

Rwanda Redux

A decade after the genocide, Rwanda, with help from two Chicago financiers, has been spreading the idea that it's a good place to do business, not just a place for do-gooders to come help, writes **MAURO DE LORENZO**. Now, it's the most improved country in Africa.



When Arthur Karuletwa left Rwanda in 1995 to study in the United States, there was not much to lure him back. The year before, the country had endured such terrible destruction that it took more than a year of sustained effort just to bury the dead. Gérard Prunier, the best historian of the genocide, was so cynical about Rwanda's prospects that he thought a return to killing inevitable, to "be covered by an eager media, for the benefit of a conventionally horrified public opinion which will finance another round of humanitarian aid."

But today, for those in the know, Rwanda is hot. After fighting two wars in neighboring Congo, resettling more than a million refugees, and designing a system of justice for several hundred thousand imprisoned genocide suspects, Rwanda's leaders are now turning their energy to making the country hospitable to business. Rwanda's president, Paul Kagame, a charismatic former guerrilla leader who earned a diploma in business studies by correspondence after he took office (his exams were proctored by the British ambassador), has a vision of Rwanda as a service economy integrated into the global marketplace through information

technology—a sort of Dubai in the highlands of Central Africa.

This year, the Heritage Foundation/Wall Street Journal Index of Economic Freedom recognized Rwanda as the most improved country in Africa over the past ten years (and seventh most improved in the world) in terms of economic freedom. The World Bank's annual Doing Business survey, which measures regulation around the world, notes Rwanda's impressive gains in contract enforcement, tax administration, and ease of starting a business. Both indices, however, show that Rwanda is still mired in the lower third of countries in terms of global competitiveness. It is particularly hard for domestic entrepreneurs to get credit, and import-export procedures can be a hassle.

Yet a startling array of top American business leaders has been visiting Rwanda at the president's invitation, and hosting the president on his trips to the U.S. The list includes Microsoft's Bill Gates, Riley Bechtel of the private infrastructure giant Bechtel, Steve Forbes of the eponymous magazine, and CEOs and senior executives from Google, Merrill Lynch, Starbucks,

Columbia Sportswear, Morgan Stanley, and General Electric. None has yet invested in Rwanda, but according to Zac Nsenga, Rwanda's ambassador to the U.S., a hard sell is not part of the strategy behind the meetings. Rwanda is looking to build a network of friends and advisers that can help it chart a sensible long-term economic course. Business-friendly reforms are a balm to entrepreneurs, but what Rwanda really needs is a strategy for overcoming the main infrastructure bottlenecks to its prosperity: electricity, transportation, and communications. Kagame is betting that savvy executives can give him better advice than international aid agencies.

Much of the credit for spreading the idea that Rwanda is a good place to do business, and not just a place for do-gooders to come help, goes to Joe Ritchie and Dan Cooper of Chicago-based Fox River Investments. They have no financial interests in Rwanda, but have done more than any aid agency to introduce Rwanda to movers and shakers in American business, setting up the first meetings between Kagame and U.S. CEOs. Joe Ritchie became familiar with Rwanda when his

President Kagame is betting that savvy business executives can give him better advice than international aid agencies.

giant. Working with Karuletwa, who returned to Rwanda in 2002 to found Inzoz Coffee Traders, Costco will soon have branded Rwandan coffee on its shelves. This follows a specially-packaged Rwandan coffee that was sold in Starbucks stores earlier this year—another linkage created by Ritchie and Cooper. Starbucks was satisfied enough with the quality of that coffee that it now plans to buy processed beans directly from Rwanda for its regular blends. All of a sudden, Rwanda's problem is to make sure the country has enough high-quality coffee to meet demand. Thanks

to USAID, which funded washing stations and farmers' cooperatives, Rwandan farmers are also retaining more of the value of their crop.

Quietly, Rwanda has been adopted by a different kind of do-gooder. The deal with Costco may become the harbinger of many more deals—deals whose sustainability is guaranteed by their profitability, not by sentimentality or charity. What this web of relationships suggests, above all, is that



daughter volunteered there. As Ritchie and Cooper got to know the country and its leaders for themselves, they became convinced that Rwanda is a "misvalued stock," and set out to change perceptions of the nation among their colleagues.

The first deal to result from Ritchie's and Cooper's networking involves Costco, the retailing

"development" and "poverty-reduction" are not just about UN bodies, NGOs, and an endless carousel of handouts. ■

MAURO DE LORENZO, a resident fellow at the American Enterprise Institute, spent several years in and around Rwanda between 1998 and 2004.

In Maraba, Rwanda, a woman prepares coffee to be tasted. Specialty coffees are now being exported to the U.S., the UK, and Japan, a development that's helping to lift communities that produce them out of poverty.

PHOTOGRAPH BY JOSE CENDON/AP/GETTY IMAGES