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The rise of the economic technocracy in Rwanda: A case of a bureaucratic pocket of effectiveness or state-building prioritisation?

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Abstract
The Rwandan Ministry of Finance and Economic Planning (MINECOFIN) is recognised as the most effective organisation in the Rwandan state. The objective of the paper is to understand the organisational and political factors influencing MINECOFIN’s performance since the genocide and link them to the wider conversation on the role of pockets of effectiveness (PoEs) in state-building in Africa. It argues that, because of the Rwandan political settlement and elite vulnerability, MINECOFIN is not a PoE but only a good performer in a generally well functioning state. The Ministry overperforms first because, unsurprisingly, the nature of its tasks is specific, requires little embeddedness and allows a great exposure to donors, making its mandate easier to deliver in comparison to other organisations. MINECOFIN also performs better than other state organisations because it is, more than others, at the frontline of the elite legitimation project since it is the organisation through which resources are channelled, priorities decided, and developmental efforts coordinated. Given the rulers’ need for an effective state as a whole, MINECOFIN appears only as the lead climber in a wider dynamics of systematic state building.

Keywords: Rwanda, state capacity, pockets of effectiveness, Ministry of Finance, state-building, civil service


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Introduction

When the Rwandan Patriotic Front (RPF) came to power in 1994, it inherited a state destroyed by four years of civil war and the genocide. The Ministry of Finance was especially affected. In July 1994, only seven staff reported to duty. Yet, by 2005, it was recognised as one of the most effective organisations in the state. It successfully implemented significant economic reforms after the genocide, including privatisation and liberalisation of the economy, creation of a modern public finance management (PFM) and revamping of the state's revenue system. The Ministry led the astonishing economic recovery of the country through rapid economic growth and decline of poverty, while ensuring macro-economic stability. More generally, with the fusion of the Ministry of Finance and the Ministry of Economic Planning in 1997, the Ministry of Finance and Economic Planning (MINECOFIN) became the linchpin of the country's ambitious post-genocide developmental project, through its role of allocating resources and coordinating national planning and donors. According to an expert survey conducted for this project, MINECOFIN is recognised as the most powerful and capable ministry in Rwanda.

The objective of the paper is to understand the organisational and political factors influencing MINECOFIN's performance since the genocide and to link them to the wider conversation on the role of pockets of effectiveness (PoEs) in state-building in Africa. A PoE is defined as: ‘a public organisation which provides public services relatively effectively, despite operating in an environment in which public service delivery is the exception rather than the norm’ (Roll 2014: 24, Leonard 2010). The paper argues that MINECOFIN is not a PoE swimming against the tide of state dysfunction. It is instead a case of ‘state-building prioritisation’, i.e. an organisation which, by the nature of its mandate and its vanguard role in a wider state-building dynamic, becomes a high-performing organisation.

This paper is based on periods of fieldwork conducted in Rwanda in July 2017 and June-July 2018, when 51 key informant interviews were conducted with current or former senior and mid-level civil servants, ministers, donors, advisers and close observers of the Rwandan state in the media and civil society. In addition, it draws on the existing literature, statistical data, technical reports and an expert survey undertaken with 23 respondents based in Kigali in July-September 2017. This paper is based on periods of fieldwork conducted in Rwanda in July 2017 and June-July 2018, when 51 key informant interviews were conducted with current or former senior and mid-level civil servants, ministers, donors, advisers and close observers of the Rwandan state in the media and civil society. In addition, it draws on the existing literature, statistical data, technical reports and an expert survey undertaken with 23 respondents based in Kigali in July-September 2017.2

The first section of the paper presents the Rwandan political settlement, focusing on the post-genocide period, and outlines some of the linkages already identified in the literature between the nature of the settlement and state performance generally. The next section presents evidence of MINECOFIN's status as a high-performing organisation in the Rwandan state, but not as a PoE. Section 3 offers a history of the Ministry of Finance since the end of the genocide and discusses the main transformations that have impacted its performance. Section 4 opens the black box

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1 Former MINECOFIN high official, 18 June 2018.
2 On the survey methodology and more generally on the project's approach, see Hickey (2019).
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of the Ministry, looking at its everyday functioning and political–bureaucratic relations. The fifth section explores the behaviour of MINECOFIN in times of rapid change or crisis, to understand how the organisation performs in situations when its autonomy is likely to be undermined. The paper then engages in a broader analytical discussion on the drivers of, and obstacles to, MINECOFIN’s performance, before reflecting on the implication of this case study for the understanding of the role of PoE in state building in Rwanda.

1. The Rwandan political settlement and state effectiveness

In October 1990, the Rwandan Patriotic Front (RPF) launched an attack from Uganda on the regime of Juvénal Habyarimana. Created by Tutsi refugees who fled the anti-Tutsi pogroms of the 1950s and 1960s, the RPF was formed in Uganda in 1987, with the objective of allowing the return of refugees to Rwanda. It gained power in 1994 by stopping the genocide against the Tutsi ethnic group and achieving a clear victory over the governmental army. The RPF, however, reached power in a context of extreme vulnerability. The Tutsi-led rebellion had little political legitimacy, ruling over a Hutu-dominated population. Such a minority status was magnified by the horrors of the genocide and decades of anti-Tutsi ideology that constituted a central criterion of legitimacy of all regimes since independence.

Since the end of the genocide, the political settlement in Rwanda has been of the dominant type, characterised by the horizontal and vertical concentration of power in the hands of an RPF-led coalition. In terms of horizontal distribution of power, the political opposition is virtually non-existent. Although since 1994 minority parties have been given a representation in government, ensuring that the ruling coalition has been formally inclusive, this arrangement hardly reflects the reality of power. Power is indeed firmly entrenched in the RPF, helped by its control of the military apparatus, and supported by a range of military and party-owned large enterprises (Gökgür, 2012; Reyntjens, 2013). In addition, the closed political space, and the limits put on media and civil society activities (Beswick, 2010; Reyntjens, 2013), prevent the emergence of alternative political ideas and projects. As a result, the political opposition to the ruling coalition is weak. It is mainly outside Rwanda, constituted by diaspora activists and the remnants of the armed opposition to the RPF that fled into the Democratic Republic of Congo after the genocide.

While the settlement has been clearly dominant since 1994, this trend has been reinforced over time. The period between 1994 and 1999 is characterised by dissents within the coalition, from RPF and non-RPF politicians and/or Hutu individuals (Reyntjens 2013: chapters 1 and 2). The suppression of dissent in the coalition, along with the access to the presidency by the RPF strongman, Paul Kagame,

3 It is difficult to find information on the Ministry of Finance prior to 1994. For this reason, this paper mainly focuses on the Ministry after 1994 and will thus discuss in this section the political settlement since then. For a discussion of Rwanda’s political settlement since independence, see, for instance, Golooba-Mutebi (2013).

4 The Rwandan population is thought to be composed of roughly 85 percent Hutu, 14 percent Tutsi and 1 percent Twa.
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completed the horizontal centralisation of power in the hands of the RPF by 2000. Power has also been vertically concentrated in the settlement. The RPF is generally analysed as a cohesive party, although this cohesiveness has been challenged from time to time by the defection of high-level individuals. It is dominated by Kagame, who enjoys enormous loyalty from party supporters. The RPF has a considerable autonomy from subordinate groups, giving it great enforcement capabilities. These capabilities are enhanced by the RPF’s tight control of the local administration (Chemouni, 2014).

It is difficult to explore the causal link between state performance and the political settlement before 1994, mainly due to the paucity of literature on the Rwandan state before the genocide. Nonetheless, a cursory look at the history of the country shows that the stable and dominant settlement under Habyarimana was associated with significant developmental efforts (Uvin 1998). State performance then decreased when the settlement fractured in the late 1980s. Yet, it is difficult to identify a straightforward causal link. The drying up of the rent from coffee exports, the introduction of multipartyism and then the war affected concomitantly the political settlement and state performance. In addition, the unravelling of the settlement was sudden and brief, and does not allow us to draw implications about the everyday functioning of the states in pre-1994 Rwanda. Overall, the limited literature on the state and the lack of variation in the dominant character of the settlement before the genocide does not allow a fine historical analysis, unlike in the other countries (Ghana, Uganda and Zambia) of this project.

After 1994, the dominant settlement in Rwanda can be more clearly linked with the country’s bureaucratic performance, notably in the core public sector (Chemouni 2017), in social protection (Lavers 2016, Chemouni 2018), and, to a lesser extent, in the education sector (Williams 2016), through several mechanisms. First, the concentration of power in the ruling party facilitates decision-making. Policies are fully supported by the legislative branch. MPs hardly ever challenge the leadership’s political choices or ideological preferences while non-RPF Ministers hardly seek to distance themselves from the overarching RPF vision. This allows the government to quickly seize on a policy initiative and implement it, without engaging in lengthy bargaining in order to secure support. They instead act like technocrats working within the RPF line. Alternative discourses about policy choices may come from donors, but not from the political opposition. Second, the dominant settlement gives the government a long-term horizon. Turning policies into clientelistic channels of redistribution and sites of rent capture to accommodate the opposition or reinforce the loyalty of supporters is, in general, unnecessary. Third, the vertical distribution of power in the political settlement, concentrated in the hands of the RPF, has given the party great autonomy vis-à-vis social demands, making it easy to implement even unpopular policies.

The political settlement framework cannot, however, fully account for the quite systematic state performance in Rwanda. While it can explain its space to function in
a relatively autonomous manner, it cannot entirely explain why rulers made use of this space in such a successful manner. The attempt of the regime to legitimise its rule through performance is an additional factor to consider, in order to explain the performance of the state (Chemouni 2016). It results from the fact that, given the nature of the political settlement, elite vulnerability in Rwanda does not concern a particular group linked with a precise policy domain within the ruling elite, but the whole regime. Despite its hegemony, the RPF has remained vulnerable, since it was led by a small, Tutsi minority that had seized power by force. It had weak links with the rural areas and ruled over a Hutu-dominated population previously mired in genocidal ideology. Legitimacy could consequently hardly result from ethnicity, as in the previous regimes, or from elections, given the ruling elite’s minority status and the recent history of mass violence (Chemouni 2016). In this context, an alternative strategy of legitimation had to be promoted, all the more powerfully as, given the recent history, the RPF ‘equates the existential survival of the Tutsi minority with the political survival of the regime and its ruling elite’ (McDoom, 2011: 5). Performance becomes an attempt by the elite to foster its slim legitimacy through development. The RPF has consequently used the space provided by the settlement to push its developmental agenda. More specifically, the RPF has aimed at basing its strategy of legitimation on two sources: rapid socio-economic progress, but also its capacity to project the image of a fair and impartial state, to show that it is not ruling for the benefit of the Tutsi minority. Overall, the concentration of power in the political settlement is a necessary but insufficient condition to understand the systematic drivers of performance in the Rwandan state (Chemouni 2017). It is the concentration of power and a sense of elite vulnerability that explains its performance. It confirms the importance of considering not only the distribution of power in the settlement, but also the rulers’ perception of threats, as highlighted by Dan Slater (2010) about state-building in Southeast Asia.

The dominant settlement and elite vulnerability can also, however, create a range of problems. One is that ideas, even bad ones, can be implemented easily without being challenged. For example, the sudden decision to switch the language of instruction from French to English overnight in 2009 has crippled the quality of education ever since (Williams 2017). The top-down pressure upon officials to perform has sometimes also resulted in myopic policy implementation focused on implementation targets, rather than genuine transformative impact for the population (Ansoms 2009). It has led in some instances to harsh implementation and some falsification of numbers by officials (Chemouni 2014).

2. The Ministry of Finance: A high performer but not a pocket of effectiveness

MINECOFIN is clearly a high performer in the Rwandan bureaucracy, as revealed by subjective sources, namely the expert survey conducted for this study, and objective sources such as indicators and reports generated by international agencies. The expert survey was conducted in order to identify the best-performing organisations (for more information on its methodology, see Hickey 2019). Overall, MINECOFIN
was cited the most frequently as the best performing organisation in the country.\(^5\) The performance of the Ministry was recognised as stable over time: when asked about which organisations' performance has decreased in recent years, no informants mentioned MINECOFIN, while two even identified it as a best improver over the past five years.

**Figure 1: Best-performing state organisations over the past five years according to the expert survey**

MINECOFIN has also been improving over the past 10 years and performs comparatively better than similar ministries in the region. This is visible through a review of more objective and comparable measures of performance. The first are indicators of the Public Expenditure and Financial Accountability (PEFA) evaluations. PEFA evaluations were created in 2001 by donors to provide a harmonised approach for measuring and monitoring PFM performance progress. Albeit not a perfect system (Miller and Hadley 2016), PEFA has the merit to cover a wide range of PFM practices and its indicators allow comparison across space and time. Review of PEFA scores in Rwanda demonstrates a constant and general improvement in terms

\(^5\) Some respondents cited more than one organisation. Consequently, the number of mentions exceeds the number of respondents. The survey was answered by 23 respondents with an informed overview of the state in 2017. They included government officials, donors, journalists and consultants. The security sector has been excluded from the analysis.
of financial management. Between 2008 and 2010, Rwanda improved in all but one PFM category and, in 2010, Rwanda outperformed neighbouring countries on all dimensions but one of the PEFA framework. In 2016, performance generally improved and declined only in three categories over 28. For two of them, this was due to circumstances beyond the control of MINECOFIN, namely the 2013 suspension of aid, which undermined the credibility of the budget.

Table 1: Trends in selected Public Expenditure and Financial Accountability (PEFA) indicators (2008-16)

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2008</th>
<th>2010</th>
<th>2016</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate expenditure out-turn compared to original approved budget</td>
<td>B</td>
<td>A</td>
<td>B</td>
<td>Stable (probably due to the 2013 aid suspension that led to changes from the original budget)</td>
</tr>
<tr>
<td>Composition of expenditure out-turn compared to original approved budget</td>
<td>D</td>
<td>D</td>
<td>B+</td>
<td>Improvement</td>
</tr>
<tr>
<td>Aggregate revenue out-turn compared to original approved budget</td>
<td>A</td>
<td>A</td>
<td>B</td>
<td>Decline, due to the sharp reduction of grants following the 2013 aid suspension</td>
</tr>
<tr>
<td>Stock and monitoring of expenditure payment arrears</td>
<td>D+</td>
<td>B</td>
<td>B+</td>
<td>Improvement</td>
</tr>
<tr>
<td>Classification of the budget</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>Stable</td>
</tr>
<tr>
<td>Comprehensive-ness of information included in budget documentation</td>
<td>D</td>
<td>A</td>
<td>A</td>
<td>Improvement</td>
</tr>
<tr>
<td>Extent of unreported government operations</td>
<td>D+</td>
<td>D+</td>
<td>B+</td>
<td>Improvement</td>
</tr>
<tr>
<td>Transparency of inter-governmental fiscal relations</td>
<td>B</td>
<td>A</td>
<td>A</td>
<td>Improvement</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Grade</th>
<th>Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy-based budgeting</td>
<td>Oversight of aggregate fiscal risk from other public sector entities.</td>
<td>D+</td>
<td>Improvement</td>
</tr>
<tr>
<td></td>
<td>Public access to key fiscal information</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Orderliness and participation in the annual budget process</td>
<td>B+</td>
<td>Improvement</td>
</tr>
<tr>
<td></td>
<td>Multi-year perspective in fiscal planning, expenditure policy and budgeting</td>
<td>C+</td>
<td>Improvement</td>
</tr>
<tr>
<td></td>
<td>Timeliness and regularity of accounts reconciliation</td>
<td>B+</td>
<td>Improvement</td>
</tr>
<tr>
<td></td>
<td>Availability of information on resources received by service delivery units</td>
<td>D</td>
<td>Improvement</td>
</tr>
<tr>
<td>Accounting, recording and reporting</td>
<td>Quality and timeliness of in-year budget reports</td>
<td>D+</td>
<td>Stable</td>
</tr>
<tr>
<td></td>
<td>Quality and timeliness of annual budget statements</td>
<td>C+</td>
<td>Stable</td>
</tr>
</tbody>
</table>

The overall good performance of the Ministry in comparison to comparable countries is confirmed if one looks at the World Bank’s Country Policy and Institutional Assessment (CPIA). The CPIA is an annual diagnostic tool which measures the quality of policies and institutional frameworks. In 2017, Rwanda was the country on the continent with the best overall performance. On the selected indicators directly related to MINECOFIN’s mandate, it outperforms the average Sub-Saharan performance and the other countries of the project.
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Figure 2: Selected CPIA indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Ghana</th>
<th>Rwanda</th>
<th>Uganda</th>
<th>Zambia</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPIA quality of budgetary and financial</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>management rating</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-Saharan Africa (IDA total)</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>CPIA macroeconomic management rating</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Sub-Saharan Africa (IDA total)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CPIA economic management cluster average</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-Saharan Africa (IDA total)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CPIA debt policy rating</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-Saharan Africa (IDA total)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


While MINECOFIN is undoubtedly a high performer, it is not a pocket of effectiveness if understood as:

‘public organisations that are relatively effective in providing public goods and services the organisation is officially mandated to provide, despite operating in an environment in which effective public service delivery is not the norm.’

(Roll 2014: 24, my emphasis).

Indeed, the organisation is clearly not a pocket in a dysfunctional state, as is often the case in Sub-Saharan Africa, and especially in the other country case studies of the project. The expert survey findings indeed support the view that public sector performance is configured differently in Rwanda. Higher levels of overall effectiveness were reported, with respondents finding it difficult to separate high-performers from the norm. No respondents reported generalised failure, with the vast majority judging that most public-sector organisations delivered on their mandate on a regular basis (Figure 3). This is further confirmed if one goes back to the identification of best performers in the expert survey (Figure 1). MINECOFIN was not a strong outlier in the survey, but was closely followed by other organisations in the contest for the ‘best performers’.
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Figure 3: Performance in the Rwandan state

Which of the following statements best describes the distribution of performance amongst different parts of government in Rwanda?

- a) Most MDA regularly deliver on their mandate, with only a few failing to do so.
- b) On average, around half of all MDA regularly deliver on their mandate, whilst the remainder struggle to do so.
- c) Only a few MDA regularly deliver on their mandate, whilst the majority generally fail to do so.

Source: expert survey. MDA stands for ‘ministries, departments, agencies’.

This can be easily explained by the nature of the political settlement and the elite vulnerability, as noted above. They produce systematic drivers of effectiveness that apply to many organisations in the state and not to a few PoEs (as amply demonstrated by the analysis below). As put by different expert informants, ‘performance is quite diffused I would say, or quite uniform’. 6 ‘Rwanda it is not like Uganda. Here all works quite well. There is not such a big difference between good and bad performers.’ 7 Another Rwandan expert concurred, linking performance explicitly with vulnerability:

‘In Rwanda most [organisations] are performing. This is because the drivers are systematic. It is about not repeating history. Also, there is strong commitment of the top leadership and incentives. The difference between good and bad performers, or average performers, is small compared to other countries.’ 8

The rest of the paper is devoted to identifying the drivers of effectiveness of MINECOFIN, in order to understand what may differentiate them from other organisations in this context, before placing this analysis into conversation with the PoE literature.

3. The post-genocide Ministry of Finance: A history


MINECOFIN before 1994 was a relatively high-performing ministry, attracting capable people. Yet its importance seemed less significant than after 1994, for two main reasons. First, the Ministry did not include planning in its mandate. This function

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7 Interview with Rwandan expert, 22 July 2017.
8 Interview with a Rwandan consultant 25 July 2017.
was then under the separate Ministry of Planning. In addition, the planning function itself in the Ministry of Planning was weaker than today. Planning was mainly constituted by a collection of policies from other ministries, often resulting from donors’ programming, rather than a coordinated action from the Ministry itself. Second, the lack of decentralisation meant that ministries such as the Ministry of Agriculture concentrated enormous resources and responsibilities and were thus seen as highly capable ministries as well. Overall, anecdotal information indicates that, while the Ministry of Finance could not be qualified as a clear outperformer, it was undoubtedly well run and it was powerful, due to some key functions in its mandate (e.g. managing money and controlling forex in a non-liberalised economy), but so were other ministries.

After 1994, until 1997, MINECOFIN was not a particularly remarkable ministry. As was the case for the rest of the state apparatus, the Ministry had completely ceased to function during the genocide. The Ministry’s activities were limited by the scarcity of resources during the emergency period. It had virtually no money to manage, the genocidaire government having left with the country’s currency reserves. After the genocide, international financial institutions (IFIs) were unwilling to lend new funds to the country and restructure its debt unless some debt from the previous government was repaid, and some reforms, especially privatisation, were implemented. The Ministry’s tasks consisted mainly of dealing with IFIs and trying to make sure that the small pay packets of the civil servants reached them on time (salaries were so low at the time that they were jokingly referred as mere ‘survival serum’) Consequently, the lack of money to manage and the fact that planning was not part of the Ministry’s mandate until 1997, limited the Ministry’s importance. According to a former minister, the Ministry ‘was really just managing the day-to-day expenditure. It was more a “secretariat d’état” [ministry of state]. The Ministry became powerful when plan and budget were brought together’.

3.2. 1997-2005: The birth of a performant organisation

The period from 1997 to 2005 is when the Ministry of Finance emerged as a clear outlier in terms of performance in the Rwandan state. Two main dynamics can explain this. The first is related to the evolution of the nature of its tasks. The Ministry became a key institution in the state apparatus through merging with the Ministry of Planning in 1997 in order to improve the co-ordination between the functions of finance and planning. This new mandate placed MINECOFIN at the forefront of the RPF transformative project and gave it increased power over line ministries. The Ministry became the representation of the government in the series of key ‘round tables’ organised after the genocide between 1995 and 1999 to negotiate the reforms required by the IFIs to access vital loans. This incentivised the Ministry to seek good

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10 Former MINECOFIN top official, 19 June 2018.
11 Interview, 30 June 2018.
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technical, English-speaking individuals whom it could send to talk with IFIs and who could staff the new Central Public Investments and External Finance Bureau (CEPEX), created in 1999 to manage the relationship with donors. As explained by a top official of the Ministry at the time, ‘the CEPEX was in a privileged position, as it was the kind of the gate through which most of the resources, that is to say from the donors, came. Because this role was strategic, we had, in terms of budget, what we wanted’. In addition, donors, and especially IFIs, directly staffed the Ministry with consultants to streamline the roundtable negotiations with MINECOFIN. This was often an excuse to finance the wages of high-capacity staff that the state could not otherwise afford.

The rise of the Ministry of Finance as the focus point of donors also made it the focus of training and reform. The period between 1997 and 2005 marks the start of PFM reforms that culminated in the passing in 2006 of the Organic Budget Laws, which laid the basis of the budgeting cycle in Rwanda. PFM reforms were also driven by the will of the government to receive, and donors to give, direct budget support (Chemouni 2017). The role of MINECOFIN as the interface with donors gave its staff increasing exposure to international actors, ‘good’ practices, and the English language early on. Much before the switch from French to English as a working language in 2008, MINECOFIN was operating in English because of its relationship with donors:

‘MINECOFIN has had an advantage in comparison to other ministries. Very early on it has worked in English. Kaberuka arrived [in the Ministry] with all his anglophone cadres. [...] More generally you get more exposure in MINECOFIN to English, and you have to speak English in international conferences, etc. I remember [a colleague] telling how he would go in meetings in the US and did not understand the American English but pretended to!’

Besides the transformation of its mandate, the other main dynamics behind the rise of MINECOFIN as a PoE is the leadership of its most long-serving minister (1997-2005), Donald Kaberuka. This diasporic returnee from West Africa, where he had worked in the private sector, fluent in French and English, is recognised by all informants as having a long-lasting impact on the Ministry’s performance. Kaberuka’s arrival at the Ministry corresponded with an influx of new staff. This included English-speaking technocrats, some of whom were IFI consultants hired by Kaberuka, often with the financial help of the IFIs to complement their salary. He also surrounded himself with a group of young educated individuals from the diaspora, which an informant nicknamed the ‘Kaberuka boys’. Kaberuka built the capacity of this young force by working closely with them. He chose his personal assistant among them on

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12 Interview, 19 June 2018.
13 Former MINECOFIN employee, 13 June 2018.
14 Senior Rwandan official, 22 July 2017.
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a rotational basis for training purposes.\textsuperscript{15} His managing style was also conducive to learning. He gave leeway to his subordinates to make decisions and never embarrassed them publicly. This was a quite exceptional trait in Rwandan hierarchical management culture, an organisational characteristic of MINECOFIN still recognised as a key driver of effectiveness today, as further detailed below.

Besides his management style, Kaberuka’s influence on the performance of the Ministry also resulted from the political space that he benefited from. He was the first minister of finance since 1994 to be a member of the RPF. His predecessor, Marc Rugenera, the minister since 1992, who stayed on after the genocide, was from the Social Democrat Party (PSD). Kaberuka was not only an RPF member, but a powerful one, as he sat in the party’s national executive committee (NEC). This allowed him to push some key reforms. One was the creation in 1998 of autonomous agencies for public tendering (National Tender Board), auditing public accounts (Office of the Auditor General) and revenue generation (Rwanda Revenue Authority). His clout was instrumental in overcoming some resistances in cabinet meetings. These new autonomous agencies were indeed perceived by some ministers as a danger to the unity of the civil service: as remembered by a top official of the time, for cabinet ministers ‘we created disorder in the bureaucracy, we looked like amateurs’.\textsuperscript{16} Yet at the time, Kaberuka could benefit from the support of the RPF strongman, Paul Kagame, who subsequently played an important role in backing these newly established agencies (Chemouni 2017). Worries were further nurtured by the will of Kaberuka to improve salaries in the Ministry. ‘Kaberuka also insisted for the MINECOFIN cadres to be better paid. He knew that it was key. However, he had to explain himself to the cabinet, as other ministries were not happy with that’.\textsuperscript{17} He was eventually forced to backtrack, when other ministers protested.\textsuperscript{18} Yet this created a precedent for the better payment of MINECOFIN officials in the mid-2000s.

3.3. Since 2005: The consolidation of MINECOFIN’s performance

The third period, from 2005 to the present day, consists in the consolidation of MINECOFIN functioning. After the departure of the minister, the top level of the Ministry sought to formalise many gains made under Kaberuka. This was done through issuing different procedural manuals and PFM reforms. Performance also improved following a series of changes that constantly streamlined the Ministry’s functioning. Interestingly, each reform was often the result either of a crisis/challenge that the government felt it had to address, or of an opportunity that the government harnessed. Overall, while improvements have been ongoing since the end of the genocide, a broad periodisation can be identified, based on Chemouni (2017):

- 2004-2007: The emergency period is over, and the government wants to engage Rwanda on the path to development, as planned in the Poverty and

\textsuperscript{15} Former MINECOFIN PS, 29 June 2018.
\textsuperscript{16} Former MINECOFIN top official, 19 June 2018.
\textsuperscript{17} Former MINECOFIN top official, 19 June 2018.
\textsuperscript{18} Interview with former Ministry of Civil Service and Labour senior official, 20 June 2018.
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Reduction Strategy Paper 1 (PRSP 1: 2004-07). This results in significant PFM reforms, which culminate in 2006 in the Organic Budget Law.

- 2007-2013: The government is disappointed by the evaluation of PRSP 1. This triggers a new wave of reforms in PFM to improve budgeting and planning and resource mobilisation. In parallel, MINECOFIN leads the effort to better coordinate aid and encourage budget support to maximise resources. It implements a division of labour among donors in 2010, forcing donors not to focus on more than three sectors. In addition, it creates a series of mechanisms, such as the Joint Sector Review and the Common Performance Assessment Framework (CPAF), to evaluate both the government’s and donors’ aid management. This is not always easy. The permanent secretary (PS) of the time, Kampeta Sangingoza, does not hesitate to travel to donors’ headquarters to ask for more budget support and donor coordination when the country offices are reluctant to do so.

- Since 2013: as with the evaluation of the PRSP, the evaluation of the five-year Economic Development and Poverty Reduction Strategy (EDPRS) (2007-2013) highlights that the planning and coordination of the strategy suffered from significant shortcomings. MINECOFIN realises that, if Rwanda wants to reach its ambitious EDPRS 2 and Vision 2020, coordination and resource mobilisation and use must be greatly improved. This triggers reform of the planning and budgeting process, as further detailed below.

Reforms thus mainly stemmed from the pressure on MINECOFIN to carry out effectively its mission to plan, allocate resources and monitor progress towards achieving the regime’s developmental targets, as enshrined in the overarching Vision 2020 and the EDPRS. Such pressure partly comes from the special status of such plans in the Rwandan context. They are not only technical documents, but a symbolic demonstration of the elite legitimation strategy through development. Vision 2020 then becomes ‘the only hymn sheet to which everyone needs to abide’ (Campioni and Noack 2012: 5). According to Kagame, Vision 2020 is ‘not only for government. Vision 2020 is a shared purpose for all Rwandans’ (RoR 2000: 2). The documents’ targets directly determine the ministries’ five-year plan and yearly performance contract (imihigo) targets. As the organisation in charge of these documents’ formulation and implementation, MINECOFIN has been under pressure, as failure would not only be a technical failure, but a political one, jeopardising the government’s credibility and, ultimately, its legitimation project. Without streamlining central state machinery, and notably MINECOFIN, reaching the government development targets appeared not be possible to officials. Reforms in MINECOFIN are said to be ‘all about getting your eyes on Vision 2020’ (quoted in Chemouni 2017: 11). They especially occur when bottlenecks to policy implementation become apparent. In addition, reforms in MINECOFIN, and notably good PFM, have also been understood as the best way to achieve self-reliance for the country from donors in the long run (ibid.). Overall, as summarised by a Rwandan civil servant, ‘I think the task of MINECOFIN drives performance: it has a very sensitive mandate for
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Overall, the transformation of MINECOFIN into one of the best performing organisations of the state has been the consequence of the nature of its mandate (to be a focus point for donors’ support and the coordinator of the country’s developmental ambitions), supported by a capable and long-serving leadership.

4. Working environment and organisational culture

4.1. Everyday work in MINECOFIN

MINECOFIN gathers some of the most capable and better paid civil servants. While officials in MINECOFIN are paid according to the civil service general status, they benefit from a salary top-up, of about 30 percent of their basic pay. This top-up is not exclusive to MINECOFIN, but applies in institutions where talents are especially needed. MINECOFIN also attract talents by engaging in active headhunting. It tries to promote the careers early on of promising individuals, thanks to the regular use of interns and, since 2016, of the Young Economist Trainee Programme, which provides selected university graduates with training courses, on-the-job training and mentoring to prepare them for the work in the Ministry. Even promising profiles spotted by the Ministry need, however, to undergo the formal civil service exam, which is extremely competitive. Overall, as summarised by a Rwandan consultant, ‘MINECOFIN is good because it is composed of very young people, when you talk to them, they know what they are talking about’.20

For MINECOFIN it appears that merit is an especially important criterion for recruitment. Although hiring exams are a lengthy process, widely publicised in the Rwandan civil service (Chemouni 2017), this does not exclude the possibility of patronage and nepotism. Methods include, for example, giving an extremely high mark to the preferred candidate at the interview stage or, alternatively, simply cancelling the exam if the desired candidate did not apply or fails the written exam.21 However, such instances appear limited in MINECOFIN, mainly because the importance of its mandate, and the resulting pressure on the organisation, require capable officials. As explained by a former PS, other state organisations ‘know [a MINECOFIN employee] will be good technician because in MINECOFIN there is really merit-based recruitment, not because you are my cousin’.22 At a higher level, however (director general [DG] and up), party affiliation to the Tutsi-led RPF and ethnicity may play a role in accessing these positions, but never at the expense of merit.23 The reason seems to lie more with the need for the executive branch to ensure the loyalty of top officials in a strategic organisation, rather than an attempt to distribute patronage.

‘in MINECOFIN less than elsewhere. In MINECOFIN you need loyalty, maybe also to be from the right ethnicity/party helps for senior position, but it is

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19 Interview 13 June 2018.
20 Interview, 22 July 2017.
21 Interview with Rwandan civil servant, summer 2018.
22 Interview, 29 June 2018.
23 This argument is made based on a range of informal conversations.
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performance the main criteria. I give you an example. [in other organisations] the deputy chief might not be good, do not do much, but they are just here because they are from non-RPF party, as an act of balancing. In MINECOFIN, this would not happen, or they would need in any case to be good, whatever the party they are from.'24

As further developed below, the importance of expertise is visible in MINECOFIN, in contrast to many other ministries, by the fact that top officials often rise through the ranks, instead of being parachuted from elsewhere.

If one looks at the internal organisation of MINECOFIN, the causes of performance are quite similar to other organisations in Rwanda, as expected, given the political settlement and elite vulnerability. They include a strong top-down pressure for staff to carry out their mission. Central to this dynamic is the *imihigo* system, i.e. performance contracts that tie each agent to his or her line manager. As explained by a former MINECOFIN employee, *imihigo* are important because of the peer pressure they create and the clear objective they provide:

'It gives you indication on what to do and you feel bad if you don’t achieve the target. Their evaluation is not public, but of course the result might leak and be discussed between colleagues. The result gives you a salary top-up. I remember that I could get more than 100,000 RWF as an *imihigo* bonus per year, so this is not bad. Also, if you are below 70 percent, you can be moved around or fired from the civil service. It is rare, but I have seen case where this happened. Also, I remember a colleague where line ministries he interacted with complained and he was moved around for probation. [...] *imihigo* work because you don’t want to be seen as a bad performer: I did not think about the salary top-up and the fear of being fired every day!'25

According to another employee; ‘*Imihigo* do play a role. I would not say that people refer to them every day, but it is in their mind. Every week there is flash report on the progress in MINECOFIN.'26 *Imihigo* in MINECOFIN were especially useful, as the organisation provided more regular feedback than other organisations:

‘There is a difference in the use of *imihigo* in MINECOFIN and in other organisations [where] *imihigo* is evaluated at the end of the year only. So this is not serving the purpose. Some managers even don’t bother to do the mid-term evaluation. In MINECOFIN, it was always done twice a year, and this was a driver of performance, because you receive more feedback.'27

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24 Interview with a Rwandan official, June 2018.
25 Interview, 13 June 2018.
26 MINECOFIN adviser, 22 June 2018
27 Ex MINECOFIN official, 13 June 2018
In addition, the work ethic in the Ministry is high. According to a foreign adviser in the Ministry, ‘People show on time for a 7am to 5pm job. Some stay more. It is not rare to leave at 10pm when there is urgent task.’\textsuperscript{28} At some point, as in other ministries, the Ministry also introduced a clock-in system that sent the directors a report every day about its team. Yet, informants emphasised that ‘it is more your inner drive, the fact that you have work to do, rather than the clock-in system that push you to go to work!’\textsuperscript{29} and the system seems, as in other ministries, obsolete now.

While the performance culture created by the \textit{imihigo} system, as well as good work ethic and long hours, are also shared by other organisations, particular traits in the organisational culture of MINECOFIN can explain why the Ministry performs relatively better than others. The first factor highlighted by informants is the fact that, in comparison to other state organisations, the staff are relatively empowered. Individuals are recognised to have more autonomy than elsewhere. As explained by a former MINECOFIN employee, in MINECOFIN ‘you have less scrutiny’, and the chain of command is more flexible:

‘as an analyst, you can be called to brief the PS or the minister. The director would send me, and everyone does that. This would never happen in another institution. This builds your self-confidence. I remember in another department, the analyst was excellent, he was on top of everything, so the PS and the minister would call him directly all the time. This is because performance matters. This would never happen in another ministry, you don’t talk to ministers.’\textsuperscript{30}

The PS gives more autonomy to DGs to handle problems, which helps to reduce bottlenecks.

Several reasons can explain this ‘MINECOFIN exception’. The first is a culture specific to the organisation that can be traced back to the time of Kaberuka. The second is the capacity of MINECOFIN to attract talent. Consequently, high officials under pressure are less worried about delegating tasks to lower-ranking officials. In addition, the nature of the task in MINECOFIN is also conducive to the empowerment of its staff. The support function of MINECOFIN across government in terms of planning, budgeting, reporting and relationship with donors, means that analysts have to interact with line ministries at different levels, even interacting with higher-ranking officials, such as DG or even PS. As explained by a former MINECOFIN employee: ‘a colleague, he has the longest phone directory I have ever seen. He can call anyone in the bureaucracy to enquire.’\textsuperscript{31} This helps to build confidence among the staff: a former analyst explains that working in MINECOFIN gives a ‘big picture of government programmes [that] empowers staff and positively contributes to their

\textsuperscript{28} Interview, 22 June 2018.
\textsuperscript{29} Interview with former MINECOFIN official, 13 June 2018.
\textsuperscript{30} Interview, 13 June 2018.
\textsuperscript{31} MINECOFIN advisor, 22 June 2018.
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performance’. Overall, many informants reported that working in MINECOFIN is working at the heart of government: it is ‘very prestigious, because as an employee there you are empowered. What I mean by that is that as an analyst you can interact with a PS [in another ministry]! This is because of the nature of the task: you have an oversight role, so to discuss planning with the Ministry of Health, it is not Godfrey [Kabera, director general of planning] who does it, it is the analyst and you talk to the director or PS [of the other ministry].’

In addition, as MINECOFIN is the point of entry for donors, staff learn to interact with them, learning ‘best practices’, and speaking their ‘language’ confidently, as explained by a former employee of the Ministry: ‘I think working in MINECOFIN gives you exposure. You deal with donors, are exposed to the international. This builds your self-confidence, which allows you to be autonomous’. In comparison to other ministries, staff can easily be sent abroad for training. Overall, while the Ministry is far from immune to the common problems in the Rwandan state of lack of delegation of work and lack of feedback loops in decision-making, these problems are less serious in MINECOFIN than elsewhere.

In addition, working in MINECOFIN creates some esprit de corps that comes from the prestige attached to working there. Another cause of this esprit de corps is the belief outside MINECOFIN that MINECOFIN employees are the more capable. As explained by a former employee of the minister, ‘when you worked in MINECOFIN and then work somewhere else, people are impressed, they think you know everything, they think you are a magician’. A current employee of the minister concurs: ‘if you are from MINECOFIN, they listen to you differently’.

MINECOFIN has also tried to limit turnover of its employees formally, through, for example, better payment, but also informally. PS Kampeta Sayingoza, in post from 2009 to 2016, was instrumental in that respect. She made clear to donors from 2010 onwards that they should not poach MINECOFIN employees. Donors, wary of undermining their relationship with the Ministry, acquired the habit during interviews of asking candidates who were MINECOFIN employees whether they had the PS’ permission to apply for the job. In one instance, MINECOFIN refused to work with a former employee who joined an IFI, as it had seen his hiring as unacceptable poaching. In another case, a former MINECOFIN employee who joined a donor organisation was not able to engage with MINECOFIN, as he dared to jump ship without the consent of top management. Although, with the departure of the PS Kampeta Sayingoza this practice seems to have decreased, an informant nonetheless underlined that working in the Ministry, especially in high position, is not

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32 Interview, 13 June 2018.
33 Interview, 13 June 2018.
34 Interview, 29 June 2018
35 Interview, 29 June 2018.
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a job like another that you can quit, as it is also a patriotic duty: ‘In high position, you
cannot leave like that. You have to be released from your duty. That’s why people
like [name of a top official], who could have a nice job in the World Bank are still
around.’

MINECOFIN’s organisational performance has had some spillovers for the rest of the
state, through two main mechanisms. First, the transfer of MINECOFIN staff to other
state entities has contributed to the spread of good practice, in terms of budgeting,
accounting and planning. As explained by a former PS, ‘we send people that are
plateauing there in their career [in other organisations]’ and the phenomenon
concerns about 10 people a year. The other mechanism is the training that
MINECOFIN systematically provides in terms of PFM to other ministries’ employees.

While MINECOFIN is a well-functioning institution relative to the rest of the state
apparatus, and in comparison to neighbouring countries, its capacity remains limited.
This is, first, due to the lack of capacity of staff. In the planning department, for
example, staff generally lack the skills to critically assess the data provided by
governmental entities, e.g. to read between the lines of reports, ask the relevant
questions of governmental entities, challenge them on their planning and
implementation, troubleshoot and formulate good, actionable recommendations. This
is especially visible in the lack of critical analysis of planning documents submitted by
other ministries, which has hindered the ability of MINECOFIN to flag up unrealistic
planning or lack of coordination in implementation. In a few cases, as well, unrealistic
planning (e.g. about economic growth or electricity production targets in EDPRS 2)
was not challenged by MINECOFIN. This occurred despite the fact that the
ministries’ bureaucrats considered them unachievable, because the targets came
directly from the president, or the RPF; which shows that this results less from
capacity issues than from the bureaucracy’s inability to stand up to the top political
leadership.

As in any Rwandan ministries, staff management remains a problem. Bottlenecks in
the functioning of the Ministry are significant. Although, as underlined above, the
problem is less pressing than in other organisations, decision-making remains
concentrated at the top level in MINECOFIN. This is due to three main reasons, apart
from capacity. First, there is significant top-down pressure incentivising top officials
(DG and above) to do a lot of the work themselves, as this is seen as a quicker way
to get things done, while limiting errors. As summarised by a civil servant, ‘without
the DG, the department simply does not work’. Second, processes in ministries
favour centralisation. For example, all outgoing mail, all payments, all HR decisions –
including, for example, maternity leave – must be signed by the PS and/or the
Minster (MIFOTRA 2014). Third, the hierarchy in the Ministry is very flat: below the
director level, seniority of officials is roughly the same, which creates bottlenecks in

36 Interview with a Rwandan consultant, June 2018.
37 Interview, former MINECOFIN top official, 29 June 2018.
38 Interview, former MINECOFIN top official, 29 June 2018.
decision-making. Top-down pressure and excessive top-down accountability also create a lack of willingness and space for bureaucrats to innovate or take risks. The *imihigo* system also creates perverse incentives: ‘If an issue is not on the *imihigo*, it is harder to gain traction or conversely to remove non-efficient activities to achieve them. We had activities with a [donor]. [The donor] stopped, but [the team] was not happy because it was on their *imihigo*.39 While this is true in MINECOFIN, it is less conspicuous than elsewhere, for the reasons evoked above, but also because of the fact that MINECOFIN has a support function. Its tasks change, depending on the needs of other ministries and donors, which makes respecting yearly set targets difficult and less imperative. According to a former PS, *imihigo* is less important in MINECOFIN than in other organisations, because ‘MINECOFIN has a support function, which means that you have to deal with evolving situation all the time. I say is that it is like cleaning toilet in a restaurant, you never know what you will find when you start your job in the morning’.40

The flat hierarchy of the Ministry can also undermine motivation, as it limits scope for career development, since there is nowhere for entry-level analysts to go except to director level. As explained by a former MINECOFIN official:

‘I entered as an analyst, and my pay increased, but my tasks stayed the same. And I had no hope to become a director. My director is still there! You have no hope of moving jobs, even laterally. If the salary might increase, you just do the same thing forever.’41

As in the rest of the state apparatus, the working culture is military, with limited concerns for the professional development of staff. Efforts to produce a team-building dynamic are also generally lacking. Beyond the senior management meeting, no wider meetings are held on a regular basis. Finally, the significant top-down pressure on staff, combined with the low level of state resources, means that work is often undertaken in ‘fire-fighting mode’. As a result, work is done in a hurry, just reacting to the situation. This hinders analytical work and the prioritisation of tasks, as explained by a MINECOFIN adviser: ‘We have objectives, but then the bureaucracy cannot say no to plenty of non-essential tasks’.42

4.2. Political–bureaucratic relations

The stable leadership of the Ministry and its relationship with the top political leadership is another influence on performance. Tables 2 and 3 reveal that PS and ministers (with the exception of Manasseh Nshuti) have a rather long tenure in the Ministry. In 25 years, only six ministers and six PS led the ministry, with some especially lengthy tenures. For example, the PS Kampeta Syingoza was in post for

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39 MINECOFIN adviser, 22 June 2018.
40 Interview, 29 June 2018.
41 Interview, 13 June 2018
42 Interview, 22 June 2018.
seven years. In addition, the replacement of PS is often not concomitant with the replacement of ministers, ensuring a continuity in the bureaucracy.

More importantly, the selection of the top officials in the Ministry has been guided by a strong technocratic drive since 2005. Ministers in MINECOFIN generally have a technocratic profile, with a few exceptions, such as James Musoni, who has a political profile, having been a top RPF cadre for a long time. They have all worked in the Ministry or an affiliated institution before, and two of them were former PS. Access to high-level jobs, such as DG and PS, is often the result of promotion, rather than transfer from another ministry. All PS since the departure of Kaberuka have risen through the ranks. More generally, MINECOFIN often promote staff internally rather than hiring externally, a practice dating back to Kaberuka. This difference with other ministries is made possible, according to a former PS, by the sheltering of MINECOFIN from political pressure and the understanding that expertise should prevail as a criterion of hiring and promotion. As a result, the politician/civil servant division is probably best understood within MINECOFIN as a technopols (Domínguez 1996, Joignant 2011). Ministers are actors who have both technical and political competences. However, the emphasis is more put on the ‘tech’ than the ‘pol’. While ministers do have political skills, through their capacity to persuade other actors through the party’s organisations – Donald Kaberuka was a member of the RPF national executive committee, while John Rwangombwa has been member of the RPF economic commission, for example – they are mainly technocrats turned politicians, with a limited constituency of their own in the party.

Table 2: Ministers of finance and their background since 1994

<table>
<thead>
<tr>
<th>Minister</th>
<th>Immediate positions before</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manasseh Nshuti (2005-2006)</td>
<td>Former minister for commerce</td>
</tr>
<tr>
<td>Uzziel Ndagijimana (2018-)</td>
<td>Minister of state in charge of economic planning in MINECOFIN</td>
</tr>
</tbody>
</table>

43 Interview, 29 June 2018.
44 The Ministry of Finance and Economic Planning was created on 28 March 1997. Jean-Berchmans Birara, minister of planification from 1994 until 1997, was briefly its minister from March to October, before being replaced by Kaberuka, ephemeral state secretary (junior minister) at the same period.
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Table 3: Permanent secretaries (or equivalent) in the Ministry of Finance and their background since 1994

<table>
<thead>
<tr>
<th>PS</th>
<th>Background</th>
</tr>
</thead>
<tbody>
<tr>
<td>J. M. V. Nkezabera (Directeur de Cabinet)</td>
<td>No information on background. The PS position followed the French model and was split between a chief of staff (Directeur de Cabinet) and a general director (Directeur Général).</td>
</tr>
<tr>
<td>Simon Ntare (Directeur Général) (1994-1998)</td>
<td>Former 'Directrice de Cabinet' of the Ministry of Planning, joined MINECOFIN after the fusion with of the two ministries</td>
</tr>
<tr>
<td>Edith Gasana (1998-2000)</td>
<td>Former 'Directrice de Cabinet' of the Ministry of Planning, joined MINECOFIN after the fusion with of the two ministries</td>
</tr>
<tr>
<td>Caleb Rwamuganza (2016-)</td>
<td>MINECOFIN’s director general of national budget until 2016. Has served in MINECOFIN since 2005 in various capacities, including as deputy accountant general.</td>
</tr>
</tbody>
</table>

This situation reveals that MINECOFIN’s leadership is clearly trusted and empowered by the presidency to carry out its work without interferences, as demonstrated by the low turnover. The autonomy of MINECOFIN from political interference is visible in the results of the expert survey (Figure 4). It is often viewed by experts as the most powerful (understood as the most capable of influencing policy) public organisation in Rwanda, clearly more powerful than the Prime Minister's Office (PMO). MINECOFIN was even qualified by the World Bank study as ‘one of the more powerful finance ministries in the region’, noting that ‘public finance functions in Rwanda are heavily concentrated in the hands of MINECOFIN and the agencies that it supervises' (World Bank 2013: 67).

While autonomous from societal pressure, MINECOFIN top officials are, however, not autonomous from the top political leadership. While this has not been problematic, as the leadership gave a significant space to MINECOFIN employees to take decisions and manage the Ministry, in some rare instances this may have created issues, such as when investment decisions for big infrastructure projects

45 The fact, however, that the presidency is second can be explained by the fact that informants simply did not include it in their answers. Given the nature of the PS and the power of the president, the presidency is likely to be the most powerful institution, something too obvious for informants to mention it.
driven by the presidency did not go through rigorous investment appraisal in MINECOFIN. This consequently calls for problematising the notion of bureaucratic autonomy. Often equated to insulation from societal forces, this insulation can go hand-in-hand with a tight subordination to the political leadership. While this marginally impacted the performance of MINECOFIN, it has not always been the case in other organisations. In the Ministry of Infrastructure, such lack of autonomy has been an important source of underperformance.46

Overall, this analysis reveals that ‘good leadership’ in the Ministry, that of notably Kaberuka, cannot be considered as an idiosyncratic and isolated driver of performance. Good leadership occurred because the wider political settlement allowed good leaders to emerge, be selected and become empowered through, for example, low turnover and space to deploy their leadership skills.

46 See forthcoming ESID working paper on the Ministry of Infrastructure.
5. **MINECOFIN behaviours in time of difficulty or crisis**

The goal of this section is to shed further light on the drivers of, or obstacles to, effectiveness in MINECOFIN, by looking at three specific episodes when the Ministry faced a crisis or a significant obstacle to the delivery of its mandate. These episodes were selected because they concern key typical functions of the Ministry and situations in which political pressure, capture or interferences were likely to be seen. The first episode looks at how the Ministry responded to the issue of poor planning and budgeting highlighted by the evaluation of the first EDPRS in 2013. The second case study concerns the macro-economic management function of the Ministry and explores its behaviour during the foreign exchange crisis of 2016. The third case study provides a cursory analysis of the capacity of the Ministry to keep expenditure and inflation in check during the presidential election period, arguably a time when political pressure, notably in terms of resource allocation, is likely to occur. The case study is short, as it only aims at providing basic data for a comparison with the three other countries of the project.

5.1. The 2013 planning and budgeting reform

This case study presents the last main reform in budgeting and planning in Rwanda in 2013 and draws mainly on previous research (Chemouni 2017). As mentioned above, the reform finds its origin in the disappointing result of the EDPRS 1. This revealed that government coordination was poor, especially because ministerial and local government plans had not been aligned to the EDPRS. Planning became an especially pressing issue for the government, given the extremely ambitious targets of EDPRS 2. As put by a MINECOFIN high official, compared to EDPRS 1, implementation of which was based on relative quick wins, ‘EDPRS 2 [was] something else’.47 Given the very high targets set in the EDPRS 2, MINECOFIN realised that better linking of budgeting to planning was essential for the country to have any chance to reach the EDPRS 2 objectives. In addition, budgeting did not always reflect planning priorities. The main cause was that ‘ownership’ of the planning process by ministries’ top leadership was not systematic. They relied too much on the subordinate budget and planning staff. This tendency was reinforced by the fact that the different implementing agencies48 that ministries supervise in Rwanda were allowed to devise their own budget and defend it at MINECOFIN. Consequently, ministers became increasingly disengaged with the budgeting process. During a budget discussion, this pushed MINECOFIN staff to ask a minister and his team to leave and come back at a later date, when the minister would be more knowledgeable of their own ministry’s planning.

In 2013, MINECOFIN consequently revamped the budgeting formulation process to ensure that participatory budgeting and its alignment with planning existed not only

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47 Senior official, Ministry of Finance and Economy Planning, 12 March 2015.
48 The classical model in Rwanda of administrative organisation since 2011 is that a small ministry is in charge of policy formulation and regulations and supervises administratively independent ‘implementing agencies’ or boards, in charge of policy implementation.
formally, but in practice. In terms of formal process, the Budget Call Circulars (BCCs)\textsuperscript{49} were replaced by Planning and Budget Call Circulars (P&BCCs) to ensure that ministries' plans were placed at the centre of budget formulation. Since 2013, the first P&BCC indeed concerns only planning, requiring ministries to devise and submit their annual action plan to MINECOFIN early in the year. It is followed by meetings between the ministry's staff, MINECOFIN, the PMO and sometimes the presidency, the sole aim of which is to discuss planning. Ministerial planning is then approved in cabinet before sending the second P&BCC that kickstarts discussions on budgeting. Besides reforming the formal rules of budget formulation, MINECOFIN also changed the practices of budget discussion. It only allowed ministers, not their staff or the head of the implementing agencies, to present their budget at MINECOFIN, in order to force them to have a good command of their budgeting and planning documents. Furthermore, budgeting was now done for a whole sector (e.g. agriculture) instead of by separate organisations, which pushed the ministries also to have an overview of the planning and budgeting of the implementing agencies it supervises.

As a result, the participation of public organisations in budgeting has occurred formally and, in practice, following the budgeting rules. This demonstrates the capacity of MINECOFIN to quickly discipline line ministries and change practices. The authority and autonomy of MINECOFIN have prevented the emergence of informal rules of the game, whereby line ministries would seek to bypass MINECOFIN or ignore its formal budgeting rules. As explained by a MINECOFIN former PS:

'A key driver of the effectiveness of MINECOFIN is that it is difficult to bypass it. Of course, line ministries tried, but except on strategic investment, MINECOFIN has the last word and the president will refer to us any ministry approaching him. This is very important.'\textsuperscript{50}

However, the reform has had its limits as well. The main one lies in the lack of capacity for planning and budgeting in the state apparatus mentioned above. Furthermore, some MINECOFIN officials complained that line ministry staff did not sufficiently harness the mechanisms at their disposal in order to defend their budget to MINECOFIN. This is due to lack of capacity, the heavy workload of budget and planning staff, but also the significant pressure in Rwanda for ministries to perform. It is nonetheless revealing that the limits of reforms do not originate in an attempt by MINECOFIN to confiscate the budgeting process, nor in the bypass of formal budgeting processes by line ministries. Overall, the episode reveals the power of MINECOFIN to act independently through a high degree of autonomy from line ministries.

\textsuperscript{49} Issued to spending public bodies by the Ministry of Finance at the beginning of the budget cycle, BCC states the budget priorities, gives expenditure ceilings and instructions for the preparation of budgets.

\textsuperscript{50} Interview, 29 June 2018.
5.2. The 2016 forex crisis

In 2015, forex reserves were decreasing, dangerously approaching the three months’ worth of import threshold (Figure 5 and 6), following a decrease in mineral prices and increasing Rwandan imports in order to complete the Convention Centre, the country’s flagship project, to boost its revenue from international conferences and events. As a result, MINECOFIN approached the IMF to access a ‘standby credit facility’ (SCF), i.e. a short-term loan (between one and two years) that helps countries to navigate financial shocks. Rwanda was granted USD 204M for 18 months. The government took the exceptional decision to access the SCF while keeping a policy support instrument (PSI) started in 2013. PSI is a voluntary mechanism, consisting of enhanced monitoring of a country and the provision of advice by the IMF. Countries normally do not have both SCF and PSI. In difficulty, they usually give up on the requirements of the PSI in order to have greater leeway to navigate the crisis that the SCF is supposed to help them address. Yet, Rwanda did not give up on the PSI, which shows not only its confidence in navigating the crisis, but also, according to an IFI official, its will to signal that the economy was sound and Rwanda was open to investors: ‘they wanted to look good’. The SCF was reimbursed on time, with no development of a forex black market. Inflation was kept under control, despite upward pressure created by food prices following a drought in the country in 2016 (Figure 7). The current account balance and forex reserve recovered even more quickly than planned by the IMF (see the red dashed line on Figures 5 and 6).

Figure 5: Rwanda’s current account balance

Source: IMF. ‘Rwanda Program’ designates the original IMF prevision.

51 Interview, 3 July 2018.
52 Non-resource countries are countries whose exhaustible natural resources (e.g., oil, gas and minerals) comprised less than 20 percent of total exports or 20 percent of natural resource revenues.
Figure 6: Rwanda’s forex reserves

Source: IMF. ‘Rwanda Program’ designates the original IMF prevision.

Figure 7: Rwandan inflation compared to SSA

Source: IMF.
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The reason for the successful navigation of the crisis by the government is that it decided to devalue the Rwandan franc (by about 7.6 percent in 2016), an extremely rare decision in recent years as, according to a foreign expert, Rwanda has avoided devaluation to demonstrate the robustness of its economy. This created the expected effect, by inducing a contraction of imports. Rwanda also mobilised foreign currencies in private banks. As banks in Rwanda have to keep some significant forex reserve, the National Bank was able to legally mobilise these reserves to help the country get through the crisis and import material for the completion of the Convention Centre, although that meant that forex was hard to find in Kigali for a few weeks. The main thing that helped Rwanda to recover its forex reserves was, however, the unexpected surge in its gold exports. Rwandan trade statistics showed that in 2016, gold was the main exported good in Rwanda, with $79.52 million, ahead of coffee ($ 57.24 million) (NISR 2017). Other statistics from the Atlas, from The Observatory of Economic Complexity, based on IMF and UN Comtrade statistics, report an even higher surge (Figure 8).

The windfall constituted by the spike in minerals – notably gold – exports in 2016 is puzzling. Although it occurred in a context where Rwanda had been increasingly turning to the mining industry as a source of forex, doubts can be raised about this sudden domestic capacity for gold production. The rise of exports is probably due to the emergence of Rwanda as a main re-exporter of Congolese gold. Indeed, according to Africa Confidential (2018) ‘almost all the gold currently being exported from Rwanda has been smuggled across the border from eastern Congo’. While in late 2017, gold exports averaged 1 tonne per month, domestic gold production only amounted to around 30kg a year in 2016 (ibid). This does not mean that Rwanda

**Figure 8: Gold export from Rwanda**

![Gold export from Rwanda](https://atlas.media.mit.edu/en/)

Source: the observatory of economic complexity, MIT: https://atlas.media.mit.edu/en/

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53 In Rwanda, the government very rarely lets the currency be devalued, for fear that it will send the wrong signal to international investors.
directly exploits Congo,\textsuperscript{54} but that it has managed to become a market where miners and traders of Congo can safely refine and export their gold (Africa Confidential 2018). The gold windfall was a blessing for addressing tensions about forex. Whether the increase in gold exports actually occurred, or whether the government just decided to formalise what before had been under-the-radar informal re-exports, remains an open question. It is impossible to conclude whether the sudden surge of formal exports occurred, luckily, at the right moment, or whether it can be causally linked to the crisis. In any case, exports of gold are now seen as a source of forex to be developed in the future. The government expects mineral revenue, in which gold would play a key part, to rise to USD 800M by 2020.\textsuperscript{55}

Although the resolution of this crisis through gold export cannot be attributed to MINECOFIN, the crisis is revealing of MINECOFIN’s performance, in several respects. First, the crisis was navigated in an exemplary manner, according to the IFIs, which were especially impressed by the capacity of MINECOFIN to approach the IMF for fresh money as soon as 2015, even before the crisis fully materialised. This was unusual, as the IMF normally approaches countries in difficulty when crises become obvious. The crisis also reveals the capacity of MINECOFIN to use external resources for ambitious development projects, in the context of the structural weakness of its economy. Despite official IMF statements citing ‘external shocks’ as the cause of the crisis,\textsuperscript{56} many informants underlined the cost of the Convention Centre –probably around $400M (Cassimon et al. 2016: 17) – as the main cause of forex scarcity. From this perspective, MINECOFIN’s performance has been to obtain, through the SCF, an interest-free, short-term loan that helped to complete the Convention Centre. Finally, however, this also reflects the limits to MINECOFIN’s autonomy, especially its subordination to the presidency. As explained by a civil servant, ‘despite the fact that debt is very high, [MINECOFIN] continues spending on projects because it is a priority of the president. You cannot say it even as a technician that the debt is close to the red lines’.\textsuperscript{57} History seems to repeat itself. As can be seen from Figures 3 and 4, the degradation of forex reserve and balance of payments from 2017 is partly due to the expenditure for the completion of the new Bugesera Airport.

Overall, MINECOFIN was effective in its capacity to find resources to both complete the Convention Centre and restore its forex reserves. It is clear that the will to push forward the Convention Centre trumped the pursuit of short-run macro-economic stability. Yet, supported by a surge in exports, this was done with great care, in order not to jeopardise the developmental project in the longer run through macro-economic difficulties. Yet, although some early results are encouraging (Behuria and Goodfellow 2019), it remains to be seen whether the investment in the Convention Centre is likely to become a sustainable source of forex through MICE (meetings, meetings, meetings).

\begin{itemize}
\item \textsuperscript{54} As maybe in the late 1990s during the Congo Wars, see Figure 8.
\item \textsuperscript{55} ‘Govt projects $800m in mineral revenues’, The New Times, 24 October 2018.
\item \textsuperscript{56} E.g. https://www.imf.org/en/News/Articles/2015/09/14/01/49/pr16270 .
\item \textsuperscript{57} Rwandan officials, June 2018.
\end{itemize}
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incentives, conferencing, exhibitions) revenues, which could help offset the Centre’s cost and other forex spending on projects such as the Bugesera Airport.

5.3. Presidential elections and macro-economic indicators

The last case study is a short analysis of macro-economic indicators around presidential election times in Rwanda. As other country case studies of this project highlighted that presidential elections are conducive to redistributive resource allocation, encouraging public expenditure and fostering inflation, replicating the analysis for the Rwandan case could offer precious comparative insight on the level of political interference over the Ministry of Finance. Unlike in Uganda and Ghana, the electoral cycles in Rwanda do not seem to impact public finances (Figure 10). The presidential elections of 2003, 2010 and 2017 have not translated into abnormal peaks of inflation, as shown in Figure 9. As shown in more detail in Figure 7 above, inflation stayed in check in 2017, and was mainly driven by food prices following drought in the country (World Bank 2017: 10). This demonstrates that the political settlement in Rwanda makes extraordinary spending around elections time for clientelism unnecessary, thus shielding MINECOFIN from interferences in its mission to ensure macro-economic stability.

Figure 9: Inflation in Rwanda


No spike of state expenditure could be identified in the running of the presidential elections either, as demonstrated by the graph below.

These indicators are very general, but offer an interesting counterpoint to the project’s cases with a different political settlement, where political pressure to allocate budget resources to political activities was clearer. This further confirms that the centralisation of rents outside public finances underpinned by Rwanda’s

dominant settlement shields MINECOFIN from political interference for electoral redistribution. Military and party-owned companies indeed dominate whole sectors of the economy, such as construction or dairy, or are major players in others (agro-processing, private security, engineering, etc.) (Booth and Golooba-Mutebi 2012, Behuria 2016a). These companies are said to make of the ruling party ‘one of the best endowed political movements in the world’ (Financial Times 2012). They provide the party with a steady source of money for party expenses, making the use of public resources unnecessary. For example, the chairman of the RPF conglomerate, Crystal Ventures, declared that it funded half of the party’s election campaign in 2010 (ibid.).

6. Discussion

6.1. Confirmed role of the political settlement and elite vulnerability in state performance

Unsurprisingly, as for other organisations in the state, the nature of the political settlement clearly supported MINECOFIN’s performance. It made subversion of planning and budgeting to accommodate strong politicians, finance elections and engage in electoral clientelist spending unnecessary. It provided the organisation with autonomy and space to work according to formal and hierarchical rules, while supporting merit-based recruitment. Furthermore, the concentration of power in the RPF and the presidency also explained Donald Kaberuka’s leeway in transforming the Ministry in the crucial period of 1997-2005, and overcoming resistance from cabinet members (who were not all RPF) when it came, for example, to the creation
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of independent agencies under the Ministry. The absence of marked variations in the political settlement in Rwanda since 1994 unfortunately does not provide counterfactuals to the analysis. The slightly less dominant character of the settlement between 1994 and 1999 could not be linked to a lesser performance by MINECOFIN, which was rather caused at the time by a lack of resources and staff and a restricted mandate that did not include planning. As for the rest of the state, the performance of MINECOFIN can also be explained as an attempt to address elite vulnerability. Concerns for political legitimation through delivering performance, but also projecting an image of impartiality, increased the attention given to the process of sound and transparent PFM or careful macro-economic management.

6.2. Policy domains and nature of MINECOFIN mandate

Against a backdrop of systematic drivers of effectiveness in the state, why then did MINECOFIN do better than other organisations? Its policy domain is crucial to explain the performance differentials with the rest of the state. Its role in managing the economy and setting and monitoring the development agenda of the country indeed gives MINECOFIN a special status among state organisations, for two main reasons.

First and foremost, MINECOFIN’s special position in the elite legitimation strategy made it a better-performing organisation. Overall, while most drivers of effectiveness identified in the Ministry were anything but exceptional, as they applied to MINECOFIN as to any other organisations in the state, those drivers were particularly strong in MINECOFIN because MINECOFIN’s role was to orchestrate the regime legitimation project. In addition, the regime’s accent on impartial rules also placed MINECOFIN at the forefront of ensuring transparent rules in resource allocation through good budget and PFM reforms. These incentivised, for example, the top political leadership, to ensure that the best were recruited and better paid in MINECOFIN, or to give the space for effective leadership to emerge in the Ministry. In sum, while performance of the whole state is the response to elite vulnerability, the policy domain of MINECOFIN makes it the spearhead of this response.

Second, MINECOFIN’s high performance can be explained by the idiosyncrasy of its tasks. They have allowed MINECOFIN to fully take advantage of transnational resources through three mechanisms. First, the Ministry quickly became the main interface between the state and its main source of revenue for a long time – external aid – and thus attracted financial and political support from the government. Second, it has also been perceived by donors as the main conduit through which they will channel their support in post-genocide Rwanda, thus incentivising them to build this ‘conduit’ through training and financial support. Finally, MINECOFIN officials have had special ‘exposure’ to the international community, with some even recruited from IFIs. Consequently, MINECOFIN officials have been the most likely in the state to belong to an international epistemic community of global economists and PFM specialists, or at least to speak most fluently the language of donors and to embrace their practices, which helped the functioning of the Ministry.
More importantly, many informants underlined that the distinctive nature of the task of MINECOFIN makes its work easier than in other ministries, especially those in charge of delivering services (Figure 12). These have to interact extensively with decentralised entities and are partly dependent for their mission on the collaboration of the population for service co-production. In contrast, MINECOFIN mainly interacts with other ministries and with donors at the central level, making its task relatively easier. This echoes the findings of Arturo Israel (1987) or David Leonard (2010), who have underlined that the nature of the task carried out influenced performance. Israel, for instance, suggests that organisations undertaking tasks that are specific, technical and measurable are more likely to perform well. MINECOFIN, with its work governed by the deadlines of the budget cycle calendar, monitored by finance, revenue and macro-economic indicators, and guided by tight PFM processes, would fit the definition well. In comparison, service delivery, which involves the complex coordination of different tasks at different level of the state, and interactions with the population, is much harder. This could explain why, in the four case studies of the project, most good performers identified are not in service delivery but concern the economic technocracy.

In Rwanda, specifically, the vulnerability of the ruling elite probably compounds this effect. Vulnerability, anchored in the ruling elite’s minority status, its origins in the diaspora abroad and its limited ties with the rural world, means that the current state, while autonomous from social pressure, is not embedded in society. It does not, as put by Evans (1995: 59), have ‘the concrete set of social ties that bind the state to society and provide institutionalized channels for the continual negotiation and renegotiation of goals and policies’. This is visible in how power is deployed through decentralisation (Ingelaere 2011, Chemouni 2014). The negative effects of the lack of embeddedness have been illustrated by Ansoms (2009), for the case of the agricultural sector, or Behuria (2018), for the industrial sector. Yet, as demonstrated by Peter Evans (1995), embeddedness is a condition of state performance. It allows the state to understand the need of some segment of the population, the actual consequences of its policies, and to adapt them if needed. However, in the case of MINECOFIN, lack of embeddedness is arguably less important than for other organisations, given its highly technocratic task. It can consequently do relatively better in the Rwandan context than other organisations for which the lack of embeddedness is more crippling. This analysis is confirmed by our expert survey. The three worst performers identified by the expert survey are all service delivery ministries. Their tasks are arguably less specific and more multifunctional than those of MINECOFIN. They require strong embeddedness to understand the needs of the population, coordinate interventions, foster co-production of services and create feedback mechanisms to understand if the services have been effectively and usefully delivered.
Figure 12: Worst-performing state organisation in Rwanda

Source: Expert survey.

6.3. Ideas

As part of the comparative framework of this project (Hickey 2019), this paper briefly discusses the role of ideas in MINECOFIN performance. Ideas had a contributing role in understanding MINECOFIN performance, although they were far from being the main one. The anti-imperialist ideology, as well as the emphasis on self-reliance in the RPF (Behuria 2016b, Reyntjens 2016), helped make good management and allocation of scarce resources (through good PFM) pivotal, as it was seen as a way to hasten independence from donors in the long run. In the shorter run, in a context of dependence on international aid, PFM reforms were seen as paramount to ensure that support from donors would take the form of direct budget support (Chemouni 2017). Funds channelled to programmes instead of the state budget were seen as a threat, since they gave too much power to donors in policy-setting in Rwanda. MINECOFIN has had a special role in this regard, as it is the organisation in charge of (i) strengthening PFM process, to lower donors’ fiduciary risk, and attracting budget support, (ii) negotiating with donors’ financial support, and (iii) disciplining donors through a division of labour and upholding the Paris Declaration principles.

7. Conclusion: MINECOFIN as a ‘state-building prioritisation’

MINECOFIN is not a PoE, but a good performer in a generally well-functioning state. Underpinned by a dominant settlement and the collective vulnerability of the ruling elite, overarching drivers behind MINECOFIN’s performance – namely legitimation through socio-economic progress, top-down pressure, performance contracts – apply to the whole state apparatus. How, then, to explain its relative better performance than other state organisations, nonetheless? Two main reasons, both related to its policy domain, can be identified. One is idiosyncratic, related to the organisation’s exposure to donors, the highly technocratic and specific nature of its tasks, and its consequent insulation from complex social demands and poor feedback loops. These
are somewhat expected factors already underlined long ago in the literature (e.g. Israel 1987; Leonard 2010). More importantly, MINECOFIN also performed better than other state organisations because it is, more than others, at the frontline of the elite legitimation project. It is the organisation through which resources are channelled, priorities decided, and the elite’s ambitious developmental efforts coordinated. Given the rulers’ need for an effective state as a whole, MINECOFIN appears only as the lead climber in a wider dynamics of state building. MINECOFIN consequently performs not because it is a PoE but as the result of a process of ‘state-building prioritisation’.

This points to a systematic attempt at state building at play in Rwanda. The situation is consequently different from many other African countries (notably those of this project), where PoEs exist in a sea of dysfunctionality. The situation is also different from other state-building trajectories in Europe or Asia, where PoE historically played a crucial role. For instance, in the East-Asian developmental states, bureaucratic enclaves have propelled the economy and laid the ground for state-building (Evans 1995, Leftwich 1994). Rwanda’s trajectory is also different from the Western states’ trajectory, where bureaucracy was developed unevenly as a result of particular challenges facing rulers, incentivising them, for instance, to build early the military (Tilly 1975), revenue generation (Brautimgam et al., 2008), or the treasury and central banks (Grindle 2012). In Rwanda, state-building does not occur through the existence of islands of effectiveness becoming an archipelago and finally encompassing the whole state through some strong dynamics of spillovers. The mechanisms through which the drivers of MINECOFIN performance spread in the bureaucracy were rare. They were mainly limited to the rotation of some of its staff plateauing in the Ministry, or systematic PFM training to civil servants. In Rwanda, the nature of the political settlement and elite vulnerability indeed suggest an alternative trajectory of state-building: one that is top-down, systematic and quite homogenous.
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