

Overview of Corruption in Rwanda

Query:

"Please provide an update on the extent and type of corruption in Rwanda, including an assessment of government action to combat corruption. It would be particularly useful to have your expert view of the TI CPI scores which show a high variance, and any explanations for this."

Purpose:

"For preparation of a Country Cooperation Strategy for Rwanda."

Content:

- Part 1: Overview of Corruption in Rwanda
- Part 2: Public Efforts Against Corruption in Rwanda
- Part 3: Further reading

Summary:

Various governance indicators indicate that Rwanda performs relatively well in terms of control of corruption, compared to many African countries. The country has also achieved significant progress over the last years in terms of government effectiveness and transparency of the regulatory framework. In spite of these efforts, corruption remains prevalent in the country and there have been instances of tax and public funds embezzlement, fraudulent procurement practices, judicial corruption as well as high ranking officials involved in corrupt practices. Sectors most affected by corruption include the judiciary, public finance management, public administration and public procurements. The Government is reported to conduct a firm fight against corruption and has put a number of measures and institutions in place such as the National Tender Board, the Office of the Auditor General and the Ombudsman's Office.

Part 1: Overview of Corruption in Rwanda

This Expert Answer builds on another answer that was published in 2005 (<http://www.u4.no/helpdesk/helpdesk/queries/query58.cfm>). The Helpdesk hasn't found many recent and comprehensive studies or national surveys on corruption conducted in Rwanda in the last three years. Some governance surveys and assessments are currently planned. In the course of 2007, the Ombudsman's Office called for proposals for a study on corruption to be conducted in the coming months. A National Integrity System country study on Rwanda is currently under way and will be published soon by TI Rwanda. A number of sources of information and data also provide recent information on the scope of corruption and the general state of governance in the country.

www.U4.no

www.transparency.org

www.cmi.no

Authored by:

Marie Chêne
U4 Helpdesk
Transparency International
mchene@transparency.org

Reviewed by:

Robin Hodess, Ph.D.
Transparency International
rhodess@transparencyl.org

Date:

16 April 2008

Rwanda has made significant progress in terms of control of corruption¹...

In spite of its violent past and fragile social fabric, various indicators suggest that Rwanda has achieved remarkable progress in terms of democratic governance in the last decade. In its fact sheet on Rwanda, the Medium Development Goals Monitor ² states that the country *"is building up a culture of good governance, transparency and evidence based policy making"*. Rwanda performs better than most of the countries surveyed by the World Bank in Eastern and Central Africa in terms of control of corruption. The 2007 Worldwide Governance Indicators of the World Bank confirm this trend, indicating significant progress on all indicators compared to 2002. The most remarkable improvements have been achieved in terms of political stability (27.4 compared to 5.3 in 2002), government effectiveness (39.8 compared to 12.8 in 2002) and control of corruption (55.8 compared to 35.4). http://info.worldbank.org/governance/wgi2007/sc_chart.asp). The Ibrahim Index of African Governance published in 2007 also designated Rwanda as the country which had most improved in Africa, in comparison to the 2002 data set.

(<http://www.moibrahimfoundation.org/index/single.asp?countryid=35>).

The World Bank Enterprise Survey conducted in Rwanda in 2006 indicates that Rwanda performs relatively well in terms of corruption compared to other low income and African countries. Only 4.4 % of the firms surveyed identified corruption as a major constraint to doing business in the country. 20 % of the firms report making unofficial payments to get things done, compared to an average of 48 % in other African countries.

(<http://www.enterprisesurveys.org/documents/EnterpriseSurveys/Reports/Rwanda-2006.pdf>).

65 % of the firms surveyed by the World Bank above-mentioned enterprise survey believe that the court system is able to enforce its decisions and 67 % believe that it is fair, impartial and uncorrupted. These findings are corroborated by a slightly older survey conducted by a group of civil society organisations in 2002 that indicates that near 65 % of the interviewees perceive their country as "moderately corrupt"³.

The US Department of State's 2007 Investment Climate statement for Rwanda also supports the view that corruption in Rwanda is not as widespread as in many other African countries. U.S. firms have not identified corruption as a major obstacle for investment. There have been instances of petty corruption reported by businessmen in the clearing process, but almost none in transfers, dispute settlement, regulatory system, taxation and performance requirements. However, in spite of controlled levels of corruption, the 2006 Auditor General report uncovered irregularities in public procurements. (<http://www.state.gov/e/eeb/ifd/2007/80767.htm>)

... But corruption remains prevalent in the country

In spite of these noteworthy improvements, other indicators suggest that corruption remains widespread and systemic in the country. Rwanda has performed consistently poorly in the last iterations of TI's Corruption Perception Index (CPI), with scores of 3.1 in 2005 and 2.5 in 2006, indicating that corruption in Rwanda is consistently perceived as rampant by the various CPI sources. These findings are confirmed by the Index of Economic Freedom 2008, where Rwanda performs

¹ Control of corruption refers to the ability of a country to contain levels of corruption through a range of preventive and punitive measures. For example, the WBI's Corruption Control indicator measures perceptions of corruption, ranging from the frequency of "additional payments to get things done," to measuring "grand corruption" in the political arena or in the tendency of elite forms to engage in "state capture".

² The MGD has been created by the UN Development Programme in partnership with the Statistics Division of the UN Department of Economic and Social Affairs (DESA), Relief Web of the UN Office for the Coordination of Humanitarian Affairs (OCHA), and the United Nations Children's Fund (UNICEF) to track progress towards the achievements of the MDG.

³ This survey is mentioned in the soon to be published National Integrity System country study on Rwanda.

poorly with a score of 25 % in terms of freedom from corruption. A closer look at the indicators used by the Ibrahim Index of African Governance for Rule of law, Transparency and Corruption shows that public sector corruption scores have deteriorated from 50 to 30 between 2002 and 2005, compensated by an improvement of the efficiency of institutions regarding contract enforcement scores.

The 2007 CPI ranks Rwanda at the 111th place with a score of 2, 8.

(http://transparency.org/policy_research/surveys_indices/cpi/2007).

This score suggests that Rwanda performs relatively better than many other African countries. The improvement of Rwanda's score between 2006 and 2007 may suggest progress in terms of control of corruption, as perceived by analysts and businessmen. However, the CPI is not a suitable tool to track progress over time⁴, and some of the variations showed by the CPI's scores between 2005 and 2007 may also be explained by methodological factors such as the number and nature of the sources used to calculate the score. The only reliable way to compare a country's score over time is to go back to individual survey sources⁵. Rwanda scores better in some individual sources such as the ADB than in the CPI, possibly because these sources rank the country relative to other African countries while the CPI ranks Rwanda relative to another 179 countries worldwide.

The apparently conflicting results regarding Rwanda's performance across the various mentioned governance indicators could result from diverging methodological approaches between the various indexes that include different sources and indicators for control of corruption. This could also result from the types of corruption that the various indexes are more likely to capture. The CPI, for example, captures perceptions from business people and experts and may be more sensitive to forms of grand corruption. In recent years, there have been instances of high-ranking officials involved in corrupt practices, in the form of misappropriation of public funds or corrupt procurement practices. In 2005 and 2006, President Kagame fired several top leaders for alleged corruption and embezzlement, including the minister of agriculture and the ambassadors to France, Ethiopia, and the African Union. According to the Bertelsmann's report, there have also been allegations of abusive exploitation of resources against Rwandan officials – which have not been tried but instead denied by the government- in the Eastern part of the Democratic Republic of Congo.

Forms of Corruption

A report of the Great Lakes Centre for Strategic Studies published in 2006 and based on 2005 data indicates that, according to official figures, corruption cases have declined in Rwanda by 28.5 percent from the previous year and over 80 percent from 2004. In addition, complaints arising from legal disputes have declined by 34.5 percent from last year. The GLCSS report mentions that there were 3,056 legal complains at the time of the study, of which 1,861 have been closed, 697 cases are still under investigation, nine cases have been transferred to the courts, 32 cases were still waiting investigation when the report was released, and 396 cases were resolved by the Ombudsman's office teams during their field visits.

(<http://www.glcsc.org/php/reports/Rwanda%20July%20to%20November%202006%20final.pdf>)

⁴ The index provides a snapshot of the views of business people and country analysts for the current or recent years, with less focus on year to year trends. Comparisons with previous years should be based on a country's score, not its rank. Year to year changes in a country's score can either result from a change in a country's performance or in the CPI's sample and methodology.

⁵ In 2005, the CPI used data from the Columbia University, the Economist Intelligence Unit and the World Bank Markets research to calculate the country's score. In 2006, sources included the World Bank, the Economist Intelligence Unit and the World Markets research. In 2007, Rwanda's score was based on five different sources: the World Bank CPIA, the Economist Intelligence Units, the World Markets Research, the African Development Bank and the Bertelsmann Foundation.

It further reveals that eight of the 35 corruption cases were connected to public funds embezzlement, three to tax embezzlement; 13 cases of improper management, six of fraudulent procurement practices and five cases of judicial corruption. Further corruption cases reported in 2004 concerned unauthorized spending, public fund embezzlement, district natural resources mismanagement, forgery for embezzlement and illegal transfer of district natural resources. Forms of nepotism and influence peddling have also been reported.

Sectors perceived as most corrupt by the above-mentioned civil society study include the judiciary (30 %), public finance management (23%), public administration (21 %) and education (13 %). Public procurement also appears to be particularly exposed to corruption risks.

The Ombudsman's 2004 report shows that about 35 % of corruption cases and related infractions involved **districts leaders and their assistants**, with practices such as public fund embezzlement, unauthorized bank withdrawals, selling or illegal transfer of district natural resources, forgery and district natural resources mismanagement. About 30 percent of the cases were prosecuted on the district level. Reports show that most corruption cases on that level relate to the land issue. The previous year, complaints related to land issues (688 cases) were second position to administrative complaints (714 cases).

Incidences of corruption have also been recorded in the **police forces**. Sources from the National Police reveal that at least 139 police officers have been sacked over corruption in 2004. Nearly 80 police officers had been fired and more than 100 police officers were fired in 2005, including senior commanders.

According to the Bertelsmann Transformation Index 2008 report, although formally independent, the **judiciary** appears to be overloaded, lacking capacity and resources and largely subordinate to the executive. It is still perceived as able to enforce its decisions.

(http://www.bertelsmann-transformation-index.de/fileadmin/pdf/Gutachten_BTI_2008/ESA/Rwanda.pdf).

The Ombudsman told the Great Lakes Centre for Strategic Studies (GLCSS) that the National Assembly has taken an active role in investigating public officials accused of corruption and abuse of office. This led to the resignation of a number of ministers.

Part 2: Public Efforts against Corruption in Rwanda

Since the 1994 genocide, Rwanda has gone through a painful process of reconstruction, including rebuilding the whole governance systems, structures and institutions. Rwanda performs relatively well in terms of government effectiveness, compared to several of its neighbours. The fight against corruption is one of the government's official priorities and the media consistently reports on the government "aggressive" stand against corruption.

Political Commitment against Corruption

The political will to fight corruption has been demonstrated by consistent policy and efforts to combat corruption in the country. Both members of the political elite and simple civil servants have been prosecuted when allegations of corruption were brought against them. There have been several cases of high-ranking officials being forced to resign, or being dismissed or prosecuted when involved in corruption cases, as demonstrated in 2005 and 2006. Others voluntarily went into exile. However, the current state of the judiciary makes it difficult to distinguish between legitimate and politically motivated allegations. The press also regularly mentions the strong stance taken by the government against corruption.

Rwanda has signed and ratified the UNCAC, the African Union Anti-corruption Convention and the UN Convention against Transnational Organised Crime. Giving and accepting a bribe is a criminal act penalised by law. A local firm cannot deduct a bribe to a foreign official from taxes, as such practices are penalised in Rwanda.

Anti-Corruption Measures and Institutions

At the national level, government has undertaken a number of anti-corruption measures, focusing from 1997 on strengthening the legal and institutional framework against corruption. Major reforms have taken place between 1997 and 2004, with the establishment of a number of government institutions particularly focusing on corruption-related issues. These include the Office of the Ombudsman, the Anti-Corruption Unit in the Rwanda Revenue Authority, the Auditor General, and the National Tender Board. These institutions identify corruption cases but the police and national prosecutor's office prosecute the actual acts of corruption. The institutional framework is now in place in the country and no major new developments have been mentioned by the various sources consulted since 2005.

The **National Tender Board (NTB)** was established in 1997 to organise and manage the public procurement process and to implement the general public procurement policy on behalf of the government. The guiding principles for the NTB operations are transparency, economy and equity. (<http://www.ntb.gov.rw/>). The NTB issues and manages procurement rules, regulations, guidelines and policies. The body is currently serving as the procurement agency for most government purchases, including those made by parastatals and international donors. The US Government of State Investment climate statement estimates that efforts to ensure transparency in this regard appear to have yielded changes since and foreign companies have participated equally and successfully.

The Ombudsman office cites other institutions established to distance public officials from tender and procurement processes to curb corruption. These include the Rwandan Revenue Authority (RRA) in charge of taxes and import duty; the Rwandan Investment and Export Promotion Authority (RIEPA) and the Rwandan Privatisation Secretariat in charge of government institutions and public goods privatisation; National Bureau of Standards in charge of the quality of different types of importation in the country and the National Examination Council prepares and corrects different tests.

The **Anti-Corruption Unit in the Rwanda Revenue Authority (RRA)** has a good Code of Conduct and extensive and active internal campaign mechanisms to raise staff awareness of this code. The RRA also has effective disciplinary procedures to promote a culture of integrity within the institution. A 2004 USAID report concludes that excessive donor involvement could diminish the sense of "ownership" currently developing around anti-corruption/integrity and outreach initiatives carried out by the RRA. USAID also evaluates the success of the promotion of integrity and professionalism within the RRA against the doubling of the revenue collected by the RRA since its formation in 1998. (<http://www.ecatradehub.com/reports/rp.2004.01.scoping.study.report01.asp>).

The **Auditor General's Office (OAG)** was established in 1999 to audit government adherence to fiscal controls. The office managed to make substantial progress in making government finances more transparent according to IMF officials. The Auditor General audited the CY 2002 accounts of 41 public entities (including the Ministries of Defence and Finance and seven other ministries) and issued a report to Parliament in March 2004. The report covering 2002 activities accused the Ministry of Education, the Civil Aviation Authority and the judicial sector of failing to account for the loss of \$3.1 million. Out of the 44 embezzlement-related cases tabled before the state prosecutor's office, only five percent of the cases had been finalized while 75 percent were with the prosecutor, pending court proceedings. In 2004, OAG reported that over seven million dollars (US\$ 7m) were unaccounted for in various government institutions and projects following investigations conducted

into tender and procurement irregularities.

(<http://www.glcss.org/php/reports/Rwanda%20July%20to%20November%202006%20final.pdf>).

In March 2008, the Auditor General released its 2006 Report,⁶ reporting that five billions, three hundred thousand Francs of public money was not accounted for. It also noted irregularities in public procurement. A lack of documents and financial statements challenged the government's accountability efforts, which may be partly due to lack of resources and capacity to implement existing rules and procedures rules and procedures. The government generally blames mismanagement of public finances to lack of proper financial and bank reconciliation statements; poor handling of inventories as well as weak internal auditing systems. The government carries out government's capacity-building programmes and recruitment of qualified accountants and auditors to address capacity deficits. (<http://allafrica.com/stories/200803010007.html>).

Rwanda established an **Ombudsman's office** in 2004 that monitors transparency and compliance to regulation in all governmental sectors. The Ombudsman has taken a strong stand against corruption and regularly exposes cases of fraud, malpractice and corruption. The body deals with corruption at the top, mid and low level throughout the whole country. The National Assembly also takes an active role in investigating public officials. However, MPs often complain that the Ombudsman's reports are very brief and lack specific information and in-depth details. The Ombudsman argues that the law does not compel him to publicise the names and some statistics of cases involving top government officials.

The office of the Ombudsman has also strongly contested TI's CPI ranking for Rwanda in the past that in its views does not reflect Rwandan government's commitment to "fight corruption in all its forms

(http://www.rwandagateway.org/article.php3?id_article=3550 and

http://www.rwandagateway.org/article.php3?id_article=8496).

In 2006, the Rwanda Ombudsman's Office (ROO) Chairperson Tito Rutarempera further stated that decline in corruption were to be expected in the country in 2007 : "Corruption cases have declined for three reasons : *we have removed corrupt leaders in the last few years, we have added additional training and supervision, and the decentralisation process lowered corruption cases.*" The latest Ombudsman's report was announced to be released on 2 April 2008 and may touch on some cases which were highlighted in the previous Audit General's report that exposed great misuse and misallocation of taxpayer's money⁷.

The government also adopted a **code of conduct and rules of disclosure for public officials**. Asset declarations for politicians and civil servants in Rwanda were adopted by the 2003 constitution, requiring public officials to declare their wealth. The ombudsman adopted a strong stance in this regard, declaring that those who do not comply would face prosecution. According to the Great Lakes Centre or Strategic Studies, the Ombudsman's Office reported in 2006 that 3,490 politicians and other civil servants were asked to declare their wealth last year. Among them, 72 percent have declared their wealth while the 28 percent remaining are still completing the process. (<http://www.glcss.org/php/reports/Rwanda%20July%20to%20November%202006%20final.pdf>).

Rwanda's commitment to improve governance has also been demonstrated by its participation in the **New Partnership for Africa's Development (NEPAD)'s African Peer Review Mechanism (APRM)**. The APRM encourages participating states to ensure that their policies and practices conform to agreed political, economic and corporate governance values. Rwanda was among the first sixteen countries to accede to the APRM and the second in which the review process was launched. The APRM's report for Rwanda was adopted in July 2006

⁶ The Helpdesk could not access this report in the timeframe of the query

⁷ The Helpdesk could not access this report in the timeframe of the query

(http://www.nepad.org/2005/files/aprm/FINAL_RWANDA_REPORT_SEPT_22_2006.pdf).

According to the World Bank Governance Indicators, Rwanda appears to have achieved remarkable progress in terms of government effectiveness and has relatively effective institutional structures in comparison with many of its neighbours or countries with similar low levels of income. In terms of the transparency of the regulatory system, the US Investment climate statement assess that government uses transparent policies and effective laws. Legal, regulatory and accounting systems are transparent and consistent with international norms. Although there is no formalised mechanism to publish draft laws for public comment, drafts of some laws including the constitution and the land law were passed through civil society representatives for comments. Some investors complain that the strict enforcement of tax, labour, and environmental laws impede investment, but the transparency and lack of corruption in the regulatory framework supports the investment climate for legitimate businesses. The press has also openly exposed instances of bad debts and malfeasance involving private citizens and GOR leaders.

Part 4: Further Reading

Great Lakes Centre for Strategic Studies 2006, Year in Review: Rwanda

This report provides an overview of the Rwandan economic and political situation in 2006. It indicates a decrease in levels of corruption observed in the country during the reporting period.
<http://www.glcss.org/php/reports/Rwanda%20July%20to%20November%202006%20final.pdf>

UNDP Human Development Report 2007

The 2007 UNDP HDR for Rwanda indicates that Rwanda has experienced a remarkable recovery since the war and genocide in the early 1990s, achieving one of the highest growth rates in the region. According to this report, significant progresses have also been achieved in terms of governance, government effectiveness and control of corruption.
http://hdr.undp.org/en/reports/nationalreports/africa/rwanda/rwanda_2007_en.pdf

Freedom House 2008

Freedom House publishes a flagship comparative assessment of global political rights and civil liberties in a wide range of countries worldwide. The 2007 *Freedom in the World* publication includes a report on Rwanda. While graft remains a significant problem, the government has undertaken a number of anticorruption measures, including sacking high level politicians for alleged corruption and embezzlement. A number of government institutions focused on the corruption issue.
<http://www.freedomhouse.org/template.cfm?page=22&year=2007>

Bertelsmann Transformation Index 2008

The *BTI* is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 125 transformation and developing countries, including Rwanda. The BTI country report provides an overview of the state of democracy as well as the quality of political management in Rwanda, including some information on corruption and how government addresses related issues.
http://www.bertelsmann-transformation-index.de/fileadmin/pdf/Gutachten_BTI_2008/ESA/Rwanda.pdf.