

Strength in Numbers: How 15 African Airlines Turned 2.1 Billion Litres of Fuel into Leverage.

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**"2.1 Billion Litres of Leverage:
Inside AFRAA's Fuel Project to
Bring Down African Airline Fuel
Costs"**

Fifteen African airlines are now combining approximately 2.1 billion litres of annual fuel demand across around 190 locations through the African Airlines Association (AFRAA) Fuel Project, using collective purchasing power to strengthen negotiations with suppliers and reduce one of the heaviest costs on airline balance sheets.

For African carriers, the economics are particularly significant. Fuel can account for more than 40% of an airline's operating costs in some markets, making access to competitive pricing, reliable supply and consistent fuel quality central to profitability.

Speaking to African senior graduate engineer, Gaoussou Konate (AFRAA's Consulting Director, Technical and Operations) explained how the project has grown from a modest joint procurement initiative involving four airlines and four locations into a continent-wide collaboration built around scale, transparency, and collective bargaining.

The origins of the programme date back to 1996, when AFRAA's Executive Committee reviewed the results of an earlier joint procurement project for Boeing 737-200 tyres.

The savings achieved prompted a wider question: if airlines could combine purchasing power for aircraft tyres, why not apply the same model to one of the industry's highest-cost items?

The first fuel procurement initiative brought together EgyptAir, Kenya



2,1 milliards de litres : la force de frappe du Projet Carburant de l'AFRAA

Quinze compagnies africaines regroupent aujourd'hui environ 2,1 milliards de litres de carburant par an sur près de 190 escales à travers le Projet Carburant de l'AFRAA. En mutualisant leur pouvoir d'achat, elles négocient l'un des postes les plus lourds de leurs bilans : le carburant peut représenter plus de 40 % des coûts d'exploitation sur certains marchés.

Gaoussou Konate, Directeur consultant Technique et Opérations de l'AFRAA, retrace le parcours du programme. Né en 1996 d'un achat groupé de pneus de Boeing 737-200, il a d'abord réuni EgyptAir, Kenya Airways, Ethiopian Airlines et Sudan Airways,

Airways, Ethiopian Airlines and Sudan Airways. Initial supply locations included London Heathrow, Rome Fiumicino, King Abdulaziz International Airport in Jeddah and Dar es Salaam.

Konate said the early savings were relatively modest, but the results demonstrated the potential of the approach. One participating airline saved approximately US\$25,000 in a year at Dar es Salaam despite relatively low uplift volumes. The programme later shared experience with the Arab Air Carriers Organization. After an interruption, AFRAA revived the initiative in 2011, and it has continued to grow in both airline participation

and procurement volume.

Moving From Supplier-Controlled Pricing to Negotiated Margins

One of the most important changes introduced by collective procurement was a shift in how fuel contracts were structured.

Konate said airlines had historically entered agreements based on an into-plane price that could later be revised by suppliers as market conditions changed. The problem was that the supplier retained significant control over how and when those revisions were applied.

The market price of fuel can still fluctuate, but the airline group negotiates the differential, which includes the supplier's margin. An independent pricing basis and agreed formula are then used to calculate the final into-plane price.

This approach gives participating airlines greater visibility into what they are paying and limits the supplier's ability to change the commercial structure unilaterally.

As volumes have increased, so has the negotiating leverage.

Konate said the response from suppliers is visible each time AFRAA launches a fuel tender, with companies actively competing to submit proposals to the group.

The attraction is straightforward. A single smaller carrier may represent limited volume at one airport. Fifteen airlines collectively procuring billions of litres across a large network create a very different commercial proposition.

How the Contracting Model Works

The AFRAA Fuel Project combines volumes for negotiation, but AFRAA itself does not become the contracting fuel buyer.

Demand is consolidated at each station to create negotiating leverage. Once a supplier has been selected, individual contracts are signed between the supplier and each participating airline using the negotiated commercial terms.

"The volumes are combined at a

ways sur quatre escales. Relancé en 2011, il n'a cessé de croître.

Un modèle plus transparent. L'avancée majeure a été de changer la structure des contrats. Le prix du marché fluctue toujours, mais le groupe négocie désormais le différentiel — marge du fournisseur incluse — selon une formule indépendante et convenue. Les compagnies gagnent en visibilité et le fournisseur perd la capacité de modifier unilatéralement les termes. L'AFRAA ne devient pas l'acheteur : les volumes sont consolidés par escale pour créer un effet de levier, puis chaque compagnie signe son propre contrat (généralement 12 mois), les marchés étant attribués escale par escale.

Grands et petits y gagnent. Konate compare les petites compagnies à des ruisseaux alimentant une rivière : elles accèdent à une échelle inatteignable seules, tandis que les grands transporteurs élargissent encore le pool d'achat. « Tout le monde y gagne. »

Qualité et intermédiaires. Le programme limite les intermédiaires superflus et lie la tarification aux prix sortie-raffinerie, avec visibilité sur les coûts de transport et de stockage. La qualité du carburant — enjeu de sécurité sur 190 escales — est contrôlée par des auditeurs certifiés, y compris via des inspections inopinées, en s'appuyant sur le cadre IATA Fuel Quality Pool.

Le cap du SAF. Le projet commence à intégrer le carburant durable pour les destinations européennes concernées, malgré un coût de 2,5 à 4 fois supérieur au kérosène classique et une disponibilité limitée en Afrique. « Nous ne pouvons pas nous permettre de ne pas y aller », affirme Konate, appelant à l'innovation pour transformer le potentiel africain en SAF abordable.

Objectif 2030. Sous réserve des conditions de marché et d'une participation accrue, Konate estime que le programme pourrait réduire de 5 à 10 points le poids du carburant dans les

station to give us negotiation leverage," Konate explained.

Contracts generally run for 12 months, with common contract periods allowing the participating airlines to return to the market together for the next negotiation cycle.

This structure allows the group to benefit from scale while preserving the direct commercial relationship between airline and supplier.

Awards are made by station, meaning different suppliers may be selected at different airports depending on pricing, infrastructure, quality and other requirements.

Managing Fuel Volatility and Geopolitical Risk

The recent volatility in global fuel markets has again highlighted the vulnerability of airlines to events beyond their control.

Konate said the project's pricing formula provides a degree of structural protection because the differential, including the supplier margin, has already been negotiated. The underlying commodity price may rise or fall, but the commercial differential remains governed by the contract.

Supply security requires a broader response. Participating airlines and the project committee monitor availability and consider operational options such as carrying additional fuel from locations where supply is more secure.

Over the medium and longer term, Konate believes Africa also needs to address its own refining

capacity.

Several African countries produce oil, but the continent remains heavily exposed to external refining and supply chains. Increasing African refinery capacity and making more aviation fuel available within the continent could strengthen resilience.

coûts des compagnies participantes. L'AFRAA étudie aussi d'étendre le modèle à d'autres achats communs (fluide hydraulique, Skydrol, graisse). « Le maître-mot, c'est vraiment la collaboration. »

Why Small Airlines Benefit from the Same System

The project is not designed only for Africa's largest carriers. Konate described smaller airlines as streams flowing into a larger river. Major carriers contribute substantial volumes, but smaller airlines increase the overall scale of the tender and benefit from negotiating power they could not create independently.

The model must also continue to work for the largest airlines. A major carrier with significant purchasing power may already be able to negotiate favourable terms on its own. For the collective model to remain viable, that airline must still gain more by staying in the group.

Konate said this principle was established during AFRAA's earlier joint procurement work.

In one tyre procurement exercise, two participating airlines were buying the same manufacturer's product at dramatically different prices. One was paying approximately double the other.

The challenge was not simply to reduce the higher price. The collective proposal also had to improve the position of the airline already receiving the better rate, giving both an incentive to remain within the group.

The same principle applies to fuel. The smaller carrier gains access to scale. The larger carrier gains access to an even bigger combined purchasing pool. "Everybody wins," Konate said.

Consolidating Demand Across 15 Airlines

Managing fuel requirements across airlines of different sizes creates a significant administrative challenge.

A regional carrier operating turboprops has a very different fuel profile from a large network airline operating widebody aircraft. Demand also differs from station to station and changes as schedules evolve.

Konate said the system depends on collaboration and centralised consolidation of data.

Each participating airline submits its requirements. The AFRAA Secretariat and fuel committee combine the information and make the integrated data available within the participating group.

Individual memoranda of understanding and non-disclosure agreements support the process and allow airlines to share commercially sensitive information with greater confidence.

The consolidated data is regularly updated so suppliers receive accurate information on required uplift volumes at each station.

Transparency is a critical part of the model, particularly for smaller carriers that may otherwise have limited visibility into the broader market.

Reducing the Impact of Middlemen

Competitive fuel pricing can quickly be eroded by the complexity of African fuel supply chains. Fuel may move through refineries, traders, transport operators, storage facilities and airport infrastructure before reaching an aircraft. Each additional layer can introduce further cost.

Konate said AFRAA addresses this in two ways.

The first is supplier selection, AFRAA's fuel supplier selection criteria are designed

to avoid or limit unnecessary middlemen, including resellers that simply purchase fuel and add another margin before selling it onwards.

The second is price transparency, where pricing is linked to a local refinery, the project examines the ex-refinery price and the costs associated with moving the fuel through the supply chain to the airport. This may include ground transport, pipelines, storage and other applicable charges.

The differential is then negotiated with visibility into the wider cost structure.

The approach does not eliminate every intermediary, but it limits the ability of multiple parties to add opaque margins as fuel moves through the system.

Fuel Quality Remains a Safety Issue

Price is only one part of the procurement process. Fuel contamination can have serious safety consequences, making quality assurance essential across a network of approximately 190 locations.

Konate said the fuel committee uses certified fuel quality auditors who conduct regular inspections. Audits may also be unannounced.

Supplier selection incorporates fuel quality requirements, and the project uses the IATA Fuel Quality Pool audit framework as a reference. The intention is to ensure that storage and handling infrastructure meets the required standards and that airlines receive con-

sistent fuel quality across the participating network. Collective buying power again becomes important, the size of the group gives participating airlines greater influence over supplier behaviour, quality requirements and compliance.

Why More Airlines Have Not Yet Joined

With 15 participating carriers and clear potential benefits, one question is why every AFRAA member has not joined the project.

Konate said participation remains an individual airline decision.

AFRAA promotes the programme through its internal committees, annual meetings and external communication, but some carriers remain hesitant.

State-owned airlines may face an additional challenge. National procurement rules can prevent or delay participation in a joint purchasing structure, even where there is a clear commercial case. Konate said some state-owned carriers have successfully presented the benefits of the programme to their governments and obtained permission to participate.

Once an airline decides to join, the process can move quickly.

The carrier provides its fuel demand data, which is then incorporated into the combined volumes. Suppliers can be approached to extend the existing conditions to the additional airline.

Depending on the timing of the procurement cycle, Konate said a new participant could begin seeing a pricing benefit within approximately three months.

The main contracts generally run from the middle of one year to the middle of the next, so an airline joining near the end of a cycle can also be incorporated into the following full tender.

Sustainable Aviation Fuel is Already Entering the Equation

The Fuel Project is also beginning to accommodate sustainable aviation fuel. For European destinations where SAF requirements already apply, Konate said the relevant volumes are being included in procurement negotiations.

The strategic direction is clear, but the economics remain difficult. According to Konate, SAF can currently cost approximately 2.5 to four times as much as conventional aviation fuel, while availability at African airports remains limited.

That creates a direct conflict with the project's wider objective of reducing airline operating costs.

AFRAA nevertheless sees SAF as part of the future procurement landscape, particularly given Africa's potential feedstock resources.

"We cannot afford not to go towards it," Konate said. The challenge is to develop production processes, technology and scale capable of turning African feedstock

potential into SAF at a price airlines can afford. Innovation will be critical. "What we need to see is innovation in the process to transform that potential in Africa into affordable SAF price impacting positively operational costs," he said.

Targeting a Lower Fuel Cost Burden by 2030

The long-term ambition is to expand airline participation and increase the volume placed through the tender.

Subject to macroeconomic conditions, geopolitical stability and continued growth in participating volumes, Konate believes the programme could reduce the weight of fuel costs for participating airlines by between five and 10 percentage points by 2030.

The result would depend heavily on scale. The more airlines that participate and the greater the combined tender volume, the stronger the negotiating leverage.

Konate said the ideal objective is to bring every African airline into the programme, although a large proportion of the continent's carriers could still create a significant impact even without universal participation.

For airlines operating in markets where fuel can absorb more than 40% of operating costs, a reduction of several percentage points could have substantial consequences for profitability and financial resilience.

Joint Procurement Could Move Beyond Fuel

AFRAA is also examining whether the principles developed through the Fuel Project could be applied to other airline inputs. Aircraft components are more complex because fleets differ, regulatory requirements vary and technical specifications are often highly specific.

The first opportunities are more likely to involve products that almost every airline uses.

Konate identified hydraulic fluid, Skydrol, and grease as examples of potential "low-hanging fruit" for future collaborative procurement.

The administrative, legal and commercial infrastructure developed through the Fuel Project could provide a foundation for these initiatives.

Airlines have already expressed interest in wider joint procurement, and AFRAA is examining how to address the regulatory and administrative barriers involved.

The significance of the Fuel Project extends beyond the litres purchased or the margins negotiated. It provides a working example of what African airlines can achieve when demand is consolidated rather than fragmented.

A single carrier enters a global fuel market with the purchasing power created by its own fleet and net-

work. Fifteen carriers enter with 2.1 billion litres of combined demand.

For Konate, the central lesson is collaboration. "The name of the game is really collaboration, cooperation, joint approach," he said.

In a sector where African airlines continue to face high operating costs, difficult supply chains and fragmented markets, the AFRAA Fuel Project shows how collective scale can become a commercial tool rather than simply an industry aspiration.

AFRAA Fuel Project



Participating airlines

15



Contract period

12 months



Programme origin

Piloted 1996 with four airlines; revived and scaled from 2011



Contract structure

Volumes combined for negotiation, with individual airline-supplier contracts



Combined fuel volume

Approximately 2.1 billion litres



Supplier awards

Made by station



Locations covered

Around 190



New airline integration

Pricing benefits may begin within approximately three months, depending on timing



Fuel quality

Certified auditors and regular inspections, including unannounced audits



SAF cost challenge

Approximately 2.5 to four times the price of conventional fuel, according to the interview



2030 ambition

Potential reduction of five to 10 percentage points in the fuel cost burden of participating airlines, subject to market conditions and growth in scale.



Participating airlines





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Ghana • Kenya
Mauritius • Morocco
Mozambique • Namibia
Réunion • Senegal
South Africa • Uganda

Confidence backed by scale

4,000
service
stations

20 billion
litres of fuel
sold annually

2 million
customers
served daily

38
African
airports

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