

Rwanda: A Look Back at the 1994 Genocide. The Role of International Financial Institutions

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Starting on 7 April 1994, in less than three months, nearly one million Rwandans – the exact figure has not yet been determined – were exterminated because they were (or supposed to be) Tutsis. Tens of thousands of moderate Hutus were also slaughtered. This was indeed a genocide, that is, the deliberate destruction of an entire community through mass murder in the aim of preventing their biological and social reproduction.

In this context, it is crucial to investigate the role played by international financial institutions. Everything we know leads us to believe that the policies imposed by these institutions, the main financial backers of General Juvénal Habyarimana’s dictatorial regime accelerated the process resulting in the genocide. In general, the negative impact of these policies is not taken into consideration to explain the tragic unfolding of the Rwandan crisis. Only a few authors highlight the responsibilities of the Bretton Woods institutions [1], which have rejected any kind of responsibility.

At the beginning of the 1980s, when the debt crisis exploded in the Third World, Rwanda (like its neighbour Burundi) had very little debt. Whereas in other parts of the world, the [World Bank](#) and [IMF](#) were abandoning their go-go loan policy and preaching abstinence, they adopted a very different attitude with respect to Rwanda to which they granted major loans. Between 1976 and 1994, there was a twenty-fold increase in Rwanda’s external debt. In 1976, it amounted to \$49 million, while it was nearly \$1 billion in 1994, increasing especially rapidly as of 1982. Its principal creditors were the IFIs or International Financial Institutions — the World Bank, the IMF, and similar institutions, and the WB and the IMF played the most active role in this debt process. In 1995, IFIs held 84% of Rwanda’s external debt.

The dictatorship in place since 1973 guaranteed that there would be no progressive structural changes in the country. That explains why it was actively supported by Western powers such as Belgium, France, and Switzerland. In addition, it could be a rampart against the countries in the region that were still mulling over thoughts of independence and progressive change (for instance, neighbouring Tanzania where there was the progressive President Julius Nyerere, one of the African leaders in the Non-Aligned Movement).

Image on the right: The massacre at Nyarabuye took place in the grounds of a Catholic Church and

school. Hundreds of Tutsis, including many children, were slaughtered at close range, Rwanda, 1994.



Throughout the 1980s and up until 1994, Rwanda received many loans, but the dictator Habyarimana embezzled much of them. The loans granted were supposed to be used to better integrate Rwanda's economy into the world economy by developing its capacities to export coffee, tea, and tin (its three main export products), which was detrimental to the crops cultivated there to satisfy local needs. This model worked until the middle of the 1980s, when the price of tin, then that of coffee, and finally tea, collapsed. Rwanda, for which coffee was the main source of hard currency, was hit hard by the breaking up of the coffee cartel at the beginning of the 1990s by the United States.

Using international loans to prepare for the genocide

Only a few weeks before the Patriotic Front of Rwanda launched its offensive in October 1990, the government of Rwanda signed an agreement with the IMF and the WB in Washington to implement [structural adjustment measures](#).

When they were implemented in November 1990, the Rwandan currency dropped by 67%. By way of compensation, the IMF granted strong currency loans for quick disbursement so that the country could keep importing goods. The funds were used to artificially improve the [balance of payments](#). The prices of imported goods skyrocketed: for instance, the price of petrol went up by 79%. Selling imported goods on the domestic market made it possible for the government to pay the army's wages, and the number of recruits increased in staggering proportions. The structural adjustment measures included a decrease in public spending, wages were frozen, and there were massive layoffs in the civil service, but part of the savings were used for the army.

Whereas the prices of imported goods increased, the price at which producers could sell coffee was frozen, as imposed by the IMF. As a result, hundreds of thousands of small coffee producers went bankrupt [2], and together with the most deprived layers of city dwellers they became a permanent supply of soldiers for Interahamwe and army recruiters.

The following measures were among the ones the WB and IMF imposed in Rwanda: an increase in consumption taxes and a decrease in corporate taxes, an increase in direct taxes on low-income families through a reduction of fiscal advantages for large families, and restrictions on credit facilities to farmers.

To account for its use of loans from the IMF/WB, Rwanda was allowed to submit old invoices for imported goods. This practice made it possible for the government to pay for the massive purchase of weapons intended for the genocide. Military expenses increased three-

fold between 1990 and 1992 [3]. Over this period of time, the WB and the IMF sent out several missions of experts, who highlighted the positive consequences of the austerity policies enforced by Habyarimana, yet threatened to discontinue payments if military expenses increased further.

The Rwandan government then used various ploys to conceal military expenses: Lorries bought for the army were accounted for in the budget of the transport ministry, a significant portion of the petrol used in the army or militia vehicles was part of the budget for the ministry of health. The WB and the IMF eventually stopped providing financial support in early 1993, but they did not expose the existence of bank accounts the Rwandan government had in foreign banks on which there were substantial amounts of money still available to buy more weapons. It can be said that they failed in their duty to control the use of the funds loaned. They should have stopped their loans in early 1992 when they learned the money was being used to buy weapons. They should have warned the UN at once. As they went on supplying support until 1993, they helped a government that was preparing a genocide. As early as 1991, human rights organisations had tried to draw international attention to the massacres that paved the way for the genocide. The World Bank and the IMF systematically supported a dictatorial regime, with the help of the US, France, and Belgium.

Exacerbated social contradictions

For the genocidal project to be achieved, more than just a government was needed to devise it and acquire the necessary tools; the people also had to be impoverished and driven to a level of desperation at which they were ready to do anything. 90% of the population in Rwanda was living in the countryside, and 20% of farm families owned an acre or less. From 1982 to 1994, most of the farming population fell into poverty, while a few others at the other end of the social spectrum were accumulating a huge amount of wealth. Professor Jef Maton states that in 1982 the richest 10% of the population made 20% of rural income; in 1992 they had grabbed 41%, in 1993 45%, and in early 1994 51% [4]. The disastrous social consequences of the IMF and WB enforced policies combined with the plummeting price of coffee (itself a consequence of policies applied by the Bretton Woods institutions, and the US doing away with the cartel of coffee producers at that time) played a key role in the Rwanda crisis. Habyarimana's regime exploited the widespread social discontent to carry out the genocide.

The genocide's financiers

Between 1990 and 1994, Rwanda's main arms suppliers were France, Belgium, South Africa, Egypt and China. China also provided 500,000 machetes. Egypt - whose joint minister of Foreign Affairs, responsible for relations with the African continent, was none other than Boutros Boutros-Ghali - granted Rwanda a 6 million-dollar [interest-free](#) loan in 1991 to purchase arms for its infantry divisions. When the genocide got under way, France and the British firm Mil-Tec provided arms to the rampaging army via the Goma airport across the border in Zaire - violating the 11 May 1994 UN embargo on arms sales to Rwanda (Toussaint, 1996b). Once the Rwandan capital, Kigali, had been overrun by the opposition FPR, a certain number of the key leaders of the genocide were received by the French president. Rwandan leaders-in-exile set up the head office of the Banque Nationale du Rwanda in Goma, with the help of the French army. Until August 1994, the Banque disbursed funds to repay debts for previous arms purchases and to buy new arms. Private banks (Belgolaise, Générale de Banque, BNP, Dresdner Bank, among others) accepted

payment orders from those responsible for the genocide and repaid those who financed the genocide.

Rwanda after the genocide

After the fall of the dictatorship in July 1994, the World Bank and the IMF demanded that the new Rwandan government limit the number of public-sector employees to 50% of the number agreed upon before the genocide. The new government complied.

Initial financial assistance provided by the USA and Belgium in late 1994 went towards repaying the Habyarimana regime's debt arrears with the World Bank. Financial aid from the West has been barely trickling into the country since then, despite the urgent need to rebuild the country, and provide for the more than 800,000 refugees on its soil since November 1996.

According to David Woodward's report for Oxfam, agricultural production did recover somewhat in 1996. However, it was 38% lower than usual first harvests and 28% lower than usual second harvests. Industry was taking longer to recover: only 54 out of 88 industrial concerns in operation before April 1994 had resumed activity; most were operating well below previous levels. At the end of 1995, the total value of industrial production was 47% of its 1990 levels.

A 20% wage increase in the public sector in January 1996 was the first such rise since 1981; official estimates, however, are that 80% of public-sector workers live below the poverty line. It comes as no surprise that Rwandans prefer to work in NGOs as drivers and cooks rather than in the public sector. These poverty statistics are not peculiar to the public sector: in 1996, the World Bank estimated that 85 to 95% of Rwandans lived below the threshold of absolute poverty.

It should be noted that there has been a significant increase in the number of households run by women: from 21.7% before the genocide to 29.3% now, with peaks of 40% in some districts. Their situation is particularly disturbing in view of the profound discrimination against women in such matters as inheritance, access to credit and property rights. Even before the genocide, 35% of women heads of households earned less than 5,000 Rwandan francs (17 dollars) per month; the corresponding figure for men was 22%.

In spite of a high rate of adoption of orphans (from the genocide and AIDS deaths), there are between 95,000 and 150,000 children without families.

In the education system, only 65% of children are enrolled in primary schools; and no more than 8% in secondary schools (Woodward, 1996).

In 1994, Rwanda's foreign debt had reached nearly one billion dollars, the totality of which had been contracted by the Habyarimana regime. Five years later, the debt had increased by about 30% and Rwanda repaid 31 million dollars (figures for 1999).

The debt contracted before 1994 fits the definition of "odious debt" perfectly: it follows that the new regime should have been totally exonerated from paying it off. The multilateral and bilateral creditors knew very well who they were dealing with when they lent money to Habyarimana's regime. After the change of regime, there was not the slightest justification for transferring their claims onto the new Rwanda. Nevertheless, it was done quite shamelessly.

The new Rwandan government that came into power in 1994 tried to persuade the WB and the IMF to renounce their loans. The two institutions refused, threatening to cut off funding if Kigali persisted. They put pressure on Kigali to keep quiet about the aid they had provided to the Habyarimana regime, in exchange for new loans and a promise of future debt cancellation as part of the initiative in favour of the [Heavily Indebted Poor Countries](#) (HIPC), launched in 1996.

One can only deplore that the government should have accepted such blackmail. The consequences are pernicious: continued structural adjustment, with its disastrous social and economic consequences, and an increase in foreign debt. In complying, the government of Kigali has gained “good pupil” status in the eyes of the IMF, the WB and the [Paris Club](#). Worse still, the Rwandan regime has become the accomplice of the USA and Great Britain whose policy is to weaken the Democratic Republic of Congo, by taking part, as of August 1998, in the military occupation of its neighbour, the DRC, and by plundering its natural resources.

Interview with Eric Toussaint, spokesperson and co-founder of the international network of the Committee for the Abolition of Illegitimate Debt (CADTM). Interview by Benjamin Lemoine

Debt audits: an abortive precedent – the examples of Rwanda and the Democratic Republic of Congo

What were the first testing grounds of the CADTM method for countering illegitimate debt?

That should be put in the context of the convergence between the CADTM and various movements active in France and elsewhere. The CADTM was very much involved, for example, in solidarity with the neo-Zapatista movement, which appeared publicly on 1 January, 1994 in Chiapas (Mexico), and we travelled to Mexico several times. The CADTM also participated as a co-organiser of the big mobilisation of October 1994 in Spain against the meeting the World Bank and the IMF held to celebrate their half-century of existence. That action was part of the worldwide “Fifty years, it’s enough” campaign. As for the contacts in France, I mentioned the LCR, the “*Ca suffat comme ci*” campaign of 1989, and the “Other Voices of the Planet” collective, created in 1996 to organise the counter-G7; to those we need to add AITEC [5] and the CEDETIM [6], led by Gus Massiah [7]. There is also the Survie (Survival) movement, led at that time by François-Xavier Verschave [8], which struggled against France’s domination of Africa and well understood the importance of the issue of debt. Survie had close ties with the CADTM, in part because Survie, like the CADTM, was very active in denouncing the genocide in Rwanda in 1994 and “Operation Turquoise,” organized by Mitterrand. In 1995, a delegation from the CADTM went to Rwanda and an international CADTM assembly was held in Brussels with the question of the genocide and the responsibilities of creditors at the core of the program. And, starting in 1996, the CADTM launched the audit of Rwanda’s debt with, at that time, the new regime in Kigali headed by Paul Kagamé still in power. Kagamé wanted to achieve clarity about the debt, and a team of two people who worked closely with the CADTM was set up. Michel Chossudovsky, a Canadian, a university professor in Ottawa who often wrote for *Le Monde diplomatique*, and Pierre Galand, then Secretary of Oxfam in Belgium, went to Kigali and conducted the investigation in close liaison with the CADTM. I talked extensively with them and wrote an article entitled “The Financiers of the Genocide,” which attracted a certain amount of

attention [9].

Did that inspire the CADTM's methodology regarding debt audits?

Yes, even if the experience ended up being frustrating. Not many people know that one of the missions of Operation Turquoise was to get hold of all the documentation of Rwanda's [central bank](#) in Kigali and transfer it all in a container to Goma in the DRC, to prevent the new authorities from getting access to written evidence revealing how strong France's support for the genocidal regime of Juvénal Habyarimana had been. When Laurent-Désiré Kabila launched his offensive against Mobutu in 1996 from eastern Congo, Kagamé was able to get that container and bring it back to Kigali, and opened the archives, which Michel Chossudovsky and Pierre Galand worked on [10].

In other words, they found the "black box"...

Absolutely, and the French banks' involvement in financing General Habyarimana's weapons purchases was clear. Egypt and China were also implicated because they supplied a lot of the machetes, but the French provided the more sophisticated equipment to the genocidal Rwandan army. So originally – and this is an element that reappears in our later experiences – internationalist movements made contact with a head of State, Paul Kagamé, who wanted transparency and who made documentation that usually remains secret available to the experts. Kagamé, with that resource in hand, threatened the USA, France, the World Bank, and the IMF with publicizing the financing of the genocide. Washington and Paris, along with the World Bank and the IMF, all said, in essence: *"Don't spill the beans! In exchange for your silence, we'll reduce Rwanda's debt by opening a maximum line of credit at the World Bank and the IMF. We'll reduce the amount of the repayment, and we'll pre-finance it with new loans."* And Kagamé played along. It was a very frustrating experience, not only in terms of energy and ethics, but also because of the precedent it would have set. Because before the Habyarimana regime, the level of Rwanda's debt was very low; the entire debt repayment being demanded of Rwanda was debt contracted by a despotic regime, and so was a typical example of the doctrine of odious debt, somewhat like the debt the DRC faced.

In the Democratic Republic of Congo, after the overthrow of the dictator Mobutu in 1996-1997, Pierre Galand and I worked in collaboration with the new authorities in Kinshasa (Pierre Galand was the one who maintained the actual contacts) and above all with the social movements. Several Congolese members and sympathisers of the CADTM who had spent 20 years in exile in Belgium had returned to their country after Mobutu's fall and held posts in Kinshasa [11]. We also had long-standing contact with Jean-Baptiste Sondji, a Congolese former Maoist militant who had become Minister of Health in the Kabila government.

In these cases, what support or alliances do you look for?

Personally I made an outright priority of relations with social movements (trade unions, small farmers' organisations, student organizations, etc.) I didn't have a great deal of trust in the new DRC government, except to some degree Jean Baptiste Sondji as an individual. The issue was to challenge the repayment of the debt that was being demanded of the DRC by regimes and institutions that had supported Mobutu and enabled him to remain in power for over 30 years. Laurent-Désiré Kabila had set up an *Office des biens mal acquis* ("Office of illicitly acquired property") and there was a clear link between personal enrichment related to corruption and the country's indebtedness. And in fact in that also turned out to

be a disappointment, because Kabila negotiated a deal with the Swiss bankers at a time when there was the possibility that the DRC could get the Swiss courts to force Swiss bankers who were complicit in Mobutu's misappropriations to return the money he'd deposited with them. But scandalously, Kabila agreed to a secret transaction with the Swiss bankers and abandoned the legal action that was under way.

I went to Kinshasa during the summer of 2000 to work with the Congolese social movements and NGOs on the issue of the odious debt the DRC was being required to repay. My book *Your Money Or Your Life* was very successful in the academic community and among the Congolese Left [12]. In Belgium, the former colonial power, the CADTM had developed a strong campaign for cancellation of the DRC's odious debt and freezing of the Mobutu clan's assets in Belgium [13]. We had helped author a brochure common to all NGOs and North/South solidarity organisations active in Belgium demanding cancellation of the DRC's debts [14]. Along with these activities conducted by the CADTM, organisations in the DRC became members of the international CADTM network (in Kinshasa, the Bakongo area, Lubumbashi and Mbuji-Mayi). The lesson to be learned from these attempts to denounce odious debt in Rwanda and in the DRC is that the governments can't be trusted. Absolute priority has to be given to working with the grass-roots citizens' organisations, with the social movements and with individuals who are determined not to give up until clarity is achieved and action is taken by the governments.

Translated by Snake Arbusto, Suchandra De Sarkar and Vicki Briault.

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[See his bibliography](#). He co-authored *World debt figures 2015* with Pierre Gottiniaux, Daniel Munevar and Antonio Sanabria (2015); and with Damien Millet [Debt, the IMF, and the World Bank: Sixty Questions, Sixty Answers](#), Monthly Review Books, New York, 2010. He was the scientific coordinator of the [Greek Truth Commission on Public Debt](#) from April 2015 to November 2015.

Notes

[1] Chossudovsky, Michel et al. 1995. « Rwanda, Somalie, ex Yougoslavie : conflits armés, génocide économique et responsabilités des institutions de Bretton Woods » (Rwanda, Somalia, ex-Yugoslavia: armed conflicts, economic genocide, and the responsibility of Bretton Woods institutions); Chossudovsky, Michel and Galand, Pierre, « Le Génocide de 1994, L'usage de la dette extérieure du Rwanda (1990-1994). La responsabilité des bailleurs de fonds » (The Genocide of 1994. The use of

Rwanda's external debt (1990-1994). The responsibility of financial institutions), Ottawa and Brussels, 1996. See also: Duterme, Renaud Rwanda : une histoire volée (Rwanda: a stolen history), Co-edition Tribord and CADTM, 2013 <http://cadtm.org/Rwanda-une-histoire-volee-Dette-et>

[2] Maton, Jef. 1994. Développement économique et social au Rwanda entre 1980 et 1993. Le dixième décile en face de l'apocalypse. (Economic and Social Development in Rwanda between 1980 and 1999.)

[3] Nduhungirehe, Marie-Chantal. 1995. Les Programmes d'ajustement structurel. Spécificité et application au cas du Rwanda.(Structural Adjustment Programmes: Specificities and Application to the Case of Rwanda.)

[4] Maton, Jef. 1994. Ibid.

[5] Association Internationale de Techniciens, Experts et Chercheurs (International Association of Technicians, Experts, and Researchers), <http://aitec.reseau-ipam.org/spip.php?article130>

[6] Centre d'études et d'initiatives de solidarité internationale (Centre for research and action for international solidarity), http://www.reseau-ipam.org/spip.php?page=rubrique&id_rubrique=47/ (in French)

[7] https://en.wikipedia.org/wiki/Gustave_Massiah

[8] https://en.wikipedia.org/wiki/Fran%C3%A7ois-Xavier_Verschave

[9] <http://www.cadtm.org/Rwanda-the-financiers-of-the> Article published in 1997: Eric Toussaint, "Rwanda: the Financiers of the Genocide", 5 p., in *Politique*, La Revue, Paris, April 1997 (French version).

[10] See Chossudovsky, Michel and Galand, Pierre, *The Use of Rwanda's External Debt (1990-1994). The Responsibility of Donors and Creditors. Preliminary Report*. Ottawa and Brussels, November 1996. <http://www.globalresearch.ca/articles/CHO403E.html> (English version of French original) See also: Chossudovsky, Michel et al. 1995. "Rwanda, Somalie, ex Yougoslavie : conflits armés, génocide économique et responsabilités des institutions de Bretton Woods" ("Rwanda, Somalia, ex-Yugoslavia: armed conflicts, economic genocide and responsibilities of the Bretton Woods institutions"), 12 p., in *Banque, FMI, OMC : ça suffit !*, CADTM, Brussels, 1995, 182 p. (in French) and Chossudovsky, Michel, "IMF-World Bank policies and the Rwandan holocaust" <http://www.hartford-hwp.com/archives/35/033.html>

[11] These included Genero Ollela of the Lumumbist FLNC, who upon his return to Kinshasa held a position at the Office des biens mal acquis (OBMA). A year later he was put in prison for completely unjust reasons and the CADTM worked toward his release.

[12] See <https://www.monde-diplomatique.fr/1998/09/CASSEN/4039> (in French) and http://www.cadtm.org/spip.php?page=imprimer&id_article=1663

[13] See in particular <http://www.cadtm.org/La-Republique-democratique-du> (in French) and <http://www.cadtm.org/FG-Hemisphere-vulture-fund-s>

[14] CNCD-OPERATION 11.11.11 (Centre national de coopération au développement), *Pour une annulation des créances belges sur le République Démocratique du Congo* (Toward Cancellation of Belgian-held debt claims over the Democratic Republic of Congo), Brussels, 2002, 34 p.

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