly, that donor involvement in the policy process would mean that ministers would become accountable first and foremost to donors and the cluster, before Cabinet or the National Assembly; secondly, that power and resources would be lost if a particular ministry was not designated as a cluster leader; and thirdly, that line ministries would lose their access to direct funding from donors and direct access to donors as the Ministry of Finance increasingly became the conduit for government-donor dialogue.<sup>11</sup> These concerns reflect broader issues around leadership of the coordination process, and notably Rwandan ownership of it, which in 2004 sparked the drafting of a specific policy on aid.

The *Aid Policy* began life as a cabinet paper in 2004, and was endorsed in July 2006. The policy sets out the government's position on aid, clarifies the roles of different government institutions, and government expectations of donors with regard to types of support, predictability of aid, conditionality, and technical assistance (Republic of Rwanda 2006). It is very much considered to be a government-owned initiative, although donors provided technical support and donors were widely consulted (Ministry of Finance 2006). Donors responded positively to the policy, urging the government "to provide a clear lead" and offering "constructive engagement" and agreeing to respect the government's division of responsibilities for aid management.<sup>12</sup> As figure 1 above shows, aid to Rwanda is increasing. The 2006 *Aid Effectiveness Report* notes that clusters are now focusing their attention on Rwanda's *Economic Development and Poverty Reduction Strategy*, implying ever closer collaboration between government and donors on development policy (Ministry of Finance 2006: 19).

## **Rwandan Policy Strength and Negotiating Position**

Despite the involvement of donors with the aid management and policy-making machinery, and Rwanda's aid dependence, the government does retain considerable power over policy and its implementation. As mentioned above, the government has held a consistent line on particular issues since 1994 and although many of these resonate closely with donor concerns, it also has its own priorities. This can lead to tensions, with very different perspectives emerging about the direction Rwanda is taking. In some areas, agreement is reached without controversy, particularly in more technical, social spheres such as health and

education, although even here there is remarkable divergence over what should be funded, when and how (Hayman 2005; Hayman, forthcoming). In other areas, notably justice, governance and security the Rwandan voice comes through more strongly, with the government often refusing to compromise and donors threatening to freeze or withdraw aid. These scenarios have tended to result in compromises being reached, with donors invariably continuing their support.

### ***Push and pull factors: refugees, resettlement and justice***

In the immediate years after the genocide, dialogue focused heavily upon reintegrating refugees and internally displaced people (IDPs) and beginning the reconciliation process through the justice system (see UNDP 1995a, 1995b, 1996). As Oomen observes (2005: 895), “the twin ideals of ‘humanitarianism and human rights’ virtually replaced the ideology of development”, with massive donor interest around Rwanda’s special needs outweighing interest in traditional areas of development. These issues represented massive challenges for Rwanda financially, technically and politically. There was considerable tension between what donors expected of the government and what the government expected of donors. This manifested itself in instances of frozen aid and donor disengagement, donor dithering and quiet acceptance of government actions, and on-off support for programmes.

The refugee question dominated debates at Round Table meetings in 1995 and 1996. Over two million refugees and IDPs were located in camps just outside Rwanda’s borders in the DRC and Tanzania and inside Rwanda itself. These camps were “festering sores” (Prunier 2002: 363) housing members of the former government and the militia which had carried out the genocide alongside genuine refugees. Government bitterness about the volumes of humanitarian aid flowing to these camps, which far outstripped amounts reaching Rwanda itself (Kumar, Tardif-Douglin, Maynard, Manikas, Sheckler and Knapp 1996: 32), intensified when armed insurgents began conducting raids within Rwanda. There was no international agreement about how to deal with these camps and the government took matters into its own hands. In April 1995 the Rwandan army emptied by force the final IDP camp in south-west Rwanda at Kibeho, resulting in the massacre of thousands of people, civilian and military alike. In October 1996, the Alliance of Democratic Forces for the Liberation of Congo-Zaire, backed by Rwanda and Uganda, closed the refugee camps in Zaire and over a million refugees poured back into Rwanda in the short space of two months. The Kibeho incident led several donors, including Belgium and the European Commission, to suspend some of their aid, although others, such as the UK and USA, backed the government (Pottier 2002: 165-166) and much of the frozen aid was resumed by July 1995. By contrast, condemnation of the closure of the camps in Zaire in 1996 was muted. Terry claims that this ultimately suited the international community which had reached an impasse on how to resolve the problem (Terry 2002: 184-185).

The return of the refugees brought new challenges for the government, which elaborated villagisation (*imidugudu*) schemes to deal with resettlement. Villagisation also sought to reintegrate and reconcile the population, to facilitate the provision of social and economic services in a country where the population has traditionally been scattered, and to deal with land shortages. Supported by UN agencies and NGOs primarily, many donors have been sceptical about what has been and remains a controversial policy. In the early stages, many new villages were beset by problems from poorly designed housing to failure to provide promised services, and there was concern that people were being coerced into moving to these settlements (van Hoyweghen 1999; van Leeuwen 2001; Pottier 2002). Despite limited

donor financial support, the government has continued to pursue this policy, updating it in line with a broader land and housing policy.<sup>13</sup> The concern about coercion remains, however, with donors expressing reservations about the policy at the Development Partners Retreat in March 2007 (Ministry of Finance 2007: 18-19).

Donor support to the justice sector was unprecedented in the wake of the genocide; indeed it was recognised that the “swift establishment of justice was crucial and urgent” (Baaré *et al.* 1999: 20). Bringing perpetrators of crimes related to the genocide to justice, and combating the culture of impunity which prevailed in Rwanda, were central elements of the *Declaration of Principles*. Reconciliation, justice for survivors, and the human rights of prisoners were of concern to many donors (see UNDP 1995a, 1995b, 1996). Large amounts of aid were devoted to restoring or constructing the judicial system, and addressing the legal challenges arising from the crisis. The UNDP established a justice trust fund to which many bilateral and multilateral donors contributed; hundreds of (sometimes overlapping and competing) projects in the justice sector were initiated, covering support to the International Criminal Tribunal for Rwanda (ICTR) established in 1994, the classic justice sector in Rwanda, national reconciliation and human rights commissions, the Ministry of Justice, local human rights organisations, and innovative systems like *gacaca* courts.

Nevertheless, donors and the government have not always seen eye-to-eye on priorities. From the outset there were tensions over the approach that should be taken. Many donors took a pragmatic approach, calling for reconciliation rather than justice, with only key actors to be brought to trial. As Baaré *et al.* claim, “for the [government] and many others in Rwanda, this was heresy: there could be no reconciliation without justice” (1999: 20). Donors and international human rights organisations also expected the justice system to follow western norms, with particular aversion to the use of the death penalty. This did not go down well with the government which felt that the international community had no right to dictate to it in such matters.

The creation of the *gacaca* system to try lesser crimes of genocide is the most illustrative of how aid relations have played out in the justice sector. The sheer scale of the problem, with hundreds of thousands of prisoners awaiting trial and a seriously overburdened justice system, led to the development of *gacaca* courts. Pressure was also being applied from outside; as one informant said, by 1997 donors ‘were becoming impatient’.<sup>14</sup> Adapted from a traditional community reconciliation process, *gacaca* was seen as simultaneously innovative and worrying to international observers (Oomen 2005). Despite its flaws, notably with regard to international legal standards which put many donors off, it was eventually accepted, with great enthusiasm by donors such as Belgium, Switzerland, the Netherlands and the European Commission (da Camara 2002: 27; Corey and Joireman 2004; Oomen 2005). The *gacaca* were launched in a pilot phase in 2002 and extended throughout the country in mid-2004. Donor support has nonetheless been hot and cold for *gacaca*, as it has been for the ICTR and the classic justice system. Initial enthusiasm appeared to wane in the face of slow progress, with several informants in 2003-2004 mentioning reductions in donor support for justice sector programmes as well as NGOs. Interviews and observations also revealed tensions between government and donors. Donors felt they were being kept in the dark about government intentions, and funds were in place which could not be spent due to a delay brought about by judicial reforms and the preparation of a new law on *gacaca*. A wide range of reasons have been advanced for the slow-down in rolling out the *gacaca* programme. For Oomen the stalling reflected the extent to which the *gacaca* represented a “show staged for the international community” (2005: 906), a smoke screen to divert attention away from the real injustices taking place in Rwanda and the region. Informants



cited fear of uncertain outcomes, a genuine need to get untried and tested systems right, and the importance of being seen to be doing the ‘right thing’ by the donors.<sup>15</sup>

In 1999 Baaré *et al.* observed how the government would accept donor requests for reform programmes on the premise that donors funded them (1999: 21). The above examples demonstrate how donors have pushed the government to address questions such as refugees, resettlement, and justice. Technical assistance has been provided by multilateral, bilateral and international NGOs to support government to develop policies and action plans. This highlights how reforms may be donor-driven and donor-funded, with donor involvement in planning; but this does not mean donor controlled. The government has often explicitly excluded donors from certain policy debates, such as around reforms to the justice sector. It has pursued controversial policies, such as villagisation and *gacaca*, at its own pace and on its own terms, while also seeking to keep donors on board. Donors have occasionally expressed concerns and frustrations, but generally support has been maintained.

#### *Controversy and clashes: elections and regional security*

The election process provides a good example of donors pushing for reforms, then becoming critical and threatening to withdraw support, the government taking its own initiatives, and donors eventually coming on board. Similar to justice and resettlement, soon after the genocide donors expected a transition towards a democratic system and the normalisation of regional relations; indeed, Germany, the Netherlands, Canada and Switzerland made some aid conditional upon progress in these areas (UNDP 1996a). Demands to negotiate with the former regime in the spirit of reconciliation, often coming from donors implicated in the genocide in the eyes of the government were met with “uncomprehending amazement from the new authorities” (Prunier 2002: 315), which felt that they were subject to unfair scrutiny and expectations given the circumstances.

As soon as it took power in 1994, the RPF took steps to legitimise itself in the eyes of the Rwandan population and the international community by promising to abide by the Arusha Accords of 1993 in creating a broad-based government. A transition period would last five years, after which elections would be held; in 1999 this was extended for a further four years. This came as no surprise to many observers, set as it was against the background of Rwanda’s engagement in the civil war in the DRC, the insurgency in the north-west of the country in 1997 and 1998, and growing internal political divisions within the army and the political elite.<sup>16</sup> For some analysts, the delay in the transition process gave the RPF time to gain full control of the political arena (Kimonyo, Twagiramungu and Kayumba 2004: 7); the official explanation was to allow for the completion of constitutional reforms. The election process began with elections at cell level in 1999 and district elections in 2001.<sup>17</sup> Although certain practices were condemned by human rights groups and analysts, such as the lack of secrecy in the ballot (International Crisis Group 2001; Human Rights Watch 2001; Reyntjens 1999, 2001), leeway was given by donors who accepted the outcomes as a step in the right direction (Uvin 2001).

Donors were less forgiving in the run-up to the 2003 referendum on the constitution and general and presidential elections. Fear of a return to ethnic-based politics led to the harshening of government rhetoric around ‘divisionism’ and ‘genocide ideology’.<sup>18</sup> This led to condemnation of anyone seen as seeking to divide the population along ethnic lines for political ends, thus threatening a return to the genocide. Space for opposition to the RPF began to close as the consultation process around the constitution evolved between 2001 and 2003, and as elections approached in August and September 2003. The imprisonment of

former president, Pasteur Bizimungu, in 2001, the banning of the main opposition party, the MDR, in April 2003, charges of divisionism levelled at presidential candidate Faustin Twagirimungu, and limits set on the freedom of the media and local human rights organisations led to “an atmosphere of deep antagonism between the Rwandan government and the international community” (Kimonyo *et al.* 2004: 20). European Union Observer Missions were particularly critical, threatening at times to withhold financial support for the election process (EU 2003a, 2003b, 2003c). The Netherlands did withhold funding for the elections, and the disbursement of EU aid was delayed. Of the expected USD 13.1 million, only USD 4.4 million was disbursed (Ministry of Finance 2004). Nevertheless, the elections continued, with the government running into financial difficulties with the international financial institutions as it sought other means to finance the process. However, despite flaws identified in the elections, many donors were quick to congratulate the government on its progress in the immediate aftermath (EIU 2003),<sup>19</sup> although admitting in private that they were less than perfect. Political space has continued to close since 2003 (see EU 2004, Human Rights Watch 2007), but many donors have accepted the situation given the circumstances. Official donor statements reiterate the importance of good governance and political dialogue,<sup>20</sup> but there are only rare cases of outright criticism.

Rwanda’s regional relations have also proved controversial. As we saw above, remnants of the militia groups and army of the former Rwandan government continue to operate in the eastern DRC. In 1996-97 the Rwandan army supported the overthrow of the Mobutu government in Zaire in the hope that a new regime would deal with the problem. This was not to be the case, and in 1998 Rwandan troops invaded the DRC, becoming embroiled in a war which would involve several African countries. Portrayed by the government as a security issue, alternative analyses propose multiple motives behind Rwanda’s engagement: the need to quell domestic unrest; personal and national enrichment through the exploitation of the DRC’s resources; and aspirations as a regional hegemon (see McNulty 1999; Longman 2002; Kimonyo *et al.* 2004). Considerable pressure was applied by the international community to end the conflict, with accords signed in Lusaka in 1999 and 2001 and in Pretoria in 2002. Rwandan troops were finally withdrawn in October 2002, although there have been ongoing incursions into Rwandan territory. This has caused frustration on the part of the government which does not consider the international community to have upheld its side of the bargain in resolving the regional crisis. The government continues to stress the seriousness of the threat to its security. At the Development Partners Meeting in 2004, for example, it presented the economic and social costs of insecurity in relation to development strategies,<sup>21</sup> and despite agreeing to work with the administration of the DRC, it stresses that it will not hesitate to take matters into its own hands if the situation is not resolved.

Once again, donor reactions to these events were mixed. Partnership meetings in the late 1990s saw a split between those donors accepting Rwanda’s security concerns and increasing their support, and those who were increasingly worried. For example, Norway froze bilateral aid in 1999 pending the withdrawal of Rwandan troops from the DRC.<sup>22</sup> At the same time, the UK was putting in place a large budget support package for Rwanda. Belgium considered Rwanda to be a country ‘in conflict’ while for the UK, European Commission and World Bank saw this very much as a ‘post-conflict’ country. Considerable pressure was brought to bear on the government to abide by the Lusaka and Pretoria accords, and in 2004 there was more consensus amongst donors, particularly in light of reports of illegal exploitation of resources and human rights abuses. A joint statement by EU donors at the Development Partners Meeting of December 2004 called for the government to “respect the sovereignty of neighbouring states”<sup>23</sup> and delays in the disbursement of UK budget

support in 2004 were a direct response to Rwanda's regional policy (Killick, Katumanga and Piron 2005).

As these examples demonstrate, even where some donors have threatened to withdraw aid or have indeed frozen aid, the government has pushed ahead on issues it considers to be a priority, rarely changing its position drastically.

## **Creating and using bargaining space**

The above examples highlight various policy arenas where the government has a strong voice, and where it has often courted controversy. Yet, Rwanda continues to receive ever increasing amounts of aid, and through technical assistance, sector-based coordination and political dialogue, donors collaborate closely with government on policy on a daily basis. Despite its aid dependence, therefore, the government is able to create and use policy space to ensure that it does not compromise on its own priorities while maintaining a supply of funding. Several explanations can be advanced for this. On the one hand, the RPF-led government uses its origins as a liberation movement, the legacy of the genocide, and the language of development to frame its interactions with donors. On the other hand, divergence amongst donors limits their capacity to push the government in directions it is unwilling to take.

### ***Framing policy: the RPF, the language of development and the genocide legacy***

The historical context which saw the RPF take control of the Rwandan government in 1994 provides an understanding of the nature of the regime, its policy positions, and how it relates to donors. It is widely accepted that the RPF-led government has multiple 'faces' (see, for example, van Hoyweghen 2000; Uvin 2001; Mamdani 2001; Reyntjens 2001; Pottier 2002; Storey 2003); it can consequently be understood in very different ways. At one end of the spectrum, the government can be perceived as a progressive, developmental state overcoming the odds to place Rwanda on a path to sustainable long-term development; donors are seen as partners in this process. At the other end, Rwanda is seen as an increasingly authoritarian state, which is clamping down on human rights and creating the conditions for further cycles of violence. Donors are considered complicit in this process, ignoring the consequences of providing aid and allowing the government to deceive them as to its real intentions. To apply this to the example of *gacaca*, this system can be viewed as a genuine attempt at justice and reconciliation based on a home-grown initiative or as a 'victor's justice' which seeks to expand Tutsi domination over Rwandan political life. There is evidence to support both of these extremes, and it impacts upon what aspect of the Rwandan state individual donor agencies, and individuals within those agencies, relate to at any given time and how they weigh up progress in some areas against reversals in others.

The RPF began as a liberation movement based in Uganda in the 1980s, fighting for the return to Rwanda of refugees from ethnic pogroms since Rwanda's independence. The transformation of this armed insurgency movement into a legitimate government is not unique within Africa. Indeed, Dorman (2006) considers that there is value in recognising the particular characteristics of 'post-liberation' states, into which category post-1994 Rwanda falls. These states tend to be strong and centralised, introduce distinctive institutional reforms, and embark on a nation-building project emphasising security and national unity

aimed at bridging the ethnic, regional or linguistic divides which may have fostered the original conflict. The ‘new leaders’ (Ottway 1999) at the helm of these states have gained international legitimacy and support by asserting their moral authority to govern, and in return have seen their often unique approaches to governance tolerated. At the same time, clampdowns on political freedom are not unexpected. Indeed, Dorman states that “when confronted with conditions of political crisis and vulnerability, leaders’ concerns with control take precedence over either liberation or democracy, leading to increasing authoritarian and exclusivist politics” (Dorman 2006: 1086).

Since taking power, the RPF-led government has sought to consolidate its position internally, regionally and internationally. It has established a strong central state which extends control over the entire territory. Physical control over the whole country was achieved by 1998 following the defeat of the armed insurgency in the north-west of the country, or rather when the conflict was taken over the border into the DRC. The police force has been expanded and the army has been integrated. Bureaucratic and administrative control has been extended through the reconfiguration of local and national authorities, political control has been assured through the holding of elections which have legitimised the central government, and the state holds a firmer grasp on the economy through the extension of taxation services and development programmes. As such, the government fulfils many characteristics of a ‘centralised bureaucratic regime’ (see Allen 1995; Dorman 2006) and a ‘developmental state’ (see Uvin and Unsworth 2002). It has its weaknesses - for instance administratively it is considered strong at the central and upper levels, but weaker at lower levels of the bureaucracy (Evans, Piron, Curran and Driscoll 2006) - but it is considered to be genuine in its commitment to socio-economic development as well as good governance, even if it diverges in some respects from western norms.

This developmental side is one which donors are very willing to engage with, notably those “progressive champions of change” (DFID 2004: 6) within the government who appear to be on a wavelength with international norms of development. The government speaks the language of international development to great effect, appealing to the international community through its adherence to neo-liberal economic policies and the poverty reduction agenda, as well as participatory procedures such as poverty assessments and the *gacaca* courts. Likewise, the government has earned itself respect amongst the African and international community for pushing for governance reforms on the continent and conflict resolution via the African Union and the African Peer Review Mechanism.

While the government’s adherence to norms of development represents one reason for donor support, the specific context of the genocide provides the over-arching framework which has opened up policy space for the government. For many observers, the government is adept at using its ‘genocide credit’ to manipulate the international community (see, for example, Pottier 2002; Oomen 2005). While this charge is refuted by government officials, it cannot be denied that the legacy of the genocide infuses the policy process. Policy documents and government rhetoric are all set in the context of the consequences of the genocide and, if anything, this instrumentalisation of the genocide has increased over time. Policy documents from 1994 to 1996 tend to refer only to the ‘tragic events’ of 1994, while there is a real discourse built around the genocide by 2004. This discourse imbues the government with the moral authority to govern the country on the back of its military victory, and to demand the support of the international community which let the country down so badly. Disappointment at the levels of aid which flowed to Rwanda after the genocide, and at the criticisms levelled at the new regime, led to a hardening of this discourse to the extent that “Rwanda’s new leaders began to argue that no one outside Rwanda should have the right to

criticize the regime” (Pottier 2002: 159). The reluctance of donors to forcefully apply conditions to aid and to engage in confrontational dialogue with the government is often put down to the guilt felt by the international community on the one hand, and reminders of that guilt from the government on the other.

### ***Donor divergence and voluntary ‘blindness’***

The lack of consensus amongst donors, and even internally within a donor programme, provides a second core avenue through which negotiating space can be created. Donors are far from homogenous, and their presence and support for Rwanda is not static. The situation is constantly changing in terms of who provides what, how and why. This relates both to the specific context of Rwanda and broader issues within each aid agency of a political and administrative nature. Historical factors, political and development priorities, preferences for aid instruments, administrative structures, prerogatives to spend budgets, and individual politicians and officials all influence how each donor agency engages with the government, which aspects of policy they focus on, the conditions they apply to aid, and how they react to events in the country (Hayman 2006).

This results in very mixed messages from donors, as the various examples in this article have shown. Even amongst budget support donors (the UK, Sweden, World Bank and European Commission<sup>24</sup>), generally considered to be ‘like-minded’, mixed messages have emerged, with the UK withholding instalments in 2004 over Rwanda’s policy towards the DRC and the World Bank disbursing. Within donor programmes, inconsistencies are also present. Belgium’s cold diplomatic relations with Rwanda after 1994 and its concern about negotiating a new programme framework while Rwandan troops were deployed in the DRC contrasted with the remarkable continuity in projects on the ground, many carried over from the pre-genocide period, and its strong support for core programmes such as *gacaca*. The Netherlands, which has been prohibited by its Parliament from providing budget support because of concerns about governance in Rwanda, and which froze aid for the elections, has provided increased support for the justice sector. Norway, which emerged as a key new donor after the genocide, reduced its bilateral programme due to Rwanda’s regional belligerence and concerns about human rights abuses (Norwegian Ministry of Foreign Affairs 2002: 14), but continues to provide aid through NGOs and acts as a silent partner in the local government and justice sectors (Ministry of Finance 2006: 30). This divergence creates aid management problems for the government but also creates space in that the aid continues to flow from multiple sources despite the official existence of conditions.

Donor divergence also means that there is no consensus on political processes within Rwanda, nor a single analysis of how aid may affect structures, institutions and politics. Uvin (1998) observes how donors became unwittingly embroiled in the crisis in pre-genocide Rwanda through their ‘blindness’ to socio-political realities on the ground and how aid was potentially fuelling extremism. Oomen (2005) likewise observes how aid to the justice system in post-genocide Rwanda ignores the political context in which the legal and justice framework is being redefined. Political analysis on the ground is often weak and the daily functioning of the aid system often precludes a political stance, when budgets have to be spent, results produced, and targets met on issues like aid coordination. For example, Belgium’s overarching framework for aid contains numerous references to political conditionality (Government of Belgium 2003); its Great Lakes Framework likewise (Government of Belgium 2001). However, on the ground the application of political conditions is barely tangible. Regular discussions between Belgium and the government

revolve around technical needs of individual projects. While individual actors within donor agencies are not necessarily ignorant of the political fallout from their actions, they may choose only to 'see' or react to particular phenomena in tune with their broader prerogatives.

So, although donors in Rwanda are officially following a very similar line on both policy priorities and aid management mechanisms, differences in approach provide the government with considerable space for manoeuvre. Given the limited strategic interest of Rwanda, its status as one of the poorest countries in the world, and its government which does appear to be making considerable progress in many areas of development, donors have remained largely supportive even in the face of signs of increasing authoritarianism and poor political governance.

### **Conclusion: the joint policy process and 'ownership'**

Since 1994, the RPF-led government has maintained a consistent line on a set of core principles. Many of these reflect prevailing donor concerns, and donor agencies have been instrumental in preparing, financing and implementing programmes from reconstruction to reconciliation through the provision of short and long-term policy consultants and technical assistants, training and logistical support. Unpicking what is government 'owned' and what is donor-driven is therefore extremely difficult. At the same time, the government has forged its own path in areas such as resettlement, justice, security and governance which has sometimes brought it into conflict with donors. The legacy of the genocide has created unique challenges, which the RPF-led government has addressed in ways typical of both a post-liberation state and a developmental state. It employs a strong discourse of national unity and moral authority, and has demonstrated that it will not compromise on certain core objectives. While some donors may have taken a critical stance, even halting aid for certain activities, generally they have chosen to support the government's own initiatives, with inconsistencies amongst them mitigating against a coherent approach. Compromises have been reached, with give and take on both sides, but rarely has serious pressure been applied to change the government's direction.

The Rwandan case demonstrates the way in which an aid-dependent country can negotiate and create space for pursuing its own policy agenda. However, it also demonstrates the limits to this in terms of local 'ownership'. The government needs to keep donors on board, which it does by committing itself to the international norms of development and reminding the international community of its responsibilities to help Rwanda. Real policy freedom is therefore constrained by the need to appeal to external financiers. The outcome has been a joint policy process. This was initially born of weak government administrative capacity to manage aid and policy-making in the post-1994 years. The hand of external actors is therefore strong within many policy documents, and nearly all ministries in Rwanda house foreign technical assistants. However, as Rwanda's own administrative capacity has increased, there has not been a concomitant decline in donor involvement; rather, donor entanglement in central decision-making has increased. This is primarily due to the shift towards the poverty reduction and harmonisation agendas, coupled with the rise of direct budget and sectoral funding mechanisms. Through this, government officials and donors come together to negotiate and plan development activities, from macro-economic management to specific thematic initiatives. This highlights the perverse outcomes of an aid system which aims at increasing local ownership but which leads to heightened external entanglement in internal policy processes. The ensuing encroachment upon national

sovereignty, power and control has raised concern in Rwanda, and since 2005 the government has sought to enhance its control over aid management, notably through increasing its role in aid coordination as framed by the *Aid Policy* adopted in 2006.

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## Endnotes

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<sup>2</sup> Interview, Ministry of Finance official, Kigali, Rwanda, 26 April 2004.

<sup>3</sup> Zaire was renamed the Democratic Republic of Congo in 1997.

<sup>4</sup> Having threatened to re-engage in the DRC in order to deal with the rebel groups, which have carried out incursions into Rwanda until as recently as March 2007, Rwanda's position is now to try and work with the new authorities in the DRC to support their efforts to eliminate the problem. See Irin News (7 May 2007), available at <http://www.irinnews.org/Report.aspx?ReportId=72010>.

<sup>5</sup> Source: OECD Aid at a Glance: Rwanda (<http://www.oecd.org/dataoecd/63/19/1878421.gif>). Accessed 11 April 2007.

<sup>6</sup> Source: Organisation for Economic Development and Cooperation, International Development Statistics (Geographical Distribution of Financial Flows Part I) 2005, ESDS International, (MIMAS) University of Manchester.

<sup>7</sup> Interview, European Commission Official, Kigali, Rwanda, 30 September 2003.

<sup>8</sup> The term 'special case' was used frequently during partner meetings in 1998 and policy documents from the World Bank and DFID in 1999 each use this term (see World Bank 1999: 11; DFID 1999: 9).

<sup>9</sup> For example, at the Round Table organised by the UNDP in July 1995, Rwanda's Vice-President at the time, Paul Kagame, publicly stated that coordination 'stinks' (UNDP 1995a: 144).

<sup>10</sup> It would appear that there have been better relations between government and donors in the justice sector since 2004 with the establishment of a Justice Sector Coordination Secretariat and a Justice Sector Coordination Group (Ministry of Finance 2006: 24).

<sup>11</sup> Interviews, Ministry of Finance and Economic Planning, September-October 2004.

<sup>12</sup> Joint Donors' Statement of Intent towards the implementation of the Paris Declaration and Rwanda's Aid Policy, Kigali, Rwanda, 23 November 2006.

<sup>13</sup> IRIN news 5 Oct 2004 (<http://www.irinnews.org/report.aspx?reportid=51581>).

<sup>14</sup> Interview, former Vice-President of Rwandan Supreme Court, 19 April 2004.

<sup>15</sup> Interviews, Kigali, Rwanda 2003-2004; observations at coordination meetings on *gacaca*, Belgian Embassy, Kigali, Rwanda, March and April 2004.

<sup>16</sup> Reyntjens' regular reviews of Rwanda's political situation provide a good overview of political developments in Rwanda. Reyntjens is particularly critical of the RPF's tightening control of political space in

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Rwanda (Reyntjens 1997, 1999, 2000, 2001, 2004). An alternative analysis is provided by Kimonyo *et al.* 2004.

<sup>17</sup> Since 1994, Rwanda has undergone several local government reforms. In 2001 the country was divided into 12 provinces and 116 districts and municipalities. These were in turn divided into sectors and ‘cells’, the lowest administrative rung. The number of provinces has now been reduced to 5 plus Kigali city.

<sup>18</sup> This trajectory can be traced through several documents. For example, in 1999 there was a proposal to punish “those who continue to base their ideas on sectarianism, who minimize the genocide and massacres” (Republic of Rwanda 1999b: 61). In 2002, the National Unity and Reconciliation Commission (NURC) recommended that “factors of disunity [be kept] at bay” and that “genocide ideology” be combated by all means (Republic of Rwanda 2002d: 77-78). In 2004, the NURC recommended the need for “severe sanctions against whoever denies the 1994 Genocide”, for “directives on characteristics of the ‘belonging to the Rwandan broad family’”, and for “strategies for its reinforcement by showing don’ts (interdictions) such as criticizing and speaking ill of such belonging.” (Republic of Rwanda 2004b). A hard-hitting report on ‘genocide ideology’ was published by in 2004 (Republic of Rwanda 2004a).

<sup>19</sup> See Reyntjens (2004) for a scathing analysis of the elections as a ‘cosmetic operation’ for the international community.

<sup>20</sup> See Statement of the European Union to the Sixth Annual Government of Rwanda and Development Partners Meeting, Kigali, Rwanda, 22-23 November 2006.

<sup>21</sup> Presentation by Richard Sezibera, Development Partners Meeting, Kigali 10-11 December 2004. This ingenious presentation demonstrated how insecurity around Rwanda’s borders was affecting the economic climate in the country, with rebels deliberately targeting Rwanda’s tea and coffee industry, breweries, and power installations.

<sup>22</sup> Statement by the representative of Norway to the Government of Rwanda / Donors Meeting, London 22-23 July 1999.

<sup>23</sup> Statement by Presidency of the EU, Development Partners Meeting, Kigali 10-11 December 2004.

<sup>24</sup> The African Development Bank and, since 2007, Germany now also provide direct budget support (Ministry of Finance 2007).



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