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Can Coffee Kick-Start an Economy?

By DANIEL BERGNER

When he set out to wedge his coffee onto supermarket shelves in England and America, Andrew Rugasira didn't start by making phone calls from his home in Kampala, Uganda. He didn't begin by sending e-mails. The distance seemed too great for that. At one end of his business were farmers who, until he came along, thought their beans were purchased and carried off to make gunpowder. At the other were buyers at the corporate headquarters of chains like Waitrose and Sainsbury's, Whole Foods and Wal-Mart. If he was going to succeed, he felt he would have to do it physically; it was as if he believed he could stretch himself to span the divide between the two worlds. So he got on a plane to London, without trying any advance contact.

He checked into a London hotel, and from there he called and sent e-mails to the companies. Rugasira is a tall, tireless 43-year-old with an angular face and slightly prominent ears and a smile that rearranges everything. Armed with a laptop that held a PowerPoint presentation about his coffee, he intended to pull off a kind of revolution. No longer would his country merely sell its unroasted beans to exporters who supplied the European and American coffee kings, from Nestlé to Starbucks; no longer would his nation just provide the raw material for someone else's riches. In the stores, his roasts would take their place beside the high-end brands.

He was bursting with the pitch he would deliver as soon as he met his first British buyer. "We as a new generation of African entrepreneurs *believe* that we can bring quality products to the global market. *We believe* we have what the consumer in the North Atlantic market is looking for in coffee; we *believe* we have the capacity to design the packaging to make it attractive; we *believe*. . . ." As he recalled the speech he prepared — while we sat in December outside his little purchasing office in Kasese, a town not far from the Democratic Republic of Congo — he sounded like the most moving of preachers. And he felt poised, he said, on that trip to London in 2004, to convert the Western world to his product. In his hotel room, he sat dressed in beige slacks and a gray turtleneck, with a blue blazer pressed and waiting. He watched for replies to animate his in-box. None came. On the phone, the receptionists wouldn't put him through. The 4,000 miles he traveled didn't seem to soften them. "Did you send a message?" they asked. "Well, then he'll get back to you." No one did. Day after day, his sermon went unspoken. And at last, there was nothing to do but go home.

Yet Rugasira has a resilience that may have been forged in childhood. He grew up in Kampala

during the terrors of Idi Amin's reign in the '70s. When he was around 11, with Amin just driven out, soldiers climbed over the gate in front of his family's house and carried away the TV, the refrigerator, the furniture, while Rugasira and two of his sisters, who were 7 and 5, huddled on their knees and prayed in a bedroom. He could hear the soldiers threatening and his parents pleading out front. The gunmen left, but one evening, his father, who owned a factory that made chalk for Ugandan schoolchildren, didn't return home.

Imprisonment and exile in Kenya — this was his father's life for the next two and a half years, yet when I asked Rugasira how that period of his boyhood affected him, he said flatly that it hadn't. "Context is so important," he said. "Friends were losing their parents. If you were successful, you were accused of being Amin's agent. It wasn't difficult to figure out that I was fortunate to be alive, to have my parents alive." He didn't want to dwell on that time. He was far happier talking about the "value addition" achieved by the growers on the rugged hills above Kasese, through a technique of processing beans that his staff taught them. Or talking about "capturing the entire value chain" through his quest to build a roasting factory in Kampala, offering perhaps the first African-roasted coffee sold in British and American stores and creating a thriving industry in sub-Saharan Africa, where factories of any kind are scarce and where the export of finished products to the West is nearly nonexistent.

Three months after his failed trip to England, he got back on a plane with the identical plan in mind: land in London; dial the numbers and send the e-mails and compel the buyers to respond by means of proximity and pure will. "I thought, I can *do* this," he remembered. He didn't score a single meeting.

Rugasira's company is called Good African Coffee. The Kasese office, about 200 miles west of Kampala toward the center of the continent, is a squat, white-and-blue building surrounded by a dilapidated town that once served a copper mine, now defunct. The town is framed by the Rwenzori Mountains, a glacial chain that the ancient Greek geographer Ptolemy labeled the Mountains of the Moon, borrowing from the name the locals gave to the glowing, snowcapped peaks. Under a tree near the office was a waiting cluster of *boda-boda* boys, the young men who taxi people around on their motorbikes, their heedless speeds and buzzing engines speaking of the constant motion and ambition that somehow exist side by side with a profound inertia in Africa.

One morning in the Rwenzori foothills, I joined Rugasira as he checked in with some of the growers who sell beans to Good African. In a hovel below a harsh incline, I sat with a group of farmers who had put on their best for our visit. Two of the men wore battered wingtips; a woman was wrapped in a lime green caftan rimmed with pompoms. The building is home to the village-run **savings and loan**, which Rugasira set up, with blue exam booklets for passbooks. He hoped to guide the farmers to invest in educating their children, upgrading their mud-and-thatch homes and generally elevating their standard of living. But he brought things much more rudimentary than banking. The farmers told me that until Rugasira and his staff appeared, they

hadn't terraced their fields; somehow this fundamental, millennia-old method of enhancing yields on steep terrain had eluded them.

Rugasira also generated a miniature industrial revolution. He brought simple pulping machines, knee-high metal contraptions, turned by hand crank, that free the bean from its thick red skin. Over time, he gave out 200 of these, which the farmers carry on their backs from hamlet to hamlet and share across the area. His staff taught the farmers to soak the skinned beans as a way of culling those that are damaged or unripe, while also removing an inner sheath. And Rugasira impressed upon them the benefit of drying the beans in the shade and off the ground, on platforms of wire mesh that the company hired carpenters to construct. These methods would enrich the taste of the coffee down the line, he explained, and in turn enrich the price he could pay them for their beans. The new equipment and methods allowed the growers to liberate themselves from the prevailing local system of selling their raw commodity cheaply to traders. Instead, Rugasira paid 70 percent more — about 60 cents a pound, as his company got under way — for a product that could go on to satisfy elite markets and that he planned to roast and sell in a sector, he pointed out to me repeatedly, worth billions.

When he was three years out of the University of London, where his family sent him for college, Rugasira heard a radio show that led him to start his first company. After graduating with a degree in law and economics, he worked for a research institute in Kampala, studying the impact of World Bank trade-liberalization policies, before taking over the chalk factory when his father died. But the factory was being forced out of business by Chinese imports. Then, on his car radio one Sunday, he heard a Ugandan promoter declare that he wanted to bring the South African reggae star Lucky Dube to Kampala for a concert.

Dube, Rugasira explained, was a world-class musician, and Kampala concerts were slapdash affairs at the time, in the early '90s, with minor bands and makeshift staging. "I thought, No way can you bring Lucky Dube with the way you've been doing things," he recounted. "No, *I'm* going to try to bring Lucky Dube, and I'm going to do it right."

After persuading a Zimbabwean friend to put him in touch with Dube's management team, he flew to South Africa and sat down with the star's people. They were impressed by his promises and asked about his track record. He told them he did some promoting in England. In fact, he and a few university buddies staged a single concert during his third-year exam week; they figured everyone would want a break from studying and that the auditorium they rented would be thronged. About 25 people showed up. But no matter: he got his fellow impresarios from that event to fax letters about his promotional skills to Dube's handlers, and Dube signed on. Rugasira borrowed money from family and ran overdrafts at two banks to put on three packed shows with giant screens and explosions of smoke and V.I.P. tents, shows advertised with radio spots featuring a woman divorcing her husband over his failure to buy Lucky Dube tickets, shows that sparked a major change in the local concert scene and that taught Rugasira a lesson in "capitalizing on the

intangible,” on his own resolve.

When Bill Clinton paid a presidential visit to Uganda four years later, in 1998, Rugasira’s flourishing events-and-marketing company was chosen to provide the stages, lighting and sound for three Clinton speeches. “Ah, man!” Rugasira said. “The sheer resources deployed! Uganda had never seen aircraft that carry limousines, that carry helicopters. It was a sobering exposure to the power disparity, the power dynamic between two states. But mostly this was a chance for me to be a host. And to learn.” He reported to the presidential advance team and worked under the watch of the Secret Service. “It was something else — the methodical attention to detail. I relished the opportunity to operate at that level.”

Having reached that height, though, he began to feel he’d lost his way. His wife, Jackie — with whom he has five children — talked to him relentlessly about “internal prosperity,” as opposed to the kind of prosperity he was hustling to attain. He felt “constantly bombarded with images of squalor, of despair, in the neighborhoods and suburbs of Kampala.” He subjected himself to “a robust critique,” he said. “I was born in a Christian home. I moved away from that in my university years. Now I found myself going back to my faith.” In 2003, Rugasira sold his business and used the proceeds — along with a loan taken out against his house — to found his coffee company.

Between the thousands of Kasese area farmers with their small orchards of waxy-leaved Arabica coffee trees and his dream of a Kampala factory, he felt that coffee was the perfect way to combine the motives of personal profit and wider good. Africa supplies about one-tenth of the world’s trade in raw beans, mostly of low quality. His company would be a luminous symbol of the continent’s ability to rise, to compete: “We’re battling the idea of Africa being a backward, primordial society with nothing going for it, a continent of conflict, a continent just begging for handouts, a basket case.”

Quickly, with their enhanced yields and the price Rugasira was paying for their beans, the farmers saw their incomes climb, but to keep buying from them, he needed to find markets for his product. And by the middle of 2004, with his family’s home on the line, he began to panic.

He flew yet again to London, though this time, after the first two failed trips, he switched tactics; a distributor he knew in South Africa put him in touch with a British distributor named David Fine. “This was around the time of Bob Geldof shouting, ‘Give money!’ ” Fine told me, thinking back to the rock-star-led cry for African rescue that would reach one of its periodic peaks at the G8 summit in 2005, in Scotland.

“Every society that has prospered has done it through trade and not aid,” Rugasira told Fine when they met in London. Rugasira touched on Asia in recent decades. “Africa will be no different. Charity doesn’t incentivize. It stifles innovation. It causes chronic dependency. Africa’s contribution to global trade is 1 percent. If that were just 2 percent, the increase would bring far

more annual revenue to the continent than all the aid Africa receives in a year.” Rugasira pledged to channel half of his eventual profits into more equipment and training for the farmers and to basic educational programs like “financial literacy” to bolster the village banks, but perhaps most thrilling to Fine was the contrast between Rugasira’s message and Geldof’s or Bono’s. “Here was Andrew saying, ‘Aid is not the panacea,’ ” Fine recalled.

Twenty-three of the world’s 25 poorest countries are in sub-Saharan Africa, where half the population lives on less than \$1.25 a day, and the continent’s resistance to economic development can be as puzzling to experts as how the fields above Kasese remained unterraced for so long. Standing on one side of a heated debate about how best to help is the economist Jeffrey Sachs, director of Columbia University’s Earth Institute. Sachs argues that the forces of private enterprise can’t bring significant development to sub-Saharan Africa unless unprecedented international assistance establishes a better foundation of infrastructure, education and health care. On the opposite side are William Easterly, a professor of economics at New York University who served for many years at the World Bank, and Dambisa Moyo, a Zambian economist and younger World Bank veteran, whose book “[Dead Aid](#)” was a best seller a few years ago. They lament that philanthropy to Africa has barely any record of success, that trillions given since the end of colonialism has accomplished next to nothing. Worse, in Moyo’s eyes, it has instilled a kind of continental passivity, undercutting entrepreneurial ambition.

Despite Rugasira’s words, his company is not purely aid-free. Investors can be all but impossible to find for African ventures, so over the years about one-eighth of the funds used to get Good African going have come from the United States Agency for International Development. In addition, Rugasira’s pitch can sound like a roundabout appeal to altruistic rather than capitalist impulses: sell this coffee in your stores because it is the right thing to do. He offers no muscular advantage in price — like the kind derived from Asia’s cheap, efficient labor in clothes or computer parts. And his coffee’s distinction in flavor, however lovely, is relatively subtle: citrus accents arising from Rwenzori soil and elevations.

So what real meaning can a company like Good African hold for the continent’s economic development and competitiveness? Easterly — whose research, in collaboration with the University of Virginia economist Ariell Reshef, has examined Rugasira’s company — emphasizes that stark advantages and outsize triumphs, like China’s, aren’t necessary to the success of individual businesses or to pushing Africa forward. He stresses that merely reaching the market and holding your own there can be a major victory for a company like Good African, not only because the brand may grow gradually but also because when it comes to African enterprise as a whole, the continent needs to prove, for starters, that in the world of business, it can just coexist. Sachs adds that what’s termed “the Asian miracle” began with lesser-known progress in low-level commercial farming. This is the very thing Good African is fostering around Kasese. And as for the moral elements in Rugasira’s pitch, it doesn’t take an economist to point out that an inspiring message can be a

strong capitalist tool.

Listening to Rugasira's faith in profit-driven metamorphosis, Fine was moved — “you see the belief this man has” — and he thought the message might stir others. He also recognized that here, in the selling of finished goods, was something potentially far more significant than the “fair trade” purchasing of third-world beans that the coffee giants like to announce as a feel-good ploy on their packaging. A few weeks later, one of Fine's colleagues contacted Rugasira in Uganda with the news that a buyer at Waitrose was willing to see him. Rugasira got back on a plane, walked into the chain's corporate headquarters and delivered the pitch he'd made to Fine.

“I told myself, Don't fidget. Though I don't anyway. I thought, No sudden moves,” Rugasira recounted. “I'm an African businessman. To counter the preconceptions, my etiquette, my preparedness, must be perfect. What general perception do people have of Africa? Corruption, H.I.V., genocide, celebrities fighting for dying children. I have to be an ambassador to turn the perception around. There's no room for error.”

The meeting lasted 15 minutes. He left some coffee behind for sampling. “We'll get back to you,” he was told. He flew home.

Then the chain asked for another meeting at its headquarters and, a month later, another. Now Rugasira was missing payments at his bank and receiving letters from the bank's lawyers that grew more and more threatening. It wasn't until his 12th London trip that he won Waitrose's commitment.

He had no budget for advertising, so he wrote an op-ed for The Guardian, pushing his product along with his belief in Africa's economic viability. But Waitrose alone couldn't keep the company afloat, couldn't allow Rugasira to continue purchasing all that the farmers could grow or save his house. A coffee shop he and Jackie opened in Kampala, to take advantage of the city's fledgling interest in cafes, wasn't enough help. And his vision of a Kampala roasting factory remained a fantasy. Good African came in upbeat yellow packs that bore the brand's continent-shaped logo, but the coffee was being roasted and packaged in Ireland.

He needed another retailer. After an agonizingly long courtship, a buyer at Sainsbury's, a much bigger British chain, sent an e-mail one night in 2007 saying that the corporation wasn't interested in selling Rugasira's coffee. Seeing his company as all but dead and his house as all but gone, Rugasira knelt and prayed on the floor of his Kampala office. Next, in a frenzy, he got hold of the e-mail address for Sainsbury's chief executive and typed out his dreams to a man he'd never met. Almost dizzy with fervor, he clicked send. He reread his words and discovered typos. Frantically he tried to recall the message.

In three weeks' time, a reply arrived from the C.E.O.'s assistant: “We are planning an autumn launch” of Good African Coffee.

Wearing a white lab coat, Donald Isingoma, a roaster at Good African's factory in Kampala, listened for the second crackle of the cooking beans. He stood beside the machinery, the hulking black cylinder of the roasting drum, the hoppers and the degasser, that Rugasira was at last able to buy — used, in Turkey — and set into operation two and a half years ago.

Just after the second crackle, Isingoma released the beans into a cooling bed. "Roasting is an art," Ransley Sokia, the factory's manager, said proudly. When I visited the factory in December, he led me through a chipped wooden door to where two white-coated young women, Faith Asagi and Beatrice Atim, work at a simple Formica counter, performing what's known in the business as cupping. In loud, aspirating snarfs, the delicate-looking pair slurp up tablespoons of coffee to distinguish flavors and guide the roasters. "Sometimes I taste some apricot," Asagi said, her eyes bright. "I'm like, Wow, when I find that."

At one end of the factory floor, a modest packaging machine — bought used, in China — expels eye-catching packs of coffee onto a short conveyor belt. Unlike the packs of most upscale brands, Rugasira's don't have folding fasteners or Ziploc seals for easy reclosing. For that, he would need an additional \$400,000 — the company's 2011 gross revenue was \$1.2 million — to buy a better machine.

Since Good African's start, Rugasira has been trying to break into American stores. (America's specialty-coffee consumption outstrips Britain's, yet he initially concentrated on England, because it felt familiar from his college years.) The U.S. market, he said, "seemed a monstrous labyrinth." But in 2009, through its African outreach program, the Willow Creek Community Church in suburban Chicago, one of America's most powerful mainstream megachurches, invited Rugasira to address its annual leadership summit. Soon after his factory opened, he told Good African's story and gave his sermon in front of 7,200 in Willow Creek's indoor stadium and more than 20,000 by simulcast: "A lot of people with their hearts in the right places advocate aid, because they somehow believe that through handouts they're going to bring about change. But how can that be?" His voice leapt with incredulity. "Look at the United States — 200 years of trade-generated growth and prosperity. Look at China. Trade is the only sustainable way to take societies out of poverty." Sitting in an upper tier, Jerry Kehe, a church elder who had just retired as head of one of the largest distributorships that trucked goods to American supermarkets, was rapt. The next day Kehe drove Rugasira to see the company's headquarters — "an eight-mile conveyor system!" Rugasira marveled to me — where the current C.E.O., who also heard his speech, declared, "We just feel we need to do something about this."

Through the distribution company's influence, Rugasira recently won shelf space in two Midwestern chains. The distributorship is also selling Good African online, with promotional support from an organization of African-American churches he has long been wooing. In 2012, Rugasira expects to sell \$2 million worth of coffee — around 200,000 pounds — here and in the U.K. and through a newly signed deal in Austria. For the first time, Good African will turn a profit.

Two million dollars represents a speck of the world's market in packaged specialty coffee. But that speck may also symbolize a bit of hope for sub-Saharan Africa. Whether Rugasira is right in the part of his thinking that condemns aid, or whether Sachs is correct in viewing tremendous assistance as crucial, the continent may be inching upward. Many of its nations, including Uganda, have seen surges of 5 percent or more in their gross-domestic products during the last eight years. The increases are dismissed by some because they may largely reflect the export of natural resources like oil rather than the creation of goods, like Rugasira's. Still, a recent McKinsey & Company analysis made the case that the figures are signs of true change. The report emphasized the growing number of Africans with at least some disposable income, purchasing power that is spurring the expansion of businesses. This expansion could lead, ultimately, to a proliferation of exports to the first world, trade that is essential to serious advancement.

One day in Kampala, I went with Rugasira to a conference of about 50 Ugandan entrepreneurs, from a mobile-phone magnate to the owner of a lone dry-cleaning shop. There I met a sprightly 29-year-old, Ashish J. Thakkar, who is about to open call centers in Kampala and across Africa. Thakkar's family is Indian and has been living in Uganda for a century, beginning as petty traders. He quit school at 15 to test his prowess at importing electronics. Several businesses later, he is setting out to lure the patronage of huge Western corporations from the call centers of India and the Philippines to his own outfits. The actual luring is a phase or two away; first he'll establish a track record by serving African cellphone companies. His strategy might seem far-fetched, except that Thakkar's previous endeavors have made him many millions. And if he succeeds, it will mean a boon to Africa in tens of thousands of jobs and an assumption that the continent's people are capable of professional competence.

In Katabukenene, a village perched on a ridge above Kasese that is among the most productive in Rugasira's network, growers showed me that since his arrival they have been able to replace their mud huts with ample brick and zinc houses. They are raising pigs, adding meat to their diet. One man has bought a blue motorcycle, a well-polished machine on a hill with no other vehicle in sight. Lately the villagers have sent two of their young women to train as nurses. A teenage son of one prolific grower — a grower whose earnings have gone from around \$250 a year in 2004 to \$3,500 now — said that he had no intention of becoming a farmer himself. He plans to be an engineer.

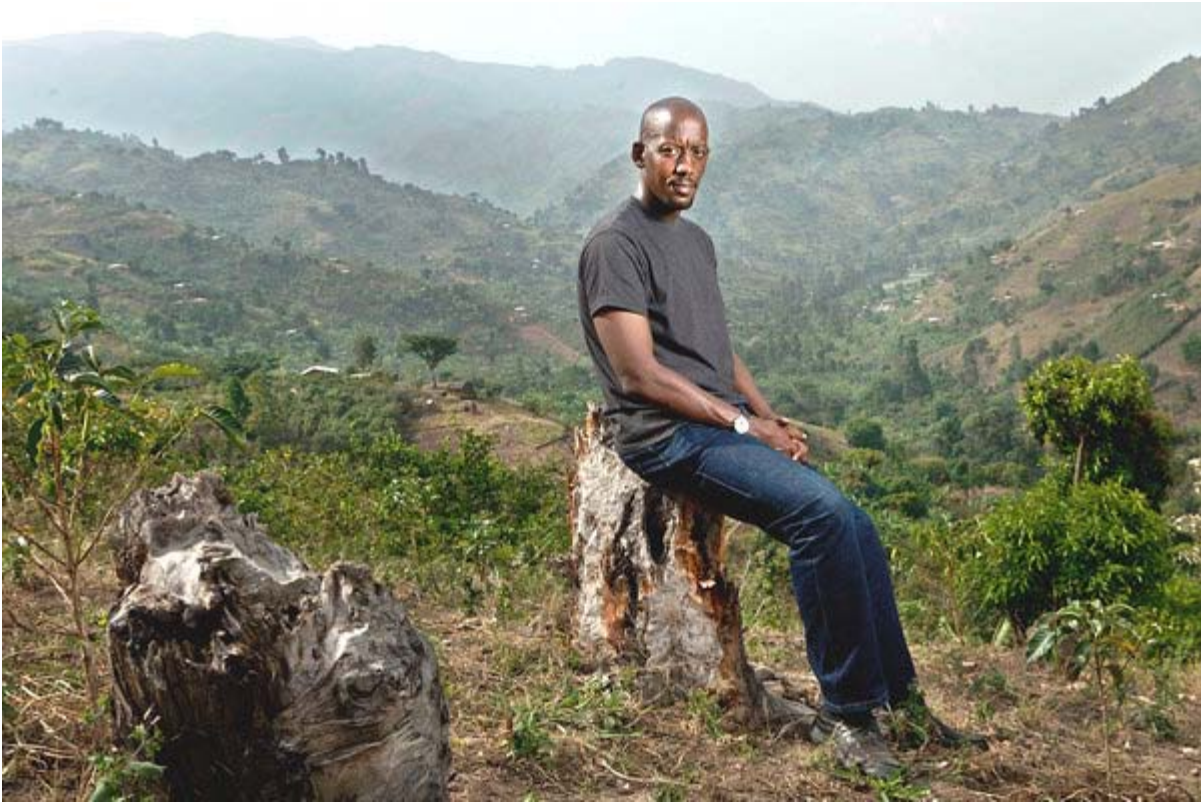
Rugasira gathered a meeting of 40 of Katabukenene's farmers. They are among 14,000 who these days supply Good African, many selling Rugasira one or two 220-pound sacks per season, some bringing in up to a dozen. The men and women sat on a low wall outside the shed where they process their beans. The landscape of Arabicas and plantain trees fell away behind them; the village seemed suspended in air. Rugasira announced that their coffee was now in the United States, and he described the three high-speed processing stations, driven by small electrical generators, that he would soon introduce in their village and in two other spots in the hills. They

would in part substitute for the hand-cranked pulpers and cumbersome method of soaking. All would be a little more industrial, a lot more efficient. Wearing a dusty blazer, a grower touched his head and smiled in astonishment. "I am trying to imagine it," he said.

And in Britain and America, meanwhile, Rugasira works to nurture his speck of a company. In lieu of advertising, he sometimes loiters in the aisles of the stores that carry his brand. He shifts the packs to an eye-level shelf or casually asks shoppers: "Have you tried this coffee? I hear it's really good. It's from Africa."

Daniel Bergner is a contributing writer and the author of "In the Land of Magic Soldiers: A Story of White and Black in West Africa."

Editor: Ilena Silverman



Andrew Rugasira, chief executive of Good African Coffee, in the hills near Kasese, Uganda.