

AFRAA 56th
Annual General
Assembly

17th-19th NOV 2024
CAIRO - EGYPT



AFRAA 56th ANNUAL GENERAL ASSEMBLY & SUMMIT

**“Transform and Develop the Airline
Industry in Africa”**

TUESDAY 19 NOVEMBER



Presentation 3

What does the pathway to Net-Zero by 2050 look like for Kenya Airways?



Mr. Allan Kilavuka
Chief Executive officer
Kenya Airways

Kenya Airways' Journey to Net Zero Emissions

AFRAA Presentation
19th November 2024

KQ/CORP/PPT/CLASS1 - PUBLIC



KQ's Net Zero Roadmap



Carbon Offsetting

KQ actively participates in CORSIA and other Emission Trading Schemes and has piloted tree planting initiatives using seedballs & drone technology.

Operational Improvements

- Advanced flight planning & fuel management systems
- Fuel saving initiatives are part of KQ policy
- Cabin weight-reduction practices
- Electric ground support initiatives

Technology/Fleet Advancements

- Average age of KQ aircraft is 10 years.
- Scheduled engine overhaul programs and exploring innovative solutions to reduce emissions from its fleet.

Sustainable Aviation Fuels (SAF)

KQ has signed an MOU with Bleriot SAF to develop and deploy SAF, aiming for 10% SAF usage by 2030.



Timelines and Milestones Toward Net Zero



Target setting and validation for Net Zero by 2050.

10% SAF uptake.
Carbon offsetting achieved through the KQ tree-planting project.

2023-2024

2026-2030

2050

2025

2030

Incremental validated targets

Initiate the Net Zero Roadmap.
Launch of the SAF project in Kwale; increase electric ground equipment to 12%.

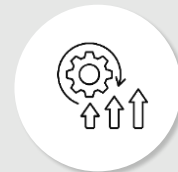
Target to achieve 100% replacement of ground fuel with diesel made from plastic waste (PMD).

Full achievement of net-zero emissions.

Estimated Cost of Net-Zero Transition

Operational Improvements

Flight planning software and fuel optimization tools: **\$730,000**
Electrification of ground support equipment : **\$17M - \$20M**



15%

Carbon Offsetting

CORSIA annually -**\$300,000**
Tree planting initiatives using drones and seed balls: **\$1,700 per 1 ha planted**



20%

10%

55%

\$121.7 Mn Annually

Estimated Cost of Net-Zero Compliance



Sustainable Aviation Fuels (SAF)

Land rehabilitation and feedstock cultivation: **\$5,000 - \$10,000 per hectare** .
Purchasing SAF for operations: **\$100 Mn annually**



Technology/Fleet Advancements

Scheduled engine overhaul programs to enhance efficiency: **\$4M - \$10M per engine every 5-7 years.**

Strategic Partnerships



**Kenya
Forestry
Services
(KFS)**

- 1 Collaboration on tree planting initiatives for carbon offsetting

**Government
Agencies**

- 2 Engaging with government agencies on policy support for various initiatives.

IATA

- 3 Working with IATA to advance global sustainability standards and initiatives.

**Bleriot
SAF**

- 4 Partnering with Bleriot SAF for local SAF production and deployment.

Reducing Fossil Fuel Use



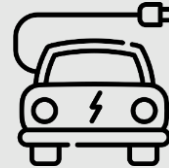
SAF Deployment

Aiming for 10% SAF usage by 2030, sourced from locally produced SAF.



Fuel Optimization

3% reduction in fuel burn per kilometer through advanced maintenance programs.



Ground Equipment Electrification

Increasing the number of electric ground equipment from 5% to 12%, aiming for significant growth in coming years.



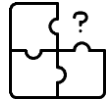
Plastic Made Diesel (PMD)

Through KQ Pride Energies, replacing 38% ground fossil fuel needs with diesel made from plastic waste.

Challenges and Risks

Challenges

Cost of SAF and Infrastructure.



Risks

Increased operational costs may make tickets more expensive, reducing competitiveness.

Lack of policy frameworks supporting SAF production and standards for PMD.



Delays or inconsistent Government support make it difficult to bring down the cost of green transition.

Transitioning to 100% electric GSE is capital intensive.



Transitioning may involve initial operational disruptions. Unreliable power supply or outages.

High cost of new aircraft with advanced technology



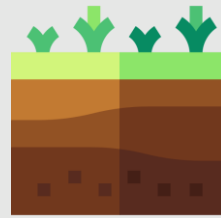
Rapid advancements may render early investments obsolete, leading to stranded assets. Reliance on global supply chains that can be disrupted.

Kwale SAF Project: A Sustainable Supply Chain



Sustainable Feedstock

Cultivating sustainable feedstock for SAF production through land rehabilitation.



Land Rehabilitation

Restoring degraded lands by planting native energy seed vegetation and soil-stabilizing plants.

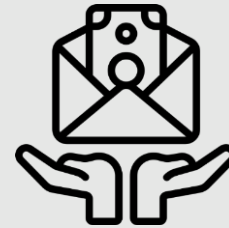


SAF Production

Producing approximately 10% of SAF per year by 2030, significantly reducing emissions.



Community Engagement and Economic Impact



Sustainable Livelihoods

Creating employment for over 12,000 people in the local community.



Economic Development

Contributing to socio-economic development in the country through job creation and investment.





Panel 1: How can the aviation industry accelerate the journey to SAF adoption and meet growing demand to be on track for 2050 targets?

Moderator



Mr. Raphael Kuuchi

Consulting Director Government, Legal & Industry Affairs - AFRAA



Mr. Romesh Bhoyroo

Director Strategy & Business Development
ACI Africa



Ms. Claire Bensahmoun

Airline Marketing Manager | EMEA - Embraer



Mr. Thabani Myeza

Director Africa Affairs - CANSO



Mr. Jason Sutcliffe

Marketing Director
Middle East, Africa & Central Asia



Dr. Raissa-Julie Ada Allogo

African Union Commission



Executive interview session 1: Progress, milestones and engagement strategies for gender diversity for the aviation industry

Moderator



Ms. Maureen Kahonge

Senior Manager - Business Development &
Communications - AFRAA



Capt. Gilbert M. Kibe,

Managing Director
Air Transport Consulting Ltd.



Ms. Thulile Ndelu

Manager Air Traffic Services - ATNS



Ms. Adriana Carrelli

Vice President Airline
Business - Hahnair



COFFEE BREAK

**“Transform and Develop the
Airline Industry in Africa”**



Presentation 4: Dispute Settlement Mechanism status updates



Dr. Paul Antoine Ganemtore

Secretary, Head of Secretariat of the Dispute Settlement
Mechanism (DSM)
African Union Commission

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UPDATE ON THE ANNEX 3 - REGULATIONS ON DISPUTE SETTLEMENT MECHANISM (DSM)

Presented by:

Dr. Paul-Antoine Marie Ganemtore
Secretary / Head of Secretariat
Dispute Settlement Mechanism

OUTLINE

□ BACKGROUND

□ REGULATORY FRAMEWORK

□ INSTITUTIONAL LANDSCAPE

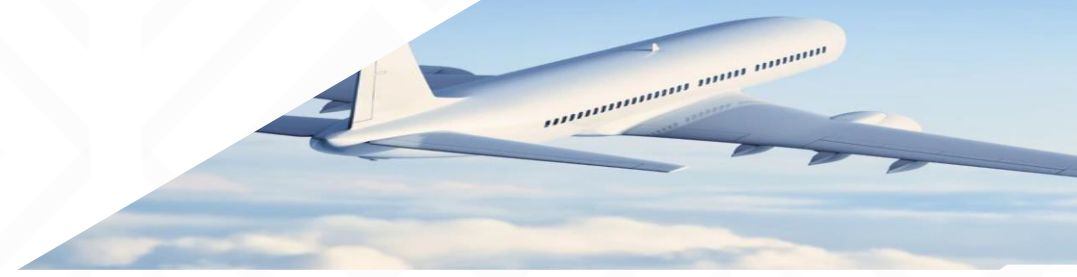
□ COOPERATION WITH AFRICAN AIRLINES



THE AFRICA-EU PARTNERSHIP
LE PARTENARIAT AFRIQUE-UE



BACKGROUND



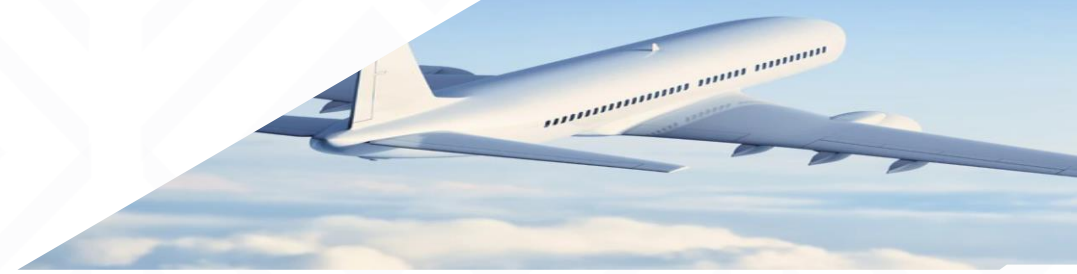
- **1999:** Article 8 Decision AHG/OUA/AEC/Dec.1 (IV) Relating to the Implementation of the Yamoussoukro Declaration concerning the Liberalization of Access to Air Transport Markets in Africa called the “Yamoussoukro Decision” (YD).
- **2022:** Annex 3 – Regulation on DSM was adopted at the 41st Ordinary Session of the African Union (AU) Executive Council held from 14 to 15 July 2022 in Lusaka, Zambia.
- Annex 3 completes the legal architecture for air transport liberalization in Africa by offering to States and Aviation Stakeholders (Airlines, Airports, ANSPs, Consumers, Associations, etc.) an amicable process of Dispute Resolution, practicable, better adapted to needs of airlines.



REGULATORY FRAMEWORK



OBJECTIVES/EXPECTED RESULTS



➤ General objective

- **Set rules and procedures intended to resolve in a fair manner of Dispute Resolution (Conciliation, Mediation) and quasi-judicial settlement (Arbitration) for all African Air Transport Stakeholders (States, States-controlled bodies, RECs, Airlines, Airports, ANSPs, Consumers, etc.) in the event of a dispute and/or disagreement in interpretation or application of the Yamoussoukro Decision and its Annexes.**

➤ Specific objectives

- **Contribute to the application of the Rule of Law, Justice and Peace in the air transport industry in Africa.**

➤ Expected results

- **Prevent a risk of legal vacuum in the YD/SAATM implementation.**
- **Strengthen cohesion and cooperation between Member States and Aviation Stakeholders by using transparent and non-discriminatory rules for the settlement of disputes.**

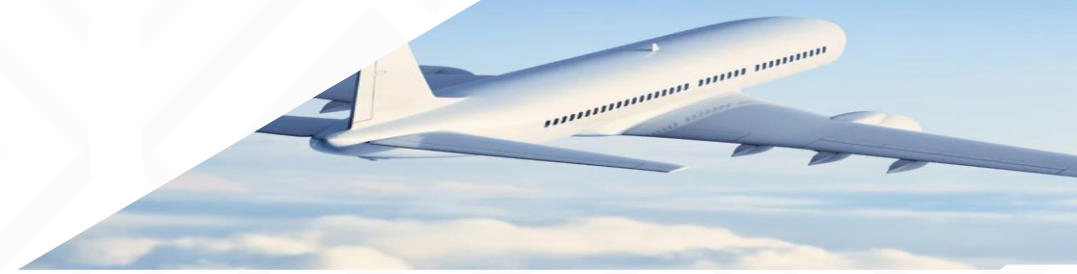


SCOPE OF APPLICATION



- **Continental: Disputes in application or interpretation of the African Air Transport Legal Instruments (i.e. YD and its Annexes, SAATM namely Annexes II, IV, V and VI).**
- **Administrative Decision of a State Party or of an entity controlled by a State or of a Regional Economic Community (RECs) considered as discriminatory within the meaning of the Regulations on Competition in air transport services within Africa.**
- **Disputes resulting from contracts or agreements concluded between airlines.**
- **Dispute resulting from the application of the Regulations on Consumer Protection.**

MODE OF SETTLEMENT



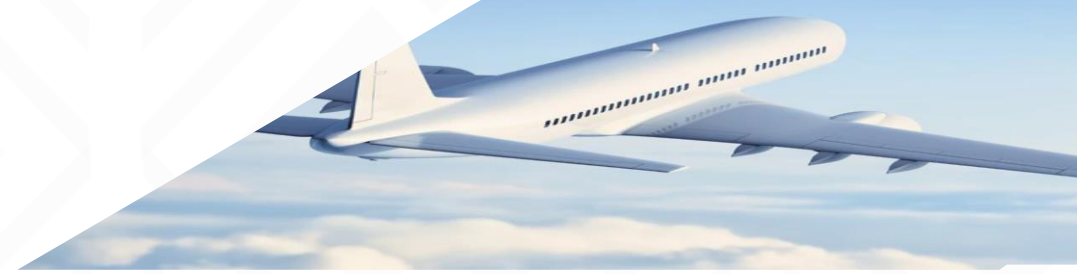
a. Negotiation

- Any dispute arising between two or more State Parties on the application or interpretation of the African Air Transport Legal Instruments shall in the first instance be settled through negotiation.
- Parties in a contractual agreement governed by these regulations agree to use negotiation as the first instance for settlement of dispute.

b. Conciliation & Mediation

- Disputes between:
 - ✓ State Parties, complying with Negotiation.
 - ✓ Air Transport Undertakings, Consumers may only resort to Mediation.
- A request for Conciliation/Mediation should be filed with the DSM Secretariat.
- Conciliator/Mediator to clarify the issues in the dispute between the disputing parties and endeavor to bring about agreement between them once Conciliation/Mediation begins.

MODE OF SETTLEMENT, *cont'd*



c. Arbitration

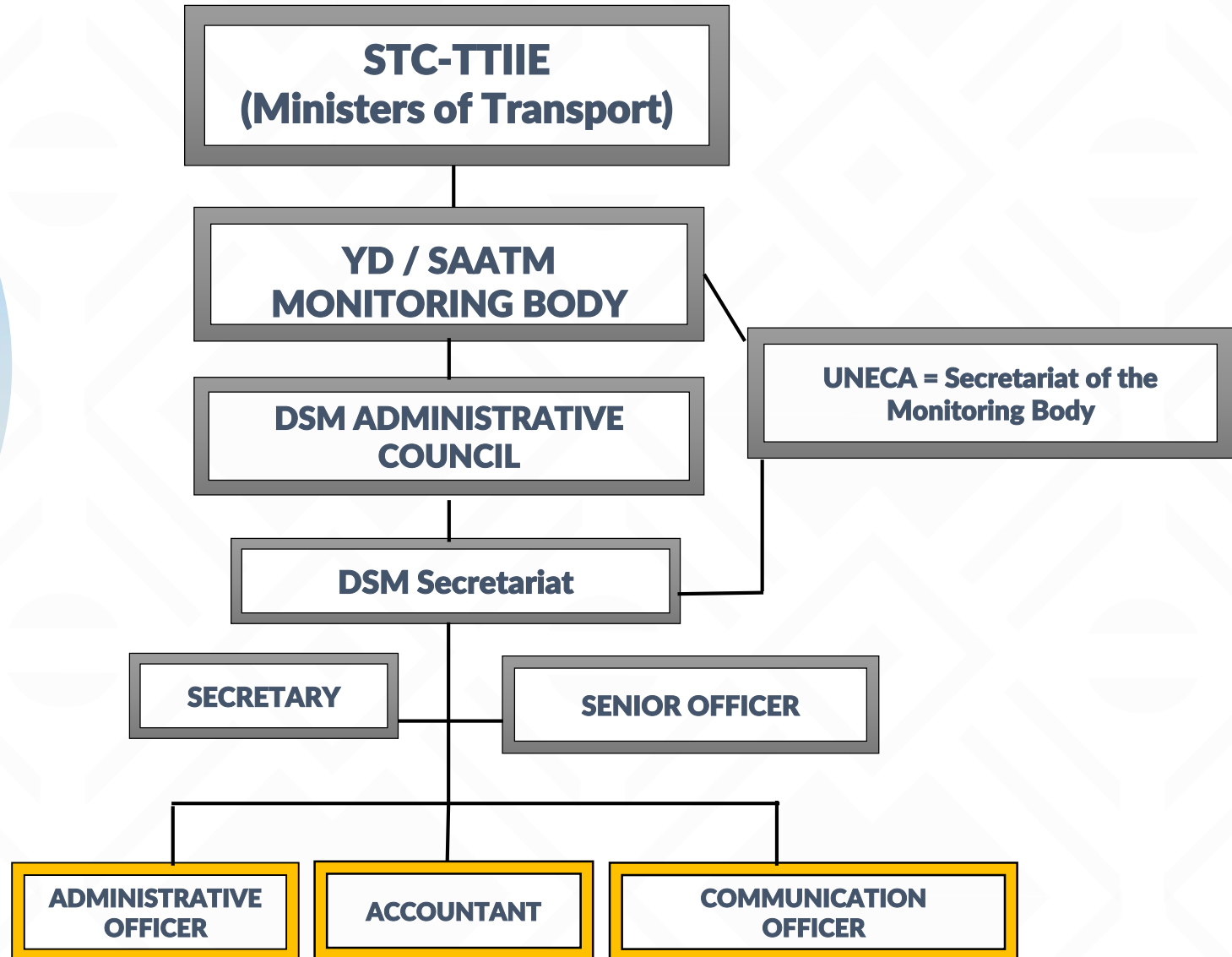
- **A Claimant shall submit a request for Arbitration to the DSM Secretariat and send a copy of the request to the Respondent.**
- **The Arbitral Tribunal shall consist of any uneven number of Arbitrators.**
- **Arbitrators shall be appointed from the panel of Arbitrators registered with the DSM Secretariat.**
- **Where three Arbitrators are appointed, each of the Disputing Party shall appoint one Arbitrator and the two thus appointed shall appoint the third Arbitrator who shall be the Chairperson of the Arbitral Tribunal.**
- **The Arbitral Tribunal shall adopt its own rules and procedure.**
- **The Arbitral Tribunal is to make an award within six months of its proceedings.**
- **A decision of the Arbitral Tribunal shall be final and binding on the Parties.**



INSTITUTIONAL LANDSCAPE



MANAGEMENT OF ANNEX 3 – DSM ORGANOGRAM



MANAGEMENT OF ANNEX 3 – DSM



Administrative Council

Composition:

- 5 Members from 5 African Regions nominated by the YD/SAATM Monitoring Body

Functions:

- Adopt all decisions necessary for the operation of the DSM. Panel of Conciliators, Mediators and Arbitration, Budget & Scales of fees
- **Chairperson:** appointing authority of Arbitrators, Conciliators & Mediators

ADR Panel of Conciliators, Mediators & Arbitrators

Profile (Article 60, Annex 3)

- Qualification: Master degree
- Experience: 10 years senior – level, professional experience

Nomination by each 54 AU States

- 3 Conciliators
- 3 Mediators
- 3 Arbitrators

Validation by DSM Secretariat

DSM Secretariat

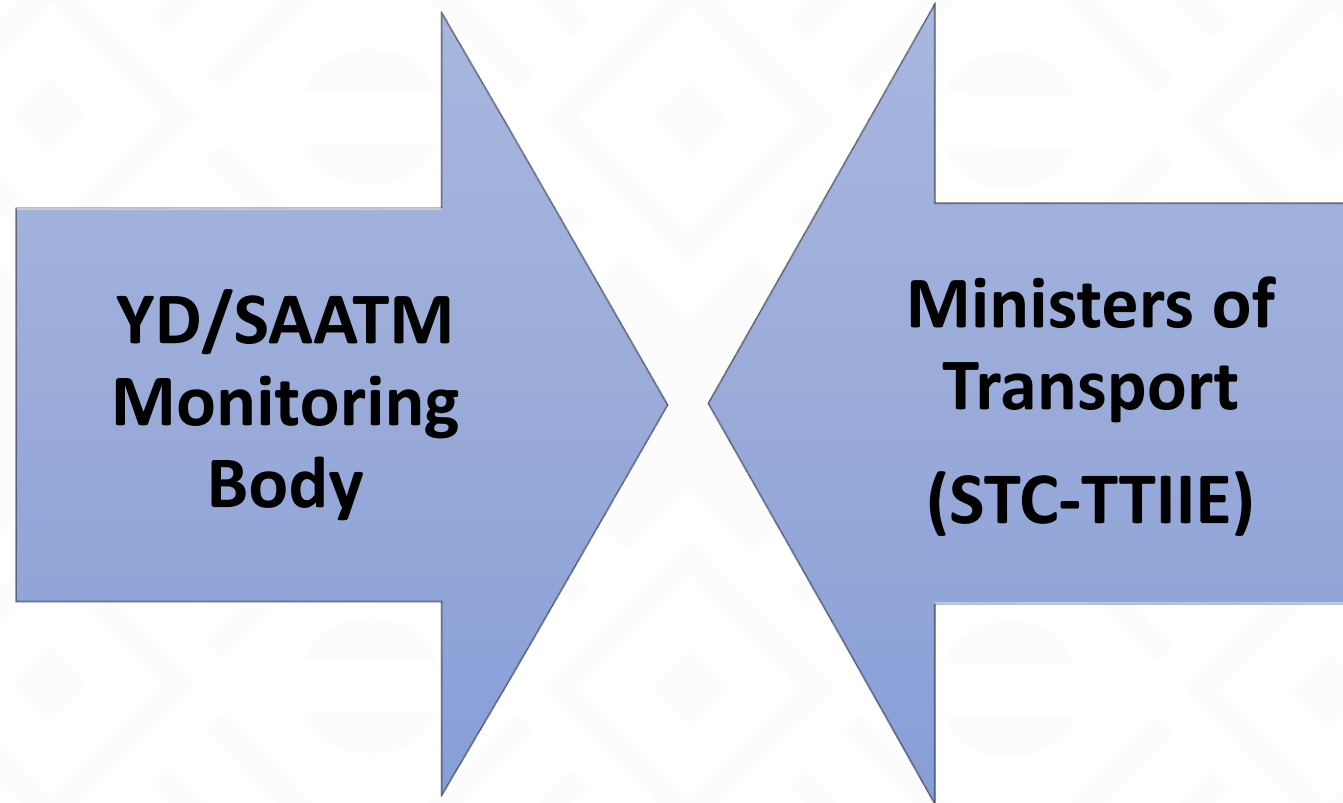
Composition:

- Secretary / Head of the Secretariat
- Senior Officer & Other staffs

Functions:

- Act as Registrar
- Enforce appropriate DSM rules and administrative procedure
- Controls all written communications from any Party; Scales for Panels of Arbitrators, Conciliators and Mediators.

SUPERVISION OF ANNEX 3 – DSM



YD/SAATM MONITORING BODY



14th Meeting, Addis Ababa, 28-30

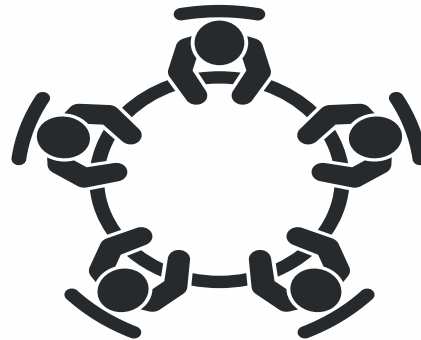
August 2023

15th Meeting, Nairobi, 28-30

November 2024



UNECA



AFRAA



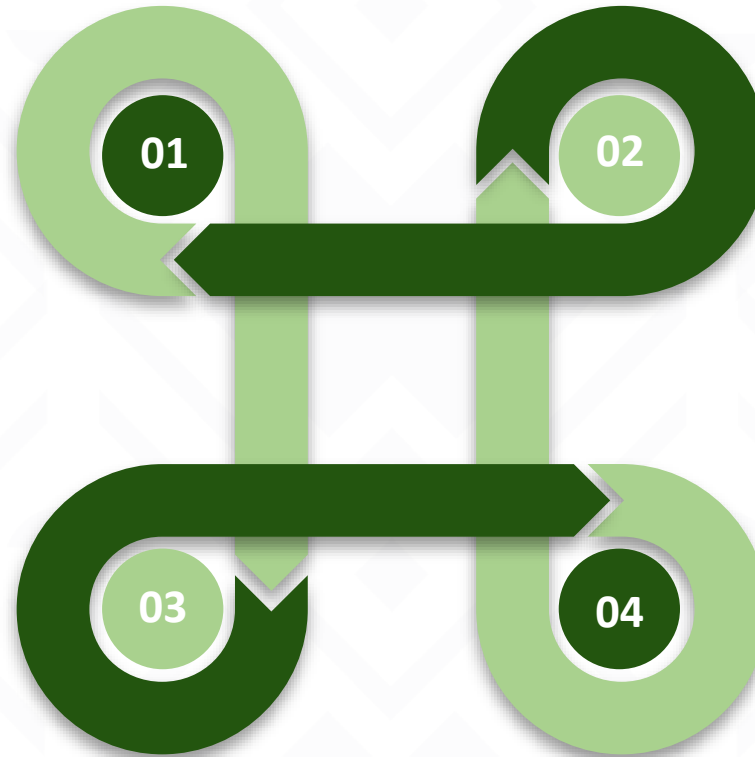
**Roadmap for the Operationalization of
the DSM**



MINISTERS OF TRANSPORT STC-TTIIIE

**Approve the 5
Members of the
Administrative
Council**

**Approve the expenses of
the DSM Administrative
Council and the
Secretariat**



**Approve the Scales for
the Arbitrators,
Conciliators, and
mediator fees**

**Approve the reports of
the Administrative
Council**

SUPPORT FROM AFRICAN STATES

01

Nomination of Panel of Conciliators, Mediators & Arbitrators

02

Appointment to the Administrative Council

03

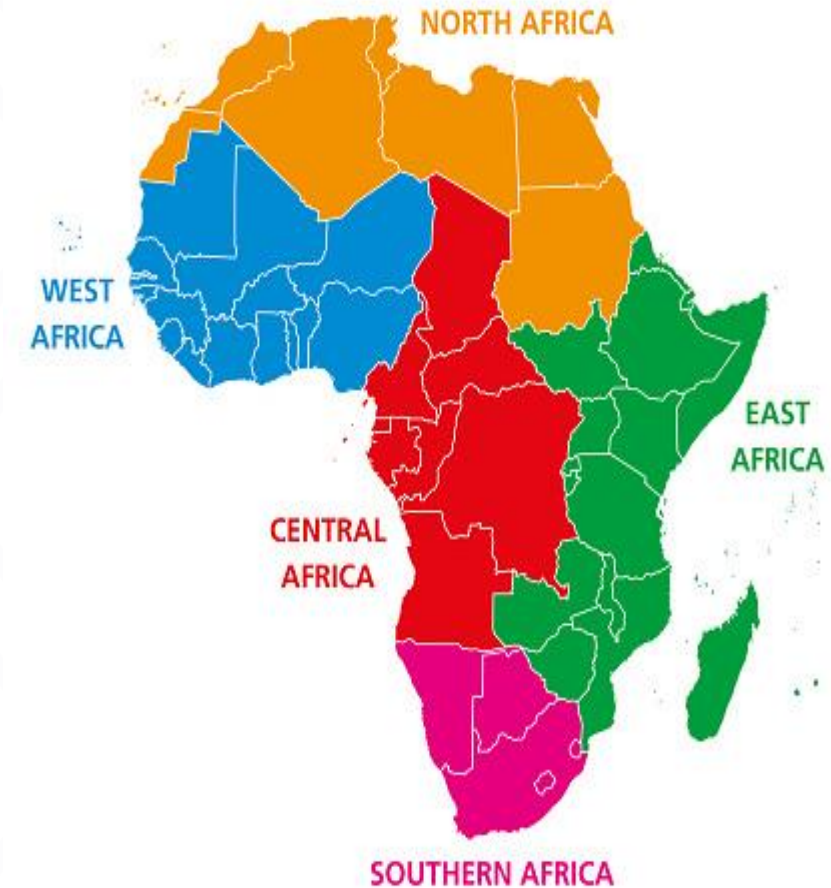
Consumer Protection: In Complaints Procedure of the State, YD Annex 3 should be included regarding complaints across countries or regions

04

Ban of anti-competitive practices

05

States to urge Service Providers in their contractual agreements to be governed by the provisions of YD Annex 3

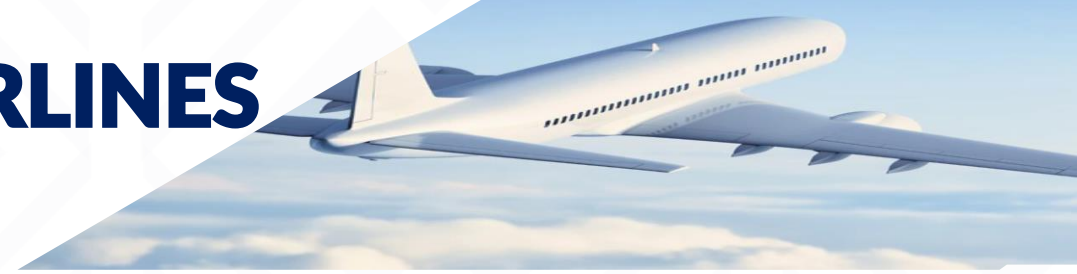




COOPERATION WITH AFRICAN AIRLINES



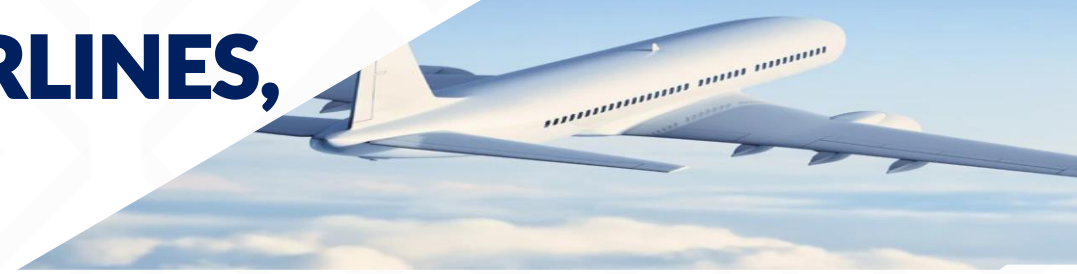
COOPERATION WITH AFRICAN AIRLINES



The DSM Secretariat received in September and October 2024, three (3) complaints coming from passengers frustrated by their experience with some African airlines, as follows:

- Mr. Bass for missing luggage on “Airline A” from Banjul, Gambia to Manchester, UK via “African city” on August 13, 2024.
- Mr. Sema for lost luggage on “Airline A” flight No...., with Maputo, Mozambique as his final destination on November 6, 2023.
- Ms. Albuquerque requesting full reimbursement of her ticket bought on 11/02/2020 at 48,500 MZN with a travel agency “XXX” for the a flight operated by “Airline B” and cancelled due to the COVID 19. Since August 2021 she is trying in vain to recover a refund and “XXX” proposed only 21,470 MZN instead of the full amount paid of 48,500 MZN. Ms. Rabia Sique Albuquerque’s request is supported by the country CAA which asked for AFCAC’s support.

COOPERATION WITH AFRICAN AIRLINES, *cont'd*



- 01 **Sharing of information, experiences & best practices with the DSM.**
- 02 **Supervision through AFRAA participation within in the YD/SAAM Monitoring Body**
- 03 **Designation industry experts through Member States of the Panel of Mediators, Conciliators and Arbitrators**
- 04 **Consumer Protection & Competition Regulations to be taken into account by airlines policy**
- 05 **Airlines to insert the Annex 3 in their contracts or agreements to facilitate the use of DSM rules & procedures**



INQUIRIES

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For any inquiry
Please email

Secretariat-DSM@afcac.org

Operationalization of the DSM Secretariat is supported by :

- The YD/SAATM Monitoring Body
- The European Union's "Operationalization of the Single African Air Transport Market (SAATM) – Support to the African Civil Aviation Commission (AFCAC)" and implemented by the European Union Aviation Safety Agency (EASA) / Project website: <https://easa-afcac.com>
- The African Union/World Bank BIASHARA Grant



African
Union



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Thank You
SHUKRAN
OBRIGADO



Panel 2: How can African airlines transform and develop in an era of industry shifts, geopolitical changes, sustainability demands, technological advancements, artificial intelligence and new innovations?



Mr. Raphael Haddad
President
Jetcraft Commercial



Mr. George Kamal
Chief Operating Officer
Kenya Airways



Ms. Franziska Meier Zu Eissen
Head of Solution Consultants META
- Amadeus



Mr. Vijay Poonoosamy
Partner Dentons Mauritius,
Barrister at Law



Mr. Mourad Abdel-Sattar
Senior Business Development
Manager - SITA



Mr. Hassan Aurag
Brand Ambassador
Hitit



Mr. Mario Cornejo
Client Director - Accelya Group

Moderator



CLOSING CEREMONY

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FAREWELL LUNCH

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