

Rwanda Memases: Copying in process or failing to copy?

Today's late developers are confronted with a difficult challenge: embracing Good Governance while attempting to drive through sustained economic development. Since East Asian countries and other model developers in the 1960s and 1970s achieved success through processes primarily led by the state, engagement with Good Governance reduces the possibility of what Alice Amsden called "Memasis" – having role models on which to model your development processes. But the importance to memase is recognized by many developing countries today. This could serve as a pathway to provide the illusion of good governance while increasing policy space for aid-recipient countries. Rwanda has attempted to build institutions that feed into the Good Governance process with the appearance of reducing "transaction costs". Unfortunately, the creation of consolidated institutions like the Rwanda Development Board (RDB) that has seen the country surge up Governance indicators and Doing Business rankings is more likely to constrain their state-led development processes.

The Rwandan Government has made the amalgamation of government agencies a feature of its development strategy recently. At the heart of this "amalgamation" is the idea that it will reduce transaction costs of having different agencies doing the same thing. The "autonomous" RDB – which reports directly to the President – and is the key strategizing institution behind Rwanda's development is the centerpiece of this strategy. The RDB is a striking vision of what the Good Governance programme emphasizes: A one-stop shop for investors which allows investors to set up businesses in six hours. With international consultants and young, English-speaking Rwandese occupying key roles in the institution, it is key to the image of a young, Western-friendly, Good Governance-speaking Rwanda. In reality though, the creation of this institution has been accompanied by the creation of several departments within the institution, negating the positive impacts of amalgamation. Further, most experienced government officials in old agencies have been cast aside in favour of young, inexperienced Rwandans often straight out of college with little knowledge of the sector they are working in. But have transaction costs indeed lessened? Though the appearance of transaction costs lessening is unquestionable, the reality of it seems very unlikely. This is due to a lack of leadership (the RDB has seen two foreign CEOs depart in the last four years), the inability to behave as a unified institution rather than remaining a variety of different departments under one roof, bureaucratic shifts and the political costs incurred (Kagame may use this as a tool to garner support through a young elite and cast away a disenchanting older RPF elite).

The amalgamation strategy has continued in institutions like the National Agriculture Export Board (NAEB) and the Rwanda Social Security Board (RSSB). The idea that such "amalgamation" which has been based on experiences in Singapore and Costa Rica where transaction costs were reduced and there were few political costs and continuity in experience and personnel. The Rwandan experience has been an incomplete memasis of model experiences and the choices it disregarded from its role models' experiences have limited the success of emulation.