

Foreign Aid to Rwanda:

**Purely Beneficial
or
Contributing to War?**

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ABSTRACT

Some scholars believe it is morally wrong to hand out development aid based on political criteria and that donors should discriminate between aid recipients by the 'poverty criteria' only: those Third World governments with the poorest populations should receive most aid. Postulating that development aid only benefits those who are poor and needy, some scholars also argue that donors should support even the most misanthropic regimes, since the poor and needy in those countries will be punished twice if aid is withheld.

This dissertation discusses the validity of these arguments in relation to the Rwandan war effort in the Democratic Republic of Congo: is it true that aid to the Government of Rwanda and the private sector in Rwanda has no effect on the Rwandan participation in the Congo War, which since 1998 has claimed an estimated 2.5 million lives?

The dissertation analyses the Rwandan Army as such, the army's involvement in the Congo War, as well as what is known as 'Rwanda' and the 'Government of Rwanda', respectively. It is argued that there is in fact no Rwandan state; that the 'Government of Rwanda' is not a government but rather a euphemism meant to attract foreign aid that benefits a clan-based mafia called the Akazu; and that the army to a great extent wages its campaign in the Congo for the financial gain of the Akazu, of which the army forms a central part.

Although the Akazu systematically dominates all important aspects of the political, military and business life in Rwanda as well as all aspects of the war campaign in the Congo, it is not a coherent force. Infighting and struggles between different factions of the Akazu occur frequently and show that only one thing keeps the Akazu afloat, namely, access to wealth from three sources: domestic taxation, foreign aid, and the Congo War.

These findings have profound consequences for the impact of aid provided to the 'Government of Rwanda' and the private sector in Rwanda. I argue that the Akazu is so pervasive in political and business life in Rwanda that the given aid directly benefits Akazu members and thereby help stabilize the Akazu; a stability that is crucial to the Rwandan war effort in the Congo.

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The dissertation as a whole as well as relevant reference documents, such as private correspondence and articles, are available for download from the author's web page www.willum.com

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“Of course one has to be selective when one as a donor allocates aid, but one must not look at the political reforms but on the need for help and on where poverty is greatest [...] It is wrong to distinguish and favour those countries whose regimes conduct a policy that we like here in the West. One should rather distinguish according to the criteria of poverty and give to the poor. If you exclude countries on the basis of their form of governance, these countries will after all be hurt twice as hard [...] All experience shows that things go wrong when the donor countries force reforms on the development countries. It is better to show trust in and respect for the country and let it decide speed and the direction for itself. Then the donor country can act as supporter and adviser”

Director of the Danish Centre for Development Research, Poul Engberg-Pedersen (27 March 2001)¹

¹ Translated into English by the author. *Politikens Netavis*, 'Hård dansk kritik af bistandsrapport fra Verdensbanken', 27 March 2001, at <http://politiken.dk/VisArtikel.sasp?PageID=153919>

“The Government of Rwanda assured us that it is not interested in the continuation of the war – which is satisfactory to us [...] We have no guarantees but we have their word”

World Bank economist Chukwuma Obidegwu in reply to a question as to whether an approved loan of US\$ 75 million would be used to sustain the Rwandan war effort in the Democratic Republic of Congo (8 February 1999)²

“Our impression was that the military activities had been financed by the [Rwandan] Government’s own resources until ’98, and that they continued to use their own resources [for this purpose], which was 4 % of GDP [...] There was not a need for a massive increase in resources [because of the Congo War] [...] We are not able to police possible illegal exploitation from the Congo. It is not the IMF’s task to travel to Congo to find out about this [...] The view we have taken on [the level of] military activities is that it was the same before and after the start of the war. We cannot exclude that natural resources are financing additional activities. [But] it is not our task to find it out”

IMF official in reply to a question on whether the Rwandan army receives extra-budgetary funding (4 June 2001)³

² Reuters, unnamed news article on IMF loan to Rwanda, 8 February 1999, quoted in Reyntjens, Filip, *Talking or Fighting? Political Evolution in Rwanda and Burundi* (Uppsala: Afrikainstitutet, 1999) (Current African Issues No. 21), p. 26

³ Confidential telephone interview with International Monetary Fund official, 2001

INTRODUCTION

Since late October 1996, Rwanda and Uganda have been actively involved in two consecutive wars in the neighbouring Democratic Republic of Congo (a.k.a. Congo-Kinshasa, or DR Congo), which have, according to the estimate of one international relief organization, cost the lives of as many as 2.5 million human beings.⁴ Most of these people died due to the almost total breakdown of the health system, while both regular armies and militias massacred hundreds of thousands. Though body counts are the object of heated political disputes, an increasing number of reports suggest that non-Congolese armies have been behind the premeditated murder of most of those victims who suffered a violent death.

At the same time, western donors have maintained an almost steady stream of aid to the governments responsible for this human disaster. Several of these deeply involved foreign countries are also on the World Bank's short list of so-called 'Highly Indebted Poor Countries' (HIPC). In fact, Uganda was even nominated by the World Bank and the International Monetary Fund (IMF) as the first country in the world to benefit from major debt relief under the HIPC initiative. A few days before New Year 2001, Rwanda was also included on this list as the two monetary institutions, also known as the Bretton Woods, recommended that donors write off US\$ 810 million of Rwanda's external debt. While aid to Zimbabwe, whose government has an estimated 11,000-12,000 troops in the Congo in support of the Congolese government, was actually curtailed during 2000, this step was not undertaken out of concern for the role played by the Zimbabwean troops in the war. Rather, the reason for the donors' dissatisfaction was Zimbabwean President Robert Mugabe's domestic political manoeuvring, such as the occupation of farms and factories by the so-called 'war veterans'.

Despite the fact that all indicators point to the Rwandan army, more precisely the *Rwandan Patriotic Army (RPA)*, as the top suspect for the heinous crimes committed in the former Eastern Zaire as well as in present-day Eastern Congo, the Government of Rwanda has certainly not been excluded from the club of the highly privileged countries that receive a lion's share of western aid to Africa. The World Bank and the IMF have – long after the outbreak of the Second Congo War in August 1998 - approved and disbursed loans worth hundreds of millions of dollars

⁴ International Rescue Committee, *Mortality Study, Eastern Democratic Republic of Congo (February-April 2001)*, 8 May 2001, at <http://www.theirc.org/news/display.cfm?releaseID=85>

to the Government of Rwanda.⁵ Foreign donors cover just above half of the Government of Rwanda's budget through grants and loans.⁶ Meanwhile, a host of international non-governmental organizations (NGOs) and the UN manage all sorts of projects covering health, refugee shelters, reconstruction of houses, the legal sector, and education.

The official explanation for continuing the payment of aid to, for instance, Rwanda rests primarily on two arguments.

The first argument says that the curtailment of aid to Rwanda will have unintended consequences and only hurt Rwanda's poor and weak population.⁷ Poor peasants, the argument continues, cannot send their children to school; homes for the survivors of the 1994 Genocide will not be reconstructed; hospitals will not be built; the 120,000 prisoners accused of participating in the Genocide and locked up in numerous overcrowded prisons will not receive a fair trial for years to come, etc. Aid only benefits the poor and the vulnerable, and a lack of such aid will therefore only be a setback for these groups, according to the first argument, which perhaps most pointedly has been expressed by the Director of the Danish Centre for Development Research, Poul Engberg-Pedersen:

It is wrong to distinguish and favour those countries whose regimes conduct a policy that we like here in the West. One should rather distinguish according to the criteria of poverty and give to the poor. If you exclude countries on the basis of their form of governance, these countries will after all be hurt twice as hard.⁸

The second argument, usually made by the same people who support the first argument, asserts that, given the previous Rwandan regime's presence in the Congo, the Government of Rwanda has if not a legal, then at least a moral right for its intervention in the Congo. From bases in the forests of Eastern Congo, these genocidal militias and ex-army elements have repeatedly staged

⁵ Much to the contrary, the Bretton Woods institutions and other donors for long turned their backs on Congo's new government and only in mid-2001 committed themselves to new aid projects. World Bank, External Affairs Department, *Development News*, 2 February 2001, at

<http://wbln0018.worldbank.org/NEWS/DEVNEWS.NSF/eb730c645da440418525673500723bf3/e3c0da0da815e775852569e7004f1a44?OpenDocument> and World Bank, External Affairs Department, *Development News*, 5 July 2001, at <http://wbln0018.worldbank.org/NEWS/DEVNEWS.NSF/eb730c645da440418525673500723bf3/f0128c398bfd5ee185256a80004a7669?OpenDocument&Highlight=2,Kinshasa#Story5>

⁶ Confer chapter on 'Rwandan Economy and Foreign Aid'

⁷ The Drop the Debt Campaign has made a very similar point with respect to a lack of debt relief. "Because whoever is to blame for the huge build-up of debt, the only people who suffer as a result are the poorest people in the world." *Drop the Debt*, 'Where we're at - a Drop the Debt briefing', n.d., at <http://www.dropthedebt.org/background/briefing.shtml>

attacks against Rwanda. Since both the former ruler of what used to be called Zaire, Mobutu Sese Seko, as well as the assassinated President of Congo, Laurent-Desiré Kabila, aided these militias, which posed a threat to Rwandan security interests, the second argument runs that Rwanda had – and still has – a right to intervene militarily in the Congo. Though most proponents of this second argument insist on a peaceful solution to the war, including a withdrawal of all foreign troops from Congolese territory, the tacit western support for the Rwandan intervention is well captured in a comment by British Minister of State for Foreign Affairs and the Commonwealth, Peter Hain:

We do not support the involvement of Rwanda or any of the parties in the DRC war, although we recognize it has legitimate security concerns⁹

Stated differently in an official statement by World Bank economist Chukwuma Obidegwu, the World Bank believes the Government of Rwanda's declaration that it is "not interested in the continuation of the war".¹⁰ Should Rwanda's security problem somehow be solved, Obidegwu seems to suggest that the RPA would be more than happy to pull out of the Congo.¹¹

Though the validity of these two arguments have occasionally been called into question by some scholars studying the region,¹² the overwhelming majority of NGOs and scholars do, on the one hand, not hesitate to condemn the flagrant human rights abuses in the Congo, but have, on the other, simultaneously been vigorous in their support for debt relief to the same governments that are involved in the Congo war. For instance, when donors in May 2000 temporarily refused to move ahead with the Ugandan debt relief program because of fighting between Rwandan and Ugandan troops over the Congolese diamond town Kisangani, the leader of the grand international Jubilee 2000 debt relief campaign was outraged:

⁸ Translated into English by the author. *Politikens Netavis*, 'Hård dansk kritik af bistandsrapport fra Verdensbanken', 27 March 2001, at <http://politiken.dk/VisArtikel.sasp?PageID=153919>

⁹ United Kingdom, Foreign and Commonwealth Office, *Adjournment Debate on the Great Lakes*, speech by British Minister of State for Foreign Affairs and the Commonwealth, Peter Hain, London, 14 November 2000, at <http://www.fco.gov.uk/news/newstext.asp?4378>. See also *Guardian*, 'British aid to help armies reform', 17 February 2000, also available at <http://www.guardian.co.uk/Archive/Article/0,4273,3964363,00.html>

¹⁰ *Reuters*, unnamed news article on IMF loan to Rwanda, 8 February 1999, quoted in Reyntjens, Filip, *Talking or Fighting...*, p. 26

¹¹ Similarly, the Danish Minister for Development in 2000 stated that although she was 'worried' about the Ugandan presence on Congolese territory, "as neighbouring country to a conflict area, Uganda really has to mind its own border security as well". Translated into English by the author. Bundegaard, Anita Bay, 'Danmark og bistanden til Uganda', in *Aktuelt* (Copenhagen), 30 January 2001

¹² See for instance André, Catherine, and Luzolele Lola, Laurent, *The European Union's Aid Policy Towards Countries involved in the Congo: Lever for Peace or Incitement to War?*, unpublished paper, May 2001

Uganda is the first and only country to get debt relief since the promises of Cologne [...] It's clear creditors should not be given the responsibility to cancel debt because they simply cannot bring themselves to do it.¹³

The UK-based group Oxfam, which has been highly critical of the role played by Rwanda and Uganda in the Congo, has nevertheless also called for massive debt relief for Rwanda.¹⁴ The French President Jacques Chirac, who has several times called for economic and political sanctions against the aggressor countries, has also shown this ambiguity.¹⁵ He has simultaneously argued for freeing debt to those same countries, and in January 2001 he announced that France would free debt owed to France by a number of third world countries, including Rwanda.¹⁶

One can summarize these two arguments as 'Cutting aid to countries involved in the Congo War will only hurt the poor and the weak' and 'Countries involved in the Congo War are only in the Congo out of security concerns'. While these arguments have often been presented, they have rarely been analyzed and questioned in depth. This is what the present dissertation aims to do.¹⁷

¹³ *Guardian*, 'Nation in waiting Row [sic!] over delay in debt relief for Uganda', 22 May 2000, also available at <http://www.guardian.co.uk/Archive/Article/0,4273,4020727,00.html>

¹⁴ *Guardian*, 'Rwanda needs debt relief to seal peace: Oxfam', 22 July 1999, also available at <http://www.guardian.co.uk/Archive/Article/0,4273,3885363,00.html>

¹⁵ *Reuters*, 'Sanctions on Congo aggressors "no problem" – Chirac', 19 May 2001

¹⁶ World Bank, External Affairs Department, *Development News*, 22 January 2001, at <http://wbln0018.worldbank.org/NEWS/DEVNEWS.NSF/eb730c645da440418525673500723bf3/b900a19c5e954567852569fb005231d6?OpenDocument> and World Bank, External Affairs Department, *Development News*, 14 May 2001, at <http://wbln0018.worldbank.org/NEWS/DEVNEWS.NSF/eb730c645da440418525673500723bf3/71094e969c666e4385256a4c004d6e2d?OpenDocument>

METHODOLOGY

I shall limit this dissertation to deal only with the role Rwanda has played in the war in the Democratic Republic of Congo. Further, I intend to discuss the two arguments mentioned in the introduction in the following way:

The overall aim of this dissertation is to establish how, if at all, international development assistance to the Government of Rwanda and the private sector in Rwanda aids the Rwandan war effort in the Democratic Republic of Congo (henceforth referred to as 'the Congo').

In order to establish this, I find it necessary first to analyze:

- the motivations behind Rwanda's participation in the war
- the composition, structure, and nature of the Rwandan Government
- the relationship between the Rwandan Government and the private sector in Rwanda
- the impact of aid on the Rwandan economy and the budget of the Government of Rwanda
- the political impact of aid on political and business life in Rwanda

The dissertation begins by a brief outline of the crisis in the Central African region since 1994 with particular focus on the role of Rwanda and the Government of Rwanda's participation in the two Congo Wars that have been fought since late 1996. It then analyzes the RPA's military-commercial exploitation of Congo. Next, there is an analysis of power structures within the Government of Rwanda as well as a discussion on whether the concepts of state and sovereignty apply to Rwanda. Following this, there is an analysis of the state of the Rwandan economy and the impact of foreign aid. In the chapter preceding the conclusion, I discuss the economic and political implications of development aid in relation to the Rwandan war effort in the Congo.