1. CONFIDENTIAL - ENTIRE TEXT.

2. ANY FURTHER INITIATIVES BY THE U.S. GOVERNMENT IN PUSHING RWANDA TO ESTABLISH TRANSITIONAL INSTITUTIONS UNDER THE ARUSHA ACCORD SHOULD BE TAKEN IN THE CONTEXT ELABORATED IN OUR PREVIOUS "NEXT STEPS" PROPOSAL (REFTEL), NAMELY THAT:

-- THE INITIATIVE BE COORDINATED WITH UN AND OTHER CONFIDENTIAL

OBSERVERS;

-- THAT THE INITIATIVE BE INCLUSIVE IN INTENT, EQUALLY ATTRIBUTING RESPONSIBILITY FOR GETTING THE INSTITUTIONS ESTABLISHED; AND,

-- THAT THE INITIATIVE BE TIMELY, NOT OPENING A LENGTHY NEGOTIATION PROCESS BUT PUSHING THE PARTIES QUICKLY TO CONCLUSION.
DIPLOMATIC INITIATIVES

3. WE SHOULD DETERMINEDLY CONTINUE OUR DIPLOMATIC EFFORTS. ELEMENTS OF A NECESSARY COMPROMISE ARE AT HAND. EUROPEAN UNION INTENDS TO BEGIN ITS FORMAL SERIES OF DEMARCHES ON MONDAY. THE TANZANIAN FOREIGN MINISTER HAS COME TO TOWN TO ATTEMPT A WEEKEND ROUND. THERE IS EXPECTATION IN THE AIR THAT THERE MAY BE A BREAKTHROUGH. TAKING THE CAUTIOUS ASSUMPTION THAT THESE EXPECTATIONS WILL AGAIN BE DISAPPOINTED, WE SEE THE FOLLOWING U.S. DIPLOMATIC INITIATIVES TO BE REQUIRED.

A. URGE PL Factions and their respective backers to accept a 6/5 compromise on deputies and a 2/1 ministerial portfolio distribution. In our view this is the only saleable compromise, short of a sellout to one side or the other.

B. URGE THE PM-DESIGNATE TO ACCEPT TWO MINISTERS FROM THE 10 NAMES GIVEN HIM BY HIS PARTY'S POLITICAL CONFIDENTIAL

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PAGE 03 KIGALI 01063 01 OF 02 111649Z BUREAU. THIS IS A MATTER OF GOOD FAITH WITH A DEAL WORKED OUT IN THE ALL-PARTIES' MEETING OF 2/22 AND ESSENTIAL TO REUNITING MDR.

C. KEEP RPF'S ATTENTION FOCUSED ON POLITICAL GOALS; INVOLVE THEM IN FORWARD-LOOKING DISCUSSIONS OF ISSUES THEY WILL BE TREATING AS MEMBERS OF GOVERNMENT. THIS MAY QUENCH THEIR ENTHUSIASM FOR REcourse TO FORCE.

D. DOCUMENT BROADCASTS FROM RADIO MUHABURA AND RTLM THAT VIOLATE ARUSHA PRINCIPLES AND COMPLAIN TO THEIR RESPECTIVE SPONSORS.

E. SEEK RESOLUTION OF ISSUES WHICH MIGHT EXCLUDE CDR FROM THE NATIONAL ASSEMBLY ON TECHNICAL GROUNDS.

ECONOMIC STEPS

4. WE HAVE BEEN THRUSTING THE DIPLOMATIC SWORD TO THE HILT FOR THE LAST TWO MONTHS AND HAVE YET TO DRAW BLOOD. GENERALIZED PRONOUNCEMENTS ABOUT ECONOMIC DEADLINES AND THE WOEFUL STATE OF RWANDA'S ECONOMY HAVE ALSO NOT GENERATED MUCH RWANDAN RESPONSE. IT
MAY BE TIME FOR A MORE DELIBERATE REVIEW WITH OUR RWANDAN PARTNERS ON HOW FAILURE TO SET UP INSTITUTIONS IMPACTS U.S. INTENTIONS TO ASSIST RWANDA IN THIS FISCAL YEAR. SPECIFICALLY, ACTING AID DIRECTOR AND I COULD CALL ON A ROUND OF KEY PLAYERS AND, WITH SIMPLE TABULAR INFORMATION, POINT OUT:

-- THE LOSS OF TWO MILLION DOLLARS ESF ALLOCATION IN
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FY-94;

-- THE LOSS OF AN OPPORTUNITY TO RECLAIM FIVE MILLION DOLLARS IN DFA IN FY-94;

-- THE POSSIBLE CLOSURE OF PEACE CORPS AND LOSS OF A 15-PERSON TEACHING MISSION; AND,

-- OUR INABILITY TO PARTICIPATE IN A HUMANITARIAN

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UNCLASSIFIED
ROUND TABLE FOR RWANDA.

5. AID DIRECTOR AND I COULD ALSO OUTLINE TO RESPONSIBLE PARTIES WHAT FURTHER DELAY MIGHT MEAN TO U.S. ABILITY TO COMPLETE ITS PROGRAM INTENTIONS IN THIS FISCAL YEAR. FOR EXAMPLE:

A. WITHIN A FEW WEEKS, IT WILL BE DIFFICULT TO MAKE THE CASE THAT THE NEW GOVERNMENT HAS TIME FOR IMPLEMENTING CONDITIONS PRECEDENT THAT WOULD PERMIT LAUNCHING NEW PROGRAMS IN BUDGET REFORM AND CONFIDENTIAL

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STRENGTHENING ECONOMIC REFORM THIS FISCAL YEAR. THIS MAY REQUIRE MAJOR REPROGRAMMING OF FY-94 FUNDS TOWARD LESS ATTRACTION, ONGOING PROGRAMS.

B. FAILURE TO SET UP INSTITUTIONS AND GET DEMOBILIZATION AND RESETTLEMENT PROGRAMS GOING MAY REQUIRE CONTINUED DIVERSION OF SIGNIFICANT DEVELOPMENT FUNDS TO STRICTLY HUMANITARIAN PROGRAMS.

C. SOONER OR LATER, WE MAY NEED TO DECIDE TO STOP BILATERAL OBLIGATIONS FOR FY-94 WAITING UNTIL FY-95 TO SEEK NEW FUNDING; AND,

D. FINALLY, SINCE AID ALLOCATIONS ARE NOW BASED ON PERFORMANCE AND SINCE RWANDA IS ON THE "WATCH" LIST, FAILURE TO PERFORM MIGHT CLOSE THE AID MISSION.

DEPARTMENT INITIATIVES
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6. THE DEPARTMENT'S STRONG REPRESENTATIONS TO CHAIRMAN KANYARENGWE AND, MORE RECENTLY, TO THE MINISTER OF TRANSPORT NTAGERURA, WERE RIGHT ON TARGET. WE APPRECIATE AS WELL THE DEMARCHE LANGUAGE
7. A LETTER FROM A/S MOOSE MAY STILL BE A USEFUL TOOL SHOULD WE COME UP WITH A DEFINABLE, DISCREET BLOCKAGE. THE DIFFICULTY IS THAT ALL PARTIES ARE IN ONE WAY RESPONSIBLE; THE LETTER MUST COUNTER A THREE-WAY STALL. LETTERS TO PRESIDENT HABYARIMANA, PM-DESIGNATE TWAGIRAMUNGU AND CHAIRMAN KANYARENGWE MIGHT, NONETHELESS, HAVE A USEFUL EFFECT IF DELIVERED IN A TIMELY MANNER AT A CRITICAL POINT IN THE NEGOTIATIONS. IN ONE MORE WEEK, WE WILL HAVE PERSONAL EMISSARIES IN DAS BUSHNELL AND AMBASSADOR RENDER. PERHAPS THEY COULD BRING LETTERS FROM A/S MOOSE WRITTEN TO ENCOMPASS WHATEVER CONDITIONS PREVAIL AT THE END OF NEXT WEEK.

CONCLUSION

8. FACILITATORS' MEETING WITH PRESIDENT AM 3/11 DID NOT PRODUCE ANY FORWARD MOTION. PRESIDENT COMPLAINED ABOUT RPF ATTACKS ON HIS PERSON AND CLAIMED THAT PUTTING INSTITUTIONS IN PLACE WITHOUT THE LIBERAL PARTY WOULD VIOLATE THE ARUSHA ACCORD. HE HOPES TO MEET WITH PM-DESIGNATE TWAGIRAMUNGU TO IRON OUT REMAINING DIFFICULTIES. FACILITATORS' ARE SKEPTICAL. WE MAY NEED TO USE SOME OR ALL OF THE ABOVE TO GET PARTIES INTO THE ARUSHA FRAMEWORK. RAWSON