

Why President Kagame Runs Rwanda Like a Business
By Justin Fox , Harvard Business Review
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In Western business circles, Rwandan President Paul Kagame is widely regarded as a hero. The leader of the rebel army that put a halt to the massacre of the country's Tutsi minority by its Hutu majority in 1994, Kagame has been the country's president since 2000 (and was the vice president and *de facto* leader before then). He has presided over an economic and social rebirth, with Rwanda making dramatic gains in health and development indicators ([watching its recent progress on Gapminder](#) is a remarkable sight). And he has assembled a high-powered Western fan club consisting of, among others, Howard Schultz, Bill Gates, and Tony Blair.

In other circles, Kagame is not so popular. [Amnesty International](#) and [Human Rights Watch](#) both accuse him of heavy-handedly stifling political dissent. A [United Nations report held him responsible](#) for killings by a rebel group in the neighboring Democratic Republic of the Congo. [Britain](#) and [Belgium](#) have cut back on aid. In a [lengthy Newsweek article](#) in January, former *New York Times* correspondent Howard French depicted Kagame as an out-of-control tyrant.

The best attempt I've seen at sorting out these opposed narratives was an [article published last fall](#) by *Time*'s Alex Perry that weighs the scales at least modestly in Kagame's favor. So when Harvard Business School Professor [Michael Porter](#) invited *HBR* last month to attend a class where Kagame was the guest speaker, and talk to him and Kagame afterwards, I was curious but also a little worried about being enlisted as a Kagame salesman.

Porter is a member in good standing of the business-community Kagame fan club, and has just finished a new version of his case study (an earlier one is [available here](#)) on Rwanda's economic transformation. It describes the country's successful efforts to build what Porter [long ago dubbed "clusters,"](#) concentrations of industry and expertise that enable it to build competitive advantage. So far, Rwanda's three big clusters are coffee, tea, and tourism, but Porter is convinced there are more to come.

The case study doesn't hide the fact that Kagame has many critics, but it doesn't dwell on political issues. Curiously, though, Kagame's Q&A with Porter's students ended up dwelling *only* on political issues. This was mostly Kagame's fault — he was only asked two questions, one about the Congo and one about what will happen when his current (and, according to Rwanda's constitution, last) presidential term ends in 2017, and gave such long, rambling, combative answers to both that there was no time for anything else. Kagame's staff said I could quote anything he said in class, but it was just too much; to get a flavor of what it sounded like, see Alex Perry's [epic Q&A with Kagame](#) from last year.

After witnessing that, I tried a different approach in my interview, mostly staying away from politics. The edited results are below:

Clearly you've been very interested in getting outside input from the business community. And yet you bristle at getting it from the multilateral community.

President Paul Kagame: If you want to learn anything about a country, I think you need to ask the one who wants to make investment in that country. The one who is thinking about the risks involved. They're thinking about the return. If somebody comes to your country and says, "You know, this is a place to invest," actually that is a good place. You see?

But if you send someone and say, "Go on, look and find for me something that is at fault," in any place in this world somebody will come up with piles and piles of things to report about.

These human rights groups, they come with that kind of mindset. They're critical. They even start being critical on issues that the people where they have gone don't find a problem with.

That's the difference between these two worlds. Therefore, we always want to ally ourselves with these ones [gestures at Porter] because that's where the real life is. That's where the people living in my country are going to find something to make a difference for their lives. When somebody's coming to invest in Rwanda and finds it ripe for investment, it's a good place. No matter what else you say about it.

This, for me, is the focus. People started asking in 2005, "Oh, President, are you going to leave when your term is up?" Then after that they say the same question. And I say, "What does it matter to you? You're diverting me from the real issues of the day."

[To Porter] How did you hook up with this guy? How did this partnership evolve?

Michael Porter: We met through Michael Fairbanks, who was at Monitor originally and then founded his own firm. It was more than a decade ago, probably closer to 15 years ago. The country was at a very interesting place on a very interesting track. So I've had the opportunity to be involved in the journey.

There's a zillion countries that say they're the next Silicon whatever, and then there's lots of countries that do really basic resource exploitation. Rwanda seems to have picked interesting places in between, especially with coffee and figuring out that coffee washing was really important.

Was that something that came bottom up? Was that advice from people like Professor Porter? How did you focus on a strategy like that when so many countries struggle to focus?

Kagame: It is a combination of factors. We have seen in our country that good ideas and different initiatives, well, they come from where they come from. Sometimes they may be picked up by the leaders from the people on the ground.

For example, coffee. Rwanda used to grow coffee many years ago, and because they were getting nothing out of it they gave up on it. And we said, "You know what? We used to be good at coffee. Now the coffee has kind of disappeared, but we have an idea of how it can work for you."

You start in one area. Then success leads to another, you know? It keeps going like that.

Porter: The principle that Rwanda illustrates so well is that building and diversifying an economy has to start with what you have. In these cases Rwanda had eroded assets, but there was a foundation and a proof point, a market test that these areas could be successful and they could be competitive.

Then the discussion was really about, "How do we move forward? How do we upgrade? How do we make things more sophisticated? What are the bottlenecks? What are the constraints?"

In the initial three areas of coffee, tea, and tourism, that effort has advanced quite far now. Rwanda is winning international awards and marketing globally, and tourism is booming.

The next areas of growth partly are ones that are connected to the first ones. I think it was very clear that Rwanda has to develop its logistics and its physical infrastructure. IT [information technology] was an area where I think the president and his team understood that this was not only good for citizens in general, and good to enable government and healthcare and education, but it also provided an area where Rwanda could build economic activity. There was no other place in the region that really had taken that space.

My biggest effort in Rwanda really has been on private sector development and organization and upgrading. Ultimately that's what makes a country successful or unsuccessful. Government can't do it. You have to have a vibrant private sector. It has to be competitive. It has to create good jobs. It has to be profitable.

Kagame: Right. And what people like Professor Porter brought to this situation is that critical thinking, that understanding of these global issues and how they interconnect. And for us it is also the readiness to actually test and implement. You start with one thing, it gives good results, and it becomes an incentive to keep trying.

So what do you want to be next big thing after coffee, tea, and tourism? Or are you going to wait and see how it develops?

Kagame: We are continuing with that and concentrating on the progress we're making. But we've also discovered mining in Rwanda. We have more resources than we knew we had. So that's an area that brings in money. And the services industry has been critical. In fact, it is among the leaders contributing to our GDP growth, with huge potential.

All of these need powering. We need energy. So we are doing everything 24 hours a day thinking about how to increase our energy capacity.

Of course, building human capacity is critical. We keep sending our people to institutions of higher learning in the sciences, engineering, and management. It's the focus because we want our people to understand how the new world works.

Porter: I think the IT area and financial services have now risen to the point that they represent a genuine opportunity. Broadband access is really quite unique for a country at this stage of development. And IT is now starting to interface with healthcare and education, and is powering financial services.

Here's a country where a critical part of the strategy was bringing the citizens together and giving them a sense that they are part of the solution, part of a nation, that they are Rwandans, not members of an ethnic group. Given the history, I think task number one was nation building and reconciliation.

Kagame: Sometimes direct and simple conversations make a difference. I go to these rural areas and meet people and ask them, "How many of you own small businesses? Or have shops?" Many of them put up their hands, and I ask, "When somebody walks into your shop and is looking for soap or sugar or whatever, do you first ask them whether they are Catholics or Hutus or Tutsis? What does it matter to you? You want a customer, and that's all you want."

People grasp it very quickly. They start valuing each other. They say, "Oh, I need him for what I don't have and he needs me for what he doesn't have." That's creating an awareness in society like never before: Yes, we need each other. We are more similar than different. It helps the society to move forward.

And it's your sense that business and economic activity do that?

Kagame: I would rank it number one. The rest will follow. At the end of the day we're just human beings. You want food and you want it for your family. Plus, you really need dignity, to be able to do something on your own and benefit from it. And there's nothing that does that better than being able to do business.

Porter: Or have a good job. Or make your farm more productive. These basic truths have become more understood in Rwanda. I give the president and his team a lot of credit for creating that atmosphere.

I also think that Rwanda is unique, in my experience, in government being able to actually get things done. In most countries, things don't get done. Roads don't get built on time. Schools don't get established. Teachers don't get trained. Vocational training doesn't work. And I think Rwanda, partly out of scarcity of resources and partly out of good leadership, has been able to actually implement and execute.

The government is very disciplined, very focused on plans. Very focused on accountability. There's an annual kind of national retreat of all the leaders in the country who really think about where we are, where we've been, where we need to go.

It sounds like it's run like a corporation.

Porter: It's really run much more rationally than most governments. Again, I think that's partly possible because of the history.

Kagame: Yes. It's like you're thrown in a swimming pool and you are trying to learn how to swim on the spot and get yourself out of trouble.

Again, it's an issue of incentivizing the people to act in a certain way. Even by using some of the simple conversations I was talking about. For example, when aid has been suspended or cut, you have to explain what has happened, and how and why it has happened.

Then you also challenge them, saying, "But for how long are we really going to depend on handouts? When someone has decided to take it away, what happens to you? It is better to start focusing on what we can do for ourselves so we don't always find ourselves stranded." And you know, you see people lighting up. That is the moment when you bring in ideas, initiatives, some of the things that can work on the ground. They just grab it so quickly.

We used to have people who would be fed by World Food Program and so on. That's the situation we inherited. We said, "No, we need to feed ourselves. We can feed ourselves. This is how to do it because one day the World Food Program won't show up." In just three years from that time, we have had surpluses all the time.

Porter: There's some just marvelous data now in terms of just how much progress has been made, in education and healthcare and FDI and all kinds of areas. It seemed impossible a decade ago, but it's happening and it's reinforcing itself.

And it's all because of a certain pragmatic, forward-looking, we-have-to-figure-this-out mindset. That philosophy, that mindset really does have to come from the top but I think it's going to sustain itself.

Kagame: Right. Leadership, combined with the sense people have of how they link up with the leadership. Working together for a common goal that is theirs.

Porter: It's a very rich story about management and leadership and strategy and communication. And I think this is not a politics story. At the core is the private sector of economy — self-sufficiency, running a business well. It's fascinating to see that play itself out.

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