

AFRAA recovery plan for the survival and rebound of African airlines

Plan de relance de l'AFRAA pour la survie et le rebond des compagnies aériennes africaines

"Better Skies for Africa"



The world is experiencing the adverse impact of the Coronavirus (COVID-19) pandemic and the aviation industry is amongst the worst impacted.

It is necessary to put in place measures that will support the airline industry to ensure its survival and recovery after the crisis. Air Transport is critical for the economic development and integration of the African continent and support to the airline industry will aid in a faster economic recovery.

An end of operations by African airlines would trigger a host of serious financial consequences, while replacing the air service provided by the airlines would be a challenging and costly process.

AFRAA has therefore developed a recovery plan that outlines a framework of various areas of intervention; measures to be taken as part of urgent, immediate, and consistent actions for the survival and rebound of the industry. The recovery of the airline industry will require coordinated efforts and a collaborative approach with all stakeholders.

The recovery plan includes actions and measures under 9 pillars:

1. Governments/States
2. Regulators
3. Suppliers and service providers
4. Customers
5. Maintenance and MROs
6. Cost management
7. Cargo operations
8. Workforce
9. Strategies to maintain business continuity

Le monde fait face aux impacts néfastes de la pandémie de coronavirus (COVID-19) et l'industrie aéronautique est parmi les plus touchées.

Il est donc nécessaire de mettre en place des mesures pour accompagner le secteur afin de garantir sa survie et sa reprise après la crise. Le transport aérien est essentiel au développement économique et à l'intégration du continent africain. Le soutien à ce secteur contribuera à une relance économique plus rapide.

Une cessation des opérations des compagnies aériennes africaines déclencherait une série de conséquences financières graves, et remplacer les services aériens qu'elles fournissaient serait un processus difficile et coûteux.

C'est pourquoi l'AFRAA a mis au point un plan de relance qui décrit un cadre de divers domaines d'intervention, des mesures à prendre dans le cadre des actions urgentes, immédiates et cohérentes pour la survie et le rebond de l'industrie. La relance de l'aviation nécessitera des efforts coordonnés et une collaboration avec toutes les parties prenantes.

Le plan de relance comprend des actions et des mesures qui se déclinent en 9 piliers:

1. Gouvernements/États
2. Régulateurs
3. Fournisseurs et prestataires de services
4. Clients
5. Maintenance et MRO
6. Management des coûts
7. Opérations cargo
8. Personnel
9. Stratégies de continuité d'activité

AFRAA COVID-19 RECOVERY PLAN (9 Pillars)

GOVERNMENTS / STATES

- Economic **stimulus**
- Direct subsidies to **keep employment**
- **Loans** at reduced fees
- **State guarantee** on loans
- **State guarantee** to ensure debt provision from IFIs
- **Tax reliefs** and/or deferral

MINISTRY OF FINANCE – MINISTRY OF TRANSPORT
AFRAA

REGULATORS

- **Temporary extension** of required certificates for **crews**
- **Temporary extension** of recurrent training certificates
- Clarify and coordination of **NOTAMs publications**
- Flexibility on **passengers' protection rules**
- Waiver for **slot utilisation rules** (2020&2021)

CIVIL AVIATION AUTHORITIES (CAAs)
AFRAA

SUPPLIERS & SERVICE PROVIDERS

- **Communicate** with suppliers and service providers
- **Negotiate** payments deferrals
- **Find new suppliers or service providers** in case of default
- **Renegotiate contracts** and restructure agreements

AIRLINES

CUSTOMERS

- **Clarify policy** for outstanding bookings
- Inform on **COVID-19 protection measures** taken
- Assess post-COVID-19 **new requirements for passengers**
- Ensure **Standard Operating Procedures** are put in place for **passengers' health screening and protection** by the industry
- Implement initiatives to regain **confidence in flying**

AIRLINES
AFRAA

MAINTENANCE & MROs

- **Aircraft storage procedures**
- Perform **maintenance** due during the downtime period
- Execute **'greentime' programmes**
- Review **maintenance programmes**
- Re-evaluate **MRO sourcing strategy**
- Enhancement of **MRO activities after the COVID-19**

AIRLINES
AFRAA

COST MANAGEMENT

- Adopt **cost containment** and cost reduction measures
- Manage efficiently **fuel conservation** to reduce cost while protecting the environment
- Update **systems** and increase **digitalisation**
- Promote **direct sales** and revisit the current **cost of sales network**
- Revisit **overhead costs**

AIRLINES
AFRAA

CARGO OPERATIONS

- **Utilisation of passenger aircraft** cabin and belly for cargo operations during COVID-19 period
- **Capacity sharing** and cooperation to meet supply chain needs during COVID-19 period

AIRLINES
AFRAA

WORKFORCE

- **Workforce wellbeing measures**
- **Workforce health protection measures**
- Connect with employees and **keep them motivated**
- Elaborate a temporary plan willing to **preserve the capabilities**
- Elaborate a plan for **excess workforce**

AIRLINES

STRATEGIES TO MAINTAIN BUSINESS CONTINUITY

- Evaluate **short-term liquidity**, secure **credit lines**, analyse the impact of **using assets as collateral**
- **Assess financial and operational risks** and respond quickly
- Determine how the crisis affects **budgets and business plans**
- Monitor early **indicators for demand** and **reposition** the fleet and network collectively in AFRAA framework
- **Optimise** the fleet utilisation collectively in AFRAA framework

AIRLINES
AFRAA