

How Uber-style trucking business is changing long-haul transport in Africa

Karim Dembele, a truck driver from Mali, emerges from his truck where he has been taking a na He is in Togo's capital Lomé, waiting to cross the border in neighbouring Ghana, and then truck some 720 km to his destination, Abidjan, in Cote d'Ivoire.

By [Franck Kuwonu](#) 12 Jul 2021



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Just like most drivers waiting on both sides of this road in the Kodjoviakope area, his truck is empty after delivering cement papers rolls (used for making cement packaging) to a factory operating in an industrial zone 10kms away in Lomé.

"I have been waiting for two days now, but it can take weeks until I hear from my boss that it is time to proceed," Dembele tells Africa Renewal.

On this hot humid day in May, only slightly tempered by the breeze from the Atlantic Ocean, traffic along the road seems unusually light and the surrounding areas very calm. Hawkers no longer peddle their trade like before and the bars dotting the shoreline are empty. Due to Covid-19 restrictions at the time, pedestrian and other vehicular traffic were not allowed to cross, hence the unusual lull in activity around the area.

Just like Dembele's, most trucks are empty and have been parked idle for days. Only a few are loaded with goods. Some are heading to the Port of Tema, others to Accra then Abidjan to deliver or pick up goods.

While an increased number of trucks are crisscrossing the continent, a good number of them, once they deliver the goods, travel back empty.

That many of these trucks were parked here empty and that the drivers had no information or control over their next trip movements shows the logistical challenges truck businesses face in many countries around the continent.

A better-coordinated network could deliver greater efficiency, speed up transit time and lower cargo costs

Across the continent, start-ups like Kenya-based Lori Systems, Kobo360 in Nigeria, and a number of others are stepping in to fill the gap, with the backing of international investors.

Launched in 2018 in Nigeria, Kobo360, presents itself as a technology firm aiming at achieving efficiency. a “company that aggregates end-to-end haulage operations to help cargo owners, truck owners, drivers and cargo recipients to achieve an efficient supply chain framework,” according to its website.

According to its co-founder, Obi Ozor, it all started when, as a college student in the US, he realized how slow cargo onshore transit times in his country Nigeria added considerable cost to diapers import, making such a basic item unaffordable to many.

Logistical inefficiencies add about 40 - 60% surcharge on the cost of goods, across the continent, according to a joint Google and the International Finance Corporation (IFC) report, e-Conomy Africa 2020 released last November.

In East Africa, Kenya-based Lori Systems’ goals are no different. Founded in 2016 before becoming operational in 2019, the company aims to "seamlessly connect cargo owners to transportation" in order "to lower the cost of goods in Africa".

"As long as we keep trucks moving and they're not running empty miles, which is costly, we believe that the prices will continue to come down," Jean-Claude Homawoo, co-founder of Lori Systems, told CNN Business last December.

"We manage a network of tens of thousands of trucks," he explained, "and are able to make them available as needed."

As the continent logistics and warehousing market is projected to reach US\$80bn in the next two years, such companies are disrupting old trucking business models by basically using digital tools to match needs with availability, and demand with offers in the best possible ways.

A truck suddenly breaking down "is not an issue," nor is certain cargo not being ready. Another truck can be easily dispatched in the case of a breakdown or re-routed when cargo is not ready, said Homawoo.

The company operates mainly in East Africa, while Kobo360’s main network is in West Africa.

Efficiency

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The businesses are modelled on an Uber-like approach where registered truckers and drivers are permanently connected and matched up with demand.

In 2019, Kobo360 was named the ‘Disrupter of the Year’ by the Africa CEO forum, in recognition of its immediate impact on long haul in West Africa.

Yet, as disruptive as the model is, innovative logistics companies have only started scratching the surface. They need to grow and stay sustainable in the long run. For this to happen, a massive ingestion of cash is needed. International investors have been showing interest.

Collectively, Lori Systems, Sendy, also Kenyan, and Kobo360 have raised at least US\$ 65 million from the IFC and other investors, in the last two years or so.

E-logistics startups are key in growing Africa's internet economy, which could be worth an additional \$180 billion between 2023 and 2025, according to the Google-IFC report. However, the report noted, the infrastructure investment remains short by \$67bn to \$107bn annually.

Hence the interest of international investors and the promises of scaled-up operations. Taken together, these companies are operating in less than a third of African countries. And not all truckers are aware of the offerings.

Dembele, the truck driver from Mali, does not appear to know much about the new ways of trucking. While he had hoped to carry other goods on his way to picking up a fresh load of cement paper rolls back to Togo, he is relying on word of mouth from other truckers along his route to find opportunities.

Signing up for the services of one of these start-ups may simplify his haulage. Yet, even if he wanted to, he said, he is unsure how this will benefit him personally.

"I am just a driver. Wherever the owner tells me to go, I usually go. He is the one who knows where the cargo is and asks me to pick or drop it," he said.

Arguably, the market remains largely untapped and the promises of trade increases under the African Continental Free Trade Area (AfCFTA) may just be the impetus the industry needs to expand.

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