Chapter 6

Development and Developmentalism in Post-genocide Rwanda

Shinichi Takeuchi

6.1 Introduction

The concepts of “developmentalism” and “developmental state” have attracted attention in Africa, which has recently experienced rapid economic growth. Although the successful growth may be largely attributable to favorable prices of primary goods, particularly oil, some of less resource-dependent countries achieved considerable growth, which may be comparable to the rapid economic growth that Asian countries experienced earlier. It seems important to investigate the similarities and differences in the growth factors, mechanisms, and sustainability between Asia and Africa.

Rwanda has seen continuous economic growth after its civil war and genocide at the beginning of the 1990s. Although the country is not abundantly endowed with oil and other resources, its real gross domestic product (GDP) per capita has more than doubled from 333 to 690 US dollars between 2000 and 2015.¹ The concept of developmental state may be applied to post-genocide Rwanda,² because of its leaders’ emphasis on development ideology, their preferences for social engineering, and the country’s high economic performance. However, it is true that Rwanda has adopted different strategies for development from those of typical Asian developmental states, as we will see later.

¹ The data are in constant 2010 US dollars and taken from the World Development Indicators (WDI).

² Biedermann (2016). A workshop entitled “Rwanda—A Developmental State and/or Donor Darling” was held at German Development Institute on October 2016. See the following URL for detail. (<https://www.die-gdi.de/en/events/rwanda-a-developmental-state-and-donor-darling/>).

S. Takeuchi (✉)

African Studies Center, Tokyo University of Foreign Studies, Fuchu, Japan
e-mail: shinichi_takeuchi@tufs.ac.jp

Based on the idea of political settlement (Khan 2010), Whitfield et al. (2015) shed light on the roles of industrial policies in the economic development of Ghana, Uganda, Tanzania, and Mozambique, and argue that political power has had impacts on economic development. Thus, their research has bearing on the African developmental state debate. It, however, does not explore how the industrial policies or development policies of these countries have facilitated or delivered economic development. Instead its purpose is to demonstrate the relevance of their typology of ruling coalitions and policies in the four countries.

This chapter is an attempt at understanding the mechanism that has enabled the high economic growth in post-genocide Rwanda. It highlights political factors that have affected the economic growth since the civil war ended in 1994. During this period, the government has been led by the ruling Rwandan Patriotic Front (RPF), which won the civil war as rebels. This chapter analyzes the mechanism by which a highly concentrated political power realizes rapid economic development. Illuminating the mechanism will also contribute to the comparison the Rwandan experience with those of Asian experience as well as of other authoritarian countries in Africa, such as Ethiopia and Uganda.

The chapter is organized as follows. The next section briefly examines Rwanda's macro-level socio-economic performance characterized by the high economic growth and considerable improvements in social indicators. Section 6.3 examines industrial policies and their implementation in the post genocide era and confirms that contrasting policies that could be categorized as neo-liberalist policies and interventionist policies, have coexisted. While the Rwandan government has generally adopted neo-liberal economic policies, it has almost constantly intervened to promote some sectors, particularly agricultural and rural sectors. Section 6.4 analyzes three leading sectors that have contributed to the rapid economic growth, i.e., the agricultural, mining, and modern business sectors, and discusses the political influence on the growth of these sectors. Section 6.5 explores reasons why the country has adopted seemingly contradicting economic policies. It finds the most plausible reason is that such policies have been taken to satisfy two demands: one is to be consistent with Rwanda's concern with the international mainstreaming, and the other is to achieve internal goals of power consolidation and state building. In the final part, we review the nature of the Rwandan economic growth and discuss its implication for growth sustainability.

6.2 Macro Development Performance in Post Genocide Rwanda

According to the World Development Indicators³, Rwanda's real GDP grew by 5.0 percent per year on average from 2000 to 2015. This is a remarkable growth performance in view of that of Africa as a whole. One of the main drivers of the rapid

³Statistical data in this section are based on the WDI when there is no particular indication.

growth has been a sharp increase in external trade, of which value grew more than 14 times in 20 years between 1995 and 2015, as the index (year 2000 = 100), which had been 97.9 in 1995, surged to 1404.5 in 2015.⁴

During the same period, the provision of educational services has considerably increased. The net rate of primary school enrollment was 80% at the end of the 1990s (even though the gross rate was already 100% by then), but it increased steadily and reached 98.5% in 2010. The gross rate of secondary school enrollment increased from less than 10% in 1999 to 40% in 2013. The gender parity index has exceeded 1.0 since 2011, meaning that the secondary school enrollment rate has been higher for girls than for boys. Not only the educational sector but also the public health sector has had considerable improvements. Infant and under-five-years mortality rates decreased dramatically from 129.6 and 268.3 in 1995 to 31.1 and 41.7 in 2015, respectively. As a result, life expectancy at birth doubled from 31.6 years in 1995 to 64.5 years in 2015.

During the period from 1995 to 2015, the country's real GDP increased roughly five times. Still it is too early to say that Rwanda has succeeded in economic transformation and take-off. The national income still remains low in its absolute level, and the rapid economic growth has not brought about a clear transformation of industrial structure. The agricultural share of GDP steadily decreased from 39 to 29%, while the service share increased from 51 to 57%, and the mining and construction share increased from 5 to 9%.⁵ The manufacturing sector kept a constant share around 5 to 6%, meaning that although it kept pace with the growth of the aggregate economy, it could not grow as fast as the mining and construction sectors.

Another notable change is the worsening inequality. Despite the rapid economic growth, "poverty levels in Rwanda remain well above pre-war levels" (UNDP 2007a, p. 7). The Head Count Index under the national poverty line (about 0.44 dollars a day in nominal terms) was 47.5 in 1990 and 56.9 in 2006. The Gini coefficient has sharply increased from 0.289 in the mid-1980s to 0.468 in 2000 and further to 0.510 in 2006 (UNDP 2007b; Republic of Rwanda 2007). It has remained high around 0.50 in the 2010s and is comparable to the Gini coefficient in Brazil (0.515 in 2014).

Rwanda's socio-economic performance in the post genocide period can be characterized by four points. First, its economy has grown rapidly, and service delivery in its social sector has been clearly ameliorated. Second, its industrial structure has not changed significantly, and industrial upgrading has not been observed clearly. Third, poverty reduction remains high on the agenda because the absolute income level has been low and economic inequality has been worsening since the end of the civil war.

⁴We need to be cautious about the reliability of macro-level statistics in Africa (Jerven 2013). Particularly, in case of Rwanda, it is said that official statistics of production volume and value might be systematically exaggerated under the system of the performance contract (*imihigo*), in which local officers set goals of developmental performance and the achievement is monitored by their superiors. See Ingelaere (2010) and Chemouni (2014) for details.

⁵The manufacturing sector refers to industries belonging to the International Standard Industrial Classification (ISIC) divisions 15–37.

Fourth, the rapid economic growth in the period has been achieved under the authoritarian rule. Practices of the authoritarian rule include the oppression of dissidents, human rights violations, the monopoly of power by the Rwandan Patriotic Front (RPF) elites (particularly, former military officers), and the technology of disinformation (e.g., Beswick 2010; Dorsey 2000; Ingelaere 2010; Pottier 2002; Reyntjens 2004, 2011, 2013; Silva-Lender 2008). In fact, the country has had poor rating in the indices of political rights and civil liberties, human rights, democracy, and democratic governance.⁶ Assessment is divided when it comes to different aspects in governance. For example, the World Governance Indicators (WDI) includes six ratings; i.e., voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and control of corruption.⁷ Rwanda has fared increasingly well over time in terms of the five ratings other than “voice and accountability,” particularly in terms of “control of corruption,” but its score on “voice and accountability” remains low.

Rwanda’s politics in the post genocide period has been dominated by the RPF. The former rebel group was originally organized in Uganda in the 1980s by Rwandan Tutsi refugees (Prunier 1998). Most of them were children of Tutsi refugees who had fled their home country at the political uprisings that occurred at the time of the independence.⁸ With the assistance of the Ugandan Museveni regime, the RPF invaded Rwanda and won a military victory in 1994 after a bloody guerrilla war and the genocide (Prunier 1995; Reyntjens 1994). As the war was a total victory for the RPF, all main opponents were pushed out of the territory by the end of the war. In addition, the RPF has made full efforts to consolidate and concentrate political power ever since, including repression against dissidents. Although the constitution adopted in 2003 stipulates a democratic political system, anti-government movements have been harshly suppressed.⁹ The facts that even the non-RPF parties in the parliament have always supported the president Kagame at the presidential elections suggests that there is no room in Rwanda’s political space for substantial opposition parties (Reyntjens 2013).

⁶These indices are provided by Freedom House, CIRI (Cingranelli and Richards), Economic Intelligence Unit (EIU), and Polity IV.

⁷The indices are available at <http://info.worldbank.org/governance/WGI/#home>.

⁸The political uprising, or the social revolution, caused a drastic change in political power in Rwanda. The Tutsi, who were politically dominant, were expelled to abroad and the Hutu elite took power through their party, the Parti du Mouvement de l’Emancipation Hutu—Parmehutu, just before the independence. However, it should be emphasized that the Tutsi-Hutu divide and the Tutsi’s political dominance had been strengthened under the colonial rule. See Lemarchand (1970) for detail.

⁹The most well-known case was the ban of the then biggest opposition party, the Mouvement Démocratique Républicain (MDR), just before the legislative election in 2003.

6.3 Policies and Strategies for Development

What kind of policies has been taken to realize the rapid economic growth? This section examines development policies adopted by the Rwandan government, so as to understand the underlying thought and strategy. At first, the four policy papers are analyzed for this purpose: (1) *Rwanda Vision 2020* (Republic of Rwanda 2000), (2) *Poverty Reduction Strategy Paper* (Government of Rwanda 2002), (3) *Economic Development and Poverty Reduction Strategy, 2008–2012* (Republic of Rwanda 2007), and (4) *Economic Development and Poverty Reduction Strategy II, 2013–2018* (Republic of Rwanda 2013).

Although the four policy papers were published in different periods of time between 2000 and 2013, their focuses and promoted policies were rather consistent. There are two contrasting components in the policies. At first glance, their economic policies in general are characterized by the idea of laissez-faire and neo-liberalism. The major pillar of the development strategy is the promotion of the private sector development through improvement in business environments. In this context, the importance of good governance, human resource development, and infrastructure development is strongly emphasized.

“Good governance” is one of the keywords that Rwandan government has emphasized repeatedly.¹⁰ While one of its official papers defines good governance “as accountability, transparency and efficiency in deploying scarce resources” (Republic of Rwanda 2000, 14), efficiency in bureaucracy has been, in practice, the central tenet of this concept. The government’s argument that “we need a small but effective, flexible public sector” (Republic of Rwanda 2000, 14) has been repeatedly stated in its policy papers. “Good governance” is therefore targeted mainly for the improvement of the business environment, which is in turn needed to promote the private sector development.

Human resource development has been another area of priority in this country. It is also considered to be crucial for making business environments competitive. The budget allocation to the education sector and the healthcare sector has been made possible largely by donors’ contribution, and it seems to be effective as shown in their performance. In addition, the development of infrastructure and connectivity has been ardently advocated for overcoming the disadvantages of being landlocked. Its eagerness to develop Information and Communication Technologies has the same root.

Thus, the policy papers stress the imperatives for business environment improvement and propose concrete measures, but they do not indicate any particular sector to be prioritized for promotion. The only exception is that the policy papers propose to strengthen the competitiveness of the four exporting sectors (i.e., coffee, tea, tourism, and mining) (Republic of Rwanda 2007, 56). The fact that the promotion of new industries has not been attempted or considered suggests that the policy papers are tinged with the idea of laissez-faire and neo-liberalism.

¹⁰See, for example, the official website of Republic of Rwanda, Governance and Home-grown solutions. (<http://www.gov.rw/about-the-government/governance-home-grown-solutions/>).

However, the appearance of *laissez-faire* is quite contrasting with interventionist policies and practices in the rural and agricultural sectors. The most outstanding one that can be found in the abovementioned policy papers is the Vision 2020 Umurenge Program (Republic of Rwanda 2007, 75–80), which can be considered a countrywide program for rural development. Aiming to eradicate extreme poverty by 2020, the program is intended to increase jobs and export in rural areas. This is not, however, the only case of interventionistic policy in the sectors.

Since the seizure of power in 1994, the RPF-led government has implemented a series of interventionist policies in the rural sector to change the country's economic structure radically. Three policies are particularly noteworthy (Takeuchi and Marara 2014). First, "land-sharing" was implemented between Tutsi returnees and Hutu residents. Immediately after the RPF's victory in the civil war, hundreds of thousand Tutsi refugees began to return to Rwanda, from where they had been expelled for two to three decades. As their original family lands had been in many cases occupied by neighbors, the government instructed Hutu residents in the Eastern part of the country, where lands were relatively abundant, to "share their properties" (or more precisely, "give the half of their properties") with Tutsi returnees. As a result, the latter could obtain lands for their resettlement to the detriment of the former.

Second, the family law of 1999 stipulated equal rights for males and female to inherit land. Although Rwanda in tradition was a patrilineal society, in which women basically had no inheritance rights of land. Although the implementation of the new family law created considerable confusion and a number of conflicts, it has been rather effective thus far as both administration and judiciary have protected women's rights following the governmental decision. In other words, the successful implementation of the new family law has been ensured by the RPF's complete control over the local governing system.¹¹

Third, the land registration was actively carried out following the stipulation in the Organic Land Law in 2005, and it was almost completed as of 2013. Despite the fact that a number of challenges regarding the process of land registration exist (Takeuchi and Marara 2014, 94–95), it is quite remarkable that the land certificate has been distributed all over the country.

In addition to these policies, Rwanda's rural sector has been the target of a series of interventionist policies in the post-genocide era, including the land consolidation, the land use planning (see below), and ban on thatched roofs.¹² Thus, in post-genocide Rwanda, the *laissez-faire* and neo-liberal approach was applied to macro-economy

¹¹Such full control has been possible not only due to the RPF's capability but also due to the Rwandan social structure. The latter is characterized by the absence of autonomous local power. Traditional chiefs, who had had such power, were exterminated by the "social revolution" at the end of the colonial period (Lemarchand 1970). The local administration is capable of social mobilization in rural areas, as the 1994 genocide showed (Human Rights Watch 1999). Since the RPF's seizure of state power, the ruling party has controlled the nation's local administration.

¹²Around 2011, the local administration launched a massive campaign against thatched roofs, which were blamed for hygienic problems. Local officers ordered the destruction of a number of huts with thatched roofs. Although they promised to provide residents with tin roofs, the provisions were often delayed, and victims had to wait several months without roofs.

management and industrial sector management whereas an interventionist approach was applied to the rural sector management.

6.4 Assessment of the Contributing Sector

To understand the mechanism of the rapid growth of the Rwandan economy, this section reviews the experiences of the agriculture, mining, and modern business sectors, which grew particularly rapidly, and links the rapid growth of these three sectors with political factors.

Agricultural production has significantly increased in Rwanda for the last two decades, even though the GDP share of agriculture has declined. For example, food production in 2013 was 1.72 times as great as that in 2004–2006, whereas the corresponding ratio was just 1.30 for the average among the countries in Sub-Saharan Africa. The favorable performance of the agricultural sector in Rwanda seems to be attributable to government interventions. In addition to the measures explained in the previous sections, the government implemented a number of projects for marshland development, such as soil improvement and irrigation projects. The government also set up the Organic Land Law in 2005 that included land consolidation, i.e., “a procedure of putting together small lots of land in order to manage the land and use it in an efficient uniform manner so that the land may be more productive,” and the provision of fertilizers and improved seeds for farmers.¹³ These measures, implemented under the framework of the Crop Intensification Program, have been considered to contribute to the rapid agricultural production growth.¹⁴

The mining sector has marked even more remarkable growth. Before the civil war, coffee and tea accounted for a large part of the country’s export. The mining sector, which has a long history, had ceased its production in the mid-1980s, mainly due to its bad management. Since the second war in the Democratic Republic of the Congo (1998–2002), however, mineral export increased rapidly, which was partly attributed to the massive smuggling of mineral resources from the Congolese territory, into which the Rwandan military invaded, to Rwanda (Marysse and André 2001).¹⁵ The

¹³Organic Law No. 08/2005 of 14/07/2005 determining the use and management of land in Rwanda, article 2.

¹⁴Although it tended to induce farmers to specialize in the production of those crops for which improved seeds were available, farmers might be faced with greater risk as a result of specialization. Rwanda’s recent agricultural reforms including the land consolidation and the land registration have stirred vigorous debates. Some researchers are critical of the reform because of several reasons including limited access to the improved seeds and the fertilizer, widening gap effects among farmers, as well as high-handed and top-down approaches (Pritchard 2013; Cioffo, Ansoms and Murison 2016; Dawson et al. 2016), but others defend such policies as no alternative would be viable considering disadvantageous conditions in Rwanda (Harrison 2016).

¹⁵It has been pointed out that Rwandan army systematically pillaged mineral resources in the Eastern DR Congo. The amount that the Rwandan army gained from the Congo in 1999 was attained to around 80% of its budget in the same year (United Nations 2002, par. 71).

rapid increase in mineral export in recent years has been also partly attributed to the restart of domestic production, even though the exact volume is unknown.

In the 2000s, facing serious criticisms from the international community, the Rwandan government began to take a series of policy measures for modernizing the mining sector and ensuring the traceability of the mineral it exports (MINIRENA 2010). It liberalized the sector and recognized activities of foreign capitals (Behuria 2015). The number of mining licenses issued by the government to mineral producers rapidly increased from less than 50 in 2008 to nearly 800 in 2014 (MINIRENA n.d., 6). The sector has been characterized by domination of foreign companies as “two large foreign firms export around 75% of Rwanda’s minerals” (cited in Behuria 2015, 436), and the overwhelming majority of producers seem to be small and artisanal. Thus far, the growth of the mining sector has been driven largely by a small number of foreign companies and an increase in the number of non-mechanized small producers without any technological upgrading. Thus, Rwanda’s mining sector development has had a close link with the external policies, which began with the war in the Democratic Republic of the Congo (DRC), followed by the massive pillage carried out by the army and the response to the criticism from the international community. Unlike the modern business sector (see below), the RPF-led government did not rely on its business group in the mining sector, aiming at “cleaning its image of involvement in conflict minerals” (Behuria 2015, 443).

Even if the ratio to the total GDP has not remarkably increased, it is undeniable that the business sector has also had rapid growth during the post genocide period. Both production and export of manufacture goods have significantly increased (Balchin et al. 2016, 8). What is unique to Rwanda is that the ruling party, RPF, and the national army (Rwandan Defense Force: RDF) have played the central role in the growth of modern business sector. RPF owns the whole equity of Rwanda’s biggest investment holding company (Cristal Ventures Limited: CVL), the owner of a number of Rwanda’s leading companies.¹⁶ The whole CVL group was estimated to represent over 3 percent of the country’s GDP in 2009 and to pay taxes which amounted to around 9 percent of all direct tax revenues in the fiscal year 2009/10 (Booth and Golooba-Mutebi 2012, 389). Another important business group, Horizon Group, received its initial capital from a fully military-owned enterprise, Military Micro Finance Cooperative Society (ZIGAMA-CSS) (Gökgür 2012, 20). In addition, state-owned enterprises, such as Rwanda Air, are active in the modern business sector (Gökgür 2012, 38). In short, the growth in modern business sector has been dependent on the initiatives of the RPF, the military, and the state.¹⁷

¹⁶CVL was formerly called as Tri-Star. Its 100% subsidiaries include Real Contractors (construction), Inyange Industries (food processing and beverages), and Bourbon Coffee Shops (coffee marketing). It partially owns MTN Rwanda Cell (mobile telephone). See Gökgür (2012, 39) for detail.

¹⁷Weis (2016) argues that the same mechanism has worked in Ethiopia. The ruling party (Ethiopian People’s Revolutionary Democratic Front: EPRDF) as owner of companies has played a leading role in economic growth.

6.5 Political Factors Affecting Economic Performance

To understand the co-existence of two contrasting ideas—*laissez-faire* and interventionist—in Rwanda's development strategy, it is important to take into account the nature of its external relations and that of internal control. The RPF-led Rwanda has solidified its position in the international community, which the previous regime could not do. Two factors have contributed to this remarkable change.

First, the international community, particularly main donors tended to hold the RPF-led Rwanda in high regard as a country managing to overcome deep scars of the genocide. The flip side of this admiration was the sense of guilty coming from the inability of the major international players to prevent the genocide (Reyntjens 2013; Pottier 2002). In this context, the RPF gained a moral or psychological advantage by claiming that it had succeeded in stopping the genocide when the international community had completely failed. This advantage that the RPF gained has been called as the "genocide credit" and has been one of major factors contributing to Rwanda's position as a "donor darling" (Marysse et al. 2006), while keeping donors' conditionality from having democratizing effects (Hayman 2008).

Rwanda's diplomatic position has been further strengthened due to the fact that the United Kingdom (UK) and United States (US) have become its strong supporters. Although the reasons for the approach between Rwanda, on the one side, and the UK and US, on the other, are multiple and complex, it is clear that the RPF was considered a good game changer for the two great powers in the 1990s, when France had a close connection with Rwanda's Habyarimana and Zaïre's Mobutu (see Prunier 1995; Reyntjens 2009). UK Prime Minister Tony Blair approached Rwanda to pursue an "ethical foreign policy" (Porteous 2008). US President Bill Clinton visited Kigali, the capital of Rwanda, in March 1998 to apologize for not having acted to prevent the genocide. Ample examples point to how the two countries have strongly backed Rwanda, but the most conspicuous one is their pressure to dismiss Carla del Ponte, the prosecutor of the International Tribunal Court for Rwanda, in 2003 when she declared her intention to try war crimes that the RPF had committed (Peskin 2008, Ch. 9).

Another factor has been Rwanda's active diplomacy. Since the establishment of its government, the RPF has made systematic efforts to put Rwandan persons in strategic positions at African Union, African Development Bank, and other international organizations.¹⁸ The country has been a big contributor to the United Nations Peace Keeping Operations as well.¹⁹ In addition to these systematic efforts, President Kagame himself has been eager to express his ideas and opinions in international

¹⁸Patick Mazimpaka, who had once been a vice-chairman of the RPF, assumed the Deputy Chairperson of the African Union Commission during 2003 and 2008. Donald Kaberuka run for the president of African Development Bank between 2005 and 2015, after serving as Minister of Finance and Economic Planning between 1997 and 2005.

¹⁹As of April 2018, Rwanda is the fourth biggest contributor to the UN PKO in providing 6264 persons including police, UN military experts on mission, staff officers and troops. Information retrieved on 16th June 2018 (https://peacekeeping.un.org/sites/default/files/2_country_ranking_0.pdf).

conferences.²⁰ In total, the Rwandan government has made considerable efforts for putting their country in the mainstream of international diplomacy.

The country, however, has made no concession with regard to international requirements that might affect the RPF's internal political dominance.²¹ Such attitude suggests that Rwanda's main concern with the international mainstreaming have aimed to establish political environments that would protect the current RPF-centered internal political order.²² In this context, the country's *laissez-faire* policy expressed in its policy papers is quite understandable. On the one hand, the RPF-led government has kept its macroeconomic policy, which is visible to the international community, consistent with the economic liberalism, as it has been the *de facto* international standard since the 1980s, and as the UK and the US have been its strongest supporters. On the other hand, the government has applied an approach of active interventionism to rural and agricultural policies, which were the areas of particular importance in terms of internal politics.

The stated purpose of this interventionism has been the rational land use. The government has recognized a wide range of serious land issues including land scarcity, fragmentation of land, degradation of soil, and reiterated the strong need for rational and effective land uses (Republic of Rwanda 2004, Ch. 3). Since the vast majority of Rwandan nationals are farmers relying on small parcels of land, problems like poverty reduction and food shortage have been also associated with this objective.

In addition to the land consolidation policy, which was mentioned earlier, the policy of villagization (*umudugudu*) is another good example of the interventionism. The villagization policy originally launched to provide houses for Tutsi returnees coming back to Rwanda after decades of their absence. Recently, it has transformed into a kind of rural land use planning. Claiming that the villagization is indispensable for building infrastructure such as paved roads, electricity, and drinkable water supply, the policy makers have promoted the zoning in rural areas and urged people to move into the "residential" zone. Considering the fact that Rwandans traditionally did not reside in gathering but lived scattered over a thousand hills, the current change in rural landscapes is enormous. The policy of efficient land use has been thus pursued through various interventionist measures (Newbury 2012).

Pursuit of the rational land use may not be the only reason for the interventionism. Ansoms (2009) argues that the RPF political elites tend to embrace social engineering, which can be explained by their elitist perception that farmers lack knowledge necessary to improve agriculture. Besides the ideological reasons, the interventionist measures have been closely linked with the demand for political control of rural

²⁰For instance, Kagame actively attends international conferences, and is a regular participant of the World Economic Forum (Davos conference). In addition, he has accepted many requests of an interview and expressed widely his views and opinions.

²¹Besides the above-mentioned response to donors' requirements for democratization, Rwanda has no substantial concession to the international criticism about human rights violations and mineral exploitations that its soldiers had alleged to commit in the Democratic Republic of the Congo.

²²We can recall the fact that when United Nations published the Mapping report on human violation in the DR Congo (OHCHR 2010), Rwanda threatened to withdraw its troops from UN Peace Keeping Mission in Darfur.

areas. The clearest one was the policy of land sharing. As we have discussed in the previous section, the provision of land for Tutsi returnees, the core supporters of the RPF, had a direct bearing on consolidating the RPF's political base. It is important to point out that the land registration has had the same effects. Through the registration, pieces of land acquired via land sharing have become official and legitimate, equipped with certificates, thus solidifying the land rights of returnees. Considering that the Tutsi returnees are the RPF's core supporters, it is natural to understand that the series of policy measures over land had the clear objective of supporting them and consolidating its own power base in rural areas.

In other words, territorial control has been the center of interest in agricultural and rural policies in Rwanda. The central objective of the land sharing policy was to establish supporters' base for the ruling party in distributing land resources. Other policies, including land consolidation, villagization, and land registration, have also contributed to strengthening administrative capabilities for the control of rural areas.

These interventionist policy measures have been designed and implemented in advocating goals with universal values, such as poverty reduction, rural (or agricultural) development, and good governance. Although it is undeniable that the Rwandan government has made an effort to pursue these goals, it is also clear that it has been fully conscious of the political effects of these measures. In Rwanda, where the rural population still accounts for more than 70% of the total population,²³ rural areas are crucial for territorial control. Active interventionism in the agriculture and rural sectors in post-genocide Rwanda has been closely linked to the RPF's political motivation. The interventionist policy measures can be considered the central piece of Rwanda's state building in the post-genocide period.

6.6 Discussion and Conclusion

This chapter has analyzed the mechanism of economic growth in Rwanda and indicated that contrasting economic policies have been adopted; that is, *laissez-faire* policies in the modern business and mining sectors and interventionist policies in the agricultural and rural sectors. Whereas these sectors have witnessed rapid growth in their activities, the biggest beneficiaries have been those who have close connections with the ruling party, the RPF.

The contrasting economic policies have coexisted due to political factors. Taking a diplomatic stance to reinforce its relationship with the international community, particularly the US and UK, the country has had practically no other option but to accept the basic line of neo-liberal economic policy, which has been the *de facto* standard for African countries for a couple of decades. The RPF-led government, however, has made no compromise when it comes to its own power consolidation.

²³Rwanda used to be one of the most rural-centered country in Africa, as more than 94% of the population lived in rural area in 1990. Although the proportion has continued to decrease since then, it still accounted for 70% in 2016 (Data from World Development Indicators).

Strong interventionist policies have been taken to agricultural and rural sectors, which have been critical for the political control in rural areas of the country.

The examination of Rwanda's three growth drivers has illustrated their close connection with politics. First, the interventionist policies towards agricultural and rural sectors have been intimately connected with the objectives of the RPF's territorial control. The main beneficiaries of these policies have been the core supporters of the party. Second, Rwanda's policies regarding mineral production cannot be separated with its intervention into the Congo war (1998–2002). Although their majority seemed to come from the DRC during and right after the Congo War, it seems that internal production has steadily increased, as the government has actively admitted exploitation. The increase in internal production has been imperative for Rwanda not only for its economic growth but also for deflecting the criticism of smuggling from itself. Third, Rwanda's modern business sector has experienced in the post-genocide period the considerable growth of business groups owned by the RPF and the military. Although the policy used for this sector has been *laissez-faire*, it is quite clear that these business groups could benefit from the country's political environment, namely RPF-led authoritarianism.

These findings about the mechanism of the rapid growth suggest that sustainability is a challenge for the country. For example, the policy of land consolidation, which prohibits peasants from engaging in risk-hedge behavior in planting a wide range of agricultural products, would cause enormous damage due to unpredictable weather. It would be inevitable for the business sector, in which main companies closely connected to the RPF and/or to the army dominate, to suffer from the negative effects of oligopoly in the near future. The most fundamental question is whether this growth model, established on the premise of the RPF's rule, would be sustainable when the party lost power. The factors enabling the nation's rapid economic growth may hinder it if the political conditions change. Strength and vulnerability of Rwanda's development can be considered two sides of the same coin.

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