Understanding the DRC's very **complex** supply chain challenges

While many countries in Africa are making strides in the development of road, rail and other infrastructure links, the Democratic Republic of Congo (DRC) remains one of the most difficult environments for supply chain managers and logisticians. **Tielman Nieuwoudt** reports.

Above and previous page: Some of the major roads are mere dirt tracks that turn into mud tracks during the rainy season. Below left: Inland waterways provide real supply chain opportunities and are a third cheaper than road transport

IN OCTOBER 1990, WHEN REBELS from the Rwanda Patriotic Front poured along the border roads from neighbouring Uganda in an effort to oust then Rwandan President Juvénal Habyarimana, the President of the Democratic Republic of the Congo (called Zaire at that time), Mobutu Sese Seko, looked on at the fighting and remarked that Habyarimana never should have built a road to his house (or country).

Indeed, Mobutu Sese Seko was notorious for not being fond of building roads in his own sprawling nation. Fast forward to 2016, and the DRC still has less than 3 000km of paved roads. By way of comparison, Algeria in North Africa is of similar size and boasts more than 70 000km of paved roads.

Given the lack of investment in infrastructure, some of the major connecting roads in the DRC are mere dirt tracks that turn into mud tracks and puddles during the rainy season. Trucks frequently break down and the estimated time of arrival of cargo is often determined in days, rather than hours. Complicating the road infrastructure problem is the fact that the country is covered by tropical forests and 15 000km of inland waterways.

Ironically, these difficulties have put Congolese drivers in great demand in other infrastructure-starved countries such as South Sudan. As one logistician told me diplomatically in the South Sudanese capital of Juba: "They are respected for their ability to negotiate difficult terrain and operate in an environment where spare parts aren't always readily available."

The DRC is vast by most measurements. It is 80 times the size of Belgium, the former colonial power, and half the size of the United States. It is the world's 11th largest country by area and the 19th by population. Katanga Province alone is the size of Spain.

The geography hinders companies and their supply chain teams in other ways too, as the DRC is virtually landlocked and surrounded by nine other countries. It is estimated that import and export costs are consequently between 40-50% higher than non-landlocked sub-Saharan African nations.

These and other factors unfortunately mean that the DRC has too often been on the wrong side of any development or business index. It ranked 184th out of 189 countries in the International Finance Corporation (World Bank) Ease of Doing Business Index for 2016 and 159th in the United Nations Logistics Performance Index for 2014. According to a 2010 African Development Bank report, less than 30% of the population has access to electricity and international business consultancy PwC estimates 40% of businesses in the country operate their own backup generators.

The positives

These factors notwithstanding, in the 'potential' column, the DRC ticks many boxes. The country is the world's largest cobalt producer and holds, with its neighbour Zambia (both part of the Copper Belt), the second largest copper reserves after Chile. Beyond minerals, the DRC has more navigable rivers than any other country in Africa, and the World Bank estimates that there is potential to produce 100 000 megawatts (MW) of hydropower annually. By way of comparison, the whole of sub-Saharan Africa currently produces less than 50 000 MW a year.

Import/export costs can be 40-50% higher

According to the African Development Bank, inland waterways provide real opportunities and are a third cheaper than road transport. To improve their navigability, a relatively modest investment is required.

In agriculture, the DRC can become one of the continent's breadbaskets, with 80-million hectares of arable land. Potential investors will also note that the country has seen strong economic growth between 2010 and 2012 – estimated at 7,1% annually – and close to 9% growth in 2014.

Regional links

In order for businesses to understand the DRC's trade and supply routes, it is important to analyse the economic activity around the three major regions; Kinshasa in the southwest, Lubumbashi in the southeast, and Kisangani in the northeast. Often there is little developed infrastructure linking these three major commercial centres and the regions are more tied to the neighbouring countries and trade corridors than to the rest of the DRC.

For example, in the copper capital of Lubumbashi in Katanga Province, long-haul truck drivers may be more familiar with the route south through Zambia and to the port city of Durban in South Africa, rather than the route to the DRC capital city of Kinshasa.

And even though the city of Dar es Salaam in Tanzania is geographically closer, third party logistics (3PLs) companies


A girl walks through a flooded road to reach her makeshift home in Kinshasa


Transport links are being improved in order to get Katanga's mineral riches to market

China has a keen interest in Katanga's mineral riches

such as Bolloré use the more reliable port of Durban for their mining clients. Katanga Province also has a rail link with Southern Africa and the National Railway Company of the Congo ('Société Nationale des Chemins de Fer du Congo' or SNCC) network is used extensively for copper exports to Durban.

The Eastern Congo's trade and infrastructure is more tied to Swahili- and Liguala-speaking nations of East Africa, and depends on the Central and Northern trade corridors for products and access to markets. The Eastern Congo's main exports revolve around the 'three Ts' (tin, tantalum and tungsten), plus gold. The three Ts are key components in consumer electronic products, medical equipment, automotive and aerospace.

This region has been a sanctuary for a number of rebel groups (e.g. the March 23 Movement, also known as M23) and the region's mineral riches have been a great source of revenue to sustain insurgencies by these groups. With the implementation by the United States of the Dodd-Frank Act of 2012, technology companies are starting to take a serious look at their supply chains (auditing, tracking and certification) to ensure products sourced from the region aren't tied to so-called 'conflict minerals', which are specifically outlawed under Dodd-Frank.

Infrastructure investment

In recent years, the DRC's infrastructure has seen a number of developments that aim to reduce transport constraints and create better links between regions and among neighbours. The country recently joined the multi-modal (road, rail, pipeline and inland waterways) Northern Corridor transit route. The main road network starts from the port of Mombasa in Kenya and runs through Uganda, the city of Kigali in Rwanda and Bujumbura in Burundi, then on to city of Kisangani in the Eastern Congo.

In terms of rail, the Lobito Corridor railroad project aims to create a shorter and more efficient route from the Port of Lobito in Angola to the Copper Belt in the DRC (Luau on the DRC/Angola border) and then on to Zambia. The DRC has also signed an agreement with Zambia and Tanzania to simplify the rail transportation processes, including re-marshalling charges and transhipment between Lubumbashi in the DRC and the Tanzania-Zambia Railway Authority (TAZARA) railway line that runs between Kapiri Mposhi in Zambia and Dar es Salaam in Tanzania.

China has a keen interest in the DRC's Katanga Province mineral riches, and its US$5-billion minerals-for-infrastructure deal will focus on a rail link from Lubumbashi to the DRC's chief sea port of Matadi, as well as a road link to the Kisangani River port. The agreement also aims to improve transportation links with the Zambian side of the Copper Belt. In Katanga Province there is also visible evidence of mining companies engaging in public-private partnerships to upgrade roads.

The future

However, with the commodity boom over, it is unclear if all projects will proceed. In the shadow of the mining giant Glencore deciding to mothball its copper mines in the Copper Belt, the DRC recently had to cut its growth forecast to below 8%. The scheduled presidential election in 2016 will likely create further instability, and President Joseph Kabila will be reminded that his late father, Laurent Kabila, required limited infrastructure to overthrow President Mobutu Sese Seko.


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