

Cement sector in DRC continues to expand

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The Democratic Republic of Congo (DRC) recorded growth of 9.5% in 2014, above the African average of 6%. In March 2015 Congolese Prime Minister, Augustine Matata Ponyo, adopted a bullish tone when he predicted double digit growth for 2015.



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Against this backdrop, the DRC is seeing an increased demand for cement, as infrastructure projects and construction are amplified in the wake of improved confidence and trust in the country and its economy. However, according to South African cement manufacturer PPC, at present, the DRC has 16kg per capita annual cement consumption - the lowest in Africa - compared with the South African average of 240kg and the global average of 400kg.

This statistic highlights the drive behind current investments being made in the sector by the likes of PPC and local company group Nyumba Ya Akiba.

PPC, in partnership with local company Barnet and using the engineering skills of Sinoma International Engineering Company of China, is establishing a \$280m plant in the Lower Bas Congo in the Bas Congo Province. Construction began in December 2013 and the plant is expected to come online at the end of 2016. Nyumba, working in partnership with Pakistani engineering firm, Lucky Cement and Groupe Rawji of the DRC, is also expecting to become operational in late 2016 with its \$255m project, also in the Bas Congo Province.

Feasibility studies

SRK Consulting was afforded the opportunity to participate in environmental feasibility studies for both of these greenfield projects. Our on-the-ground presence in the country, extensive experience in conducting international standard environmental and social impact assessments (ESIA), coupled with our ability to interpret client needs, provided SRK with an advantage in conducting the ESIA processes.

A critical consideration impacting both projects was the fact that international funding of projects requires compliance with local DRC regulations as well as international standards and guidelines. SRK, which is currently also working with the International Finance Corporation (IFC) on a cumulative impact assessment review of the industry in the DRC, was able to interpret and align both requirements, thus ensuring that the ESIA reports met host country and Equator Principles Financial Institution's conditions.

Central to SRK's work was, and continues to be, the establishment of meaningful stakeholder relationships within the sector; building trust being regarded as a vital component to long-term success and sustainability of both businesses. Testament to this is the fact that, although the two projects are situated just 15km apart from one another, PPC and Nyumba agreed to co-operate and share information on issues such as air quality, employment, water quality and quantity, and community involvement.

Their combined involvement will provide the DRC government and the IFC with invaluable information about the cumulative impact assessment and management guidelines and allow the IFC to gauge whether or not they are user-friendly.

Gaining greater insights

Such collaboration and co-operation is indicative of the multi-dimensional nature of the DRC industry, and is a facet which attracted SRK to the broader opportunity to engage at a deeper level with the cement industry in the country. Significantly, with data being shared across two projects, it was also a way of gaining greater insights into the sector. In a region where there is limited data available, we believe that the DRC government can now draw on vital knowledge about air quality, water issues, bio-physical issues and social issues from these two projects.

This information will allow the government to make decisions based on solid data and strategically build and develop a long-term, sustainable cement industry; thereby supporting the country's future infrastructure development plans.

SRK's support to the projects varied according to the two companies' needs and capabilities. This necessitated the ESIA team drawing on the local expertise and knowledge in SRK DRC office to conduct context specific social assessments and facilitate stakeholder engagement, as well as apply in-depth knowledge of international funding requirements and processes.

This advantage reinforced the value of SRK's DRC-based team. Led by country manager, Susa Maleba, with Phillippe Katuta responsible for the stakeholder engagement and social field work, the in-country office has proved vital in our interactions within the DRC over the past five years. Not only do our local SRK experts speak the language and understand the culture, their networks reach into government and business, helping to open doors and ensure our clients can gain access to the right people, at the right level, at the right time.

Growing confidence

Certainly, supported by this in-country backup, we've seen SRK's DRC project team grow in confidence, a factor which marks a very real differentiator for us in Africa and highlights the value to clients and impact of having an on-the-ground consultancy by providing a strong basis for continued growth, relationship building and the establishment of trust.

"The strong support, knowledge and expertise of the team at SRK - both in South Africa and in the DRC - has guided us

through the process of prioritising community engagement from the outset. We believe that stands us in good stead for future growth and the sustainability of the project, for all our stakeholders," Nyumba CEO, Patrick Vandewalle, recently noted.

The cement sector in the DRC will continue to expand and, as a result, other funders of cement projects will enter the market. The PPC and Nyumba projects therefore provide a benchmark linked to the Equator Principles against which others will be measured in the future. These two pivotal projects have, therefore, set a standard for best practice and forging solid ties which will surely stand the industry in good stead for future growth and expansion.

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