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Re-framing the nature and success of the "post-conflict" mineral reform agenda in Rwanda

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ABSTRACT

Mineral reforms—both their policies and impacts—remain an important subject of discussion for international development. How best to develop national mineral endowments to ensure broad, meaningful socio-economic benefits for government and population alike? Reflections from the last 40 years of mineral reform implementation are used in this paper to examine those undertaken in a less discussed country: Rwanda. What lessons from prior mineral reformers (i.e. countries) in sub-Saharan Africa offer a starting point for analysing efforts of the Rwandan government to attract foreign investment in its mining sector since 1996. The paper examines this reform process, in particular to understand the extent to which the reforms pursue reflect a particular "post-conflict" nature. It does so by first examining the nature of mining reforms undertaken in sub-Saharan Africa over the last several decades. It then brings these reflections to bear on the case study of Rwanda. The paper concludes that the difficulty in assessing the success of Rwanda's mineral reforms after 1996 may lie more in the methodology defining success, than the results themselves.

1. Introduction

In 1996, Rwanda opened up exploitation and export of its mineral resources to foreign companies. In a bid to attract foreign direct investment (FDI), Rwanda adopted a strategy dependent on privatisation of the act of mining itself and liberalisation of the trade of its mineral commodity exports. Over the course of the next 10 years, the government sold or put out for long-term lease its most profitable mining properties that had once been under state-control, and granted mineral trading licenses to non-mining entities. The move towards what are commonly considered today competitive market practices constituted a dramatic shift from extractives practices pursued by the 1st and 2nd Rwandan Republics, respectively: that is, a radical transformation to open a tightly state-controlled mineral production and export economy to a multiplicity of private sector actors. Implicit in the model is that private sector actors would be foreigners, who bring with them investment and technological innovations capable of transforming the extractive model from one predicted upon small-scale mine labour to semi-mechanised or fully-mechanised operations.

Indeed from 1920s until 1996, Rwanda's mining economy was organised into operations first controlled by colonial companies, then later by a majority state-held company, *Société Minière de Rwanda* (SOMIRWA), and then an entirely nationalised company, *Régie d'Exploitation et Developpement des Mines* (REDEMI). The extractive model throughout these different ownership periods was predicated upon high swathes of rural labour (artisanal miners), insignificant mechanisation, and low capital investment (Perks, 2013). It was most commonly referred to as sub-contracting: a practice where miners worked on mining concessions but had a loose relationship to the mine owner (Perks, 2013, 2014). For many countries which have artisanal or small-scale mining populations, such a way of organising artisanal labour was common, as described for instance in Uganda (Siegel and Veiga, 2009) or as known by this author in Morocco.[1]

In Rwanda, mining continues in all areas of the country. Up until today, extraction focuses primarily on wolframite (tungsten), columbo-tantalite (coltan) and cassiterite (tin). However archival evidence refers to flourishing gold activity in the 1970s and 1980s near the present-day Nyungwe National Forest in southwestern Rwanda (Perks, 2014). Furthermore, some new investments are being made in gemstones. In total employment in mining may be as much as 45,000 people when including quarrying.

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[1] Sub-contracting enjoys a very blurred line in contemporary period with some cooperative experiences since in both cases artisanal miners are not registered employees or full members of the structure they are working for.

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In Rwanda, the increase in private sector activity initiated as of 1996 became visible almost two decades later, as observed by Perks (2013:11), who suggests that:

> " . . . the domestic mineral sector went from one major concession holder and ten registered cooperatives in the early 1990s to 170 registered operators and 434 active mine permits by early 2013."

Activity further accelerated between 2013 and 2014, whereby according to the World Bank's *Sixth Rwanda Economic Update, Unearthing the Subsoil: Mining and its Contribution to National Development,* Rwanda has issued 548 mining permits to 213 registered mining entities (Nishiuchi and Perks, 2014:27). However, upon closer examination the World Bank observes that these registered mining entities operate mostly " . . . on surface areas averaging less than five hectares" (Nishiuchi and Perks, 2014:27). In fact:

> "Of the 213 registered mining entities, only 5 are operations with either total foreign involvement or joint ventures with the government. The remainder constitutes small domestic entrepreneurs or mining cooperatives" (Nishiuchi and Perks, 2014:27)

As rationalised by the government, the swift increase in small-scale mining licenses granted to Rwandans complements its strategy of "hastening and cementing" privatisation of its mineral economy (MINIRENA, 2010). Yet as recently as 2013, the State Minister for Mines conceded that privatisation—whether of its industrial or small-scale sectors—had yet to deliver the improved performance anticipated by the government through liberalisation: "Our industry is producing at 20% of full potential . . . ".[2] At the time of the State Minister's observation, roughly 40% of total annual mineral production was still coming from mining cooperatives holding small-scale mining licenses.[3] The significant contribution still made by small-scale miners in real term to national production volumes is remarkable, considering the expectations held by government that sweeping privatisation, particularly of its more profitable industrial concessions, would shift the balance from what has been since the 1920s a largely small-scale mining sector towards industrialised operations. That shift anticipated, to a large degree, mechanisation of operations which would lead to significant mineral outputs. Problematic, as pointed out by the State Minister, is the expectation that such increases in outputs would translate into a more significant share of the country's growth coming from mining. As expressed through its mineral strategy and action plan, the government expected an increase in contribution made by mining to GDP (from 1.6 percent to 5.3 percent), a rise in FDI (from US$150 million to US $500 million), and an increase in tax revenues to US$30 million by FY2017/18. As of 2014, GDP from mining was at less than 3%, 22 new mining projects has been signed, totalling US$110.5 million in mineral investment commitments, and the sector had raised roughly 1/20th of the US$30 million (Nishiuchi and Perks, 2014).

Not only has the privatisation of Rwanda's mineral economy been considered a radical policy agenda due to its focus on privatisation; it has been further considered dramatic due to its timing: a reform agenda initiated more or less 18 months following the country's genocide.[4] In this sense, the launch of an era of mineral reforms in Rwanda could be viewed against the backdrop of broader discussions of "post-conflict" reconstruction in Rwanda.[5] Here, as related by several key informants during this paper's research, was a mining industry destroyed by acts of national violence, including vandalism of Rwanda's main mining installations and key infrastructure, and international displacement which resulted in a loss of qualified mine engineers and geologists. For instance, in one of the country's most important mine sites, now only a 40 min drive from Kigali along a well-paved road, a mine worker recounted in his life history to this author the very abrupt halt to activities, the destruction of the installations, and the subsequent financial difficulty the national mining company at that time, REDEMI, then had in re-starting activity. In this context, the words of one informant to this research, "the government came to rebuild [the mining sector]",[6] are rightly understood. The act of reconstruction intended in part by the privatisation of its key mineral assets illustrates the concept of a "Janus-faced" Rwanda proposed by Gready (2010): a government's "desire to create Rwanda anew" (Gready, 2010:639) which calcified, in the case of mining, its strategy of liberalization.

One important question posed by this paper is the extent to which the marker, if one will, of the genocide provides enough analytical reach for understanding the process (and results) of contemporary mineral reforms in Rwanda. Take, for instance, the simple assumption that the genocide destroyed the entire mining economy. Findings from personal experiences shared with this author by small-scale miners during the war at more isolated mining areas across the country suggest that the act of mining in these locales was not affected by the war. One respondent drew attention to how "even in the midst of a full war here in Gitarama, we ignored all that and we continued to work".[7] Indeed, the extent of destruction to mining operations varied according to geographic area.

It would seem particularly critical therefore, given the dearth of literature that exists on Rwanda's mining sector (whether pre or post 1994),[8] to pause and consider the varied storylines that may exist.[9] Furthermore, it is useful to evaluate whether these varied storylines of mining in Rwanda help to situate the process of contemporary mineral reforms outside of a narrow "post-conflict" lens. To answer some of these reflections, the paper draws on archival records, key informant interviews, and life histories completed during doctoral fieldwork from January to November 2012, and further follow up visits in April 2013, and March and August 2014.

Not only, however, do domestic sources widen understanding of the reforms undertaken in Rwanda. So too does the blueprint for

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[2] Esiara, 2013

[3] In 2012, the cooperative members produced a combined 2547 tonnes of cassiterite, tantalum and wolframite, constituting 42% of the country's recorded production in 2012 (Perks, 2013).

[4] A reading, for instance, of the *Revised Mining Policy* (MINIRENA, 2010) suggests a scenario in which the government's modernization efforts starting in 1997 respond to the aftermath of the conflict.

[5] Uvin (2001) situates the "post-conflict" reconstruction agenda in Rwanda amidst wider shifts in international development thinking in the mid to late 1990. Reyntjens (2004:178) describes the staggering human cost of the genocide (and therefore the task of reconstruction): "1.1 million dead, 2 million refugees abroad, over 1 million IDPs, tens of thousands of deeply traumatized genocide survivors, and over half a million 'old caseload' (i.e., Tutsi) refugees" with "infrastructure destroyed, banks and businesses plundered, the civil service, judicial system, health care and education services in ruins, crops and livestock lost". Ansoms (2009:289) remarks on the astonishing post-conflict reconstruction project as a result, focusing on state rebuilding to provide services in education, health and infrastructure; political stability and government effectiveness; and the gacaca courts.

[6] Informant 14, Gatumba, Rwanda. 13th June 2012.

[7] Life History 9, 3rd May 2012.

[8] There have been few pieces published on Rwanda's mining sector. Two Rwandans have published graduate level work: Bidega (2006) and Uwizeyimana (1986). Perks (2013, 2014),) are more recent academic works. Van Teeffelen (2012) published a good synopsis on contemporary challenges to small-scale mining in particular. Vansina (2004) has written with respect to the Early Iron Age but only very briefly in the context of a larger historical work.

[9] This author's own doctoral research experience serves as one small cautionary tale on the varied storylines to be unearthed when it comes to mining in this country.