

Sustainability of the aviation industry in Africa

(Presented by AFRAA)

1. INTRODUCTION

Aviation provides the only worldwide transportation network, which makes it essential for global business and tourism. It plays a vital role in facilitating economic growth, particularly in developing countries. Air transport has become a driver of economic, social, and cultural development worldwide and has fundamentally changed how we travel, interact with others, and do business.

Sustainability has become a significant subject of concern within the aviation industry. Leaders are focusing on reducing the environmental impact through technological improvement, operational efficiencies and sustainable aviation fuels (SAF). Global warming, environmental degradation, climate change, and depletion of resources are becoming widespread. In response, industries are conducting businesses with an approach focused not only on economic development but also on society's well-being. The aviation industry has set long-term goals to achieve zero carbon emissions by 2050.

2. SUSTAINABILITY DEFINED

Sustainability is defined simply as “meeting the needs of the present without compromising the ability of future generations to meet their needs.” While curbing environmental impact on businesses is one sure way of not compromising the future, it seems as though everything about sustainability has been reduced to curtailing environmental impact. It is a narrow view of what appears to be a pervasive matter in every facet of human existence.

Before Covid-19 hit the industry in 2020, the global airline industry was growing, not shrinking. According to an article in Sustainability Accounting, Management and Policy Journal, “Over the past 50 years, global demand for air travel has risen by 9 percent per annum, and growth (at a reduced rate of 3-7 percent) is predicted for the next 20 years.” But is the industry growing at the same pace across all regions? What percentage of this growth can be attributed to Africa and the developing world?

In Africa, for instance, though the industry is growing, African airlines' share of global traffic has stagnated at around 2% for a very long time. In fact, in real terms, African airlines' market share for intercontinental traffic has shrunk from 60% some 40-50 years ago to just about 20% in recent times and still shrinking.

Any broad-based conversation about aviation industry sustainability must not ignore the fact that African and, to some extent, South American airlines are at risk. The survival of the aviation business in Africa is at a sustainable risk, and this must be part of any discourse on the future of aviation. Therefore, narrowing sustainability to only environmental impact is skewed. A broader and holistic look at sustainability will allow the world and all players to play their part in ensuring all have a stake and manage their stake sustainably.

Looking at other economic sectors, especially manufacturing paints a similar picture. While the developing world, excluding China and India, contributes very little to global emissions from the manufacturing industry, various attempts have been made to cap global emissions without

considering the future development needs of these countries. A fairer approach would compel the more major pollutant countries to set targets of cutting back on their emissions while setting limits beyond which the developing countries cannot grow their CO₂ footprints.

According to Aviation Benefits Beyond Borders, the aviation industry has made significant progress in fuel and CO₂ efficiency, halving the amount of fuel used per flight compared to 1990. Flights today generate just about 50% of the CO₂ compared to the same flights back in 1990. This has been achieved through technological advancement and improvements in operations and infrastructure. African operators have contributed to these savings in small ways.

3. AVIATION SUSTAINABILITY IN AFRICA

Before the Covid-19 pandemic in early 2020, aviation in Africa supported over 63 billion US dollars in economic activity. It employed around 7.7 million people directly and indirectly, according to ATAG 2020 report on Aviation benefits. Aviation has the potential to open up markets, facilitate trade, link Africa to the rest of the world, and contribute to the socio-economic integration and prosperity of the continent. Realistically, jobs, better connectivity, trade facilitation, easy mobility, and continent integration, including managing the environment, are all sustainability measures Africa is keen to leave for future generations.

Therefore, the AFRAA perspective on aviation sustainability embraces all aspects of ensuring that the present and the future hold brighter prospects for the citizenry of Africa. Air travel connects people, countries, and cultures, providing access to global markets and facilitating the freedom to travel. Air travel connects developing countries to developed countries. It serves as a means of inclusion for remote areas and Island countries in which air travel is often the only efficient means of transportation. The affordability of air travel makes leisure and cultural experiences from traveling to different places accessible to most of the world's population. This, in turn, exposes the world to tourism, which significantly improves living standards, reduces poverty, and contributes to the UN Sustainable Development Goals (SDGs) in many nations. ATAG found that air transport in some way supports 14 of the 17 Sustainable Development Goals, from decent work and economic growth to quality education and reduced inequalities. According to IATA, 51% of international tourists travel by air. The percentage is even higher in Africa, where nearly 80% of international tourists arrive by air. In addition to tourists' travel, aviation also allows the speedy delivery of medical supplies and humanitarian and emergency relief.

Therefore, aviation sustainability in Africa would, in addition to addressing the industry's environmental impact, focus more on the survival and success of African airlines, airports, and all players in the value chain on the continent. To achieve this would require access to affordable and competitively priced capital; provision of infrastructure to support the growing industry; better connectivity and market access; facilitating mobility and cost competitiveness.

Aviation sustainability also means equity and fair play in the industry and among players. In circumstances where Africa is considered a high-risk region and interest rates for loan facilities and lease rates for equipment are way beyond the global average, sustainability is impacted adversely. During the Covid-19 pandemic, when the industry survival and sustainability went through a significant test, some regions and countries were more responsive in providing financial support to

keep their airlines going, protecting jobs and aviation-related economic activities. Of the total of over US\$256 billion in direct financial support received by airlines globally, Africa's share was a paltry US\$2.5 billion. The failure by African governments to provide the much-needed financial boost to the airlines throughout the devastating months of the Covid-19 pandemic has further weakened African airlines and threatened their sustainability.

4. REGULATORY IMPEDIMENTS TO SUSTAINABILITY

The lack of harmonized regulations has robbed African aviation of growth and the much-needed connectivity since the 1960s. Though the continent was well ahead of many regions in adopting an air transport liberalization framework called the Yamoussoukro Decision (YD) in 1999, the failure to put in place regionally binding regulations, among other challenges, frustrated the opening of air borders to date. Following the adoption of the YD by 44 African countries, there was a need to establish common binding regulations and set up institutions to oversee the implementation and resolve disputes that may arise.

This would have surely guaranteed successful implementation. Unfortunately, leadership got excited about the agreement and failed to follow through and put in place the proper regulatory framework to back the decision.

Fortunately for Africa, the quest for aviation sustainability is now on the right track. African aviation sustainability renaissance began with the adoption of the African Union (AU) Vision 2063, a continental development roadmap. Among the flagship projects in this document are the Single African Air Transport Market (SAATM); the African Continental Free Trade Agreement (AfCFTA); and the Protocols on the free movement of people and goods – three inter-related projects aimed at liberalizing the air transport market, facilitating trade and the movement of people across borders.

To ensure the successful implementation of all three projects, conscious efforts are being made to put the regulatory framework and institutional structures in place. Efforts are also being made to disband or amend national regulations that may not align with the letter and spirit of the AU Agenda 2063 and these flagship projects.

The full implementation of the YD, AfCFTA, and facilitation of mobility through visa and passport protocols will certainly guarantee aviation sustainability in Africa. However, governments, DFIs, and other institutions should support the AU-led efforts to implement all the support regulations and structures. In addition, African airlines will need access to financing to invest in the modern, efficient fleet and relevant technologies that will make them competitive and sustainable. Investments in aviation and tourism-related infrastructure are also needed to boost the sector's full development.

5. INDUSTRY COLLABORATION FOR SUSTAINABILITY

Aviation has traditionally been a business that collaborates and coordinates to provide transportation services. Historically, airlines work with governments, airports, civil aviation authorities, tourism organizations, safety/security institutions, and other sectors. At the states level, ASECNA is

testimony to what governments coming together to pull resources and channel them into the air navigation sector can achieve – economies of scale. In times past, the establishment of the Pan-Africa airline, Air Afrique, attested to what is achievable with collaboration. In recent times, Covid-19 has taught the aviation community that the health sector is an integral part of the aviation ecosystem and must be involved in decision-making. At some point in Africa, when airline safety was at an all-time low, it took governments, airlines, ICAO, AFRAA, AFCAC, ACI-Africa, the CAAs, and other players to collaborate come up with a roadmap whose implementation got aviation safety back on track.

Indeed, collaboration has seen the aviation industry agree on CORSIA to address the global environmental challenges instead of the earlier unilateral regional/country measures that would have been expensive and chaotic.

The importance of collaboration for the success and sustainability of the industry is not in doubt. What is, however, missing is the aviation sector to collaborate with industries that are not directly related to aviation but impact it. AFRAA believes that aviation “talks too much to itself” to the exclusion of other relevant players that influence the industry.

As the leading air transport body on the continent, AFRAA is conscious of this reality and has decided that in 2022, it will begin to change the narrative and establish broader consultation with all stakeholders for the industry's good. In furtherance of this, AFRAA is organizing in the second quarter of 2022 a "Laboratory" of relevant players to consult broadly on critical issues of the aviation, trade, tourism, financial and regulatory sectors. The LAB will bring together government, international development partners, aviation entities, trade and tourism organizations, the health sector, financiers, regional economic communities, and selected consumers of air transport services. In the view of AFRAA, the areas that need broader stakeholder engagement and collaboration include:

- Aviation regulations and policies – Create a regulatory framework favorable for the industry development and sustainability
- Market access and connectivity – Improve travel, trade, tourism, and regional integration
- Access to capital – Finance equipment and infrastructure investments
- High cost – Reduce the cost of operations and make travel affordable
- Environment – Enhance awareness and agree on actions to be taken on environmental sustainability
- Governance and management – Improved governance and management
- Human capital development – Increased human resource competency in the African aviation industry

After the broad-base engagement, the industry, through AFRAA, hopes to develop relevant solutions to revamp the sector and create a sustainable aviation development action plan for Africa.

Already, a Task Force has been established to organize the “Lab” to brainstorm and identify concrete projects suitable for attaining the Lab's broader objectives.

Going into the future, similar collaborative engagements would be needed to address many of the systemic challenges and align the actions of stakeholders. Through such collaboration, not only are we likely to attain consensus in many ways, but we will also realize the massive synergy that aviation needs to unlock its full potential.

6. FINDING AND ADAPTING INDUSTRY BEST PRACTICES

The delay in liberalizing the African air transport market can be partly attributed to the failure of the region to adopt best practices that worked elsewhere. While this may simplify an otherwise complex inter-state roadmap to market access, if Africa had emulated what the EU did to achieve a single market, better progress could have been made. The aviation industry abounds with many successes that can be "copied." Regarding regional safety, EASA has some valuable lessons that can help Africa. In the same way, Africa too can teach some parts of the world lessons on collaboration for synergy by referring to the ASECNA model for air navigation service provision. Similarly, the global airline alliances and other forms of commercial cooperation arrangements can be helpful to African aviation as it seeks to weave its way into sustainability. Caution must, however, be exercised in adopting models from elsewhere to ensure they are sustainable in the long term and fit the local dynamics.

The good thing is that, in aviation, best practices are not traded secrets. They can be easily accessed and learned from. Suppose the financing difficulties African airlines face are to be overcome. In that case, the continent will have to learn from other regions where airline ownership limits are relaxed, and foreign equity capital encouraged and not frowned upon. A deliberate policy to privatize state-owned airlines and invite foreign investors to take a stake will attract the capital required and the managerial expertise needed to run such airlines professionally. Airlines that are efficiently and profitably run are sure to be sustainable, provided the right regulatory environment is created to support business. This is the trend in many parts of the world, but we remain largely fixated on state-owned and run airlines in Africa. The acceleration to aviation sustainability will be realized if Africa allows the private sector to drive the commercial side of the business. At the same time, governments focus on enacting the enabling regulations to support the industry. The timing and focus on getting SAATM and AfCFTA implementation right will result in significant growth in air travel and regional trade.

7. CONCLUSION

To conclude, the aviation industry has rightly set ambitious long-term goals to achieve zero carbon emissions by focusing on developments in technology, operational efficiencies and sustainable aviation fuels. While these goals are laudable and demonstrate the industry's commitment to sustainability, the aviation world can do more by ensuring that all regions of the world have viable and sustainable aviation businesses in the first place. After all, if aviation supports 14 of the 17 UN SDGs, its beneficial contributions go beyond the environment and should be seen as a necessary socio-economic good for every region.

Particularly in the developing world, where connectivity and mobility are limited, costly, and local airlines cannot sustain their businesses, there is a need for stakeholder collaboration to address some of the bottlenecks. At the same time, the government supports the industry with the right laws that guarantee market access, capital access, and capacity development. A sector struggling to survive will find it difficult to focus on the long-term environmental goals that do not yield short-term visible results. This does not mean the environmental priorities are less critical; instead, they require resources that the industry, particularly in Africa and some other parts of the developing world, does not have. For instance, without access to competitively priced capital, some operators will continue to acquire and use old, high fuel consumption, and less efficient aircraft or ground equipment that emits comparatively more CO₂ and pollutes the environment. Such operators' actions may be driven by the dire need to provide the much-needed air connectivity at the expense of efficiency and the environment. It does not mean they are careless, just that their priorities are different. How to get all players to gain access to resources, develop their regulatory environment and learn best practices from each is a critical sustainability question that should concern all of us.

Finally, the efforts been made by African states under the leadership of the African Union to implement SAATM, AfCFTA, and facilitate the movement of people and goods are giant steps toward aviation sustainability in Africa. Any support from the international community to assist the realization of these projects will be progress towards improving aviation sustainability. AFRAA's role in leading multi-sectoral industry collaborative decision making and implementation through the "LAB" concept should result in the partnerships needed to drive an economic, social, and environmentally sustainable aviation industry in Africa. Unless and until the entire aviation ecosystem feels inclusive in the sustainability drive, the momentum will remain slow.

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