

Maximizing Civil Aviation's Economic Contribution *Challenges and Potentials*

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Information Paper

THE KENYAN EXPERIENCE

(Prepared by Kenyan Civil Aviation Authority)

1. Introduction

1.1 The aviation sub-sector plays a key role towards Kenya's economic growth. In recognition of this vital role played by aviation, the Government of Kenya has been formulating and implementing policies and strategies aimed at ensuring that the sector continues to be one of the key pillars of the Kenyan economy. As part of the efforts to enhance the economic contribution of civil aviation, the government developed a five-year economic recovery strategy in 2003, in which the civil aviation sub-sector has been earmarked to play an important role in the economic recovery program envisaged over the five-year period.

2. Economic Contribution of Civil Aviation

2.1 Although the contribution made by the civil aviation in the country's economy is rather an obvious and appreciated fact, no comprehensive analysis has been done to determine the magnitude of GDP attributable to the sub-sector.

2.2 Civil aviation plays both direct and indirect role in Kenya's economy. Highlighted here below are the key areas where civil aviation makes a significant contribution.

- a) Civil Aviation facilitates the activities of some very strategic economic sectors key among them being tourism and agriculture. Kenya is a leading tourist destination in the East and Central African region, receiving an average of 550,000 tourists annually for the last five years. After Agriculture, the tourism sub-sector accounts for the second highest proportion of GDP. The agricultural sector accounts for the largest share in Kenya's GDP, contributing approximately 17.0% of GDP. The sector particularly, the horticultural sub-sector heavily depends on civil aviation to conduct its activities. Presented in the table below is the output of tourism and agriculture. The two sections facilitated by aviation and their percentage share in GDP.



World Bank



International
Civil
Aviation
Organization



Air Transport
Action Group

| Sector | Sector output in US\$ | % Share in contribution to GDP |
|-------------|-----------------------|--------------------------------|
| Agriculture | 1,880million | 17.0 |
| Tourism | 552.0million | 12.6 |

b) Besides facilitating the activities of the other economic sectors civil aviation also creates employment opportunities. Although the number of people who are directly employed in civil aviation is relatively small, but when the people who are employed in other sectors which either provide inputs to civil aviation or are consumers of civil aviation services is taken into account, the number becomes significantly large.

3. **Civil Aviation's Economic Contribution: Challenges and potentials:**

3.1 *Challenges*

3.1.1 In spite of the contribution which civil aviation has made, the sub-sector faces and continues to face a number of challenges some of which are highlighted below:-

3.2 *Inadequate funding for the sub-sector*

3.2.1 Although Kenya has a fairly well developed aviation infrastructure, the available funding is not adequate, for fully developing and maintaining the required infrastructure. As a result the sub-sector is not in a position to play effectively its envisaged role in the country's economy.

3.3 *Shortage of technical personnel*

3.3.1 The aviation sub-sector has shortage of personnel in critical areas like flight safety. The shortage of personnel has been occasioned by among other things the high cost of training. Relevant personnel and the inability to attract and retain qualified and experienced staff in the public sector due to relatively low remuneration levels.

3.4 *Inadequate Regulatory Framework*

3.4.1 The existing regulatory framework requires to be reviewed and updated for it to provide the oversight necessary for the sub-sector to realise its full potential. Currently, Kenya is in the process of reviewing regulations pertaining to implementation of ICAO Annexes 1, 6, 8, 14 and 17.

3.5 *Potential for civil aviation in Kenya*

3.5.1 Due to the constraints, which the aviation sector is currently grappling with, a number of potential areas are yet to be fully exploited. This include:-

a) The inability of civil aviation as a mode of transport to provide access to all parts of the country. Currently there are a number of high economic areas which are not effectively served with aviation as a mode of transport.

b) Kenya is a member of both the East African Community (EAC) and the Common Market for East and Southern African (COMESA). One of the key initiatives being implemented in the two regional groupings is the liberalisation of air transport in the region covered by the member states of both EAC and COMESA.

3.5.2 Full liberalisation of air transport in these two regions will create huge potential, for civil aviation to spur the economies of member states. In addition, Kenya is currently working with the other two member states of EAC namely Uganda and Tanzania to provide joint aviation services in the region.

4. Current Donor Support to Civil Aviation

4.1 Development partners have played a very vital role in the development of civil aviation in the country. Currently Kenya is implementing two key projects in the aviation sub-sector which are jointly funded by the Government of Kenya and Development partners. The first is the review of Civil Aviation Regulations, in which Kenya is working jointly with the Government of USA through Federal Aviation Administration (FAA) to update its civil aviation regulations based on ICAO Annexes 1, 6 and 8. The second project is the Northern Corridor Transport Improvement Project which is being funded by the World Bank. The aviation component in the project, which pertains to Kenya Civil Aviation Authority (KCAA) is aimed at strengthening the institutional capacity of KCAA to provide the requisite services more effectively.

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