



Sustainable Supply Chain Development in Africa

Mar 6, 2023 | Leadership and People, Procurement Leaders, Sourcing Strategy, Supplier Management, Supply Chain Management SCM, Sustainable Procurement | ★★★★★



Looking at the African continent, one wonders why, with all her endowments, she contributes a tiny 4% share to Global Trade. As far back as 2005, an ITC conference in South Africa looked at the situation and arrived at the conclusion that Supply Chain was the biggest culprit, reports **Dr Obiora Madu**, Director General, African Centre for Supply Chain. It still is, and In this article, he examines what needs to be done.

Sustainability is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. (Brundtland)



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Sustainable supply chain management requires that sustainability criteria be met while maintaining competitiveness through meeting customer needs. (Seuring and Müller, 2008)

Sustainability in supply chain management also refers to continuous accountability for system efficiency, risk and negative impact caused by a range of activities along the supply chain. Sustainability presents companies with an opportunity to forge new commercial relationships and build stronger core competitiveness. The UN defines supply chain sustainability as “the management of environmental, social and economic impacts and the encouragement of good governance practices, throughout the life cycles of goods and services.

The worldwide Covid-19 lockdown measures resulted in major interference to the not-great supply chains across Africa. The crisis shed light on Africa’s heavy reliance on foreign trade partners. The pandemic and the lockdown caused disruption to key services such as tourism, transport and logistics. Given these challenges, Africa will have to reinvent itself through the growth of a reliable and sustainable supply chain across the continent.

With the pandemic behind us, African managers across industries are reconsidering the underlying logic of supply chains. That means rethinking the trade-offs between the benefits of globally dispersed production and the need for a secure and sustainable supply chain network. They will have to consider three critical factors:

- short-term versus long-term effects of COVID-19 on the organisation of production and delivery systems;
- changes imposed by the pending African Continental Free Trade Area (AfCFTA); and
- environmentally friendly supply chain networks for sustainable growth.

Africa is full of potential, but also challenges. Building a successful and sustainable supply chain will take time and it will require collaboration. All stakeholders must

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Ryogil Tafadzwa Mangarayi

As a SAP specialist, Ryogil leaves Aspen and joins the SPAR group as SAP Extended Warehouse

work towards improving supply chains across Africa by integrating, optimising, and enhancing technologies and infrastructure to ensure sustainability for African economies.

The coming of the AfCFTA is bound to bring remarkable changes across Africa if well implemented, by changing the rationale for local and regional organisation of production and supply across the continent. High trade costs in Africa, which most of the time measures five times higher than those elsewhere, have undermined the benefits of separating production activities across countries and supplying distant markets. In a swift reaction in July 2022, the AfCFTA Council of Ministers announced an initiative on guided trade with a pilot phase that allows seven African countries to begin trading under the new regime.

Environmentally sustainable supply chains is a major key to Africa’s development, and the need to rethink supply chains opens opportunities for green industrialisation. African firms are well positioned to join ‘green global supply chains’ as suppliers of key natural resources. These include, for example, scarce minerals like cobalt and lithium that are abundant in many African countries and are in high demand in many green industries. They can leverage their favourable access to these key natural resources, creating their own supply chains or supplying those controlled by others.

Another advantage for African firms in these kinds of supply chains is that being at early phases of industrialisation, they do not carry the burden of the past, as do many of their counterparts in other parts of the world. They do not have to cope with sunk costs of changing old infrastructure and equipment that is expensive and difficult to replace.

According to research by the Africa Academy of Management and the International Forum on Sustainable Value Chains, the escalation of social, political and ecological problems in Africa since the end of the 20th century, has impacted on the continent’s potential to contribute demographically, politically,

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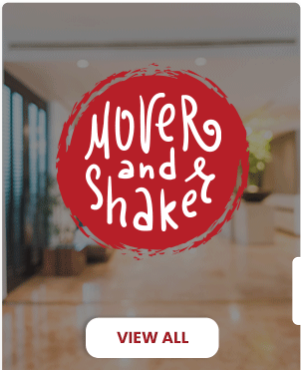
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socially and economically to global prosperity. Even though the continent has the youngest average age and is a focus of global development and investments, it does not measure well on sustainable supply chains: African countries are below the levels of other world regions in environmental, social and economic performance.

Overall, Africa’s infrastructure needs a state of emergency, and poor infrastructure leads to logistics and supply chain inefficiencies, inhibiting not only the flow of goods from manufacturing to consumption, but the talent supply chain as well. According to the African Development Bank Group (AfDB), Africa has the lowest electricity access rate in the world. Over 640 million Africans have no access to electricity. Supply chain sustainability holds a lot for African firms if only they can quickly build capacity for going through all the stages successfully. It will involve a lot of education, training and retraining because of the global supply chain talent crisis.

By Dr Obiora Madu, Director General, African Centre for Supply Chain

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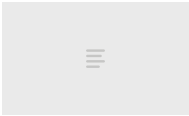
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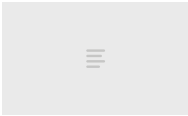
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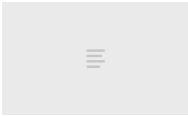
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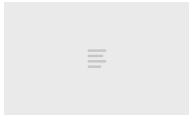
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