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The politics of core public sector reform in Rwanda

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Abstract

This paper's objective is to provide a better understanding of the politics underpinning core public sector reforms (PSR) in Rwanda. It analyses five core public sector functions: government coordination; public finance management (focusing on budgeting and public procurement); civil service management; external audit; and anti-corruption policies. For each, it identifies the origins of reforms and analyses to what extent they led to change in both rules and practice. Overall, the paper argues that PSR has been successful and so strongly embraced because rulers considered an effective public sector as a crucial tool for their legitimation strategy, which was based on achieving rapid socio-economic progress and projecting an image of impartiality.

Introduction

The case of public sector reforms in Rwanda is exceptional. Four years of civil war that culminated in the genocide in 1994 left the state destroyed. Yet, since the end of the genocide, the government has not only rebuilt a state, it has rebuilt an effective state able to implement ambitious development policies. Central to this process was the continuous public sector reforms (PSR). They resulted in a lowly-corrupt, capable and coordinated bureaucracy efficiently using public and donors' funds. Despite the polarisation of the scholarship on post-genocide Rwanda, even critical authors concur that 'the regime's achievements in this field are undisputable' (Reyntjens, 2013: xvi).

Yet, despite the consensus on the achievements of public sector reforms, they have hardly been the object of academic exploration. They are, however, an especially interesting case. Their success contrasts with the generally disappointing results of public sector reform initiatives in poor countries (World Bank, 2008; Andrews, 2013: 12-15). PSR has recently enjoyed renewed interest in academic and practitioners' circles thanks to an upsurge of work suggesting new avenues for successful reforms (Yanguas and Bukenya, 2016).

The literature argues that PSR has generally failed, due to three main reasons. First, practitioners have pushed for 'best practice' solutions instead of reforms fit for local context, oblivious of the low capacity of the civil service and scarce state resources (Andrews, 2013). Second, donors have failed to recognise that reforming the state is a long process that has historically taken decades in developed countries (Brinkerhoff and Goldsmith, 2005: 217-19). Transforming power relationships and the allocation of financial resources is a long, complicated task that can also challenge moral and social norms of reciprocity and solidarity (Blundo and Olivier de Sardan, 2006). Third, and more fundamentally, PSR is an eminently political process. It has deep redistributive consequences in terms of resources and power. Bureaucratisation of the state apparatus, with its enforcement of impersonal rules, inevitably deprives some individuals of discretionary power. Reliance on competence criteria for the recruitment and promotion of civil servants prevents some groups from passing on office to their members, since offices are subject to competition. Anti-corruption policies limit the scope for individuals to capture resources. PSR is consequently likely to elicit resistance (e.g. Goetz, 2007; Turner, 2013). Overall, there is now agreement in the literature that PSR has failed because it has promoted one-size-fits-all best practices, doing too much, too quickly, and going against entrenched political interests (Grindle, 2004; Booth, 2011; Andrews, 2013; Levy, 2014). Yet, PSR in Rwanda achieved much, quickly, generally following international best practices. It resulted in the creation of the most effective state among low-income countries, although Rwanda is far from being the richest, according to the World Bank's Worldwide Governance Indicators (WGI) (see Figure 1).

Figure 1. Relation between GDP per capita and WGI Government Effectiveness, low-income country category, 2014
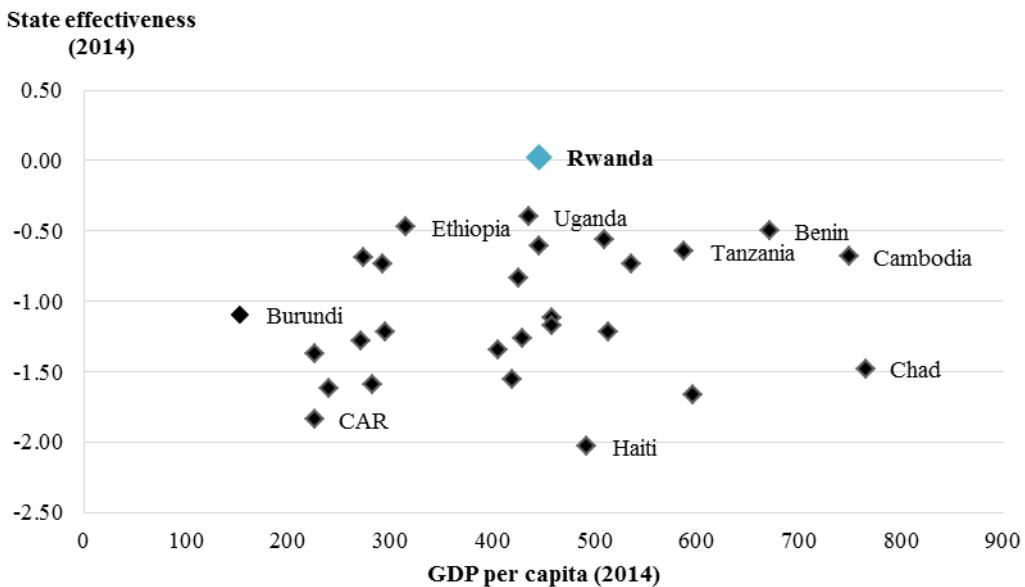
Source: Author's compilation from World Bank (GDP numbers from http://data.worldbank.org/, Government Effectiveness from http://info.worldbank.org/governance/wgi/index.aspx). GDP figures for Eritrea and the Gambia are, respectively, from 2011 and 2013.

The success of PSR in Rwanda is all the more impressive in that, despite the clear victory of the Rwandan Patriotic Front (RPF) after the genocide, PSR has taken place in a context of extreme difficulties. Although it is said that after a conflict, 'state building never starts with a blank sheet' (OECD, 2011: 26), post-genocide state-building in Rwanda was not far from this. When the new RPF government took office in July 1994, the state had collapsed. Most civil servants had fled or been killed. No chairs, desks or cupboards remained in those government buildings that were still standing. The genocidal government had fled to Congo, taking with it the Central Bank's reserves. State service provision had ceased (Prunier, 1997: 306-07).

This paper aims to contribute to a better empirical knowledge of Rwandan core PSR efforts since 1994, but also to offer a theoretical understanding of their origin and patterns. Its methodology relies on two pillars. First, the study constructs a historical narrative of PSR, using process tracing of the crucial policy decisions. Process tracing can be defined as the investigation of the 'decision process by which various initial conditions are translated into outcomes' (George and McKeown, 1985: 35). Analysis based on process tracing consequently often requires detailed historical analysis. This historical understanding is complemented by an analysis of the actual impacts created by PSR. Such analysis is paramount, because reforms can result in 'best practice' formal institutions, which, however, are unable to change the everyday practices of civil servants – a phenomenon that Andrews (2013) has labelled 'isomorphic mimicry'. Data were obtained through the analysis of diverse documents

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(mainly laws, governmental and donors' documents), countless informal conversations, and 50 semi-structured interviews of key informants. The interviewees include officials and former officials (27), staff from international organisations involved in PSR (nine), international consultants (five), journalists and members of the civil society (five), businessmen (three) and one member of parliament. These interviews were mainly conducted in Rwanda between January and March 2015. Those quoted in the text are listed in the annex. Second, the paper also draws on wider research on state effectiveness in Rwanda, which also involved a nine-month period of fieldwork conducted in 2012 and 2013, and included more than 100 interviews.

The paper begins by presenting the Rwandan political context and introducing the theoretical and analytical framework guiding the analysis. The subsequent section provides the empirical analysis of PSR over time. The third section concludes by engaging in a theoretical discussion of the political drivers of PSR.

Analysing the politics of public sector reform

Beyond political settlement: interrogating PSR in Rwanda

The Rwandan Patriotic Front (RPF) was created in Uganda in 1987 by Tutsi exiles who fled the anti-Tutsi pogroms in the 1950s and 1960s, with the objective of returning to Rwanda. It launched an attack in 1990 and achieved a clear victory in 1994, stopping the genocide against the Tutsi ethnic group. It took power in a context of very limited legitimacy. It ruled over a Hutu-dominated population, a significant proportion of which had taken part in the genocide.[1] The ethnic discrepancy between the new rulers and the population was magnified by the horrors of the genocide and decades of anti-Tutsi ideology, which was the central component of the legitimation discourse of Hutu regimes since independence (Prunier, 1997: 41-61).

A political settlement approach can be used as a point of entry to explore the politics of PSR because it is a political theory of institutional change. Political settlement can be defined as 'the balance or distribution of power between contending social groups and social classes' (DiJohn and Putzel, 2009: 4). It underpins institutions because 'if powerful groups are not getting an acceptable distribution of benefits from an institutional structure, they will strive to change it' (Khan, 2010: 4). Drawing on Khan (2010), political settlement can be analysed through the horizontal (between elite factions) and vertical (between the elite and the population) repartition of power. A dominant settlement is characterised by power concentrated in the hands of the ruling elite factions, with a significant degree of autonomy from societal pressure.

The Rwandan political settlement since 1994 can be characterised as a dominant settlement. Power is horizontally concentrated in Rwanda, as political opposition to the RPF is virtually non-existent. Constitutionally, cabinet members are selected from

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[1] The Rwandan population is thought to be composed of roughly 85 percent Hutu, 14 percent Tutsi and 1 percent Twa.

political parties based on their number of seats in parliament, but the dominant party cannot make up more than half of the cabinet members. Although this should ensure power sharing among parties, the limits put on the media, civil society and party activities (Reyntjens, 2004; Beswick, 2010) prevent the emergence of alternative political projects to those of the RPF. As a result, other parties in Rwanda are sometimes described as mere RPF satellites (e.g. Longman, 2011: 40; cf. Golooba-Mutebi, 2013). Furthermore, power also remains firmly in the hands of the RPF through its control of the security apparatus and its ownership of major enterprises in the country (Gökgür, 2012; Reyntjens, 2013). Opposition only exists, mainly outside the country, through exiled political organisations. Power is also vertically concentrated. The RPF is generally analysed as a cohesive party, although this cohesiveness has been challenged by the defection of senior members.[2] The RPF has considerable autonomy from societal pressure, notably through its tight control of local administration (Chemouni, 2014).

It can be hypothesised that a dominant political settlement is conducive to PSR. The ruling elite faces little pressure to widely redistribute rents in the forms of resources or jobs. This gives it the space to implement reforms without jeopardising political stability. Conversely, in a fragmented political settlement with weak vertical and horizontal concentration of power, a ruling elite is more likely to stall PSR to accommodate – through patronage and corruption – their supporters and actors excluded from the ruling coalition. Yet, the paper shows that such a hypothesis can only partly explain successful PSR in the Rwandan dominant political settlement. It undoubtedly helps to understand the space to implement reforms. However, given the opportunities of rent capture and patronage that PSR takes away from the elite, and the technical difficulties of such reforms, especially in a low-capacity environment like Rwanda, why engage in PSR, even if the space to do so exists? If virtually unchallenged domestically, why would rulers bother implementing reforms that are technically demanding, sometimes unpopular, and which prevent them from engaging in rent capture more widely?

The paper argues that PSR was strongly pursued in Rwanda because it was a crucial tool to address the RPF existential threat constituted by its scarce political legitimacy when reaching power. Considered a Tutsi-dominated organisation ruling over a Hutu-dominated population previously marred in genocidal ideology, the RPF aimed at basing its strategy of legitimation on rapid socio-economic progress and impartial rules. This required an effective state, both able to implement the RPF ambitious developmental objectives and to project an image of impartial governance, thus making PSR a necessity.

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[2] High-level defectors include Patrick Karegeya, the former head of intelligence, and Kayumba Nyamwasa, former chief of staff, who fled Rwanda in 2008 and 2010, respectively.

Analytical framework: analysing public sector reform

Public sector reform aims at improving the institutions, i.e. the rules of the game, according to which the state apparatus functions. These institutions can be formal, but also informal, i.e. 'created, communicated, and enforced outside of officially sanctioned channels' (Helmke and Levitsky, 2004: 725). This distinction is crucial in accounting for the failure of PSR in poor countries. Reforms have often been unsuccessful not because they were not formally implemented, but rather because they did not produce the expected effects, only superficially mimicking the best practices promoted by donors (Andrews, 2013). Reforms might be undermined by existing informal institutions that 'create incentives to behave in ways that alter the substantive effects of formal rules, but without directly violating them' (Helmke and Levitsky, 2004: 729). Consequently, this paper's analytical framework considers both the *mandate* and the *practice* of core state functions. Mandate refers to the formal institutions: the legal and regulatory basis for a state function. Practice relates to the actual implementation of that function, i.e. the extent to which reform has succeeded in altering the rules governing actors' incentives to ensure a better functioning of the state.

This project focuses empirically on the core public sector: how the central state apparatus is staffed, financed and coordinated. It does so by exploring reforms in five state functions: coordination of central ministries and agencies; public finance management (PFM – specifically budget formulation and reporting, and procurement); civil service management; external audit; and anti-corruption. These aspects are not only typical of PSR (e.g. World Bank, 2008: 4-7), they are also representative of two basic dimensions of the core public sector. The first is the *management* of the public sector, i.e. the ability to guide and regulate administrative conduct in the public sector, as reflected by coordination, PFM and civil service management. The second is to ensure *compliance* in the public sector, i.e. the ability to identify and sanction deviations from the norms regulating the public sector, as reflected by the external audit and anti-corruption aspects of PSR. This analytical framework, along with the questions guiding the analysis of each public sector function, are summarised in Table 1.

Table 1: Analytical framework

FUNCTIONS	Mandate	Practice
Management		
Coordination	Is there a legal basis for the coordination of public sector targets and for public sector bodies to report progress towards their targets?	Is progress towards public sector targets tracked on a regular basis? Are collected data used to generate policy recommendations for the public sector?
PFM (budgeting & procurement)	Is there a legal basis for bottom-up budget formulation and budget reporting? Is there a legal basis for competitive and transparent public sector procurement?	Are there feedback mechanisms in place for public bodies to share information and discuss priorities with the budget department? Are public sector tenders publicly announced and transparently awarded?
Civil service management	Is there a legal basis for the merit-based recruitment of public/civil servants? Is there a legal basis for the development of needs assessments and job descriptions before recruitment of civil servants?	Are civil servants recruited through a transparent process?
Compliance		
Auditing	Is there a legal basis for an audit institution independent from executive interference? Is there a legal basis for public sector compliance with a supreme audit institution?	Does the supreme audit institution produce comprehensive reports? Does the government formulate responses to audit report recommendations?
Anti-corruption	Is there a legal framework for the identification and punishment of public corruption offences? Is there a legal guarantee for an anti-corruption institution independent from the executive?	Are anti-corruption institution operations independent from the executive? Are corrupt civil servants banned from future public employment?

Reforming the public sector in Rwanda

Coordination

Coordination of the central state was first ensured by a coherent planning framework that ministries and central agencies could follow and be evaluated against. The two overarching national planning documents, Vision 2020 and the Economic Development and Poverty Reduction Strategy (EDPRS), listed tangible objectives that officials were incentivised to pursue for two main reasons. First, these documents included precise, trackable, objectives. For instance, the first version of Vision 2020 (RoR, 2000) included 47 targets, with a baseline specified for 44 of them. Second, these documents were not only technical pieces, as in many developing countries. They were also symbols of Rwanda's imagined future largely communicated upon, and consequently they held a central place in state planning. Vision 2020, for example, has been qualified as 'the only hymn sheet to which everyone needs to abide' (Campioni and Noack, 2012: 5). According to President Kagame, Vision 2020 is 'not only for government. Vision 2020 is a shared purpose for all Rwandans' (RoR, 2000: 2). Consequently, references to Vision 2020 were omnipresent in Rwanda, from official speeches to shop names in Kigali.[3] The government also largely communicated on the EDPRS. For the elaboration of its second version in 2012 (MINECOFIN, 2013), the government launched a massive communications campaign. EDPRS 2 stickers for cars and motorcycle taxis were available in petrol stations. EDPRS 2 T-shirts were also distributed. Radio and television broadcast songs and movie clips on the importance of EDPRS, featuring the Rwandan pop singer, Butera Knowless. Unsurprisingly, EDPRS 2 heavily guided ministerial work. Each ministry had a five-year strategy aligned with EDPRS, itself aligned with Vision 2020. To implement these strategies, ministerial action plans were devised every year with a set of targets. The Ministry of Finance and Economic Planning (MINECOFIN) and the Prime Minister's Office (PMO) reviewed their consistency with EDPRS 2.

Coordination was further reinforced by the tight evaluation of these ministerial targets. A team from an independent think tank, IPAR, supervised by the PMO, toured ministries to check the results reported against their action plan's priority targets, otherwise called performance contracts or *imihigo*. After the evaluation, IPAR produced an analysis to be discussed in cabinet, which ensured a systematic follow-up of the results. Unsurprisingly, *imihigo* were generally recognised in interviews as a point of pressure on a ministry. *Imihigo* in-year progress reports were also issued every quarter.

Evaluation of ministerial work also resulted from two less continuous mechanisms: the leadership retreat, and the national dialogue. These two governmental events, enshrined in the constitution, were occasions to spur ministries into action in pursuing their objectives. Started in 2006, the leadership retreat gathered about 250 top

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[3] During fieldwork, at least three shops in Kigali using Vision 2020 as a name were noticed.

officials from central and local governments, and parastatals, in a meeting lasting several days to discuss governmental priorities. It was the opportunity for top officials to reflect on 'where they are performing well and where they are not performing well'.[4] Based on this reflection, at the end of the retreat, a series of resolutions were adopted, i.e. actions to be implemented and assessed in the next retreat. This created pressure on ministries, especially, to ensure that 'all the boxes [were] ticked'[5] regarding the previous year's resolutions. The national dialogue was the other main governmental public event. It brought together officials, representatives of civil society and members of the diaspora to discuss a wide range of issues. Theoretically, anyone could pose questions about the running of the country to the president and ministers, via email, toll-free number and Twitter. Consequently, as put by a consultant working in the Ministry of Agriculture, 'everyone gets stressed before that. The minister hopes that some questions will not be raised'.[6] For both the leadership retreat and the national dialogue, the PMO was in charge of ensuring that the resolutions adopted were integrated into ministries' planning for the next year.

These two events were not only the occasion to put pressure on the central bureaucracy, a process that occurred on a regular basis anyway. Their function was also to publicise such pressure through the extensive media coverage from which these governmental rituals benefited. Many of their sessions were broadcast live on radio and TV, especially the president's opening and closing speech. The retreat was also the occasion to stage the asceticism and commitment of the government. Previously organised in comfortable hotels, from 2012, the retreat took place in military camps, where participants arrived not in their official cars, but in buses. They had to do morning exercise, pictures of which appeared in the media and governmental websites. Pressure to perform was also publicised through the president's frequent public criticisms of officials, and officials' public apologies when failing to 'deliver'.[7] The 2015 retreat epitomised this process, as Kagame individually named bad performers and their specific failures.[8]

Besides tracking ministerial performance against governmental plans, a constant effort existed to solve collective action problems in government. The PMO had the responsibility to coordinate state agencies on issues involving more than one ministry through its Government Action Coordination Unit (GACU). Since 2010, it also organised a monthly meeting gathering the different ministries' permanent secretaries (PSs) – the PS forum – to discuss multi-sectoral policy issues.

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[4] Interview GV1, see also GV2.
[5] Interview GV3.
[6] Interview DN1.
[7] E.g. criticism of district mayor: http://www.newtimes.co.rw/section/article/2010-01-18/15785/ (accessed 4 July 2017). In the 2011 retreat, Kagame recalled the ambassador in South Africa in front of the whole audience, for lack of discipline (Iyer, 2012: 13). On 1 March 2015, Kagame publicly lashed out at leaders in violent terms, denouncing their passivity and their lack of self-criticism.
[8] See video on http://www.newtimes.co.rw/section/article/2015-03-02/186496/ (accessed 8 November 2015).

Yet, planning was obviously not perfect in Rwanda. Ministerial planning requirements issued by the Ministry of Finance were often considered too heavy and complex. Lack of capacity in ministries, along with tight deadlines, could produce unrealistic targets and poor implementation. However, overall, rules for coordination, monitoring and evaluation of ministries in Rwanda have generated improvement in practice. They were the result of a series of frequent reforms (captured in Figure 2) responding to issues as they emerged, a dynamic observed in other dimensions as well.

Figure 2: Coordination and evaluation reforms in Rwanda since 2004
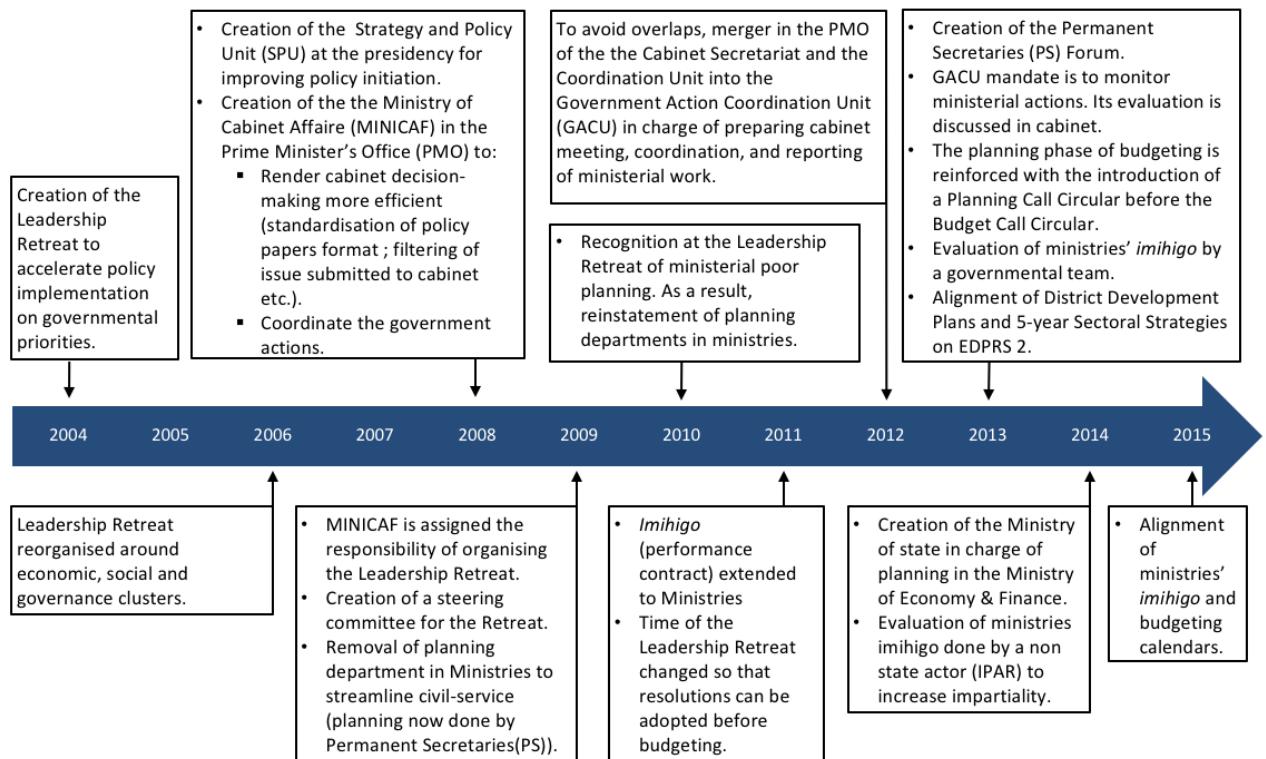
Overall, frequent reforms were driven by the government's desire to streamline the central state machinery, without which reaching the targets enshrined in Vision 2020 and EDPRS would be impossible. As summarised by a MINECOFIN senior official, coordination reforms were 'all about getting your eyes on Vision 2020'. For example, the first leadership retreat was instituted in 2004 as a direct response to the disappointing results of the first Poverty Reduction Strategy Papers (PRSP), the predecessor of the EDPRS (Iyer, 2012: 2). Similarly, the evaluation of EDPRS 1 revealed that government coordination was poor, especially as ministerial and local government plans had not been aligned to the EDPRS, which triggered the wave of coordination reforms observed in 2013.

Public finance management

This section examines two aspects of PFM reforms in turn – budgeting and public procurement – before analysing the larger context in which these reforms have taken place.

Budget formulation and reporting

While the first post-genocide budgets did not involve any bottom-up inputs from ministries, and were not based on any legal framework or accounting system, by the late 1990s the quality of budgeting had sensibly improved, thanks to donors' involvement. A public expenditure review carried out by the World Bank and the Rwandan government in 1997-98 underlined the need for the budget to be better tied to policy objectives. Budgeting reforms also received the support from the UK's Department for International Development (DFID), as it was considering providing budget support to the Rwandan government. This resulted in an improved budgeting process more sensitive to sectoral policies, as line ministries were consulted by the Ministry of Finance (Short, 2003: 2). Overall, 'by the late 1990s, the budget was not only prepared on time, but the information contained in it was, in general, at least at an average standard for comparable low-income countries' (Lienert, 2004: 8).

The most important progress regarding budgeting in Rwanda resulted from the adoption in 2006 of the Organic Law on State Finances and Property, commonly referred as the Organic Budget Law (OBL), which laid the basis of modern budgeting and reporting procedures. It was complemented by a four-volume manual on financial management and accounting, to help budget officers follow the new regulations. Leaked US diplomatic cables reveal that, at the time, the IMF recognised the OBL as a 'solid piece of legislation', yet considered it too complex for the capacity of the country (US Embassy in Kigali, 2007). IMF staff judged public finance manuals 'too long' and that 'almost no one has been properly trained in their use', observing that 'they are fine for London or Washington, but Kigali needs a simpler set of regulations' (ibid.). Important training was consequently provided by donors on budgeting in the following years.[9]

Since 2006, participation of the different public bodies in budget formulation has constantly improved. For instance, while one budget call circular (BCC)[10] existed in the budget cycle, giving only preliminary budget ceilings to line ministries to formulate their budget, MINECOFIN introduced an additional BCC in 2009 to give ministries hard budget ceilings and invite them to challenge such ceilings, depending on their policy priorities. This marked the start each year of a series of meetings to discuss budget between ministries and MINECOFIN, also attended by the PMO and sometimes staff from the presidency, to ensure that budgets reflected national priorities as laid down in EDPRS and Vision 2020, before being adopted in cabinet and presented to parliament.

While this ensured the formal participation of line ministries in budget discussion, the budget cycle, however, still imperfectly reflected ministerial priorities, for two main

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[9] Interview GV5.
[10] Issued to spending public bodies by the Ministry of Finances at the beginning of the budget cycle, BCC states the budget priorities, gives expenditure ceilings and instructions for the preparation of budgets.

reasons. [11] First, the top leadership in ministries (ministers and permanent secretaries) relied too much on junior staff during budget discussions with MINECOFIN. Second, this tendency was reinforced by the fact that the different implementing agencies that ministries supervised[12] were each allowed to devise their own budget and defend it at MINECOFIN. The result was a general unpreparedness of ministries' top officials in budget consultations. The frustration of MINECOFIN towards this situation was such that, during a budget discussion, a minister and his team were asked to leave and come back at a later date when the minister had a better grasp of his ministry's planning.[13] The planning of the second EDPRS in 2012-13 spurred MINECOFIN to act. It realised that better linking of budgeting to planning was essential for the country to have any chance to reach the ambitious objectives of EDPRS 2.[14]

In 2013, MINECOFIN consequently revamped the budgeting formulation cycle. Planning was given a more prominent part in the process, to force the ministry to spend more time prioritising activities. The first BCC, symbolically renamed a planning and budget call circular (P&BCC), required the ministry to focus on planning only, to be discussed with MINECOFIN. It was only after approval in cabinet of all ministerial plans that discussions on budgeting could start. Besides formal rules, MINECOFIN also changed informal rules. Only ministers, not their staff, were allowed to be present at MINECOFIN meetings to ensure their command of their ministry's planning and budget.

As a result, the participation of public organisations in budgeting occurred formally and in practice. According to the World Bank (2014: 109), 'the budget is formulated through systematic consultations with spending ministries and the legislature, adhering to a fixed budget calendar'. In the last 2016 public expenditure and financial accountability (PEFA) evaluation (Sinet et al., 2017), a framework widely used internationally to assess the status of public financial management, Rwanda received an A, the highest score category, on the budget preparation process. The main obstacle to planning and budget formulation lay in the lack of capacity and the heavy workload of staff. In any case, the limits of reforms did not originate in an attempt from MINECOFIN or the PMO to confiscate the budgeting process, nor in the bypass of formal budgeting rules by line ministries.

While reforms were successful regarding budget formulation in Rwanda, they were much less so regarding budget reporting. Since 2007, end-of-year budget execution reports were generally delivered on time. Yet their quality was so poor that the OAG regularly issued a 'disclaimer of opinion' on them (e.g. OAG, 2015: 75). In-year

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[11] Interviews GV5, GV6.
[12] 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.
[13] Interview GV7.
[14] Interview GV7.

reporting was also poor. Monthly budget execution reports to the accountant general were irregular. In the 2016 PEFA evaluation (Sinet al al., 2017), Rwanda received a 'D' on the issue of the in-year budget report, the lowest score category. How to explain the lesser success in budget reporting compared to budget formulation? Improving budget reporting did not seem to be a priority for the government, as it was perceived as secondary to reaching its development objectives. In the absence of accurate reporting, pressure on officials to reach targets ensured that resources were nonetheless channelled to priorities, while effective ex-post monitoring occurred through strong anti-corruption policies and external auditing (see below).

Procurement

Public procurement became standardised after the genocide, with the creation of the National Tender Board (NTB). It was established by cabinet decision in November 1997, on the realisation that 'the loss incurred by Government through improper procurement procedures was enormous' (NTB, 1999: 3). The NTB started from scratch, not relying on any particular model or best practice.[15] Furthermore, it was instituted by a cabinet decision which was formalised only five years later through a 2002 prime minister's order. Donors started providing support to the NTB only after its creation. Their interest was kindled when the NTB director invited them for the presentation of the first NTB report in 1999. The creation of the NTB created a degree of resistance from some state officials who lost power with the centralisation of procurement processes. Yet, this was easily overcome, since the institution had the full support of the then vice-president, Paul Kagame. Since the creation of the NTB, the legal framework governing procurement constantly improved. For example, following a country procurement issues paper (CPIP) financed by the World Bank that reviewed procurement processes, a presidential order of 2004 improved procurement regulations, basing them on the 1994 UNCITRAL Model Law on the Procurement of Goods, Construction and Services.

The next major reform was the decentralisation of procurement. The NTB awarded all contracts over the value of few thousand US dollars, and its workload quickly became untenable. In 2004, the NTB director started lobbying for the government to devolve procurement responsibility to different public organisations. This reform faced resistance at first as the government feared that lack of capacity for tendering in public organisations would foster inefficiency and corruption. Eventually, in 2007, full decentralisation of procurement was enacted and the NTB was replaced by the Rwandan Public Procurement Authority (RPPA), which only acts as a supervising authority controlling the procurement processes of public organisations.[16]

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[15] Until then, public procurement was governed by a colonial royal decree of 1959, amended in 1976, 1979 and 1993, that put in place a council, composed of the representatives of the main ministries, to award contracts.
[16] The threshold for procurement to be made by the RPPA was progressively raised and ultimately removed in 2010.

The legal framework governing procurement in 2014 was in line with international best practices, obtaining the highest score in the 2008, 2010 and 2016 PEFA evaluations.[17] The law made open competition the default method of procurement and clearly defined the situations in which other methods might be used. Procurement reforms impacted not only formal rules, but also everyday practices. Open bidding was the most used procurement method, and alternative methods were clearly identified, as shown in Table 2. Furthermore, of 1,610 audited tenders in 2013/2014, 96.2 percent were awarded through appropriate methods (RPPA, 2014: 9).

Table 2: Procurements methods use in 2013/2014 for audited tenders

Procurement methods	No. of procurements	Proportion	Proportion in value
Open bidding	1,318	81.9%	95.1%
Restricted bidding	57	3.5%	1.9%
Request for quotations	151	9.4%	0.4%
Direct procurement	47	2.9%	1.4%
Community participation	20	1.2%	0.7%
Unidentified method	17	1.1%	0.5%
Total	**1,610**	**100%**	**100%**

Source: RPPA Annual Activity report 2013/2014.

Procurement practices in Rwanda were even excessively concerned with transparency and competition at the expense of economic efficiency. According to a foreign consultant, whilst 'transparency is top-notch' in Rwanda, procurement officers 'are obsessed with the legislation', which made the procurement process excessively rigid.[18] In comparison to international standards, thresholds above which competitive procurement occurred were low. As a consequence, recourse to open bids was too frequent and hence inefficient. Furthermore, to ensure they appeared impartial, procurement bodies were too lenient in the shortlisting of potential contractors. Award panel members in charge of evaluating bids were very senior compared to international standards, and consequently very busy and difficult to convene.[19] Procurement from central ministries was also inefficient because fragmented, with an insufficient recourse to tendering in bulk as the governmental body wanted to 'spread the wealth' among companies. These practices were remarkable, since they pointed to a tangible commitment to transparency and impartiality that sometimes superseded the pursuit of efficiency.

Yet, practices did not always stick to formal regulations. For example, the RPPA Activity report 2013/2014 revealed that only 15.5 percent of the entity audited by the RPPA publicly disclosed contract awards and only 17.2 percent could systematically demonstrate that tenders were completed as per the terms of contract (RPPA, 2014:

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[17] Accessible at https://pefa.org/country/rwanda (accessed 4 July 2017).
[18] Interview DN3.
[19] Interview DN3.

7). It was difficult to distinguish what proportion of these errors resulted from skills and resource shortages or revealed corruption. Undoubtedly, corruption in tendering existed. A common practice was swapping contracts between districts: a mayor awarded a contract in his district to another mayor's or another mayor's friend's company and vice versa.[20] Corruption in procurement was supported by the small size of the Rwandan market. A company denouncing a suspicious tendering process might not be considered the next time by the accused governmental entities.[21] This participated to a general attitude, deplored by RPPA officials, of underreporting dubious tendering awards. While the institutions to detect illegal contract awards were in place, individuals did not systematically make use of them. Yet, the constant strengthening of the legal framework, the existence of an independent appeal system to the RPPA and, more generally, the anti-corruption efforts and the effectiveness of the auditor general (see below) created the conditions for corruption to be neither systematic nor centrally condoned.

On the other hand, lack of capacity was often identified as the main cause of flawed procurement procedures by officials, businessmen and donors alike. The 'wonderful' ['*magnifique*'] [22] quality of the tendering process when the NTB was in charge deteriorated when procurement was decentralised in 2007, according to businessmen interviewed. Poor state capacity, rather than any strategy by the ruling elite to stall engagement in rent capture, was the main obstacle to improvement in public procurement.

The main caveat regarding contract awards lay in potential favouritism towards the RPF and military-owned companies (Gökgür, 2012). On one hand, the ownership of these firms cast a necessary doubt on the fairness of contract awarding when they are involved in the bid. This was supported by anecdotal information: although each ministry was responsible for the contracting of security services in Rwanda, Intersec, the security company owned by Crystal Venture, the investment arm of the RPF, often seemed to be chosen. On the other hand, these companies, mainly in the infrastructure and engineering sectors, had the knowhow that many other companies in Rwanda lacked and their management was deemed professional (Booth and Golooba-Mutebi, 2012; Behuria, 2016). This could explain why they won contracts (see further discussion below).[23]

The priority of general PFM

Understanding of the reforms in budgeting and procurement would be incomplete, however, if not placed in the wider context of the government's commitment to improve general PFM, embodied by implementation of the Rwandan PFM strategy (2008-12). This strategy was mainly the result of donors sensitising the government to PFM issues, especially the World Bank, which sponsored the first 2007 PEFA

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[20] Interviews OT1, OT2.
[21] Interview GV8.
[22] Interview OT4.
[23] Interviews GV8, GV9, OT1.

evaluation. The evaluation methodology and results profoundly shaped the perception of the Rwandan government on PFM. It came to perceive PFM not only as just an umpteenth field of reform, but as a way to efficiently use state resources. As put by a senior official in MINECOFIN, at the time 'there was an ideology that we needed to strengthen the system. If we do PFM, everything will come to order'.[24] In other words, 'if we [were] to achieve our [general] policy objectives, we [had] to fix [PFM]'.[25] PFM was also perceived in the long run as crucial to decreasing Rwanda's dependency on external aid.[26] The government also understood that PFM mattered for donors. The PEFA score came to be understood as a reputational statement, an opportunity to inspire trust, garner funds and enhance Rwanda's image. Some donors interviewed assumed, for example, that the six-year gap between the 2010 and the 2016 PEFA evaluation resulted from the fear of the government of showing too little progress had the 2016 evaluation happened earlier.[27]

As a consequence, the implementation of the 2010 strategy was a 'big thing'.[28] A steering committee was put in place to guide the implementation of the strategy, chaired by the PS of MINECOFIN, and included the PS of the main spending ministries: infrastructure, agriculture, defence, etc., to ensure buy-in across the bureaucracy. Pressure to implement the PFM strategy was 'immense'.[29] As recalled by a MINECOFIN official, the minister stated that he wanted to see A and B scores, and no C and D, for the 2010 PEFA evaluation.[30] Donors provided generous funding to the strategy implementation, channelled through a basket fund.

The momentum for PFM reforms, however, decreased by the end of the strategy. The steering committee gathered less frequently, attended by fewer stakeholders. The main reason for this evolution was that the government considered that the strategy main goals had been achieved, and MINECOFIN could focus on other topics. Yet, interest for PFM did not disappear. The last decade of reform has normalised the continuous improvement in PFM. For instance, PFM features as a stand-alone, cross-cutting issue in the EDPRS 2.

Civil service recruitment

Formal rules of civil service recruitment in Rwanda

The principle of merit-based recruitment in Rwanda has been considered as pivotal to the reconstruction of the country and the promotion of peace. Already during the civil war (1990-94) that preceded the genocide, the short-lived 1993 Arusha Peace Agreement stated that recruitment should be 'based on fair competition giving equal

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[24] Interview GV10.
[25] Interview DN6.
[26] Interviews DN7, DN5, DN8.
[27] Interview DN4, 276.
[28] Interview GV11.
[29] Interview GV11.
[30] Interview GV11.

opportunity to all citizens'.[31] After the genocide, participants to the Urugwiro dialogue – a series of meetings held each Saturday between May 1998 and March 1999 at the Office of the President, gathering politicians and civil society representatives to debate a range of issues on the reconstruction of Rwanda – re-emphasised the necessity of transparent and merit-based recruitment. The participants considered that departing from the practices of favouritism of the pre-genocide era was essential because they contributed to violence and to the genocide.[32] Fair and transparent recruitment became a principle enshrined in the 2003 Constitution.[33] Article 181 provided for the creation of the Public Service Commission (PSC), eventually set up in 2007. Initially in charge of recruitment for the whole of central government, the PSC's role was limited in 2010 to overseeing recruiting organisations. It checked the validity of all recruitment processes and acted as the ultimate appeal body for unsuccessful candidates. The Office of the Ombudsman was the other main institution in charge of guaranteeing fair and transparent recruitment. It visited different state organisations once a year to detect cases of nepotism. To ensure its independence, the law provided the PSC and the ombudsman with administrative autonomy from the rest of the state apparatus, reporting directly to parliament and the president.

Immediately after the genocide, recruitment was made without exams, in the context of a disorganised state apparatus. Each organisation was free to hire at its own discretion. However, as early as 1994, some state organisations, such as the Ministry of Civil Service, were already informally organising written exams and interviews when hiring for top positions.[34] Recruitment based on competition formally started with law n° 22/2002 of 9 July 2002 on General Statutes for Rwanda Public Service. The 2002 law (revised in 2013) was completed by a presidential order[35] that gave an extremely detailed description of the recruitment process (see Table 3).

The publication of job advertisements in the media, the display of the decisions taken at each stage of the process, and also the frequent hiring of private companies to organise and mark recruitment tests were mechanisms that further supported transparent and fair recruitment.

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[31] Article 23, annex IV.
[32] Interview GV12.
[33] Articles 45 and 126.
[34] Interview GV13.
[35] Previously, a presidential order of 2004 and then of 2010 described the recruitment process of civil servants.

Table 3: General recruitment process for civil servants

1	The hiring organisation (HO) publicises the vacant posts on its website, in at least two newspapers and on radio and television, if possible.
2	Applicants fill in a form available on the PSC website, listing their diploma and professional experience, and return it to the HO with supporting documentation.
3	After reviewing the applications, the HO displays on its noticeboard the list of candidates invited for the written exam and those rejected, along with the reason for their rejection.
4	Candidates sit a written and oral test (or only one test, following the approval of the PSC). Private companies can be hired to organise and mark tests.
5	Written tests are marked blindly.
6	Written test results are displayed on the HO's noticeboard. Only candidates with a mark of at least 50 percent are invited to the oral test. They can appeal against these results within three days before the HO, and in the last resort before the PSC.
7	The oral test is recorded on video. Its results are displayed on the noticeboard of the HO. The candidate can appeal these results before the HO within three days and then before the PSC.
8	A candidate passes when he/she has 70 percent on average in all tests. The candidate with the higher marks gets the post, or if the marks are the same, the person with the highest experience is chosen.
9	The HO submits a report to the PSC within a week, including all the answer sheets and video recordings, and the reasons for hiring or rejecting each candidate. The test answer sheets and the video recording should be kept by the HO for three months.
10	The PSC examines the reports and if it finds within a week that the legal procedures were not respected, it may require the process to start again.

Source: summarised from presidential order n°46/01 of 29 July 2011 governing modalities for the recruitment, appointment and nomination of public servants.

Practice of civil service recruitment

Formal mechanisms ensuring transparent, merit-based recruitment were applied consistently. Even informants who were doubtful of the fairness of civil service recruitment did not dispute that entrance exams took place in accordance with the law. Anyone visiting the government buildings in Kigali could see job advertisements, lists of candidates who had failed written exams or who had been invited to the job interview stage, along with their respective marks, and lists of final successful applicants with their marks. Government organisations displayed similar documents on their website.

Mechanisms were in place to limit the legal workaround of civil service hiring regulations. The recourse to contract-based employment had been increasingly limited. Contractual jobs had been historically the main 'open door to let the friends

in' in Rwanda, as put by a high official in the Ministry of Labour and Civil Service (MIFOTRA).[36] A 2015 ministerial order narrowly circumscribed the hiring of contractual civil servants.[37] Contract-based hiring by the state could be done only for the temporary replacement of a civil servant, to work in ministries on projects financed by donors, to carry out urgent duties not included in the ministries' organisational chart, and for a job position requiring rare and specialised skills. To avoid abuse, the two latter cases required authorisation from the Ministry of Civil Service. Furthermore, the Rwandan government endeavoured to bridge the gap between the statutory and contractual staff, as the hiring and payment of both categories occurred under the same conditions.[38] Furthermore, the civil service reforms of 2014 aimed at eliminating many of the existing contractual jobs in the state. Contractual employees lost their job or, if in a position specified in the organisational chart of a public organisation, had to be dismissed and re-apply, in competition with other candidates, to the position to become a statutory civil servant.[39] Overall, not only were contract-based positions increasingly limited in numbers, they were also becoming less differentiated from statute-based civil service jobs.

Yet, many informants in informal conversations, especially those who were young and not employed by the state, asserted that recruitment was not fair in Rwanda. This anecdotal information was corroborated by two facts. First, officials interviewed readily recognised that this perception of favouritism in hiring was 'a great problem'.[40] Second, a 2013 study by the Public Sector Commission (PSC) covering 10 districts (including Kigali) based on a sample of 800 individuals, 50 percent of whom were job-seekers, and the other half in state employment, reported that the vast majority of respondents believed that favouritism was taking place, either sometimes or always, in the recruitment process. Less than 10 percent of the respondents believed that recruitment was always fair. [41] In Kigali specifically, about a quarter of the respondents stated that favouritism was systematic, while nearly 50 percent believed it was taking place from time to time (PSC, 2013). The data were not disaggregated enough to compare the answers of job-seekers from the answers of those who were already in state employment. Given the self-censorship of officials talking to researchers and of respondents when answering government surveys in Rwanda, these results are significant.

How can the existence of a tight process aiming to ensure merit-based recruitment be reconciled with the widespread perception that recruitment was not fair and transparent? The perception of favouritism in the central state was often associated

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[36] Interview GV14.
[37] Ministerial order n° 03/Mifotra/15/06/2015 determining the modalities for recruiting contractual staff in public service.
[38] For specialised jobs, the Ministry of Civil service determines the level of salary.
[39] Ministerial instruction n° 01/19.23 of 1 August 2014 on the placement of public servants after 2014 restructuring of public institutions, article 3.
[40] Interview GV14, see also GV12.
[41] About 20 percent declared that they had no idea, or they did not know.

with preferential treatment of Tutsi, especially anglophone Tutsi, who, or whose parents, had returned from Uganda after the genocide.[42] This situation would not be surprising. To begin with, anglophone Tutsi had an advantage simply because they spoke English. To ensure impartiality, English or French could be used for civil service job interviews.[43] Yet, since English was increasingly used as the working language, notably in policy documents, a candidate whose interviewers realised his/her English was poor had less chance of being hired than an anglophone.

Second, the interview stage was also about sympathies between the interviewer and interviewee or, at least, the belief of the former that the latter would fit into the team. Interviews can always be the occasion for the interviewers to bring in friends or family members or simply someone with a similar background. This is unsurprising, given the history of ethnic antagonism or simply the cultural differences among Rwandans born in Rwanda, and ex-refugees from Uganda, Burundi or the DRC. Since the top of the executive branch in Rwanda was predominantly Tutsi,[44] it would have been predictable to find in the top appointments an over-representation of Tutsi, who, when in charge of hiring technical staff, would be drawn towards choosing candidates at the interview stage with a similar background or similar family connections. The same logic might have applied to other lines of division, such as language, which would explain why some organisations in Rwanda were perceived as the bastion of francophones (Ministry of Agriculture, Ministry of Health), while others were seen as the strongholds of anglophones (Ministry of Education, Ministry of Finance).

Third, regardless of the criteria of origins, language or ethnicity, the perception of unfair recruitment existed because clientelism existed. For example, it was not uncommon for donors to rely on ministry officials for guidance regarding hiring project managers. When a patron in a ministry provided a favourable recommendation, the newly hired employee could offer him/her a 'gift'. At lower levels, a monetary bribe could be asked for in exchange for reaching the job interview stage. If the job was obtained, between one or two months of salary could be given to the patron.[45]

Fourth, the perception of biased recruitment should also be analysed against the backdrop of significant unemployment in Rwanda. This produced insecurity and frustration arising from the mismatch between, on the one hand, the pervasive discourse celebrating development and the fast-expanding access to education since 1994 and, on the other, the difficulties faced by young people trying to find a job. Given the high level of unemployment, state job advertisements attracted a lot of applications, regularly more than 100 for a single job. In this extremely competitive

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[42] Interviews DN6, OT5, OT2, GV14.
[43] Except in some few institutions requiring compulsory English, such as the Ministry of the East African Community.
[44] For instance, among the 21 Rwandan ministers and their 19 permanent secretaries, respectively only eight and one were Hutu as of 15 May 2015 (calculated from Reyntjens et al., 2015: 421-22).
[45] Private conversation.

context, where failure was frequent, unsuccessful educated candidates could naturally attribute failure to unfairness. As explained by a senior official in the Ministry of Civil Service, high unemployment put the Ministry 'in the cross-hairs of everyone'.[46]

This situation is typical of developing countries with growing inequalities and youth unemployment. Yet these dynamics were likely to be reinforced in Rwanda by the level of social distrust inherited from its history of ethnic and regional favouritism, and the mass violence that destroyed the social fabric. In this context, commitment to impartiality in recruitment was viewed with scepticism. As explained by the head of the PSC, 'when you have a history of [pre-1994] government that divided people, that is how you think'.[47] Suspicion was arguably an unsurprising reaction from the majority of Hutu or francophone Tutsi to an anglophone Tutsi-led government policy.

The government was aware of the challenge represented by the perception of favouritism. For example, the presentation of the PSC report to parliament on 5 February 2015, which highlighted this issue, sparked a parliamentary debate on how to tackle this perception of favouritism. The creation of a unique recruitment centre for all public jobs was mentioned, but dismissed. It was considered inefficient, as a centralised structure might not understand the recruitment needs of the different government bodies.[48]

This analysis reveals that the argument of the voluntarist Tutsification of the Rwandan state (e.g. Reyntjens, 2013: 18-21) has to be nuanced. Reyntjens, for example, denounces that 'when, in the past, Hutu were a majority in public institutions, this was called "ethnic discrimination"; however, now that Tutsi were a majority, this became "meritocracy"' (Reyntjens, 2013: 201). The pre-eminence of Tutsis in political position was undeniable,[49] and could be attributed to conscious choice, given the role of the RPF in the political settlement. However, for civil service technical jobs, the situation was more complex. The possible over-representation of Tutsis in technical positions might have been less of a conscious strategy and more the consequence of the requirement to speak English as well as some individual preferences at the interview stage that were difficult to suppress. In any case, tight rules governing the hiring of civil servants existed. When unfair recruitment occurred, it did not seem centrally condoned. Overall, it seems that the prime goal of reforms was not only to develop a capable bureaucracy. It was also to project an image of state impartiality, breaking with the practices of the pre-genocide era.

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[46] Interview GV14.
[47] Interview GV12.
[48] Interviews GV12, GV14.
[49] For example, as of 15 May 2015, among the 21 Rwandan ministers and their 19 permanent secretaries (PSs), respectively only eight and one were Hutu (calculated from Reyntjens et al., 2015: 421-22).

Auditing

The creation of the Office of the Auditor General in June 1998 resulted from the initiative of few MINECOFIN senior officials and the minister on the realisation that no institution existed to audit the national budget that year, the first presented to parliament since the end of the genocide. The *Cour des Comptes*, the supreme audit institution from the pre-genocide period, was moribund. The OAG was meant to complement the *Cour des Comptes*, the latter assessing the state's financial accounts, while the former would provide efficiency, effectiveness and financial audit. Yet the unavailability of consolidated state accounts, along with the interest of donors in the Anglo-Saxon model of audit institutions, made the *Cour des Comptes* unecessary (Lienert, 2004: 9).

The creation of the OAG was a government initiative that donors subsequently supported. From a legal standpoint, the OAG only became the supreme legal audit organisation in Rwanda when enshrined in the 2003 constitution. As for the case of the NTB, practice consequently preceded the formal definition of its mandate. Before 2003, the OAG's reports were not public and no formal follow-up mechanism on its recommendation existed.

With the adoption of the new constitution in 2003, the OAG became an independent Supreme Audit Institution accountable to parliament. The first auditor general after this change was headhunted by the government for her technical skills, as she was working in an international accounting firm in Kenya. At the time, the work of the OAG was hindered by poor accounting capacity: there was no bank reconciliation, no cashbooks existed and expenditures were rarely accounted for. The role of the OAG was as much about auditing as teaching public institutions about PFM practices. The auditor general was instrumental in convincing MINECOFIN that an accountant general was needed. She played a pivotal role in organising the public accountant profession in Rwanda by establishing the Institute of Certified Public Accountant of Rwanda (ICPAR). Some of the OAG staff trainings in accounting were made open to the public.

The independence of the OAG was bolstered 10 years later by law n° 79/2013 of 11 September 2013. It stated that the auditor general and his/her deputy's mandate were renewable only once. It provided that 'the Office of the Auditor shall have legal personality and, financial and administrative autonomy' according to the law (article 3). Despite these legal guarantees for the OAG independence, some provisions may have had negative practical implications for its independence. First, the auditor general's mandate was renewable and his/her dismissal only required a presidential order. Second, the OAG's financial autonomy was not effective, as its budget was discussed with MINECOFIN that attributed it a budget ceiling as any government entity, instead of being granted directly by parliament. MINECOFIN was adamant that the budget of the OAG did not escape its purview, as it saw a separate budget as contrary to the idea of a unified Rwandan state. Third, salary management in the OAG was determined by presidential order instead of being decided by the OAG

itself. Yet, the overall law, in line with many recommended international best practices, increased the independence of the OAG.

The OAG performance has gradually increased. The capacity of OAG to produce comprehensive reports has, for example, systematically improved over time (Figure 3). Its reports have always been transmitted on time to parliament. Rwanda's PEFA score for scope and follow-up of external audit has improved from a D+ in 2007 to C in 2016. This was also made possible by constant external support, first from Dutch and Swiss donors between 2001 and 2011, which provided up to half of the OAG's budget (Isaksson and Bigsten 2012: 1875), and then from DFID, as donors have always considered the OAG to be an efficient institution worth investing in.

Figure 3: Proportion of public expenditure audited by the OAG
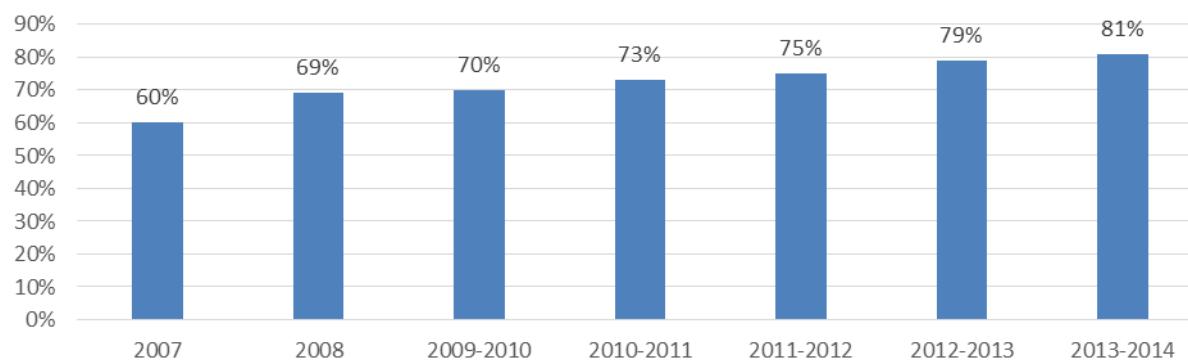
Source: OAG annual reports, different years.

The improvement of OAG audit was complemented by mechanisms ensuring a follow-up of the OAG recommendations. Since a 2010 amendment, the constitution requires parliament to 'examine [the OAG report] and take appropriate decisions within six (6) months'. The parliament has strongly embraced this role of scrutiny, especially since 2011 when it decided to create a public account committee (PAC) dedicated to the analysis of OAG reports. At the origin of this key reform was the OAG itself. It had for years lobbied parliament for the creation of the PAC, for instance by organising a trip of Rwandan MPs to the UK and the Netherlands in 2006 to observe the functioning of their PACs. Interest in the creation of a PAC gained momentum in August 2009, when the budget committee decided to write a dedicated report about the OAG recommendations, but realised that such a report involved a significant workload and required a dedicated committee. The PAC was consequently created in 2011 without resistance.[50]

The PAC was considered to be a powerful but also prestigious parliamentary committee. As reported by an MP, the PAC might be the only committee known to

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[50] Interviews GV15, GV16.

the population, given the wide coverage it enjoys in the media.[51] Every year, following the OAG report, it conducted hearings of top officials, open to the public, and often packed with journalists and MPs from other committees. They were covered live by the media, by parliamentary radio and sometimes by national television. The reason behind such interest is that sessions were often spectacular. They were as much about ensuring governmental accountability as about making it visible. As put by a donor, the committee regularly 'hammer[ed]' the officials coming to testify.[52] Pretexting illness or a full agenda, some officials tried to avoid the unpleasant exercise. In October 2014, under the repeated attacks of MPs, the National University of Rwanda's vice rector for administration and finance even cried before the PAC. Every year after the hearing, the PAC issued a report with recommendations to be implemented by the executive and, to follow up on them, engaged in regular field visits widely publicised in the media.

In the executive branch of government, mechanisms were also in place to ensure the implementation of OAG recommendations. First, the PMO had its own database to track the status of the recommendations. In 2013, Prime Minister Damien Habumuremyi even instructed that the chief budget manager of a governmental organisation failing to implement at least 60 percent of the OAG recommendation should be punished by a 25 percent pay deduction. When the PM was replaced, this measure was cancelled in 2014 because it was considered to be a one-size-fits-all measure that created unnecessary resentment.[53] Second, many budget entities tracked implementation of OAG recommendations through an action plan, whose status was reported to MINECOFIN as an attachment to the monthly financial statements. Third, the OAG had also an internal database of all outstanding recommendations. Fourth, implementing OAG recommendations was a target in the performance contracts (*imihigo*) that local governments signed with the president. Fifth, ministries could also resort to administrative sanction, such as 25 percent salary deduction for a few months if an employee had made an accounting mistake. Although not frequent, these sanctions did happen.[54] It was consequently unsurprising that when OAG staff came to audit, officials were 'paralysed'.[55] As a result, implementation of the OAG recommendation had constantly risen, from 35 percent in 2007 to 60 percent in 2015 (DFID, 2011: 16; OAG, 2015). Overall, the success of the reforms was due to the fact that they tackled the whole 'delivery chain' of audit, including the parliament and the executive branch, and not just the OAG.

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[51] Interviews GV16.
[52] Interview DN9, see also DN7, OT2, OT3.
[53] Interview GV17.
[54] Interview GV6.
[55] Interviews DN3, I256.

Anti-corruption

Anti-corruption organisations and rules

During the Urugwiro dialogues in 1998-99, mentioned above, the idea of a specialised institution to fight corruption and injustice was raised, as participants believed that corruption had been a contributing factor to violence.[56] This coincided with the emergence of corruption as an increasing problem in the late 1990s. Mounting corruption in the RPF and in the country created discontent among party members. During two RPF 'extended political bureaus', known as Kicukiro I and Kicukiro II (after the name of the area where they took place), held in February and December 1998, respectively, nearly 1,000 RPF delegates attacked RPF cadres on the issues (Transparency Rwanda, 2008: 17, 105). Awareness on corruption was also fostered by the World Bank, which in December 1998 organised a workshop on the issue (ibid.: 17), personally supported by the then vice-president, Paul Kagame.[57] The creation of different 'good governance' institutions at the time, the NTB in 1997, the OAG in 1998, and the Office of the Ombudsman in 2003, has to be understood in this context.

The 2003 constitution provided for the creation of the Office of the Ombudsman (article 182). As remembered by Tito Rutaremera, first ombudsman and president of the constitutional commission, the goal was to create an organisation to fight injustice, seen as the root of the country's cycle of violence. Anti-corruption was a crucial, but only a subordinate, objective to this general goal. Looking for inspiration, the government considered that the Swedish model of ombudsman most closely approximated this idea [58]. The Rwandan Office of the Ombudsman, like its Scandinavian counterparts, acted as an administrative mediator between state and citizens to prevent and correct the administration's malpractices. However, it also had the power of judicial police to investigate corruption cases and, from 2013, could prosecute suspects. It also collected and verified officials' income and asset declarations. This mandate, straddled between that of a traditional ombudsman and that of an independent anti-corruption agency, showed that the Rwandan ombudsman was not the result of an isomorphic mimicry, i.e. an attempt to imitate best practices, but a *sui generis* organisation shaped to solve a given problem.

Since its creation, the mandate of the Office of the Ombudsman evolved mainly through two reforms. In 2009, an order of the Ministry of Justice extended the power of judicial police officers of the Ombudsman and their two deputies to their agents. This reform originated in the Office of the Ombudsman's frustration over the poor investigation of the cases that the Office referred to the police. Because of corruption and lack of capacity within the police, files transmitted rarely ended up on the desk of a prosecutor. They were also regularly leaked to the press, allowing suspects to hide evidence.[59] The power of judicial police allowed the Office to keep control of

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[56] Interview GV18.
[57] Interview GV19.
[58] Interview GV18.
[59] Interview GV20.

investigations if needed. The reform was initially resisted, but benefited from 'the blessing of the president' and public discussion on the issue in the 6th National Dialogue in October 2008.[60] The focus on anti-corruption in the 2008 National Dialogue also resulted in the creation the following year of the National Anti-Corruption Advisory Council. Chaired by the Ombudsman, it was composed of his deputies, the minister for local government, the minister for justice, the vice president of the Supreme Court, the inspector general of Rwandan police, the prosecutor general, the auditor general, the executive secretary of RPPA, representatives of the civil society platform, and the chief executive of the Private Sector Federation. This high-level forum served to coordinate the fight against corruption and formulate recommendations and strategies. The involvement of the top leadership was instrumental to these anti-corruption reforms. As revealed by diplomatic cables, Martin Ngoga, the then general prosecutor, regularly updated the presidency on his anti-corruption efforts at that time. He confided to US diplomats in 2009 that Kagame 'continued to urge him to follow corruption wherever it led' (US Embassy in Kigali, 2009b) and that 'with this high degree of presidential support, [he] and his prosecutors now act[ed] with greater confidence in their investigations', despite some resistance from senior officials (US Embassy in Kigali, 2009a).

The second main reform of the Ombudsman occurred in 2013. A new law extended further the Office's mandate by granting it power of prosecution.[61] The dynamics behind this and the 2009 reform granting power of judicial police to the Ombudsman's agents were similar. Both were a response to hindrances down the chain of anti-corruption efforts. While investigation improved, thanks to the 2009 reform, prosecution was now the weak link, for two reasons. First, the prosecution did not always have the expertise to understand corruption cases, sometime requiring strong accounting skills. Second, some magistrates were easily bribed by suspects. This was unsurprising, as corruption in the justice sector has been regularly denounced by the Office of the Ombudsman since 2006, creating resentment from this sector.[62] In its report, presented to parliament in July 2009, the Ombudsman identified the justice sector as the second most corrupt, after the traffic police, 'igniting a hail of indignant public reaction from government officials in the courts, the Ministry of Justice and the prosecution service' (US Embassy in Kigali, 2009c). By granting the Office power of prosecution, the reform allowed it to keep control over the cases submitted to the national prosecution services if needed. Furthermore, the reform provided that two professional prosecutors would be working for, and paid by, the Office of the Ombudsman.[63] This reform encountered resistance mainly from the Ministry of Justice. It argued that its prosecutors were competent and that the reform

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[60] Interview GV20.

[61] Law no. 76/2013 of 11 September 2013 determining the mission, powers, organisation and functioning of the office of the ombudsman. This reform also allows the Office of the Ombudsman to appeal before the Supreme Court of court decisions and to be granted by the Ministry of Justice power to enforce court decisions.

[62] GV18.

[63] As of March 2014, these prosecutors had not yet arrived.

created a parallel hierarchy, since the Office of the Ombudsman was not accountable to the prosecutor general.[64] It also feared that it might set a precedent for other organisations (Barnes, 2013: 184). This resistance was overcome, because the reform was the answer to the significant backlog of corruption cases regularly denounced by MPs. Furthermore, the Office reached directly to the minister in the Office of the President to defend the reform.[65]

The Office of the Ombudsman relied on a strong and constantly strengthened legal framework. The basis was Law No. 23/2003 Related to the Punishment of Corruption and Related Offences. It provided a minimal prison sentence for corruption, aggravated for civil servants, policemen and judges. Furthermore, it instituted a public list of persons definitively convicted for corruption, accessible on the Ombudsman's website. Its quarterly update based on the Supreme Court records had to be published in two newspapers. The role of the list, beyond naming and shaming, was to allow government bodies and companies to check whether job applicants had been convicted of corruption in the past. The legal anti-corruption framework improved over time. Parliament adopted an organic law on the leadership code of conduct in 2008 (amended in 2013),[66] an anti-money laundering law in 2008, a whistleblower protection law in 2012, and a law on freedom of information in 2013.

Overall, reforms have sought to improve the anti-corruption function by streamlining each stage of the anti-corruption chain: first, identification of cases, with the creation of the Office of Ombudsman, the OAG and the NTB; then investigation of cases, with the extension of the Office's investigative powers and the creation in 2015 of a police anti-corruption unit; and, finally, prosecution of cases, with the granting of prosecution power to the Office of the Ombudsman in 2013. The dynamics were not complete. Informants reported that anti-corruption efforts are hindered further down the anti-corruption chain by the lack of capacity and the corruption of judges in Rwanda.[67] For this reason, the Office of the Ombudsman was advocating for the creation of a specialised anti-corruption court.[68]

Anti-corruption in practice

This institutional framework resulted in tangible progress. The incidence of corruption has decreased dramatically in Rwanda and the proclaimed 'zero-tolerance' approach of the government to corruption did alter norms in the bureaucracy. The level of fear was high, especially for officials managing money, who dreaded making accounting errors. Exploration of the corruption convicts' database revealed that bribe givers and receivers alike were given harsh sentences, invariably involving prison (sometimes

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[64] Interview GV20.
[65] Interview GV20.
[66] Leadership includes the rank of director general and above, and national politicians (Organic Law n°61/2008 of 10 September 2008 on the leadership code of conduct).
[67] Interview GV21, GV20.
[68] 'Ombudsman seeks special court for corruption cases' *The New Times*, 1 October 2017, Office of the Ombudsman (2012: 13).

with suspended sentences for the smallest bribe). Corruption in service delivery and public funds embezzlement seemed to be the exception rather than the rule (Bozzini, 2013: 23). Arrests of senior civil servants were largely covered by the media. Remarkable cases include, for instance, in 2009 the arrests of the former state minister of primary and secondary education, the director of finance at the presidency, and the permanent secretaries of the Ministries of Infrastructure, Education and East African Community. In 2012 and 2014, respectively, the PS of the Ministry of Local Government and the ex-director general of the Rwanda Social Security Board (RSSB) were arrested for corruption. While some informants underlined that some of these arrests may have been politically motivated, which is difficult to verify, the arrests were nonetheless a strong signalling of the government 'zero-tolerance' policy towards corruption.

These observations are corroborated by different macro-level measurements. Transparency International's Corruption Perception Index (CPI) indicates that, while Rwanda was perceived as the 121st most corrupt country out of 163 in 2006, it was down to the 50th out of 176 in 2016 and perceived as the third least corrupt country in Sub-Saharan Africa, after Botswana and Cape Verde, ex aequo with Mauritius. The World Bank, through its control of corruption indicator, reveals an equally impressive evolution (see Figure 4).

Figure 4: Control of corruption in Rwanda
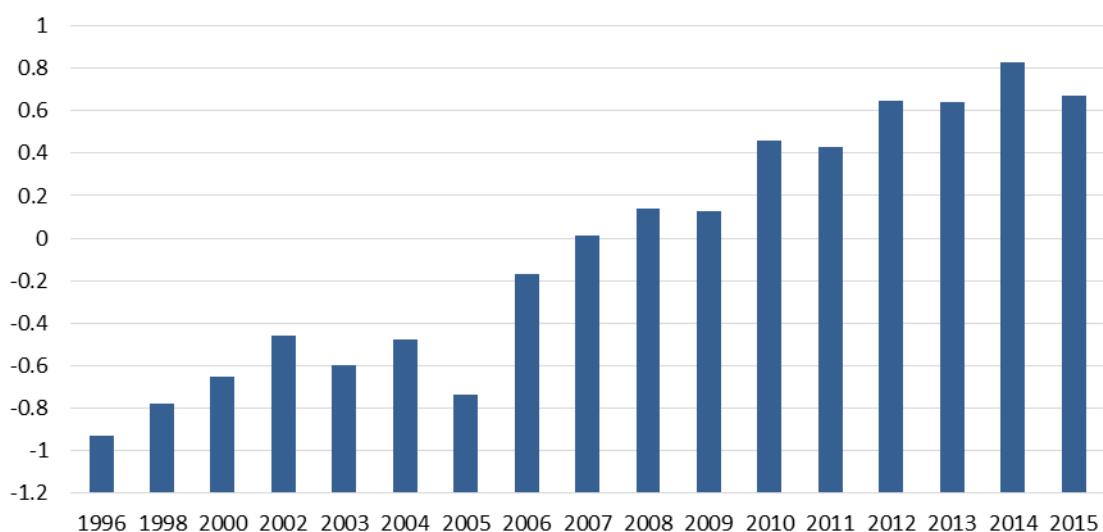
Source: Wordwide Governance Indicator, World Bank, various years, accessible at: http://info.worldbank.org/governance/wgi/.

Yet weaknesses remain. The state lacked the capacity to identify corruption cases or follow them up. For instance, the traffic police were perceived as one of the most corrupt organisations (TI-RW, 2014). Due to the prosecution's lack of resources, corruption cases were often not addressed by the national prosecution services, but directly handled by the police themselves, who could only impose administrative

sanctions that could not exceed a fine, six-month imprisonment, salary suspension, and dismissal, a punishment more lenient than what could be expected in court.

Anti-corruption efforts in Rwanda, although spectacular, might have also been limited by their concentration on small-scale and petty corruption (Bozzini, 2013). During fieldwork, many informants regretted that apparently no 'big fish' were brought to court, an issue also regularly raised in the media.[69] Part of the explanation might lie in the difficult identification of corrupt 'big fish', given the sophistication of their illegal activities.[70] Furthermore, if some top officials were above the law, they were likely to be a handful, in comparison to what existed in other countries of the region. In addition, the qualification of 'big fish' was apparently applied to much higher officials than in other countries. As reported above, ministers and officials such as ministerial PSs were regularly brought to court. Although suspicions that top politicians might be above the law existed, it was difficult to verify such a statement.

Yet, whatever the reality, the structure of power in Rwanda, characterised by the concentration of power in the RPF, and especially in the hands of the president, along with the lack of an independent civil society and poor downwards accountability, would always cast doubt on the intensity of corruption at the helm of the state. Since the fight against corruption was driven by the top, the top had theoretically the power, barely observable, to let some people or companies out of the purview of corruption efforts. As mentioned above regarding procurement, this was especially true for the army and RPF-owned companies that may have benefited from favouritism, given their proximity to political power. As a consequence, Bozzini (2013: 21) even argues that 'the issue of party-statals is possibly the main corruption issue of today's Rwanda'.

This statement is debatable. Given their shareholding structure, these companies were likely to benefit from preferential treatments and were accused of crowding out the private sector in Rwanda, i.e. discouraging investment (Gökgür, 2012; Reyntjens, 2013). On the other hand, these companies were not managed by corrupt officials, deriving rents for personal gain. Instead they were managed professionally. For instance, most positions in military-owned companies were occupied by professional civilian managers (Booth and Golooba-Mutebi, 2012; Behuria, 2016). In addition, as analysed by Behuria (2015: 425-26), 'while these companies are not averse to becoming avenues for personal corruption, the government disciplines those who are accused of such activities'. Consequently, these companies did not engage in unbridled predatory rent-capture in the Rwandan economy. Furthermore, they operated in strategic sectors where investments would not normally go (e.g. the telecom sector after the genocide, ICT or engineering), indicating that they aimed at transforming the wider Rwandan economy, not merely at crowding out the private

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[69] 'Concerns as Rwanda high-ranking officials miss from anti-corruption probe list', *The East African*, 14 February 2014. 'Why big wigs are missing on the list of corrupt officials', *The New Times* 27 August 2014.
[70] Ibid.

sector for elite enrichment. A World Bank report found 'no real evidence that these companies were engaging in non-competitive behaviours or earning abnormal profits'.[71] Consequently, while these companies' shareholding structure obviously created conflicts of interest, and probably was a means of enrichment for some top-level individuals, they operated mainly in sectors where few Rwandan companies had the capacity to operate. In addition, by channelling rents to the ruling party, which reinvested them in productive sectors, they made economically damaging petty corruption unnecessary, while stimulating the economy (Booth and Golooba-Mutebi, 2012).

Conclusion: PSR as a tool of political legitimation

Reforms yielded similar results across the different dimensions of the public sector explored in this paper. They were generally successful, as they altered not only formal rules, but the everyday practices of civil servants. They were often the direct consequence of the government's concern to address particular issues pertaining to state ineffectiveness, rather than the mere result of the adoption of formal rules to please donors. A good illustration of that was that the OAG and the NTB were *de facto* organisations, before becoming *de jure* organisations. Their existence, to solve specific problems, preceded any law or ministerial order creating them.

Undoubtedly, a political settlement framework helps to understand the space for reforms in Rwanda. The concentration of power in the hands of a small ruling elite sheltered it from clientelistic pressure for rent redistribution through corruption or rewarding supporters with jobs. It facilitated decision-making, as exemplified by the anti-corruption push in 2008-09. Once made, reforms encountered little resistance, whether from opposition parties in parliament, or from ministries. Yet an explanation based solely on a political settlement framework only shows that space to implement reforms existed, not why rulers would so forcefully use this space to implement demanding and potentially unpopular reforms.

A political settlement framework focuses on the repartition of power between groups, but does not have much to say about the preferences of each group in the polity. In other words, groups' characteristics are exogenous to the model, although they are, as this paper shows, essential. This can even be seen in Khan's (2010) use of political settlements to analyse the institutional foundations of economic development. Although he predicts growth when power is concentrated horizontally and vertically, his case studies show that this is not actually sufficient. Growth also depends on rulers' composition and their perception of their environment. For instance, Khan analyses Tanzania between 1962 and 1992 as a dominant settlement, and consequently a potential developmental state, that could not, however, create growth, because the ruling elite's 'perceived problem was that Tanzanian society was excessively fragmented' (Khan, 2010: 122) and consequently the 'authoritarian aspects of the ruling coalition were therefore used for nation-

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[71] Quoted in Behuria (2016).

building rather than to sustain a growth-based developmental policy' (ibid.: 123). Consequently, Khan also recognises the importance of the composition and preferences of powerful groups in explaining institutional outcome. However, the political settlement theory put forward offers little explanation on these groups' composition and preferences in the first place. This is, however, desirable since, in a hegemonic political settlement dominated by a cohesive political elite, as in Rwanda, the determining factors underpinning the institutional outcomes (here PSR) lie mainly in the intrinsic preferences of the hegemonic groups. A theoretical lens on the success of PSR in Rwanda must go beyond analysis of repartition of power in order to understand rulers' incentives to implement PSR, and not solely their ability to do so. Overall, the paper argues that Rwandan rulers were so consistently committed to support PSR because it constituted the crucial tool of their legitimation strategy.

The survival of rulers in Rwanda lay in the long run in the ability of the RPF to build its political legitimacy. Despite its hegemony, the RPF 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. 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).

The paper posits that the RPF aimed at basing its strategy of legitimation on two sources: rapid socio-economic progress; and impartial rules. This provides a powerful framework to explain PSR success in Rwanda.

PSR was first necessary for the state to become a tool robust enough to implement the rulers' ambitious developmental project. This was, for instance, visible in the way in which the government endeavoured to recruit capable civil servants or quickly improved coordination, planning and budgeting as a response to challenges in implementing the EDPRS and Vision 2020. The commitment to PSR was sometimes such that donors considered that some reforms went 'too far', given the capacity of Rwanda, as was the case with the OBL law in 2006. In addition, the high developmental ambitions of the regime in a context of poverty meant that PSR was considered vital to manage the state's scarce resources in the most effective way. A counterfactual supporting this hypothesis lies in the difference of success between reforms in budget formulation and budget reporting. While the former was considered key to maximising the use of resources to implement the nation's developmental agenda, the latter seemed of secondary importance to achieving this goal and was consequently an area where commitment to reform was lower. The government also understood that PSR was crucial to maximising external financial support for their developmental agenda, because a functioning public sector inspires confidence to

donors. [72] This could be seen in how PEFA evaluations were considered a reputational assessment by the MINECOFIN leadership.

Yet the role of PSR in regime legitimation was not solely through ensuring developmental performance, but also through its capacity to project the image of a fair and impartial regime. PSR became a strategy to fight the perception that the RPF rule was the '*ingoma y'aba Batutsi*', 'reign of the Tutsi', as the victory of the RPF was sometimes referred to among Hutu just after the genocide. Merit-based recruitment, transparent and competitive procurement, and generally good management of state resources were a way for the RPF to show that it ruled for all Rwandans, not for an ethnicity or for a party. This is why, in some cases, concerns for impartiality even trumped the concern for economic efficiency, as epitomised by the excessively stringent rules governing public procurement.

This interpretation of PSR as an instrument of legitimation is further supported by the fact that PSR was not only used to ensure performance and impartiality, but also to foster the popular *perception* of performance and impartiality. This explains the spectacular character given to some reform outcomes. In the compliance dimension, these were, for instance, the publication every quarter of the names of the people convicted for corruption, or the dramatic severity of the PAC when publicly criticising officials. In the management functions, the systematic video-recording of interviews for recruitment demonstrated to all applicants that impartiality was a serious business. Commitment to performance was also projected through the 'sacred' character of national planning documents (Vision 2020, EDPRS), the spectacular government marketing around EDPRS 2 (supported, for example, by pop singer music clips), and the ritualistic status of these documents' evaluation through *imihigo* evaluation, leadership retreat and national dialogue. Besides being technocratic process, PSR was also a communication exercise.

This theory of PSR as a legitimation strategy sheds light not only on the outcome of reforms, but also on their peculiar pattern. First, concerns for legitimation explain why reforms were mostly initiated by the government itself and not by donors, as in many other countries. For example, the NTB and the OAG were created ex nihilo, and the donors only later supported the initiatives. When donors were at the origins of a reform, often because they were technical in nature, as in budgeting, the government was quick to replace them on the driving seat. Second, concerns for legitimation explain why the engine of PSR over the past 20 years lies to a large extent in the extraordinary capacity of the Rwandan government to quickly recognise emerging problems and address them rapidly. The high frequency of reforms regarding governmental coordination captured in Figure 2, the efforts by MINECOFIN to better link budgeting and planning, and the rapid expansion of the power of the Office of the

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[72] The best example is that an increasing number of donors, such as the International Fund for Agricultural Development (IFAD) in the agricultural sector, use Rwanda's auditor general's reports for the auditing of their projects in Rwanda.

Ombudsman to tackle corruption, all reflect the crucial, if not existential, importance of PSR for the regime.

Overall, PSR mattered in Rwanda because it was the instrument to convince citizens that the Rwandan elite would improve their living conditions while governing them impartially, irrespective of ethnic or regional background and without engaging in uncontrolled rent capture. It was not the object of this analysis to assess whether this strategy of legitimation has been working. The paper merely argues that it constitutes a powerful lens to explain the pattern and the results of public sector reforms in Rwanda.

Annex

Interview list

All interviews were conducted in Kigali, Rwanda. Among the 50+ interviews conducted, the ones cited in the texts are:

Government officials

GV1: Advisor in the Strategy Policy Unit, Office of the President, 19 April /2013.

GV2: Léonard Rugwabiza, chief economist, Ministry of Finance and Economy Planning, 03 March 2015.

GV3: Officials, planning department, Ministry of Agriculture, 24 May 2013.

GV4: Senior official, Prime Minister's Office, 13 February 2015.

GV5: Former Director General of National Budget in MINECOFIN, 21 January 2015.

GV6: Planning officer, Ministry of Health, 27 January 2015.

GV7: Senior official, Ministry of Finance and Economy Planning, 12 March 2015.

GV8: Senior official, Rwandan Public Procurement Authority, 19 January /2015.

GV9: Senior official, Rwandan Public Procurement Authority, 22 January 2015.

GV10: Patrick Shakya, Accountant General, Ministry of Finance and Economy Planning, 11 February 2015.

GV11: Official, Ministry of Finance and Economy Planning, 16 January 2015.

GV12: Angelina Muganza, executive secretary, Public Sector Commission, 3 February 2014.

GV13: Former head of the National Tender Board, 18 February /2015.

GV14: Senior official, Ministry of Public Service and Labour, 26 March 2015.

GV15: Obadiah Obiraro, Auditor General, 18 March /2015.

GV16: MP, member of the Public Account Committee of the Parliament, 28 January 2015.

GV17: official, Office of the Ombudsman, 17 February 2015.

GV18: Tito Rutaremera, former Ombudsman and former RPF general secretary, 12 January /2015.

GV19: ex-Auditor General, 2 March 2015.

GV20: Senior official, Office of the Ombudsman, 17 March /2015.

GV21: Investigator, Office of the Ombudsman, 13 March 2015.

Donors, technical advisers and consultant

DN1: Foreign technical advisor in agriculture, donor agency, 23 April 2013.

DN2: Foreign technical advisor, Ministry of Finance and Economy Planning, 13 February 2015.

DN3: Foreign consultant, 13 March /2015.

DN4: Head of donor agency, 29 January 2015

DN5: former head of donor agency, 26 February 2015.

DN6: Donor, 13 January 2015.

DN7: Donor, 15 January 2015.

DN8: World Bank official, 14 January /2015.

DN9: Donor, 8 January 2015.

Other

OT1: General manager, construction company, 10 February 2015.

OT2: Journalist, 1 March 2015.

OT3: Journalist, 4 March 2015.

OT4: Managing director, construction company, 26 January 2015.

OT5: Rwanda staff, NGO, 24 January 2015.

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