SUMMARY

Student name and ID	Majoro Fabien, PHD1440
Thesis Title	The Effectiveness of the Rwandan reaction to Section 1502 of the Dodd-Frank Act
Institution	National Graduate Institute for Policy Studies, G-Cube

Since 1996 until today, there has been wars in the Democratic Republic of Congo in which different belligerents finance their operations by illicit exploitation and trade of different natural resources especially minerals. These wars resulted in one of the worst humanitarian crisis of the century. Regional countries have been accused to take advantage of the situation to plunder DRC resources. In order to help stabilize the region, the United States issued a conflict minerals provision that targeted designated minerals namely tin, tantalum, tungsten and gold and 10 countries (DR Congo and its 9 neighboring countries). This provision was economic identified by scholars as an economic sanctions.

Rwanda as a country that relies minerals export (around 30%0 of total export value) and whose all exported minerals are targeted by the conflict minerals provision (99% of minerals exported), was the main affected country. Faced by this challenge, Rwanda was expected to react on this provision.

Literature has extensively discussed economic sanctions and their effectiveness. However, scholarship on conditions of sanctions effectiveness has mainly focused on vulnerability of the target state as a key determinant for the sanctions effectiveness on which the sender bases his calculation when levying economic sanctions. The overall objective of economic sanctions is to induce political behavior change in the target state by inflicting economic pain. The emphasis on economic vulnerability of the target could explain why economic sanctions have generally failed.

In face of economic sanctions, Rwanda had a choice of complying or resisting. In similar situation and circumstances, the theory predicted resistance. However, Rwanda chose to comply. Rwandan compliance is cannot only be explained by vulnerability. Instead, this study draws attention to another factor for economic sanctions effectiveness namely the pre-existence of domestic policy environment in the target state that can easily accommodate the demand of the sender.

More specifically, this thesis focuses on the situation that prevailed in Rwanda before the US imposed the conflict minerals provision, an economic sanction targeting four minerals from central African States producing tin, tantalum, tungsten and gold. The central argument of this study is that, in addition to vulnerability and other determinants of sanctions' effectiveness, a target state would be more likely to comply with economic sanctions and implement actions leading to sanctions' effectiveness if it had, prior to sanctions, a policy environment that is favorable to the implementation. The analysis of the case of Rwanda vis-à-vis section 1502 of Dodd-Frank act – the conflict minerals provision – shows that Rwanda complied with the conflict minerals requirement because prior to the issuance of the conflict minerals sanction, it had already embarked on mining policy reforms to increase transparence within the sector, and these reforms were in line with conflict minerals provision requirement. Whereas reforms were lagging behind due to various reasons, the threat of the conflict minerals provision and its effects after the adoption created pressure to private operators and constituted a propitious moment for policy makers and implementers to revive overlooked reforms as a quick-win solution to mitigate effects of section 1502 of Dodd-Frank Act. Instead of resisting the sanction as it is generally expected in similar cases, Rwanda chose to fast-track the stalled mining sector reforms to implement the demand of the US formulated in the conflict minerals provision. This was easily made because Rwanda's compliance to the conflict minerals provision had no additional political cost.

This thesis is subdivided into six chapters. The first chapter is the introduction where the context of the topic is drawn. The introduction also gives the reader the statement of the problem, the argument of the study, questions studied, methodology and summary findings. The second chapter lays the theoretical framework where the economic sanctions as the underlying theory behind conflict minerals provision is discussed and the improvement on the theory is proposed. The third chapter introduces Rwandan involvement in DRC wars and different accusations related to Congo minerals pillaging leveled against Rwanda as the context that triggered the conflict minerals provision. The fourth chapter discusses in details the conflict minerals provision as the core center of this study. This chapter reviews different paragraphs of section 1502 that creates the conflict minerals provision and discussed its effects on different actors and its nature in relation to the economic sanctions literature. The fifth chapter introduces the Rwandan mining sector. In this chapter, the history of Rwandan mining sector and its different phases are discussed. It examines the effects of the conflict minerals provision on Rwanda in general and on the mining sector in particular. The chapter is concluded by a section on factors explaining why Rwanda chose to comply with Section 1502 requirement instead of resisting. The sixth chapter details Rwandan policy actions to comply with the requirement of section 1502 and some actors driving these policy actions. These policy actions are built on premises that they constitute the continuation of reforms undertaken in 2006. This chapter also evaluates the effectiveness of Rwandan policy responses as compliance mechanism to the conflict minerals provision requirement. The study is wound up by a general conclusion and recommendations.