THE PEER REVIEW PANEL ON RWANDA'S ECONOMIC GOVERNANCE

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The Peer Review Mechanism of the African Union is an innovative tool crafted by Africa's leaders for implementing the "good governance" programmes of the African Union. Under the scheme, a team of reviewers who are selected for their credibility, expertise and high record of achievement in relevant fields of knowledge, visit a country which has agreed to be assessed and talk with government officials, civil servants, parliamentarians, trade unionists, business, civil society groups and professionals. The panel then writes its report and submits it for comment by officials of the country before tabling it to a meeting of those Heads of State who belong to the club of those who have signed up to be reviewed. This is their way of assuming accountability for the quality of governance in each participating country.

According to the rules of the exercise, the report must be free from "political manipulation"; and reviewed countries are expected to draw up Plans of Action (POA) for implementing measures recommended by the Peer Review Panel. From an initial number of 10, there are now 23 African countries which have joined the club. The project is getting its funding from the African Development Bank, ADB, the United Nations Development Fund, UNDP, and the United Nations' Economic Commission for Africa, UNECA.

On June 19, 2005, the PR panel submitted reports it had worked on from 2003 to 2005 which covered Rwanda and Ghana. The section of the panel's report which covers economic governance in Rwanda had bad and the good news to report. To begin with the good news, the panel writes, with undisguised surprise and approval, that "Rwanda maintains ZERO TOLERANCE POLICY AGAINST ALL FORMS OF CORRUPTION". This covers political, administrative and economic forms of corruption; and applies to "all levels of government".

The commission also reports that the Bureau for International Narcotics and Law Enforcement Affairs found Rwanda to be free from money laundering because the government has been vigilant in checking any moneys whose amount exceeds $50,000 passing through the country's banks.

The other good news is what is known as HIMO (Haute Intensite en Main d'Oeuvre). This is a project which creates employment for villagers after communities have taken part in collectively identifying their needs, ranked them according to levels of urgency, designed how they should be implemented, and tendered for their costs. Those local citizens who are implementing the projects are monitored by the community, and the completed work is also evaluated by the community. In the words of the panel, the idea is to ensure a "sense of ownership of development programmes in communities". Economic development, thereby, meant to go side by side with social and political development. For a country which is anxious to rebuild a sense of community and collective sharing of existential challenges and incomes, this is clearly yet another creative tool for social engineering.

The bad news starts with the reality that Rwanda has a very weak manufacturing sector. Manufacturing makes up only ten per cent of the country's gross domestic product, GDP, and 80 per cent of it is light consumer products, notably: food, beverages and tobacco. The country, therefore, has a very narrow tax base and, consequently, most of the capital which makes up government spending flows in from foreign aid at a staggering level of "some 90 per cent of capital expenditure".

While most of that spending is (like in most African countries), for paying salaries of civil servants, Rwanda also has the extra burden of caring for a vast number of victims who were made invalids during the 1994 genocide. For this extra load the government has created what is called a "Fund for Vulnerable People", which it sends directly to local governments to disburse.

The Rwanda government has to move into economic production as a means of overcoming her dependence on foreign aid for running its administration. In this regard it is encouraged by the panel to intensify its search for a regional market by joining the East African Community. Membership of the EAC would also attract investment since according to the panel's report, "there is no capital market" in Rwanda.

While praising Rwanda for a regime of low tolerance of corruption the panel seems to have downplayed the findings of a United Nations report which indicted Rwanda's military officers based in the Democratic Republic of Congo for looting diamond, gold, precious wood and agricultural products in the areas they control. Rwanda has been accused of hiding behind hunting down remnants of soldiers who had committed genocide and fled into the DRC, to go on periodic pillages of that country. It is unlikely that such ill-gotten resources could not since 1998 have percolated into the country's culture and economy.

Finally, Rwanda has a severe crisis of shortage of land accompanied by a very high population density. This is exacerbating by the high location of that population in the agrarian sector since the manufacturing sector is so weak and therefore offers no window of employment for the excess population trapped in subsistence agriculture. Under this predicament, the PR panel would have allowed itself the bold option of offering a policy option of urging Rwanda to engage low population countries like Botswana, Namibia, and South Africa to draw young children from Rwanda for education in their countries with a view to absorbing them as future skilled human resources.

http://www.utexas.edu/conferences/africa/ads/1005.html