



**13th AVIATION
STAKEHOLDERS
CONVENTION**
11-13 May 2025 | Kigali, Rwanda
RwandAir
For the passion of Africa



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UNLOCKING GROWTH IN AFRICA'S AVIATION INDUSTRY

Smart Expansion: Capturing
Demand, Managing Constraints

Better Skies for Africa





Session Content

- African Market Landscape
- Challenges in The Sky
- Infrastructure and Operational Solutions
- Role of Stakeholders
- Fleet Composition Solutions
- Takeaways



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African Market Landscape

Africa's aviation industry is
primed for take-off

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Key Drivers of Passenger Growth

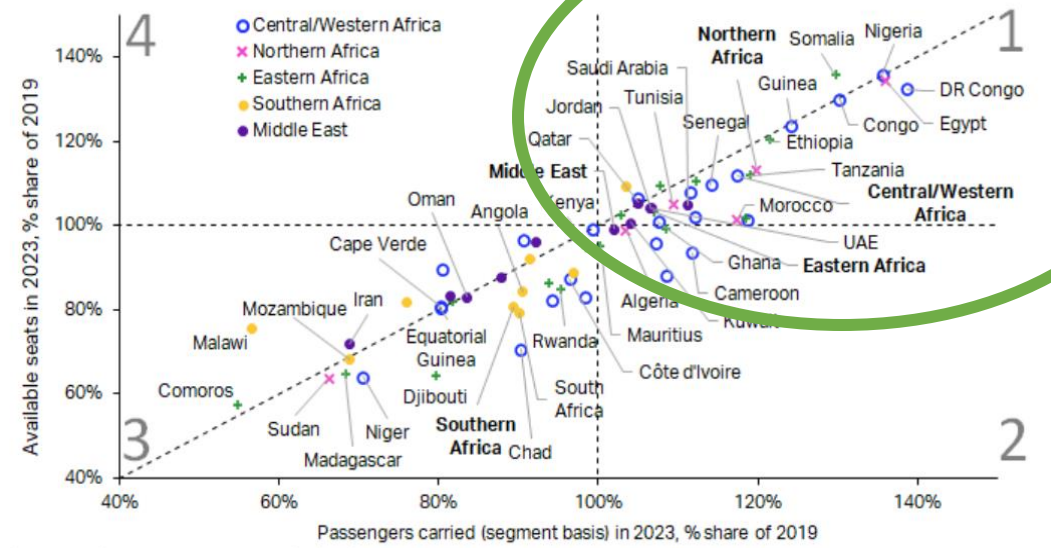
- 1. Post-Pandemic Travel Recovery**
 - Consumer confidence
 - Relaxed restrictions
- 2. Demographic Growth & Urbanization**
 - Expanding middle-class
 - Fast-growing population
- 3. Tourism Development**
 - Governments and private sector investment
- 4. Intra-African Connectivity Initiatives**
 - Initiatives such as Single African Air Transport Market (SAATM) to liberalize skies and cross-border access
- 5. Airline Expansion & New Routes**
 - Airlines new routes to underserved cities
 - Access and affordability
- 6. Airport Infrastructure Upgrades**
 - Expansion and modernization of major airports (e.g., Lagos, Addis Ababa, Nairobi).

Key Drivers of Cargo Growth

- 1. E-commerce & Digital Trade Growth**
 - Online shopping and cross-border trade fueling cargo
- 2. Agricultural Exports**
 - Fresh produce continues to be a major cargo segment, especially to Europe and the Middle East
- 3. Increased Pharmaceutical & Medical Shipments**
 - Post-COVID growth in pharmaceutical imports have raised demand for reliable cargo channels
- 4. Imbalance in Trade Flows**
 - Import-dependency, resulting in higher inbound cargo
- 5. Logistics Investment & Freight Hubs**
 - Development of air cargo hubs and free trade zones
- 6. Improved Customs & Trade Facilitation**
 - Enhanced regulatory frameworks and digital customs reduce bottlenecks and accelerate cargo flow (AfCFTA)

Market View: Passenger Volume

Total available seats and passengers in Middle Eastern & African countries (2023 vs 2019)



Source: IATA Sustainability and Economics, OAG, DDS, selected countries

Key Takeaways

- **N. Africa:** 120% of 2019 levels, (all except Sudan exceeded pre-C19)
- **Central/W. Africa:** 117%, led by Nigeria at 136%, and 41% of sub-regional traffic
- **South Africa :** The only sub-region below 2019 (at 90% of 2019 traffic)
- Highest Outbound Cargo – **E. Africa**
- Highest Inbound Cargo – **Central Africa**

Africa's Air Cargo Traffic by Sub-region (YTD 2024)

Subregion	Outbound Share (%)	Inbound Share (%)
East Africa	73%	27%
Central Africa	25%	75%

Source: Air Cargo Week



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POLL: AUDIENCE FEEDBACK

RANK YOUR GREATEST REGIONAL CHALLENGES?

[1 - HIGHEST, 7 - LOWEST]

1. Inadequate Infrastructure & Operations
2. Fragmented Regulation
3. Access to Financing
4. Design & Adoption of Digitalization
5. Advancing Partnerships & Collaborations
6. Engaging Stakeholder Engagement
7. Determining Fleet Composition

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INFRASTRUCTURE & OPERATIONAL SOLUTIONS

Innovation beyond runaways

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Systematic Problems & Solutions

1. Infrastructure
2. Regulation
3. Financing
4. Digitalization
5. Partnerships & Collaborations



Systemic Problems & Solutions

Infrastructure

Airport Overcapacity at 30%
(Source: African Development Bank)

Only 19% of traffic is Intra-African Routes
(Source: IATA)

Ground handling and technology gaps leading to inefficient flow

Regulation

Only 69% of African Union members have joined SAATM
(Source: African Union Commission)

Over 70% of air service agreements in Africa remain restrictive, limiting competition and market access
(Source: ICAO)

Fragmented and Inconsistent Regulations across African states

Key Takeaways

Infrastructure

- Optimize airport flow, invest in primary/ secondary airports
- Increase intra-route collaboration
- Enhance ground-handling technology

Regulation

- Increase SAATM adoption
- Open-up bilateral agreements
- Unify regulations

Systemic Problems & Solutions

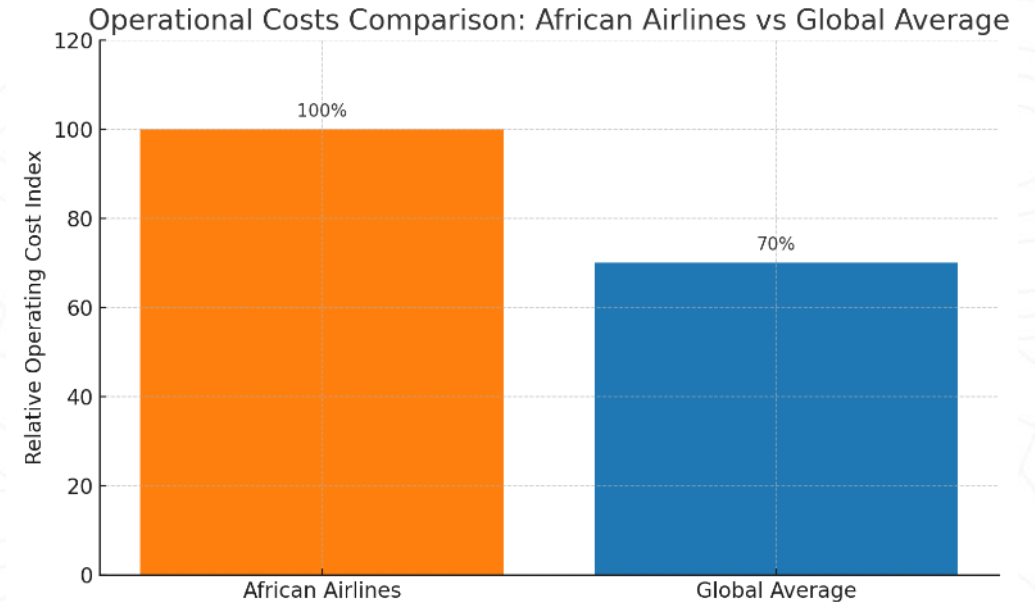
Financing

High Operational Costs

- Airline operating costs **30–40%** higher than global average due to **limited economies of scale** and **fuel prices** (AFRAA)

Access to Capital

- Less than **15%** of African carriers can access **affordable aircraft financing** without international guarantees (Embraer, 2023)



Key Takeaways

- Average operational costs are 30% higher in African countries versus global average

Systemic Problems & Solutions

Financing (ctd)

Currency Risk & Revenue Repatriation

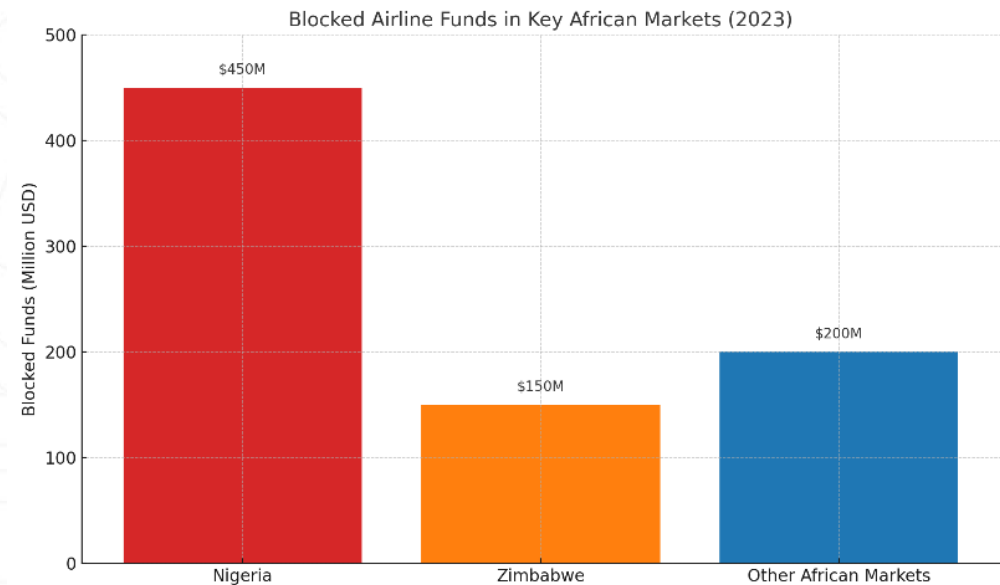
- Currency repatriation challenges
- 2023 shows **\$800M** in blocked funds

Cape Town Convention

- Reduces **risks** for creditors
- Ensures **security** interests are recognized in all contracting states

African Development Bank

- Estimates a **funding gap** of over **\$25B** for aviation infrastructure



Key Takeaways

- Blocked airline funds in Nigeria highest at **\$450M**



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POLL: AUDIENCE FEEDBACK

**RATE YOUR
ORGANIZATION'S DIGITAL
PROFICIENCY**

- POOR
- AVERAGE
- GREAT



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Case for Innovative Change - Digitalization

Why It Matters

High mobile penetration in Africa enables digital-first strategies to enhance passenger experience and streamline cost

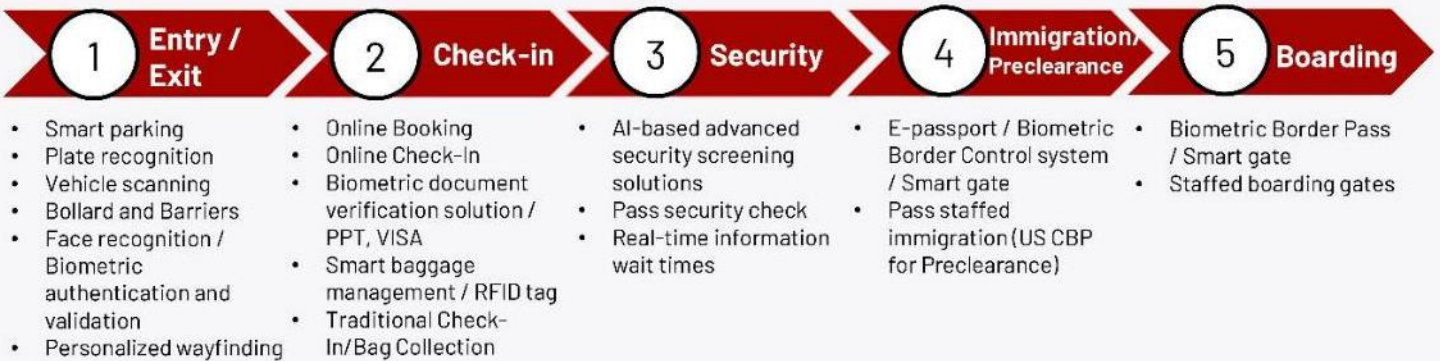
Key Drivers

- **Mobile-first Region:** 70%+ of internet traffic via mobile (Source: GSMA)
- **Self-Service Adoption:** 75% of African passengers prefer digital (Source: IATA)

Digital Success

- **Kenya Airways:** Mobile booking, boarding, loyalty programs
- **RwandAir & EgyptAir:** Biometric boarding and e-gates
- **AI Assistants:** Multilingual, 24/7 customer support, tailored services
- **Predictive Maintenance:** AI/ML for fleet efficiency

Departure



Arrival



Key Takeaways

- Optimize the customer's digital journey from airline to airport to border control

Power of Partnerships



Collaborate to Accelerate

Public-Private Infrastructure Partnerships (PPPs)

Why it matters

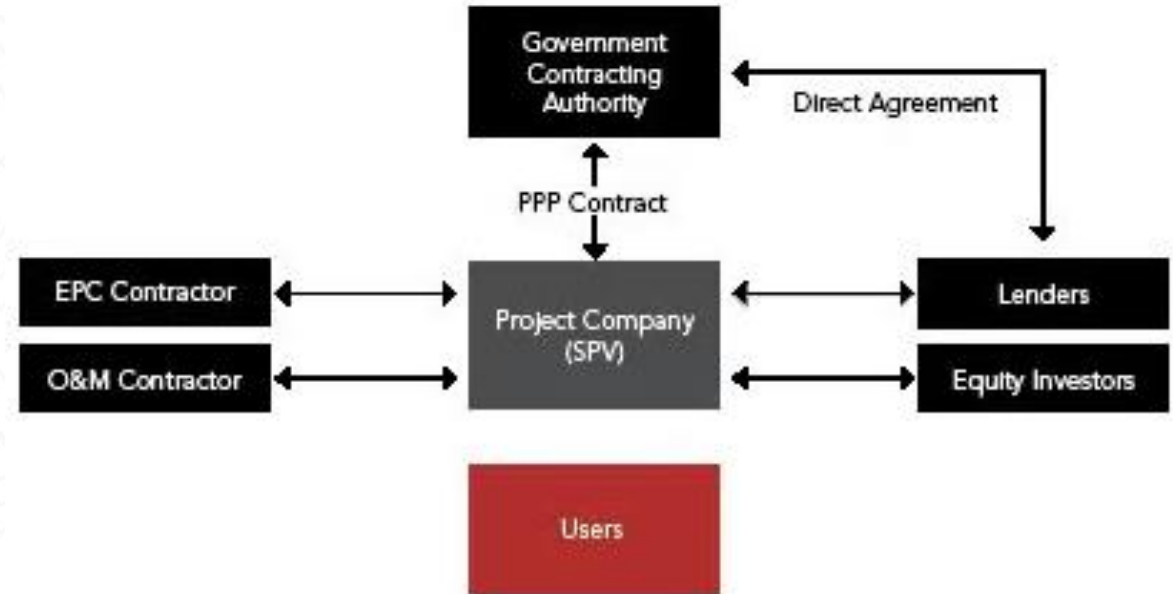
Governments alone cannot fund the massive investments Africa requires \$25 billion in aviation infrastructure investment by 2040 (ICAO)

PPPs in Action:

- **Senegal's Blaise Diagne International Airport** was developed as a PPP, with private operators and services under a 25-year concession
- **Ivory Coast (Abidjan) and Nigeria (Lagos, Abuja)** are implementing similar models

Stat Insight

- According to *African Development Bank*, PPPs in aviation can increase operational efficiency by 20–30% and accelerate infrastructure delivery by up to 40%



Key Takeaways

- Strong regulatory framework, risk-sharing mechanisms, and transparent procurement processes are essential for PPP to work

Collaborate to Accelerate - Government-Industry Policy Dialogue

Why it matters

Collaborative approach to policy-making for airline viability, competitiveness, safety

SAATM

- Launched in 2018 to liberalize skies across 35 signatory states, 17 have implemented (AFCAC, 2023)

Challenges Without Dialogue

- Restrictive bilateral agreements
- High fees and taxes, African airlines pay 35% more than global average, (source: IATA)

Benefits of Dialogue

- Aligning visa policies to boost tourism (Rwanda, Kenya, Ghana no or visa-on-arrival)
- Reducing aviation taxes and encouraging competition

Stat Insight

- Harmonized regulations and liberalized markets could increase passenger traffic in Africa by 30%, add \$1.3 billion to GDP, create over 150,000 jobs (IATA Economic Impact Study).



Primary Airports – Modular Airport Expansion

Why it matters

- Modular Construction offers scalable solution versus costly, time-consuming large-scale build.
- Africa's air passenger traffic is projected reach 300M passengers by 2040 (*Source: IATA*)
- Modular terminals and facilities can reduce costs by up to 30% and accelerate delivery times by 40% (*Source: ACI World*).

Case Study

- **Ghana's Kotoka Airport** adopted modular expansion for its terminals
- **Ivory Coast's FHB Airport** is using modular expansions to boost capacity
- Kenya pursued modular expansion at **JKIA** through phased terminal upgrades improving service while accommodating growth

Benefit

- Governments and airport operators can adjust investment to demand cycles for seasonal tourism or cargo-focused hubs



Secondary & Feeder Airports

Why it matters

- Main airports are congested or inaccessible for many rural or remote regions. Developing secondary airports enables unlocks untapped markets
- Current reality: Africa has only 26% of its population living within 100 km of an airport (*Source: ICAO*)
- Growth Potential: Focusing on secondary hubs can distribute traffic and reduce pressure on major gateways

Case Study

- **Tanzania** is upgrading several feeder airports (e.g. **Mtwara, Dodoma**) to handle domestic traffic and serve as economic catalysts

Benefit

- Secondary airports near natural parks or coastal destinations (like **Zanzibar** or **Masai Mara**) can stimulate tourism growth in underserved areas





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ROLE OF STAKEHOLDERS

A shared responsibility

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A Shared Responsibility

1. Government
2. Private sector
3. DFIs
4. Airlines
5. Alliances



Governments: Open Skies & Investor-Friendly Policies

- **SAATM (Single African Air Transport Market)**
 - Only 17/ 35 signatories have implemented (AFCAC, 2023) since 2018
 - Full SAATM implementation could result in:
 - \$1.3 billion increase in GDP
 - 155,000 new jobs
 - 35% drop in fares on liberalized routes (IATA, 2022)
- **African Continental Free Trade Area**
 - Boosts air cargo and logistics demand
 - Supports air connectivity and route expansion
 - Aligns with SAATM to open skies and reduce restrictions
 - Encourages investment in airport infrastructure, cargo, and regional hubs
- **Visa Liberalization**
 - 70% of African countries still require visas for citizens of other African states (AfDB, 2023)
 - Countries with open visa policies (e.g. **Rwanda, Ghana, Seychelles**) saw double-digit growth
- **Investor Confidence**
 - Predictable regulatory environments, reduced aviation taxes foster foreign direct investment



Private Sector: Innovation in Financing & Operations

Private companies are leading innovation in aircraft leasing, maintenance, route optimization, and technology

Aircraft Leasing

- Over 50% of African airline fleets are leased (*Aviation Finance Africa, 2023*), providing flexibility and lower capital outlays
- Emerging players like ACIA Aero Leasing are creating tailored leasing solutions for African carriers

Technology and Mobile Platforms

- Mobile-based booking and check-in services are being adopted widely; **East Africa** has a penetration rate of 82% (*GSMA, 2023*)

Digital Payment Integration

- Airlines like **Air Peace** and **Ethiopian Airlines** have integrated mobile money platforms (e.g., M-Pesa) to boost sales, reduce costs



Development Finance Institutions (DFIs): Catalytic Funding

Aviation Infrastructure Investment Gap

- Estimated at \$25 billion by 2040 (ICAO, 2023)

DFI Support

- AFC (Africa Finance Corporation) and African Export-Import Bank (Afreximbank) have funded airport and fleet projects
- IFC (International Finance Corporation) and EBRD have co-financed PPPs in air cargo and airport upgrades

Blended Finance & Risk Guarantees

- DFIs offer credit enhancement, technical assistance, and guarantees to reduce risk for private investors

Trade Policy Impacts

- Protectionist tariff measures on aircraft parts and materials contribute to rising supply chain costs
- DFIs help in de-risking capital-intensive aviation projects, especially in emerging markets reliant on imported components



Airlines: Fit-for-Market Models

Right-Sized Fleets

- Over 60% of African city-pairs are under 2,000 km, ideal for turboprops and regional jets (AFRAA, 2022)
- Dash 8-Q400 and Embraer E175 are well-suited for short-haul at 30% lower cost per seat

Low-Cost Carrier (LCC) Growth

- **Jambojet** and **FlySafair** offer fares up to 40% lower

Focus on Hub-and-Spoke Models

- **Ethiopian Airlines** leverage Addis Ababa as a hub, increasing route profitability and aircraft utilization

Feeder Airlines

- Connects smaller cities to major hubs, better route density, passenger flow
- Collaboration between national carriers and regional operators leads to efficient load factor (e.g. **ASKY** feeds into Ethiopian's network)





Airline Alliances, Shared Route Models and Trade Associations

Why it matters

- Recent AFRAA study shows synergies could improve load factors by 20%, reduce operational costs by 10%, improve connectivity, overcome scale issues
- **Market fragmentation:** >200 airlines, most operating <5 aircraft (AFRAA, 2023)
- **Low Intra-African connectivity:** Intra-African connectivity is just 39% of total international connectivity, compared to 67% in Europe (IATA, 2022)

Benefits of Alliances

- Shared route planning reduces redundancy and improves network reach
- Joint procurement can lower costs for fuel, maintenance, and training

Case Studies

- **ASKY Airlines** (backed by Ethiopian Airlines) connects West Africa through regional partnership model
- The African Airlines Alliance Project (AFRAA-led) aim for joint network planning platform
- Given challenges like high operating costs, limited air connectivity, and protectionist policies, trade associations such as AFRAA, AASA, AFCAC, and ASECNA are essential in building a unified, efficient, and competitive African aviation market





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POLL: AUDIENCE FEEDBACK

**RANK YOUR CHALLENGES IN
FORMULATING FLEET STRATEGY? 1
[HIGHEST] TO 3 [LOWEST]**



- 1. AIRCRAFT SELECTION**
- 2. LEASING & FINANCING
OPTIONS**
- 3. AFTERMARKET SUPPORT &
SERVICES**

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FLEET COMPOSITION

Fleet Acquisition & Leasing
solutions



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Fleet Acquisition & Leasing Solutions

Right-sizing for regional demand

Why it matters

- Most air travel in Africa is short-haul and underserved, many airlines operate aircraft that are too large or inefficient for actual passenger demand
- **Aircraft Selection:** Turboprops and regional jets (30–100 seats) are more suited to the thin, high-frequency, and short-haul routes common across Africa
- **Cost Efficiency:** Turboprops like the ATR 72 or Dash 8-Q400 offer up to 40% lower fuel burn than jets on routes <600 nautical miles—ideal
- **Utilization Fit:** According to Embraer, over 90% of intra-African routes have <150 passengers per day, making smaller aircraft more economically viable

Example: Air Peace (Nigeria) and Jambojet (Kenya) have successfully deployed regional aircraft like Embraer E145s and Dash 8s, optimizing route economics



Fleet Acquisition & Leasing Solutions

Leases Over Ownership

Why it matters: Many African carriers face financial constraints, leasing offers a lower upfront cost and flexibility to scale

- **Current Trend:** Over 70% of African airline fleets are now leased (Source: IATA), reflecting a global shift in preference towards operating and ACMI leases
 - Fleet expansion/ downsizing without major capital
 - Access to new, fuel-efficient, reliable aircraft
 - Reduced maintenance cost predictability (via power-by-the-hour or full-service leases)
- **ACMI Popularity:** Several African carriers (e.g., **RwandAir, TAAG Angola**) have turned to wet-leasing (ACMI) to launch or sustain new routes with low risk.

Second-Hand Aircraft – Lower Barriers to Entry

Why it matters: Pre-owned aircraft offer affordable entry point, especially for startups or regional airlines

- **Cost Benefit:** A 10–15-year-old aircraft can be 50–70% cheaper than new, dramatically lowering capital expenditure
- **Global Trend:** Over 60% of African aircraft deliveries in recent years have been pre-owned or mid-life aircraft, such as Boeing 737 Classics and Embraer E-jets (Source: CAPA – Centre for Aviation)
- **Maintenance Consideration:** While older aircraft may have higher maintenance costs, modern MRO solutions and local partnerships (e.g., with **Ethiopian Airlines'** MRO unit) are helping reduce these expenses



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FINAL TAKEAWAYS

Key lessons for growth

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- 1. Market Growth has exceeded pre 2019 levels**
 - Seek expert help for Business Audits, Strategy, Financial & Operations Planning to scale up and right-size – **apply best practices**
- 2. Collaborate with Key Stakeholders across the board**
 - Key Governments, Private Partners, Alliances, Trade & Industry Associations – **join forces**
- 3. Infrastructure & Digitalization enhancement**
 - Invest in Primary/ Secondary Airports
 - Automate & Digitalize - **people do what only people can do**
- 4. Regulation Alignment**
 - Standardize & **optimize**
- 5. Right Plane, Right Price**
 - Assess the **cost-benefit** of aircraft types, leasing, financing models and options





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