AFRICA: READY, STEADY, GROW

News / Airlines

With 4.9% average gross domestic product (GDP) growth over the past two years in the sub-Saharan region, it is no surprise that **Africa** is forecast to become one of the fastest growing areas for aviation. David Adebiyi explains how aviation infrastructure is a key enabler.

The International Air Transport Association (IATA) forecasts that by 2034 Africa will see an extra 177 million passengers a year join a total market of 294 million.
It is, therefore, encouraging that regional institutions (such as the African Union) are putting in place measures to support the growth of the aviation sector.
The African Union decided last year to finally implement the Yamoussoukro Declaration, a long-awaited initiative originally signed in 1999, but evolving from an earlier declaration in 1988 that aims to create a single aviation market across 44 African states.
The agreement provides a great opportunity to allow aviation to become the key enabler to the economic growth of the continent. But is the industry ready?
Lessons can be learned from other high- growth regions facing similar challenges but the resolve to address the issues must come from within and be tackled by governments and the industry as a whole.

The aviation industry supports some 6.7 million jobs in Africa and generates $67.8 billion in economic activity. Aviation not only creates direct employment, it also drives growth in related industries such as tourism, and underpins the growth in other industries by increasing connectivity. Despite this, the industry is still not seen as a priority by some governments and not all have made the changes necessary to get the best out of Yamoussoukro. In many countries there are still restrictions on foreign operators, reducing competition and the usual benefits of market forces. The cost of travel is also inflated through additional airport charges or tickets taxes, up to $50 in the worst cases. IATA CEO Tony Tyler has urged governments to introduce smarter regulation, legislation to improve consumer rights and to increase connectivity through the provision of transit visas. All of these issues potentially inhibit growth.

Even if governments can create the right environment, growth will be constrained unless safety and security issues are addressed. The need to improve both is acknowledged as a priority.

According to the International Civil Aviation Organization (ICAO), Africa is the worst performing region with an accident rate many times higher than others. There are already a number of regional initiatives under way, including the comprehensive regional implementation plan for aviation safety in Africa (AFI Plan) that involves numerous stakeholders and is already producing results.

In many states, there is also a need to improve safety oversight, to progress the separation of the regulator and service provider, and to properly implement state safety programmes and safety management systems.

While Africa's accident rate remains higher than the global average, there are some positive signs of progress. The continent suffered no jet hull losses in 2014.

Another subject of real concern is the urgent need for investment in critical infrastructure, particularly airports and communication, navigation, surveillance/air traffic management (CNS/ATM) facilities. This is potentially more difficult to address and in many places will require substantial investment.

While there are some exceptions, Africa has had a long history of under-investment. A number of new airports have been or are being developed. However, these are not always well planned and do not always best serve the needs of the airlines or wider industry.

Investment in CNS/ATM infrastructure is even more difficult, given that part of the infrastructure [airspace] is an 'invisible asset' and too often the poor cousin of the airports that it serves. In many cases, a regional or sub-regional approach would help to ensure interoperability, improve efficiency and make cost savings.

The Agency for Aerial Navigation Safety in Africa and Madagascar (ASECNA) is a good example where Africa is leading in terms of regional collaboration. ASECNA is an air traffic control agency based in Dakar, Senegal. Comprising 18 countries, it was created in 1959.

Introducing this collaborative approach across Africa will require better planning and cooperation, including more effective airport and CNS/ATM master planning at both national and regional level.

Many airports and air navigation service providers (ANSPs) are updating their master plans or are planning to update, but the ability to implement these ideas will be the critical factor.

The introduction of new technologies might make implementation easier, especially if it means reduced capital expenditure.

Charles Schlumberger of the World Bank agrees. He sees it as a real opportunity for developing countries to advance their aviation infrastructure using technology that can be applied cheaply and is less costly to maintain. He cites satellite-based technology as a good example but there are others, including remote towers, which could support safe, efficient and cost-effective service delivery, providing significant benefits at a fraction of the cost of conventional ATM systems.

Where significant investment is required, the inability to access funding also creates a barrier. This doesn't have to be the case. Governments that have created a stable investment environment and have implemented policies to encourage foreign direct investment have successfully built new, or upgraded existing, airports through the privatisation or part-privatisation, including those in Congo, Gabon and Cote d'Ivoire operated by Egis.

Development banks also have funds to support the development of other infrastructure. The

European Investment Bank's €40m ($44.6m) loan to ASECNA in late 2012 is a good example. But, even here, there can be challenges. Patrick Dlamini of the Development Bank of Southern Africa told the audience at the Civil Air Navigation Services Organisation (CANSO) Africa Conference in Durban earlier this year that banks are often frustrated because projects presented are not considered 'bankable'.

This might just be because of the way they are structured, or because there is no obvious source of additional revenue to repay the loan, or the bank is unable to secure a sovereign guarantee. Many of these challenges could be overcome by early engagement and a more structured approach.

Investment in infrastructure alone will not overcome all of the challenges. Similar to other regions, Africa has a shortage of aviation professionals and is losing some of its best talent to neighbouring regions. This, in itself, will prevent many of the other challenges being addressed and will increasingly become more of an issue unless aviation is seen as a credible career.

There are, however, clear signs of progress. Much of what needs to be done has already been achieved somewhere on the continent.

While international organisations and the global aviation industry have a key role to play, a lot can also be achieved locally and organisations such as ICAO, IATA, the African Civil Aviation Commission (AFCAC) and CANSO must continue to ensure that best practice and lessons are shared through regional initiatives. Experience from other regions tells us that solutions developed and delivered locally will be more successful in the long term.

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