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AFRICA SUPPLY CHAIN INSIGHTS

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AFRICA'S SUPPLY CHAINS ARE LEARNING TO BEND

How Disruption Is Forcing Adaptation Across the Continent

A succession of global shocks—from pandemic-related disruptions and geopolitical tensions to vulnerable shipping corridors—is forcing African supply chains to shift focus from low-cost efficiency to rapid adaptability. Rather than building new networks from scratch, companies are reorganizing existing regional capabilities to secure critical inputs.

IN FOCUS

EGYPT EXPANDS IN EAST AFRICA

New Nairobi Hub Signals Shift to Infrastructure-Led Regional Trade

Egypt is moving beyond traditional direct exports by opening a 250 m² commercial and logistics hub in Nairobi. Supported by warehousing, shipping, and distribution services, the initiative led by Egyptian textile and industrial export groupsplaces inventory directly in East Africa to accelerate delivery times and boost regional exports by at least 20%

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Africa's Supply Chains Are Learning to Bend

For years, African supply chains were built around the assumption that efficiency meant finding the cheapest or most established route to inputs and markets. But a succession of shocks (from pandemics and geopolitical tensions to insecure shipping routes and fragile transport corridors) is forcing a different question: How quickly can supply chains adapt when the system they depend on stops working?

Across Africa, the answer is increasingly visible in unexpected places. In Burundi, Brarudi, a subsidiary of Heineken, is replacing some imported agricultural inputs with locally produced sorghum and barley. The real innovation is not simply "buying local". It is the creation of collection centres, quality controls, farmer training and aggregation systems that connect fragmented smallholders to industrial demand. A global shock did not create a new supply chain from scratch; it reorganised an existing one, bringing production closer to consumption.

Egypt offers another version of the same phenomenon. Disruptions to global shipping and higher prices for virgin plastic have increased the strategic value of the country's informal recycling networks. Capabilities that once operated largely outside formal industrial supply chains are becoming alternative sources of critical inputs. The lesson is powerful: resilience can come from recognising capabilities that were already there but had not previously been considered strategic.

Technology is creating another form of plasticity. AI is beginning to improve forecasting, procurement and inventory management in African health supply chains. But its potential remains constrained by fragmented systems, weak data, limited technical capacity, unreliable electricity and poor connectivity. The message is clear: new technologies cannot substitute for the infrastructure and institutional foundations that allow them to work.

The same logic applies to logistics. As global shipping becomes more vulnerable, companies are increasingly diversifying across sea, air and land. In Africa, however, multimodal resilience has a distinctive meaning.

Air cargo may not imply be a premium alternative to maritime transport; in some disconnected markets, it may be the only viable option. Meanwhile, Tanzania's investment in the Central Corridor and the Tabora–Kigoma railway is intensifying competition with Kenya's Northern Corridor. The strategic contest is no longer simply between ports, but between integrated logistics systems capable of moving goods reliably from coastal gateways to inland markets.

Egypt's new logistics and commercial hub in Nairobi adds another dimension. By placing inventory, distribution and market access closer to East African customers, Egyptian firms are moving from simply exporting to Africa to embedding themselves in African markets. If such platforms evolve into sourcing, assembly and local value addition, they could become nodes in regional value chains.

These stories may appear unrelated. They are not. Together, they reveal a broader transformation in African supply chains: plasticity is becoming a strategic capability.
Resilient supply chains are not necessarily those with the most infrastructure, the shortest routes or the largest number of suppliers. They are those capable of reorganising when circumstances change: substituting imported inputs with local ones, connecting informal capabilities to formal industry, switching transport modes, rerouting through alternative corridors, deploying new technologies, or moving inventory closer to customers.

For Africa, this suggests a different way of thinking about supply-chain resilience. The objective should not be to eliminate disruption (a near-impossible task) but to build systems capable of bending without breaking. That means investing not only in roads, ports, railways and digital infrastructure, but also in the interfaces that connect economic actors: collection centres, logistics hubs, interoperable data systems, regional corridors, recycling networks and distribution platforms.
The future of African supply chains may therefore depend less on building one perfect system than on creating the plasticity to adapt when the system inevitably changes

Prof Marcus Ambe,President & CEO AISCR

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The Sorghum That Travelled Fewer Miles, a story about supply-chain plasticity

For years, Brarudi, a Burundii leading brewery and a subsidiary of Heineken, relied heavily on imported agricultural inputs travelling thousands of kilometres before reaching its production lines. The model functioned until the pandemic and geopolitical disruptions exposed the vulnerabilities of long, costly and uncertain international supply chains.
The response has been to look closer to home. Through a partnership involving Brarudi, Auxfin Burundi, farmer cooperatives and TradeMark Africa, smallholder farmers are now increasingly supplying white sorghum, maize and barley to the brewery for the production of beer. The solution? The establishment of collection centres which provide the missing link between fragmented producers and an industrial buyer, while training and quality controls help farmers meet commercial standards.

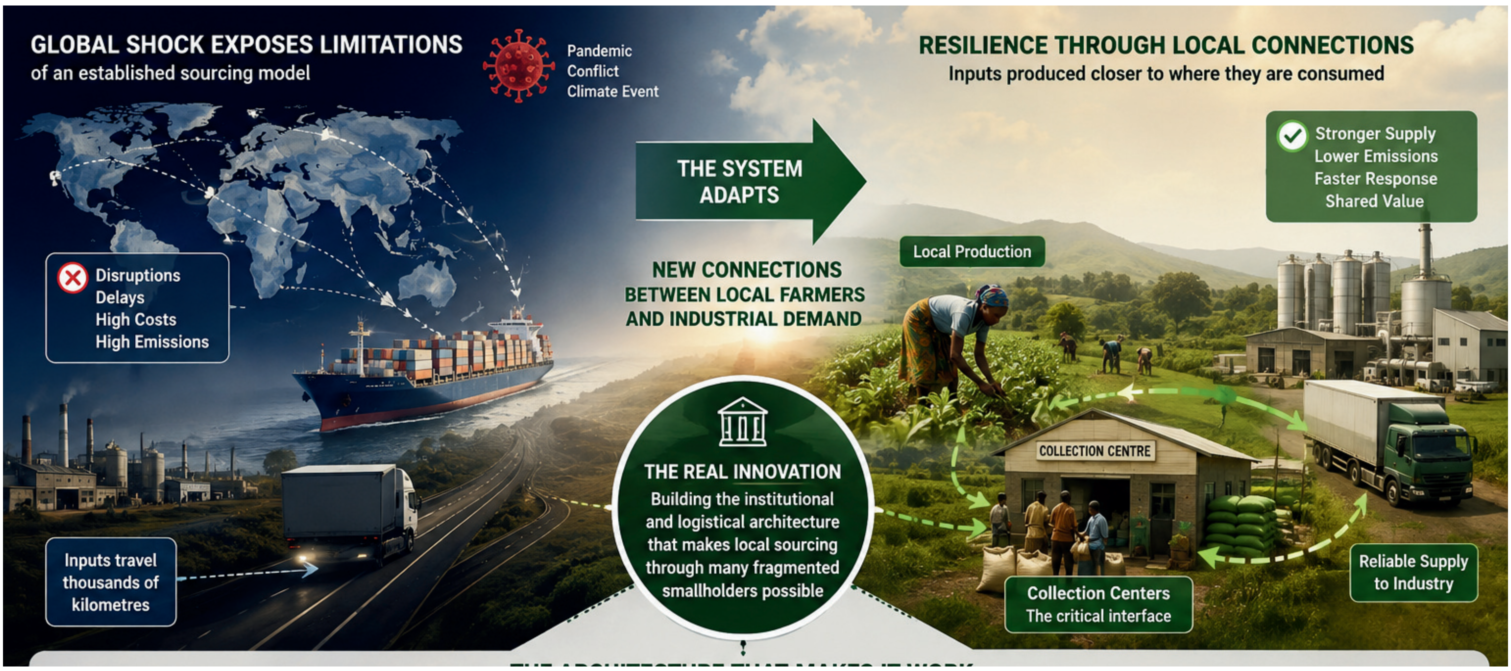
In 2025, Brarudi purchased more than 101 tonnes of locally produced white sorghum and over 65 tonnes of barley, together worth hundreds of millions of Burundian francs. The significance goes beyond the volumes. Each locally sourced input potentially replaces an imported one, reducing exposure to international supply disruptions while keeping more value and foreign exchange within the domestic economy.

The model also highlights an important lesson in supply-chain resilience: shortening a supply chain is not in itself a solution. That supply chain must also be organised. Quality testing, aggregation, farmer training, storage and reliable market access are the steps to be undertaked to allow smallholder production to connect effectively with industrial demand.

Brarudi's ambition to source 20,000–30,000 tonnes annually from local producers could therefore become more than a procurement strategy. It could help build a deeper agricultural-industrial ecosystem in which farmers, service providers, logistics operators and manufacturers are connected through a more resilient domestic supply network

Key Takeaways:

A global shock exposed the limitations of an established sourcing model, and the system adapted by creating new connections between local farmers and industrial demand. The real innovation is not simply "buying local"; it is building the institutional and logistical architecture that made local sourcing through a multitude of fragmented local smallholders possible. Resilience does not necessarily require building new supply chains from scratch. Sometimes it means reorganizing suppiers networks so that inputs that before travelled thousands of kilometres can be now produced much closer to where they are consumed, and then building the interface (in this case, collection centres) to connect local production to industrial demand



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How Global Disruptions Are Creating Unexpected Opportunities for Local Substitution and Circular Economy Models

Global supply-chain disruptions are doing more than exposing Africa's dependence on imported inputs. They are also revealing capabilities that have long existed within African economies but have often remained invisible to formal supply chains.

Egypt offers a striking example. Geopolitical tensions and disruptions to regional shipping routes have squeezed supplies and increased the cost of virgin plastic (new plastic produced from fossil-fuel-based raw materials). As manufacturers face greater difficulty sourcing imported materials, demand for recycled plastic has increased, creating new opportunities for Cairo's informal recycling ecosystem, including the communities popularly associated with "Garbage City".

The deeper lesson is not simply about plastic or recycling. It is about how crises can change the strategic value of existing economic capabilities. What was previously considered an informal, low-value activity can suddenly become a critical component of industrial supply when global supply chains become more expensive or unreliable.
Egypt's recycling networks were not created by the latest disruption. They were already there. The disruption simply changed the economics of the system and made their contribution to industrial supply chains more visible.

Key Takeaways:

Recycling is often discussed primarily as an environmental objective. But in a world of geopolitical shocks and supply uncertainty, it can also become a strategic source of industrial resilience by providing alternative inputs when imports are disrupted.

Across Africa, informal networks collect, process, transport and redistribute materials at enormous scale. Their economic contribution is often underestimated because they operate outside formal supply-chain structures. Yet, in times of disruption, these networks can become important sources of flexibility and local substitution.

The real opportunity is to move beyond temporary crisis-driven substitution. Governments and businesses can strengthen resilience by connecting informal capabilities with formal manufacturing, improving standards and quality control, investing in recycling infrastructure, and integrating local suppliers into regional value chains.

Africa's supply-chain resilience may not depend exclusively on finding new international suppliers. It may also depend on recognising and upgrading capabilities that already exist within African economies: from recycling networks and informal logistics to local manufacturing and repair ecosystems.
The broader lesson is powerful: when global supply chains are disrupted, the most valuable resource may not always be a new supplier. Sometimes it is a local capability that was already there, but that nobody had previously considered strategic.

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AI Is Entering Africa's Health Supply Chains, but the Real Bottleneck Is Infrastructure

Artificial intelligence is beginning to reshape African health supply chains, with applications ranging from demand forecasting and procurement planning to inventory management. A recent review identified 20 AI solutions already deployed across African health supply chains, with reported early results including around US$38 million in reduced procurement spending in Ethiopia, procurement planning in Kenya reportedly reduced from days to under an hour, and a 20% reduction in pharmacy stock levels in Morocco.

Yet the more important story may be the gap between AI's promise and the infrastructure needed to scale it. Much of the available evidence is still self-reported, many solutions remain at the pilot stage, and their impacts have not been independently verified. At the same time, fragmented legacy systems, poor-quality data, limited technical capacity, unreliable electricity and connectivity constrain the ability of AI tools to operate at scale.

Key Takeaways:

The lesson for Africa's supply chains is broader than healthcare: AI cannot compensate for weak underlying systems. AI cannot fix supply chains that lack the foundations to support it. Governments must build the digital and regulatory infrastructure; businesses must invest in data and interoperable systems; and development partners must help close financing and capability gaps. The real challenge is therefore not bringing AI into Africa's supply chains, but building the systems that allow AI to work across them.

When Sea Routes Fail, Cargo Takes Flight. But Africa Is Different:

The global logistics system is entering an era in which disruption is becoming structural rather than exceptional. Conflicts, geopolitical tensions, port congestion and vulnerable maritime chokepoints are pushing companies to diversify transport modes. Air cargo is increasingly becoming the resilience layer of global trade: when sea routes become too slow, uncertain or risky, critical and time-sensitive goods use the air modality. As noted in this article, the Mediterranean Shipping Company (MSC) decision to expand its air-cargo fleet, alongside the Emirates SkyCargo rapid capacity expansion and foreign carriers' caution in the Gulf, reflects a broader transformation in global logistics. The logistics companies of the future will increasingly operate across multiple modes (sea, air and inland transport) within integrated networks that allow them to reroute cargo quickly when established corridors are disrupted.

In Africa, the same trend is emerging, but with a substantial difference. Air cargo is not merely a resilience option or a premium alternative to maritime transport. In many parts of the continent, it can be the only viable option. Maritime trade may be constrained by inadequate port infrastructure or insecure shipping routes, rail networks remain limited across much of the continent, while road transport may be impossible, unreliable or inadvisable because of insecurity, conflict and weak cross-border connectivity. This gives air cargo a particularly strategic role in Africa. It can connect markets that are effectively disconnected by road and sea, moving high-value, perishable and time-sensitive goods across borders when other modes cannot.

Key Takeaways:

The future of African logistics is not simply about choosing between sea, road, rail and air. It is about building multimodal resilience (and, in some corridors, recognising that air connectivity is not a luxury but a critical component of economic integration). When the roads are unsafe and the sea routes are inaccessible, cargo doesn't just take flight. Sometimes, it has no other choice.

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East African competition over logistics corridors is intensifying as Tanzania strengthens its railway connections

The start of construction of the 506-kilometre Tabora–Kigoma Standard Gauge Railway marks an important step in Tanzania's strategy to position Dar es Salaam as a major gateway to the Great Lakes region. Combined with the development of Kigoma Port and connections across Lake Tanganyika, the railway could strengthen Tanzania's access to markets in Burundi, the DRC and beyond.

The implications go beyond Tanzania. As the Central Corridor becomes more connected, competition with Kenya's Northern Corridor for regional transit traffic is likely to intensify

Key Takeaways:

East Africa is increasingly becoming a contest not only between ports, but between integrated logistics systems: where railways, ports, lake transport and cross-border corridors determine which gateway can move goods most efficiently into the hinterland.

The strategic question is no longer simply which port is closest. It is which corridor can offer the most reliable, competitive and seamless movement of cargo from the coast to the region's inland markets (and vice-versa).

From Exporting to Embedding: Egypt Builds an East African Supply-Chain Hub

Egypt is moving beyond a traditional export-to-Africa model by establishing a permanent commercial and logistics presence in Nairobi. A new 250 m² showroom, supported by storage, shipping, tracking, distribution and insurance services, will allow Egyptian manufacturers to position inventory closer to East African customers and accelerate deliveries.

The initiative, developed by the Chamber of Clothing and Home Textile Industries and the Egyptian Industrial Exports Company, is initially targeting the expansion of Egyptian clothing exports, with an ambition to increase exports to selected African markets by at least 20%.

The broader significance extends beyond textiles. The Nairobi platform illustrates how regional supply chains are increasingly being built through commercial and logistics hubs that connect producers to multiple neighbouring markets. AfCFTA and COMESA provide the framework for preferential market access, but physical infrastructure, inventory, distribution and logistics are what make that access commercially viable.

If the model evolves beyond distribution into assembly, sourcing and local value addition, Nairobi could become more than a gateway for Egyptian exports—it could become a node in emerging Africa-wide regional value chains.

Key Takeaways:

African integration will depend not only on removing trade barriers, but on building the supply-chain infrastructure that enables firms to operate across borders

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Publication alert

African regional integration is often measured by the progress of trade agreements, tariff liberalisation and institutional milestones. But from a supply-chain perspective, the more fundamental question is different: can firms actually move goods, source inputs, connect to suppliers, and reach markets across borders reliably and competitively?

This is one of the central implications of Rethinking African Regional Integration, a new Horn Economic and Social Policy Institute (HESPI) publication. The paper argues that Africa should not be judged against a linear model of integration developed in a very different historical and economic context. Instead, integration should be understood as a process of building functional connections between economies.

For supply chains, this means shifting attention from agreements alone to the infrastructure and systems that make integration real: transport corridors, ports, border crossings, logistics networks, digital systems, regional value chains and productive linkages.

The key insight is that Africa's integration challenge is not simply a lack of market access. It is a problem of connectivity and circulation of economic and productive activity. A tariff preference has limited value if goods cannot move efficiently across borders. A large regional market has limited economic impact if firms cannot reliably source inputs or distribute products across it.

This points towards a more practical model of integration: corridor by corridor, value chain by value chain, and project by project.
The future of African integration may therefore depend less on climbing a predefined institutional ladder and more on building the supply-chain architecture that allows African economies to function as parts of increasingly connected production systems.

In this sense, regional integration is not simply about creating larger markets. It is about making those markets physically, digitally and economically usable.

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