

## Governance And Public Sector Management: Rwanda A Role Model In Central Africa

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### Abstract

Rwanda is a developing country located in the middle of Central Africa, which has faced multiple economic challenges since its independence not too long ago. A civil war in the country left it in a vulnerable and weak position. However, the country's resilience and commitment led to it turning its destiny around. This paper discusses the various measures taken by Rwanda that allowed it to achieve economic progress, one of the highest GDP growth rates in Africa, and reduce poverty in a short time span. Policies and reforms centered around trade, tourism, and social development, along with support from the multilateral institutions, are identified to be among the key drivers of Rwanda's progress.

**Keywords:** Rwanda, Public Policy, Governance, Economy, UN, World Bank, USAID, SDGs (Sustainable Development Goals)

### Introduction:

The case of Rwanda presents an ideal example of a country's resilience in the face of multiple challenges. Leading up to the start of the 21<sup>st</sup> century, Rwanda had been plagued by a civil war that led to piling up of human and economic losses. However, even before the country fell into internal conflict, the economy faced multiple setbacks in the form of demographic and topographic challenges.

In the period leading up to the civil war, three main factors hindered the economic development of Rwanda. Specifically, extreme population explosion and diversity, lack of cultivable land and no access to Indian ocean acted as a barrier to the Central African nation's prosperity. Ethnic violence and civil war in the 1980s and leading up to the 1990s further added fuel to the fire. Termed the "Rwanda Genocide," the Hutu ethnic group that was present in majority fought against the minority Tutsi ethnic group<sup>1</sup>.

The conflict left not only a devastating impact on the citizens of the country, with nearly 1 million casualties<sup>2</sup>, but also set the country back significantly in its economic progress and growth. Estimates show that, at the height of this conflict, Rwanda's GDP shrunk by nearly 58 percent<sup>3</sup>. Consequently, further pressure was placed on an already depressed economy through the deaths of thousands of citizens, forced migration, and the return of a large number of refugees who fled during this war. These factors brought upon much suffering in the country and made recovery efforts and rebuilding the economy a dire challenge.

However, despite such significant challenges, Rwanda has made a remarkable recovery while currently growing at a brisk pace and unprecedented socioeconomic development in its history. Surprisingly, the country not only steered clear of this vicious spiral of poverty but also started to progress in a remarkable manner. During the 2000s decade, shortly after the civil war, Rwanda became at tenth place in the fastest growing economies of the world. Millions of people broke the shackles of poverty at the same time. As of today, population growth has been stabilized and the country is cruising towards the achievements of the Sustainable Development Goals (SDGs) and middle-income status<sup>4</sup>. What makes Rwanda Africa's fastest-growing economy needs careful analysis. The following sections analyze the measures taken by Rwanda that enabled it to regenerate its society and image on the international spectrum.

### **Methodology:**

This paper uses a desk review approach, examining various literature from multiple sources. The literature review aims to assess the factors that contributed to Rwanda's economic recovery and success in the post-civil war era. The review has explored key areas, including economic and trade policies, social reforms, and the role of multilateral institutions. The review involves a systematic search of academic databases and grey literature. Sources were selected based on relevance, focusing on empirical studies, policy analyses, and economic indicators from

1994 onward. The findings are organized into major categories, such as government reforms, the role of international aid and lenders, and socio-economic factors. This enables the forming of

a comprehensive understanding of Rwanda's post-conflict economic development.

### Discussion

#### Current Overview:

Rwanda introduced a number of structural reforms that transformed its economy, which is depicted from the positive indicators much ahead of other countries of Africa, as per World Bank data. The GDP growth stands at 8.2 percent as of 2022, much higher than the regional average of 4.1 percent<sup>5</sup>, along with the country facing negative inflation at -0.4 percent (Figure1). The unemployment level in the country has remained at a steady 11 percent from 1995 to 2020 (Figure 1).

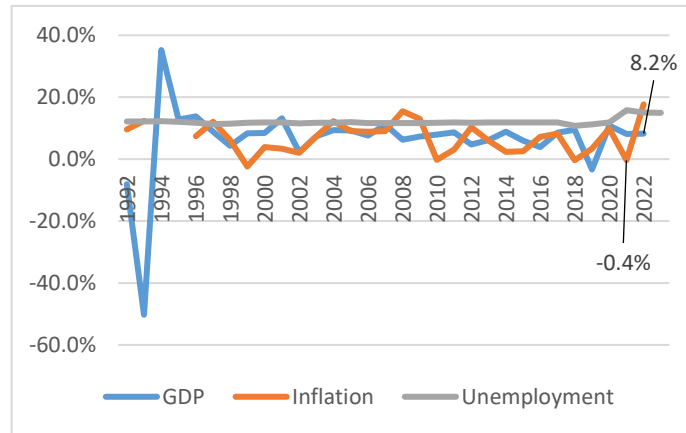


Figure 1 – Rwanda's GDP Growth, Inflation and Unemployment (%)  
Source: World Bank

For a country with a total population of 13.276 million, with a 2.57 percent population growth rate<sup>6</sup> and a GDP per capita of US \$3,361, which has been on the rise since 1994 (Figure 3). Additionally, Rwanda's poverty has been on a significant decline following the civil war, as measured by the poverty headcount ratio<sup>7</sup>, from 75.2 percent in the early 2000s to 52.1 by 2016 (Figure 2).

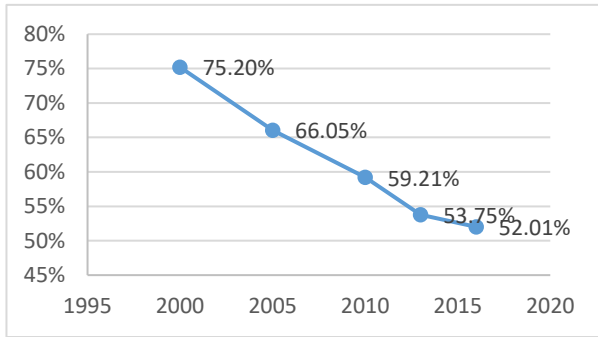


Figure 2 - Rwanda's GDP Per Capita  
Source: World Bank

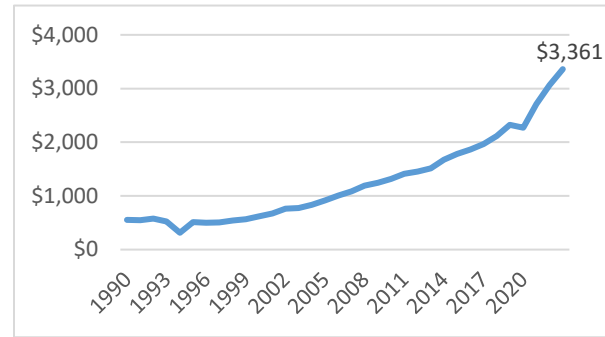


Figure 3 - Rwanda's Poverty Headcount Ratio  
Source: World Bank

Factors contributing to Rwanda's Economic Success:

The revival of Rwanda have been driven by many grass root level changes, however, export of tea and coffee, tourism, have played a pivotal role in the economic growth and turnaround of the economy 2011<sup>8</sup>.

I. Trade and Tourism:

Coffee is one of the important agricultural products of the country, and this has come out of crisis after the ethnic war. In 2000, the production of Coffee was 14.578 million tons as compared to prior to civil war production of from thirty five thousand tons to forty thousand tons. By 2002, tea became Rwanda's largest export product and from its export its earing rose to eighteen million US dollars, almost equal to fifteen thousand tons of dried tea.<sup>9</sup> The use of well-thought agriculture policy, modern technology, and new seeds made this success possible.

Another key sector that Rwanda focused on is tourism. As of recent times, Rwanda has become one of the safest destinations in Africa, with trade revenues beginning to exceed

those from the coffee and tea trade while bringing in 20 percent of foreign investment<sup>10</sup>. In specific, Rwanda promoted its nature-based tourism, with the star attraction in the country being the mountain gorillas that reside there. Currently, the nature-based tourism sector generates 80 percent of the country's tourism revenue and creates more than a thousand jobs (for every investment of USD \$1 million)<sup>11</sup>. The development of Rwanda's tourism is a result of targeted policy making, with the government keeping this sector as one of its top priorities since the start. Additionally, public-private partnerships further helped to boost the tourism industry, with the government fostering an environment where the private sector was allowed to flourish<sup>10</sup>.

## II. Social Reforms and Government Policies:

Additionally, good governance, human resource development, and the effective utilization of the information technology has helped Rwanda to channelise its economic dividend of youth bulge, which ultimately helped to restrict the unemployment level to 11 percent. Like most developing countries, Rwanda also experiencing the youth bulge phenomenon as a result of high fertility and low mortality rates. The presence of a youth bulge and access to education were the main instrumental factors in shaping the economy after so much destruction. As per a UNESCO report, Rwanda falls in top three for improvement in access to education, and 97 percent of its children attended primary school, which is the highest in Africa<sup>12</sup>. Support of the international donors for the early and higher levels, played a valuable role in rebuilding society with the provision of quality education.

Rwanda not only made sustainable economic progress but also improved its image from a country with a severely impoverished population to a modern and progressive state with economic diversity at its heart. Agricultural and services sectors have been augmented by the infrastructural development to contribute in its growth and development. Rwanda has also achieved a strong level of political stability. All these indicators will help to increase confidence in foreign investors, leading to enhanced Foreign Direct Investment (FDI).

In addition to above stated factors, human development, improvement in governance and involvement of the private sector have also helped Rwanda to achieve sustainable gains in all sectors of society. The government equally paid attention to the restoration of the industrial sector through technical and financial

assistance, including loan guarantees, economic liberalization, and the privatization of state-owned enterprises.

Lastly, World Bank and IMF consultations and support to the government of Rwanda, have also introduced fiscal and monetary reforms with the aim of reduction in money supply, devaluation of its currency, and transformation of the exchange rate determination on the basis of market forces. This collaboration further helped align macroeconomic policy with growth and development objectives and to keep public recurrent expenditure under control, which helped Rwanda rebuild its economy<sup>13</sup>.

### III. International Aid and Donors:

After the genocide, financial assistance from international donor agencies played a pivotal role in rebuilding the economy and helped Rwanda to move forward. The World Bank was among the first donors to come to provide support and policy advice<sup>14</sup>. In the recovery time period following 1994, the international community immediately provided more than US one billion dollars for rehabilitation and reconstruction. Furthermore, various UN agencies also helped Rwanda to develop its health delivery system as part of its rehabilitation process.

The United States remained the major partner in providing assistance through USAID for the rehabilitation of refugees, establishment of a mechanism for the provision of justice, and building of the economy by provision of additional financial assistance. Furthermore, the United States has been one of the principal donors in covering the government's arrears to unblock World Bank funds. At the micro level, USAID and many other donor agencies provided large funding for the rehabilitation of agriculture with the provision of new seeds, which resulted in multiplying local varieties and major crops and modern tools. Efforts were also made to restore the damaged water system.

### Conclusion

Though Rwanda has a troubled history, it has a bright future in the heart of Africa. The country sets an example that one's past need not necessarily determine its future. Through targeted policies that focused on key sectors such as trade and tourism, social reforms, government and political commitment, private sector collaboration, and foreign investment, along with the support of international partners, Rwanda was able to turn its destiny around and achieved nothing short of a miracle.

While the country still faces many challenges in the time to come, such as the threat of climate change, a need for new investments in the tourism sector<sup>15</sup>, and an overall need for a renewed commitment to economic progress, the country has demonstrated that it has the capacity to overcome the challenges it faces. As a result, the country's future seems to be bright one.

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