



Aid or Investment?

Post-Conflict Development in DRC and Rwanda

Executive Summary

From 1970 to 2015, over one trillion dollars in international aid was directed towards development in Africa. Yet many African nations remained mired in continued conflict and poverty, leading to calls for a rethink of what has come to be seen as the “aid industry.”

Is international aid as typically conceived part of the problem for the developing world? Can aid instead lead to long-term community investment that provides sustainable growth? To what degree does any kind of international funding crowd out local initiatives and distort local economies? How do these complex dynamics work in fragile post-conflict countries?

This Columbia University audiovisual case study examines the interplay of international aid and development issues in the Democratic Republic of the Congo (DRC) and Rwanda, and explores new philanthropic initiatives that attempt to bring a different approach to these challenges. It includes interviews with Former U.S. Ambassador to South Africa Jendayi Frazer, Congolese Minister of Rural Development Robert Bopolo Mbongeza, Rwandan President Paul Kagame, and expert insight from Professor Calestous Juma of Harvard, and Glenn Denning of Columbia.

This case includes the following elements:

- a) Intro Video (available online)
- b) Written Case Study (this document)
- c) Additional Documents

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Democratic Republic of the Congo

Few countries have embodied the contradictions and shortcomings of traditional international aid more dramatically than the Democratic Republic of the Congo (DRC). The territory was the scene of some of the most brutal excesses of European colonialism, Cold War maneuverings, massive corruption, and the largest, longest, and bloodiest running war in Africa. Also home to unparalleled wildlife and rich mineral deposits, conflict in the country brought it some 20,000 uniformed United Nations (UN) personnel, more than 100 international aid groups, and multiple armed insurgencies including the Democratic Forces for the Liberation of Rwanda and the Front for the Patriotic Resistance in Ituri.¹

Neglect & Violence. The area that became the modern DRC was established at the 1885 Conference of Berlin as the Congo Free State, under the private control of the king of Belgium.² At 1.4 million square miles, the country was larger than Western Europe.³ It later became the Belgian Congo, then Zaire and finally the DRC, but retained its continental size, poverty, and history of violence. The country served as the setting for Joseph Conrad's novel, *Heart of Darkness*, and was the scene of brutal killings and slave labor under both Belgian King Leopold and later the Belgian state.

Following independence from Belgium in 1960, Prime Minister Patrice Lumumba sought aid from the Soviet Union. But the United States supported a 1965 coup by Mobutu Sese Seko (born Joseph), a colonial army lieutenant who changed the country's name to Zaire and began a 32-year dictatorship.⁴ During the Cold War years of the 1970s and 80s, Mobutu's Zaire played a crucial role in international strategic calculations, supporting the US and its allies in key votes at the United Nations Security Council. In implicit exchange, it received US military assistance and some \$13.6 billion in international aid and loans. The results were not encouraging. By the early 1990s, misdirected monies had funded several unnecessary mega-projects and fueled massive corruption.⁵

¹ United Nations, Peacekeeping Missions: MONUSCO. See: <http://www.un.org/en/peacekeeping/missions/monusco/facts.shtml> and <http://terrorist-groups.insidegov.com/d/a/The-Democratic-Republic-of-the-Congo>.

² "Democratic Republic of Congo-Timeline," BBC News, November 15, 2016. See: <http://www.bbc.com/news/world-africa-13286306>.

³ Central Intelligence Agency, *The World Factbook*, Democratic Republic of Congo. See: <https://www.cia.gov/library/publications/the-world-factbook/geos/cg.html>.

⁴ The Editors, "Mobutu Sese Seko," *Encyclopedia Britannica*. See: <https://www.britannica.com/biography/Mobutu-Sese-Seko>.

⁵ Bill Berkeley, "Zaire: An African Horror Story," *The Atlantic*, 1993, August edition, <https://www.theatlantic.com/magazine/archive/1993/08/zaire-an-african-horror-story/305496/>.

Mobutu was forced out in 1997. His departure did not bring peace, but rather set off a series of invasions and counter invasions that have been called “The Great War of Africa”.⁶ Only after a series of conflicts that continued until 2006 did the country, currently called the DRC, reached a kind of stability. In 2006, the first democratic election in 40 years brought President Joseph Kabila into office. Up until that time, the country had been devastated by the years of civil strife. Some 3.8 million had died and over 2 million were internally displaced.

President Kabila oversaw a return to economic growth, with an average annual growth rate of 4.7 percent from 2001-2010, compared to the average minus 5.5 percent growth of 1991-2000. Nonetheless, and even after a decade of efforts to rebuild, the DRC in 2015 ranked 176 on the Human Development Index of 188 countries.⁷

Goma, refugees, and Virunga

The fertile highlands of the Eastern Congo, once a principal agricultural zone, suffered especially from the armed conflicts that dominated the region since the mid 1990s. Much of the North Kivu province enjoyed high altitudes, a cool climate, and rich volcanic soil that, under colonial rule as well as Mobutu’s early years, produced a wide variety of crops, including coffee and tea. It also hosted a thriving dairy industry. Goma—the regional capital more than 1,400 miles from Kinshasa, the national capital—was a sleepy former colonial resort town on the banks of Lake Kivu. Mobutu kept a mansion and luxury cars at Goma, as well as a ranch in the neighboring Virunga National Park.

Virunga. The nearby Virunga National Park, founded in 1925, was Africa’s first national park and the birthplace of the continent’s wildlife conservation movement. At 3,000 square miles, it encompassed mountains, forests, and savannah, lakes (including the enormous Lake Edward) and live volcanos. In 1979, it was named a UNESCO World Heritage site. The Congolese national park authority, the Institut Congolais pour la Conservation de la Nature (ICCN), was named manager of Virunga.⁸

Established at the intersection of the DRC, Rwanda, and Uganda, Virunga was home to more species of mammals, birds, and reptiles than any other park in the world. Its most celebrated residents, an estimated 200 mountain gorillas, represented (by the early 1990s) a quarter of the remaining members of the critically endangered species.⁹ But after 1985, Virunga suffered from neglect and violence. Poor farmers occupied large tracts of the park, while poachers devastated the wildlife in search of marketable commodities. Conditions became immeasurably worse in 1994 as a

⁶ Reyntjens, Filip (24 August 2009). *The Great African War: Congo and Regional Geopolitics, 1996–2006*. Cambridge University Press. p. 62. ISBN 0-521-11128-5.

⁷ United Nations Development Program, 2015 Human Development Report, Statistical Annex. See: http://hdr.undp.org/sites/default/files/hdr_2015_statistical_annex.pdf.

⁸ “About Virunga National Park,” Official Tourism Website, VisitVirunga.org, <https://visitvirunga.org/about-virunga/>.

⁹ This included 218 mammal species (including 22 primates), 706 birds, 109 reptiles and 78 kinds of amphibian. Jon Rosen, “The battle for Africa’s Oldest National Park,” *National Geographic*, June 2014. See: <http://news.nationalgeographic.com/news/special-features/2014/06/140606-gorillas-congo-virunga-national-park/>. Also UNESCO, Virunga National Park, <http://whc.unesco.org/en/list/63>.

result of a genocide in neighboring Rwanda, when Hutu extremists killed an estimated million Tutsis in the span of 100 days.¹⁰

Refugees. Hundreds of thousands of refugees poured across the Rwandan border into Goma, transforming what had been a small town of 20,000-30,000 people into a metropolis. Refugee camps sprang up nearby, eventually housing 800,000.¹¹ The refugees included Hutu combatants who came from the genocide with their weapons and military organizations intact.

Most international aid groups pulled out of Rwanda during the genocide, in part due to inaction by the US and United Nations.¹² The aid community responded in DRC shortly thereafter; 250 non-governmental organizations (NGOs) arrived in Goma within two months of the refugee influx.¹³ Among them, they provided \$1.3 billion from 1994-1996 in humanitarian aid to the refugee camps.¹⁴ The NGOs established massive tent villages and Goma's airport runway had to be paved in order to receive cargo plane loads of food and medicine.

Meanwhile, the United Nations presence gradually escalated as a series of new crises wracked the area. In 1996, Rwandan government forces crossed the DRC border in pursuit of armed Hutus in the refugee camps. This set off a 10-year civil war there (which included Mobutu's ouster), in which international forces from Rwanda played a key role. In 1999, UN peacekeepers were formalized as MONUSCO, with the mission of enforcing a fragile peace among the rebel groups. By 2010, the UN force had grown to 20,000, the world's largest, at an annual cost of approximately \$1.6 billion.¹⁵

Infrastructure. During this time, North Kivu's infrastructure remained marginal. There was limited or no reliable electricity except by generator, which was too costly for most locals.¹⁶ There were few schools and no paved roads. While the soil was rich, most local farmers and fishermen lived in subsistence conditions. Democracy was a dream; there had never been any local or provincial elections. Lawlessness was the norm. The Rwandan refugees and internally displaced Congolese lingered on in the camps with no prospects for a better life.

The international aid structure established for the refugee crisis nearly two decades earlier had become semi-permanent. Critics objected that, too often, ongoing aid created a culture of dependency and undermined the local economy. For some critics, international aid groups and UN troops in North Kivu seemed to perpetuate, rather than reduce, local instability and violence.

¹⁰ "Rwanda Profile-Timeline," BBC News, January 5, 2017. See: <http://www.bbc.com/news/world-africa-14093322>.

¹¹ Daniel Waterman, *Journey after Darkness*, a study of Goma, Zaire in 1994, UNICEF, 2004. See: https://www.unicef.org/wcaro/07-Goma_2004_Journey_After_Darkness.pdf.

¹² Daniel Pelz, Deanne Corbett, *afp*, "Rwanda: Why the International Community Looked Away," DW-World, April 2009, <http://www.dw.com/en/rwanda-why-the-international-community-looked-away/a-4157229>.

¹³ Sarah Kenyon Lischer, "Collateral Damage: Humanitarian Assistance as a Cause of Conflict," *International Security* 28.1, Summer 2003. See: <https://muse.jhu.edu/article/46142>.

¹⁴ Sarah Kenyon Lischer, "Collateral Damage: Humanitarian Assistance as a Cause of Conflict," *International Security* 28, no. 1 (2003): 79-109.

¹⁵ "Peacekeeping budgets," United Nations, Department of Management, February 2012. See: <http://www.un.org/en/hq/dm/pdfs/oppba/Peacekeeping%20budget.pdf>.

¹⁶ One power plant was built in 2010 in Mutwanga, which generated 400 kilowatts.

NGO worker Rebecca Camp, an American who grew up and works in the DRC, explains:

I think that aid is really important. But... we have to be practical about the fact that it's meant to be a stop gap, it's meant to provide help and not to turn into the de facto social services of the country... Congo needs investment that's going to stay, that's going to actually stick around and provide services, create infrastructure and very tangibly change conditions for people.¹⁷

Philanthropic investment

Despite the aid community's activity, very few private foundations or donors were directly involved in North Kivu, especially in areas of conflict. One philanthropist in particular, however, was drawn to the region – in part because of the very challenges donor aid itself was creating.

The idea of breaking the cycle of aid and dependency attracted Howard G. Buffett to the DRC. As head of the Howard G. Buffett Foundation (HGBF), he first traveled to Goma in 2004 to visit the Virunga National Park and its famed mountain gorillas. By then, the foundation was an established investor in sustainable agriculture and wildlife conservation in some of the world's most challenging locations, including conflict zones.

Investment vs aid. Buffett was a vocal critic of using traditional aid in situations where long-term, economically sustainable solutions were needed. He had learned through past mistakes, and his observations of large-scale donor programs, that handouts did not help needy communities once crisis had passed. What communities needed, he said, was investment that continued to yield benefits long after the donor was gone. The donor community spent tens of millions of dollars “that I look back at today and think were just wasted and, in some cases, probably did damage,” commented Buffett. “People don't want to admit that, but I think it's the truth. I think we learned a hard lesson.”¹⁸

As investment timeframe was not a year or two, but as long as 15 years, Buffet emphasizes:

Investment and aid are two completely different things. I think they're jumbled together all the time. The problem with aid is that when you give people things, they don't take ownership... they learn to expect things for nothing. Philanthropic investment, on the other hand, can fund projects that will provide long-term development that will help people eventually help themselves, and be more independent, and create economic opportunity that will expand on its own.

¹⁷ Adam Stepan's interview with Rebecca Camp on December 6th, 2015 in Goma DRC. All further quotes from Camp, unless otherwise attributed, are from this interview.

¹⁸ Adam Stepan's interview with Howard G. Buffett on December 20th, 2015 in Kigali, Rwanda. All further quotes from Buffett, unless otherwise attributed, are from this interview.

What Buffett saw in North Kivu only strengthened his conviction that aid was destructive if not delivered alongside funding to improve local community capacities, and with investments in long-term infrastructure. In his view, the UN presence had accomplished little with its spending.¹⁹

After 2004, he returned to the region almost every year, with frequent visits in 2007 and 2009. On one visit, he met Virunga Park's warden, Emmanuel de Merode. The Kenya-born Belgian had been warden since 2008 and had spearheaded an international campaign to rebuild the park's staff and structure. Major grants from the European Union and other groups allowed him to hire and train new rangers, and to build a new visitor center. Beginning in 2009, tourists—who had largely stopped visiting the region—began to return.

Merode was also doing his best to halt proposed oil exploration by the UK-based SOCO oil company. In 2010, the DRC government awarded SOCO several oil concessions on the park's boundaries, including under part of Lake Edward. In 2012, the company started exploring for oil. While the project may have brought sorely needed economic activity to the region, Merode argued that few of the benefits would return to local communities and that the oil projects could destroy the park.

Buffett wanted to invest in North Kivu to help stabilize the region – to both help Virunga protect its animals, and also stave off the threat from oil exploration. Jobs, felt Buffett, were the answer. “The only way you're going to stop the conflict is to put people to work,” commented Buffett. “Give them economic opportunity and change the profile of what an average male in North Kivu does—which is pick up a gun and fight.” As Buffett had learned years earlier, poaching, violence, and encroachment will never stop if people have no alternative way to feed themselves and their families. “No one's going to starve to save a tree,” someone told Buffett in 1992, and he never forgot it. The question was what projects would have the greatest job-creating impact?

Hydro project

One of the greatest challenges facing North Kivu was the number of armed combatants who still roamed the province. In 2012, despite several peace agreements, there were still more than 25 armed groups in the area. Upwards of 1,000 people died annually from their internecine conflicts. Much of the violence resulted from the warring parties' efforts to get money by smuggling minerals, poaching animals, or extorting local communities.

Buffett explored the possibilities of job creation with Merode. First, they created a loose network of locals who wanted to protect the park, restart economic activity in North Kivu and bring stability to the region. They dubbed it the Virunga Alliance and its goal, says Merode, was an “economy that's based on principles of good governance—that strengthens civil society and strengthens government institutions so that they can fulfill their role appropriately.”²⁰

Within weeks, the Alliance and HGBF came up with a plan: a multi-year, \$62 million philanthropic investment in hydroelectric plants. The province already had one power plant, built

¹⁹ Adam Stepan's interview with Howard G. Buffett on December 8th 2015 in Goma, DRC.

²⁰ Adam Stepan's interview with Emmanuel de Merode on December 12th, 2015, in Rumangabo DRC. All further quotes from Merode, unless otherwise attributed, are from this interview.

in 2010 in Mutwanga to the north; it generated 400 kilowatts for the town's 3,600 homes. HGBF committed to finance four more plants; together, they would provide North Kivu with an additional 100 megawatts (MW) of power by 2021.

The electricity project could spur economic activity, provide jobs for locals and, with luck, persuade rebels to lay down their arms and take up productive employment. Water for the power plants would come from the park, but the plants themselves were located outside park boundaries. It was the kind of project that appealed to Buffett because it allowed local actors to move quickly, without undue government interference. He notes:

The reason we are investing in these hydro plants across North Kivu is to provide a completely different set of circumstances, with the hope that when people have different opportunities... like the chance to have economic independence, and provide for better circumstances for their family, that perhaps that will reduce the fighting. When people have more to lose, they tend to be a little more civil about things. [But] it's a long shot.

M23 attack. Then in fall 2012, the M23 guerrillas, a local rebel group active since April, neared Goma.²¹ In November, M23 took the town while UN troops stood by inactive, their hands tied by a mandate that limited the use of force. The invasion drove over 140,000 from their homes. The UN belatedly authorized its troops to take offensive action. They ejected M23 from Goma and the rebels signed a peace agreement with the government in February 2013. Buffett was undeterred. "We funded this project at the height of the 2012 M23 conflict because we felt that peace would come but would only last if there were jobs immediately following the peace agreement," he wrote.²² His foundation liked to take risks precisely where most private donors or NGOs would not. He notes:

I've always looked at our foundation as the risk capital of philanthropy. We should be the first ones to try something different. We should not ever worry about whether we're going to fail at something, because we're in a position to be able to take that philosophy. We don't have to make a bunch of donors happy, we don't have to have an annual event, and tell everybody how great we did, 'so give us more money'. We're not restrained by having to look like we're doing a great job.

Rangers. However, Buffett took the violence seriously. Along with electricity, he also invested in local security. The Virunga Park rangers had emerged as the only effective law enforcement corps in North Kivu. Besides protecting the park's animals, the rangers patrolled an area of 50 kilometers beyond park boundaries. "A National Park like this can take 20 or 30 years to

²¹ The March 23 Movement (M23), also known as the Congolese Revolutionary Army, was formed to defend the Tutsi minority in eastern Congo against the Democratic Forces for the Liberation of Rwanda (FDLR), a Hutu rebel army.

²² Howard G. Buffett Foundation, 2015 Annual Report. See: <http://www.thehowardgbuffettfoundation.org/wp-content/uploads/2016/08/HGBF-2015-Annual-Report-Final-Web.pdf>.

restore, but can be destroyed in three days,” comments Merode. The rangers’ job was dangerous. Despite being armed with automatic weapons, 134 had been killed since 1996.²³

The Virunga rangers, Buffett observed, were “the only authority offering protection to vulnerable communities.”²⁴ In 2013, his foundation committed funding to hire and train 218 new rangers in 2015, for a total \$14 million contribution to the park. By 2016, Virunga employed some 700 rangers.

Building the network

Design of the hydroelectric plants began in 2013, taking advantage of the Virunga Park rivers. These fed into Lake Edward, which in turn flowed into the Semliki River and formed the source of the Nile. The first proposed plant would be a 12.6-megawatt (MW) facility at Matebe. The second, designed to generate 13 MW, would be installed at Lubero and was slated for completion in 2018. The third at Mutwanga would be a 2 MW facility to supplement the existing plant. Finally, the foundation planned a 27 MW plant in Rwanguba/Rutshuru, to open in 2020. The HGBF contribution was substantial—\$55.4 million over eight years.²⁵

As with the existing Mutwanga plant, schools and hospitals would receive all electricity free of charge. Other customers—potentially a million—would pay in advance for an entire year’s electricity via “smart boxes.” The technology allowed customers to choose in advance how much electricity they wanted to purchase. The fee for 3 amps was \$223/year, for 6 amps \$292, for 10 amps \$362, and for 16 amps \$502. Business customers typically used more electricity than residential ones. The system eliminated the need to collect unpaid bills and any attendant opportunity for corruption.

Once all the plants were online, HGBF hoped that their collective revenue would finance Virunga Park’s \$7.7 million annual operating budget, making the park self-sustaining. An additional \$5.3 million in annual hydro-plant earnings would go to investment in community development projects, including agriculture.²⁶ If successful, this virtuous circle would continuously build the local economy.

Finally, plant construction alone would create thousands of jobs. HGBF pledged to employ upwards of 1,500 demobilized combatants from groups such as M23 on the hydro-plant construction sites. That training, the foundation hoped, would help the young men find future work in the expanding local economy. In addition, the energy the plants produced would, project planners estimated, generate some 60,000 permanent new jobs in such areas as food processing and agro-industry.

²³ Howard G. Buffett Foundation, 2015 Annual Report. See: <http://www.thehowardgbuffettfoundation.org/wp-content/uploads/2016/08/HGBF-2015-Annual-Report-Final-Web.pdf>.

²⁴ HGBF 2015 Annual Report.

²⁵ The breakdown was \$19.7 million for Matebe, \$12 million to Lubero, \$1.8 million to Mutwanga 2 and \$21.9 million for Rwanguba/Rutshuru.

²⁶ HGBF 2015 Annual Report.

Matebe first. Officials broke ground in December 2013 on the first power station at Matebe. As equipment was brought in and roadwork began, local authorities saw that the Alliance and its partners were serious about making a transformative investment in the region. Comments Buffett: “Sometimes you need that physical presence just to convince them, or allow themselves to be convinced, that things can change, things can get better, and things can look differently in the future.”

The project, though in a region de facto ignored by the DRC government, had a few highly-placed allies. For example, the Congolese minister of tourism, Elvis Mutiri wa Bashara, appreciated the potential Virunga presented for tourism, and his ministry provided key support from Kinshasa. Ironically, the project benefited from local doubt that it would come to anything, allowing the foundation and local allies to operate without too much interference from officials in Kinshasa. “I think that was an advantage,” says Buffett.

By December 2015, Matebe was ready to power up—six months ahead of schedule. As hoped, its construction had created thousands of jobs, including employment for some 150 young men who had formerly belonged to the M23, Mai Mai, and Nyatura armed groups.²⁷ The project had been accomplished with minimal government support or interest.

Presidential interest. So it was with some surprise when the project planners learned that President Kabila wanted to attend the Matebe opening ceremony. It would be the first time a Congolese president had visited Virunga in 30 years. Kabila, elected in 2001 and 2011, was nearing the end of his second term, with elections scheduled for December 2016.

Rather than risk a helicopter flyover, the president’s office decided that a land approach would be safer. In preparation, more than 1,000 government troops were stationed to guard the potholed 34 kilometers from Goma to the hydro site. At 12:45 p.m. on Wednesday, December 16, 2015, with Kabila in attendance, Matebe’s turbines were turned on and the first power began to flow. At a stroke, it doubled the amount of electricity available in North Kivu.

By late 2016, the plant had 2,000 residential customers from among the 30,000 living in Matebe. Some five medium-sized businesses and one larger business, which purchased 5 MW, were on the system. The HGBF investment was featured at a February 2016 international investors’ conference held in the region; others expressed interest in following the foundation’s lead. Moreover, the hydropower project was able to secure a loan of \$9 million for its next phase from the UK development finance institution, CDC Group. It was the first investment from a development bank in Eastern Congo since 1985.

The constitutionally-mandated presidential election in December, however, was postponed. The political uncertainty, Buffett warned in a report, could imperil the hydropower project. “Our investments in North Kivu could become compromised if democracy, transparency, and accountability are further weakened,” he wrote.

²⁷ Howard G. Buffett Foundation, 2015 Annual Report. See: <http://www.thehowardgbuffettfoundation.org/wp-content/uploads/2016/08/HGBF-2015-Annual-Report-Final-Web.pdf>.

Rwanda – Central Africa’s “alternate reality”

Across the border from chaotic Goma existed a very different reality. Where Goma was crowded, trash-filled and unpaved, the Rwandan border town of Gisenyi was quiet, with manicured lawns and a suburban feel. UN and NGO SUVs cruised Goma’s streets; Rwandan military personnel and government officials were visible in Gisenyi. At the time of the 1994 genocide in Rwanda, few would have predicted such a contrast.

Genocide. The genocide was the culmination of long-brewing conflicts between majority ethnic Hutus and minority Tutsis. Rwanda, at just over 10,169 square miles, roughly the size of the state of Massachusetts, had an estimated population of 6 million in 1994.²⁸ The former Belgian colony achieved independence in 1962, and in the early 1990s was run by Hutus, with military and economic support from France. While atrocities took place on both sides, most of the nearly 1 million who died in the 100-day genocide were Tutsis.

The events caught the world by surprise. US President Clinton had been widely criticized for American deaths in 1993 in Mogadishu, Somalia. He decided to stay out of what most observers initially understood to be a civil war, rather than a genocide. French and UN troops stationed in the capital, Kigali, were ordered not to interfere, and focus instead on evacuating expatriates and consular staff. Many international NGOs also fled the country or stayed out of the conflict. When the killing ended, hundreds of thousands of Hutu refugees and significant numbers of the killers escaped into neighboring Zaire, soon to be renamed the DRC.

Kagame. The man who restored order in Rwanda was Paul Kagame, at the time a general in the Tutsi’s Rwandan Patriotic Front (RPF) rebel army. In late 1994, a new Rwandan government took office with a Hutu as president and Kagame as vice president. Kagame then took the presidential office in 2000 as head of the RPF, which had become a political party. “The challenge was huge, unimaginable,” says Kagame. “We started dealing with a problem we had never imagined, but we tried everything we could.”²⁹

Following stabilization, international aid groups such as the Red Cross and others poured back into Rwanda. But unlike Goma, where aid workers and UN forces became a de facto local government, in Rwanda Kagame and the RPF consistently used aid funds to promote reconciliation and rebuild institutions.

Aid skeptic. Kagame took a skeptical view of aid, which made for a sometimes contentious relationship with international donors. Kagame welcomed aid, but on Rwanda’s terms, using Rwandan solutions—not those imposed from afar. Aid, he observes, is very welcome to “fill the gaps that exist in terms of need,” but he objected strenuously to the dependency it created. As former US Ambassador to South Africa Jendayi Frazer notes:

²⁸ World Bank, World Development Indicators, Rwanda 2015. See: <http://databank.worldbank.org/data/reports.aspx?source=2&country=RWA>.

²⁹ Adam Stepan interview with President Paul Kagame on December 19th, 2015, in Kigali, Rwanda. All further quotes from Kagame, unless otherwise attributed, are from this interview.

The Rwandans have been steadfast that, from their perspective, they rescued themselves from the genocide. The international community wasn't there to be found, and they will develop themselves. They would like to do that in partnership with the international community, but the community needs to get on board with their agenda, rather than their listening to a multitude of different voices about the choices that they should make.³⁰

Kagame's goal was long-term development. "We understood that what we should be working toward is long-term investments, to build capacity in our own people, in different sectors, so that we are able to keep investing and building on that for sustainable development," he says. So Rwanda created favorable conditions for international private sector investment, and in 2007 formed a council of international business advisors. Kagame also forged close ties to international leaders such as former US President Clinton and former British Prime Minister Tony Blair.

The country's reputation and its relations with international aid organizations deteriorated in 2012, when a leaked UN report pointed to a violation of an arms embargo by Rwanda and Kagame. The report accused them of providing direct military support to the M23 guerrillas and facilitation of armed forces deserting from neighboring DRC.³¹ As a result, many aid groups temporarily suspended donations, citing a lack of civil liberties and restrictions on a free press. Kagame and his government denied the charge and noted that critics failed to appreciate the scale of ongoing security threats to Rwanda.

Rwanda took the aid withdrawal in stride. In April 2014, it celebrated the 20th anniversary of the end of the genocide. The country had much to celebrate—from 2000-2014, annual Rwandan GDP growth averaged 7.7 percent. It rebuilt much of its infrastructure, beginning with a world-class set of national highways. It also made major investments in rural housing, schools and health, and took steps to position the country as a technology hub for central Africa.

A public-private partnership emerges

It was no surprise, given their common view on aid versus investment, that Buffett and Kagame would eventually meet and like one another. As Buffett's foundation took an ever-greater role in DRC and the "Great Lakes" region, the idea took root of doing similar work in Rwanda.

In 2014, the two men started talks on a large-scale project that would build on the philanthropic investment strategy developed in the DRC—and one that would fit within HGBF's core mission: sustainable agriculture. HGBF had been looking for an opportunity to make a single large investment in one region, with synergistic projects that would complement one another. In January 2015, they settled on a plan. Working with the Ministry of Agriculture, HGBF would invest in three linked projects to modernize sustainable agriculture in Rwanda: a farm irrigation initiative, an agricultural research and training facility (modeled after the US land grant agriculture

³⁰ Adam Stepan interview with US Assistant Secretary of State for American Affairs Jendayi Frazer on January 8th, 2016, in New York City.

³¹ UN Security Council. "Final Report of the Group of Experts on the DRC Submitted in Accordance with Paragraph 4 of Security Council Resolution 2021 (2011)." http://www.un.org/ga/search/view_doc.asp?symbol=S/2012/843.

university structure), and an improved border crossing with the DRC to expand trade opportunities.

A central tenet of the HGBF investment strategy was to find and invest in strong local partners and management teams. In the Kagame administration, Buffett felt he had found a suitable local partner. “The only country that I would be comfortable with, in terms of making the kind of investment that we are making in agriculture in Rwanda, is Rwanda. That is because of the government,” he says. The deal also reflected HGBF’s preference to work with local partners rather than rely on international experts. Altogether, HGBF would invest \$500 million in Rwanda over 10 years.³²

Nasho irrigation project

Despite the country’s many advances, Rwandan agriculture remained underdeveloped. Over 90 percent of farmers were subsistence smallholders who cultivated an average 2.27 acres of land.³³ As of 2015, only 18 percent of Rwandan farms were mechanized, and the average income for rural Rwandans was US 82 cents a day.³⁴ On the positive side, much of the country boasted rich volcanic soil and abundant, year-round rainfall. Its high altitude and location near the equator gave it the potential to produce several crops a year. Rwandans grew tea, coffee, corn, beans, vegetables and soybeans, among other products.

One bright spot for Rwandan agriculture was coffee. Realizing that Rwanda’s climate might permit it to grow premier coffee, Kagame liberalized the coffee trade and from 2001 worked with the U.S. Agency for International Development (USAID) to increase specialty coffee production.³⁵ Another program called PEARL, which was funded by USAID, Texas A&M University, and Rwanda’s Ministry of Education, taught coffee farmers about quality control, and gave them washing stations for their beans. The coffee farmers formed cooperatives (co-ops) to produce and market their product. In areas that had seen violence, the co-ops also served as de facto reconciliation projects, uniting former Hutu and Tutsi combatants in a common venture. As coffee quality improved, the co-ops were able to sell to such global companies as Starbucks and Green Mountain Coffee.³⁶

Expanding the co-op model. HGBF and the Ministry of Agriculture wanted to see the cooperative model expand beyond coffee growers to other farmers. For their irrigation project, they selected a region in eastern Rwanda (near Tanzania) that both felt would benefit from an infusion of infrastructure. The Nasho and Mpanga sectors in the Kirehe district were relatively flat and

³² HGBF 2015 Annual Report.

³³ NASHO PLAN.

³⁴ “Rwanda, Rural Region,” Compassion website. See: <https://www.compassion.com/rwanda/rural-rwanda.htm>.

³⁵ Laura Fraser, “Coffee, and hope, grow in Rwanda,” New York Times, August 6, 2006. See: <http://www.nytimes.com/2006/08/06/business/yourmoney/06coffee.html>.

³⁶ Michaelleen Doucleff, “Rwandan coffee farmers turn premium beans into harvest gold,” NPR, August 17, 2012. See: <http://www.npr.org/sections/thesalt/2012/08/16/158940463/rwandan-coffee-farmers-turn-premium-beans-into-harvest-gold>.

suitable for mechanized agriculture and irrigation. The area also had an extensive network of lakes, which could supply water year-round.

The ministry appointed Magnifique Ndambe Nzaramba coordinator of the project. The partners conducted a site survey in spring 2015, and negotiations began with local landowners. As the project outline emerged, it called for 63 center pivots (large, circular sprinklers) to be installed on a 1,173-hectare cooperative farm. The farm would subsume the smallholdings of 2,000 farmers living in 14 villages. The long-term goal was to shift farmers from subsistence to commercial farm production as irrigation helped them produce more than their families could consume.

Under the Nasho Irrigation Project, as it was called, specialists would train the farmers in how to use and maintain the irrigation system, and also educate them in conservation-based agricultural practices. Energy from a new, 3 MW solar plant would power the pivots. Because the area was prone to drought—with average rainfall of less than 35 inches a year, and a dry season over four months long—average crop yield was fairly low, with corn at .08 bushels/acre, and beans at 0.065 bushels/acre. The project aimed to double yields within a year with irrigation alone, and triple it with better agronomic practices. It also hoped eventually to add a third growing season.

One of Nzaramba's jobs was to secure agreement from the 2,000 households that would join in a new organization, the Nasho Irrigation Cooperative (NICO). Farmers who shared a pivot would have to plant the same crops, at the same time, using the same seeds and fertilizer. Most of the farmers had only a 6th-grade education; 24 percent were illiterate. They were unfamiliar with mechanized agriculture, yet the cooperative would have to eventually use and maintain the irrigation infrastructure, a project that would require a steady and prolonged training program. "They have been able to do a little bit of irrigation on their farms, and they have seen the difference it makes. But of course they will have to be trained on how to organize themselves", explains Nzaramba.³⁷

Despite the many admitted challenges, plans were completed by August 2015, and construction began immediately. In spring 2016, the pivots were installed, and the first crops were planted that fall: corn, beans and soybeans. They planted 2,443 acres—80 percent of the total available land. Drainage problems on the remaining land had yet to be resolved. That season's yield met expectations, but even better, the farmers saw for themselves how the system worked.

By early 2017, Nzaramba had hired some 20 field technicians and agronomists, about half the intended corps. A worldwide search was underway for a project manager, a farm manager and an accountant. They needed someone who could work with small-scale farmers, but also manage the technical staff. Spring planting began in March 2017 on the full acreage; the same three crops would be planted, but in a rotation. By 2018, the Nasho project was implementing a multi-year cropping plan for the cooperative, including updated seed mixing, crop planting patterning and multi-crop sequencing.

HGBF planned to phase out its participation in the project after four years, leaving operational responsibility with the cooperative by 2021. The farmers in 2016 elected the leadership of a nine-person cooperative board with a president, vice president, secretary, three advisors, and three auditors. The Ministry of Agriculture, however, planned to remain involved until the

³⁷ Adam Stepan Interview with Nasho project lead in Rwanda on December 17th, 2015.

cooperative had fully-trained staff on board. The government hoped the farm would demonstrate how technology and an alternative management structure could improve yields for sustainable agriculture. It saw the project as a model for future undertakings in Rwanda and the region.

Border crossing

The second piece of HGBF's philanthropic investment approach in Rwanda was financial and political support for a "one stop" border facility at the crossing between Gisenyi, Rwanda and Goma, DRC. The goal was to improve legal trade between the countries, and leverage investments in agriculture that HGBF supported on both sides of the border.

Rwanda already had similar facilities on its borders with Uganda, Tanzania and Burundi, but the long-standing disputes with DRC made this project seem impossible. HGBF, with connections on both sides of the border, was confident it could do the job, making both a financial investment and also playing an important political role. Joseph King of the Center on Conflict and Development (Texas A&M University), which partnered with HGBF in Rwanda, says:

This project is something that had been talked about for many years and looked at by many donors, but because of the instability, the conflict in the region, it was passed over... Mr. Buffett looks at projects that have the potential to be catalytic in terms of investment, both public and private sector. Also, he likes taking on challenges that others wouldn't.³⁸

The project's clients were the Rwandan Director General of Immigration and the Congolese DGM (*Direction Générale de Migration*). But it also involved the revenue authorities, customs, the national police, the ministries of infrastructure and the transport development authorities. As a region that had seen some of the worst violence during the genocide and had also been the staging area for multiple cross-border conflicts from 1996-2002, the project had both practical and symbolic importance. For one thing, it brought together former combatants to work on a common project. It also brought together the "two countries, which historically have not cooperated on many issues... to jointly plan the project," says King. He adds:

They'll...jointly manage the one-stop border post when it's in operation. It's not only increasing trade between the two countries, but also on an institutional level it's creating cooperation, a form of dialogue between the two governments, and hopefully stability for the region.

The Rwandan side broke ground in 2014; the DRC side, delayed by legal issues, somewhat later. Once fully operational, tourists, importers and exporters will go through formalities only once—in the country of entry. Each side will have an immigration hall, a customs facility and warehouses. A single manager will administer the entire complex under one protocol. Among other benefits, the better supervised operation will make it harder for armed groups to smuggle goods, such as rare minerals like tungsten that are used in cellphones. The Rwandan side of the

³⁸ Adam Stepan interview with Joseph King in Gisenyi, Rwanda on December 5th, 2015.

crossing opened for business in March 2017; the DRC facility opened in December 2017, however it is not expected to be officially operational until late 2018.

Research and training institute

Karama school. The third, and in some ways most complex, element of HGBF's philanthropic investment strategy in Rwanda was to create a research university to train a new generation of agricultural outreach agents and entrepreneurs. Rwanda's population of nearly 12 million is projected to almost double by 2050. Agriculture employs approximately 80 percent of the population. To keep pace with its growing food and economic needs, the Rwandan government has established a goal of 8.5 percent annual growth in agricultural production. To transform agricultural practices and output, Rwanda would need to research and test improved technologies as well as the best practices for local soils and growing conditions.³⁹

The ministry and HGBF selected as a model the US land grant college—a form of public institution that studied local agricultural challenges and extended formal research into the field. A few Rwandans knew the model, including Minister of Agriculture Gerardine Mukeshimana, a graduate of Michigan State University. Throughout the US, land grant colleges had led to new seeds, fertilizers and planting techniques tailored for local needs. HGBF hoped a similar institution could do the same for Rwanda.

No such training and research institution existed in Rwanda, and the organizers hoped it could educate a new generation of agricultural entrepreneurs. A site was chosen at Karama in the Nyagatare district of the Eastern Province of Rwanda, bordering Burundi, where a small-scale research station already existed. As a first step, HGBF in 2015 funded 100 scholarships for Rwandan students to attend agriculture programs, primarily at the University of Nebraska-Lincoln.⁴⁰ The number of funded scholars increased to more than 150 by the 2018-2019 academic year. These scholarships were provided with the expectation that students would return to Rwanda and support the new land grant school as faculty or administrative staff, or dedicate some portion of their professional careers to advancing the agricultural sector in Rwanda.

In 2016, the Karama site study was finished and access roads started. Buffett was not yet sure what the final institution would look like, who would enroll, or how it would function. But he was not daunted. The partners, he says, would address obstacles as they arose. Regarding risks and the potential unknowns, Buffett says:

There is no road map for this, but we know that it needs to be done. We'll have to make our way through it and start over whenever we make mistakes. This is not a simple process and it's going to be complicated. But I am confident that we'll figure it out as we go.⁴¹

³⁹ HGBF 2016 Annual Report.

⁴⁰ HGBF 2015 Annual Report.

⁴¹ Adam Stepan's interview with Howard G. Buffett on December 8, 2015 in Goma, DRC.

Making Investment Work

As of 2018, the HGBF investments in Rwanda and the DRC remained outliers in the foreign aid landscape. Focused on concrete commitments to build infrastructure, they made a case for a different approach to development. HGBF preferred to empower the recipients of its philanthropy to design what they thought the local community needed. It hoped such projects would serve as catalysts for ongoing development.

In Rwanda, HGBF partnered with strong local institutions, and its projects seemed well positioned to achieve their goals. In the DRC, the future of HGBF investments—given the continued political unrest and violence—was less sure. It would be several years before it would be clear whether the wager of such a significant investment, as an alternative to war, would pay off.