



**IMPROVING AIRPORT BUSINESS: PRIVATE SECTOR  
PARTICIPATION OPPORTUNITY  
PAPER PRESENTED BY  
CAPT. RABIU HAMISU YADUDU  
MANAGING DIRECTOR/CHIEF EXECUTIVE  
FEDERAL AIRPORTS AUTHORITY OF NIGERIA (FAAN)  
AT AIRPORT BUSINESS SUMMIT EXPO (ABSE)  
ON 22<sup>ND</sup> JUNE 2021**

## **INTRODUCTION**

Federal Airports Authority of Nigeria (FAAN) is a service organization statutorily charged to manage all commercial airports in Nigeria and provide service to both passengers and airlines. The Authority is responsible for creating conditions for the development of air transport and services connected with it, in the most economic and efficient manner.

- VISION AND \*\*MISSION STATEMENTS:

- TO BE  
AMONG THE  
BEST  
AIRPORTS  
GROUP IN THE  
WORLD

- \*\*TO DEVELOP AND PROFITABLY  
MANAGE CUSTOMER-CENTRIC  
AIRPORT FACILITIES FOR SAFE,  
SECURE AND EFFICIENT CARRIAGE  
OF PASSENGERS AND GOODS AT  
WORLD CLASS STANDARDS

From time immemorial, transport is central to achieving prosperity and good quality of life, to which all individuals and countries aspire. We are conversant with the evolution of transportation over time. But of all modes of transportation, transport by air is the fastest and most convenient and as such makes the attainment of prosperity and good quality life faster and safer.

It is a truism that today's airports are technologically driven and very competitive as business empires. And so, for them to efficiently discharge their traditional function for safe take-off and landing of airplanes as well as play a pivotal role in its emerging nexus for wide-ranging network of commercial activities, it must be truly in tandem with the present or modern reality.

### IMPORTANCE OF AIRPORTS

Generally, the importance of airports could be seen in its impact on trade, industries and tourism with its attendant quantum economic growth of the areas they are located. The 2019 report of the National Bureau of Statistics rightly recognized Aviation as the fastest growing sector of Nigerian economy.

To sustain this development, there must be improvement in the way and manner airport businesses are managed. These improvements can come when and only when airports infrastructures and facilities are in the right quantity and good shape. To put it in a simpler way, airport businesses can only be improved when the huge infrastructure gap already identified are bridged. And it comes with huge cost.

### AVIATION AND AIRPORTS EVOLUTION IN NIGERIA

THE FIRST AIRCRAFT LANDED IN NIGERIA IN THE ANCIENT CITY OF KANO IN 1925. IT WAS OPERATED BY THE BRITISH ROYAL AIR FORCE. IN THE MID 1930S THE IMPERIAL AIRWAYS THROUGH THE BRITISH OVERSEAS AIRWAYS CORPORATION BEGAN OPERATING COMMERCIAL FLIGHTS FROM LAGOS TO KANO AND IN THE LATE 1930S ITS SERVICES WERE EXTENDED FROM LAGOS TO PORT-HARCOURT, ENUGU, JOS AND KADUNA. AND IN 1946, THE WEST AFRICAN AIRWAYS COOPERATION WAS FOUNDED WITH THE WEST AFRICAN AIR TRANSPORT AUTHORITY CREATED AS THE CIVIL AVIATION REGULATORY AGENCY.

In 1956, the Ministry of Civil Aviation was created in Nigeria to regulate the civil aviation activities in the country. After Nigerian's independence, what remains of the West African Airways Corporation after the other West African countries pulled out after their independence was managed by Nigerian Authority alone. And metamorphosed into the Nigerian Airways.

Between 1976 and 1986, 16 airports including Lagos, Kano, Kaduna, Port-Harcourt, Enugu, Maiduguri, Calabar amongst others were built and or reconstructed. These airports were managed by Nigerian Airport Authority, which was also created in 1976. These airports were built to cater for few passengers, who were mainly government officials, expatriates, Chief Executives of companies and big businessmen.

YEAR	PASSENGER MOVEMENT	AIRCRAFT MOVEMENT	CARGO MOVEMENT
1985	7.2million	158,479	45.5 million KG
1986	7.3 million	152,515	47.5 million KG
1987	5.8 million	140,158	49.7million KG
2017	13.8 million	218,934	176.7 million KG
2018	16.4 million	251,539	212.3 million KG
2019	17.58 million	250,975	230.5 million KG
2020	9.35 million	173,299	192.05 million KG
<b>FIVE YEARS OUTLOOK FOR OUR AIRPORTS MOVEMENT</b>			
2025	21.5 million	307,000	240 million KG

TABLE 1. COMPARATIVE ANALYSIS OF ANNUAL AIRPORT TRAFFIC MOVEMENTS (1985-87 AND 2017-2020)

OUR PROJECTION ABOVE ASSUMES THAT COVID-19 WOULD HAVE BEEN CONTAINED AND AN ACCEPTABLE MITIGATION PROCESS LIKE VACCINATION PASSPORT IN USE. ALSO, THAT OUR AIRPORTS WILL TAKE ADVANTAGE OF THE BENEFITS FROM AFRICAN CONTINENTAL FREE TRADE AGREEMENT, (AFCFTA).

The above movement trend could be definitely endangered if adequate airport infrastructures are not put in place and existing facilities upgraded to meet the growing demand in the best international standards.

#### FAAN'S EFFORTS IN INFRASTRUCTURE DEVELOPMENT IN OUR AIRPORTS

REALIZING THE IMPORTANCE OF MODERN INFRASTRUCTURES IN ENHANCING AIRPORTS OPERATIONS AND EFFICIENCY, FAAN COMMISSIONED AND COMPLETED SOME LAUDABLE PROJECTS FOR SAFE AND SECURE AIRPORTS AND SMOOTH FACILITATION OF PASSENGERS, AIRCRAFTS AND GOODS AT ICAO, NCAA, IATA AND ACI STANDARDS. SOME OF THEM ARE CHRONICLED HERE:

- We have successfully installed ultra-modern landing instruments (Category 2 and 3) at the various airports.
- And recently commissioned the graduation of 727 Aviation Security and Fire Staff.
- It is also on record that the International Civil Aviation Organization (ICAO) recently gave Nigeria an A rating in safety and security operations.
- Five brand new International terminals in Lagos, Abuja, Port-Harcourt, Kano and Enugu were built.
- New Runways in Abuja and Enugu
- Modernization of local airport terminal buildings
- Expansion of wings D & E Arrival & Departure and procurement of 75 AC units for MMIA
- Refurbishment and Upgrade of MMIA passenger processing area
- Completion of Terminal D in Abuja
- Procurement and Installation of Conveyor Belts
- Improvement of Lounges across the airports
- Construction of Pilots lounge at Abuja Airport
- Repairs and construction of Perimeter Fences and Roads
- Procured Solar Power Airfield Lightening Systems for 10 Airports
- Provision of Transit lounge and Hotel at MMIA
- Repair and Improvement of Runway End Safety Area at some airports,
- Procurement of 45 Carry-on and 40 Hold-on Baggage and 15 Cargo Screening Machines,
- Procurement of 4 3D Body Scammers, Refurbishment of 6 Fire Tenders, etc,etc.

Our modest efforts have been rewarded with various certifications including of Lagos and Abuja airports by NCAA. ACI gave Abuja award as the best airport in category.....But our efforts are not enough to bridge the infrastructure gaps in the sector. And this is mainly due to too long neglect spanning decades and the cost intensity of airport infrastructures and facilities.



## AIRPORTS INFRASTRUCTURE DEFICIT

GIVEN THAT OUR AIRPORTS CAPACITIES WERE INITIALLY BUILT TO FACILITATE FEWER PASSENGERS, AIRCRAFTS AND CARGOES AND DUE TO SUMMERSAULTS AND INCONSISTENCIES IN POLICIES AS A RESULT OF INCESSANT CHANGES IN GOVERNMENT IN THE COUNTRY UNTIL 1999, THERE WERE PRACTICALLY NO IMPROVEMENTS IN THE INFRASTRUCTURES AND FACILITIES THUS TOO MUCH INFRASTRUCTURE DEFICITS EXIST IN OUR VARIOUS AIRPORTS TODAY.

## HOW MUCH IS NEEDED TO FIX THE INFRASTRUCTRE DEFICITS

To fix these infrastructural deficits in our airports nationwide will require over N1.5 trillion or \$5 billion, according to a survey by African Development Bank (AfDB) in 2017.

Permit me to say that this was a modest estimate as at that time. You will certainly agree with me that this estimate must be adjusted upwards if we need to work on the projects at this time.

#### WHERE WILL THE MONEY COME FROM?

IN THE SURVEY, THE AFDB OPINED THAT “THE FUNDING SHOULD BE THROUGH THE PUBLIC AND PRIVATE INVESTMENT MODEL, (PPP)”. THIS IS BECAUSE IT IS “HUGE AND THE GOVERNMENT COULD NOT AFFORD THE COST AMID OTHER COMPETING SOCIAL OBLIGATIONS”.

## WHY PUBLIC PRIVATE INVESTMENT MODEL (PPP)?

THE IDEA OF PARTNERING WITH THIRD PARTY, PRIVATE INVESTORS IN FINANCING AND MANAGING AIRPORT INFRASTRUCTURE AND FACILITIES IS NOT A RECENT INNOVATION IN FAAN. IN 1987, THE THEN NIGERIAN AIRPORTS AUTHORITY (NAA), SIGNED AN AGREEMENT WITH CAMPENON BERNARD CONSTRUCTION COMPANY OF FRANCE FOR THE DEVELOPMENT OF HOTELS IN LAGOS AND KANO AIRPORTS. ANOTHER WAS THE DEVELOPMENT OF OFFICE COMPLEX AND WAREHOUSE AT MMA LAGOS IN A JOINT VENTURE WITH AJIBONA PROPERTIES LTD, (NAA ANNUAL REPORT, 1987).

BUT ALL THIS COSTS MONEY, AND A LOT OF IT. THERE IS NO GAIN-SAYING THE FACT THAT GOVERNMENTS SIMPLY CANNOT AFFORD TO FINANCE ALL THEIR INFRASTRUCTURE COSTS FROM THE BUDGET. THUS, GOVERNMENTS ACROSS THE GLOBE, IS TURNING TO THE PRIVATE SECTOR FOR INVESTMENT, AS WELL AS TECHNICAL EXPERTISE AND MANAGEMENT CAPACITY TO IMPROVE THE DELIVERY OF ITS SERVICES. ONE WAY TO DO THIS IS THROUGH PPPS, OFTEN IN THE FORM OF LONG-TERM CONTRACTS BETWEEN GOVERNMENTS AND COMPANIES FOR THE PROVISION OF PUBLIC SERVICES AND INFRASTRUCTURE

## WHY THE PPP FOR THE FUNDING?

First, private sector participation may help to overcome constraints on public sector borrowing, and, equally or possibly even more important, on the public sector's capacity to implement efficiently and cost-effectively large-scale infrastructure programs.

Second, the active participation of the private sector in all phases of the project life cycle may secure better value-for-money in the project than the traditional 'design, build' model, where the private sector's role was limited to the project construction phase.

## TIME FOR US TO GET IT RIGHT

TABLE 1 ABOVE TELLS US SOMETHING ABOUT THE AIRPORTS TRAFFIC STATISTICS AND IT IS OBVIOUS THAT THE DEMAND FOR AIR TRANSPORTATION IS RAPIDLY GROWING AND SURPASSING THE CAPACITY OF THE AIRPORTS IN INFRASTRUCTURE AND FACILITY.

SO, NOW IS THE RIGHT TIME FOR US TO GET IT RIGHT OTHERWISE WE WILL MISS THE BENEFITS OF AIR TRANSPORTATION WHICH HAS GAINED TRACTION AND CONTRIBUTING SIGNIFICANTLY IN THE ECONOMY OF NATIONS. IT IS VERY CLEAR THAT FOR THE AIRPORTS TO SUPPORT THE COUNTRY TO ACHIEVE ROBUST ECONOMY AND THEN CREATE JOBS THEY MUST STAY ON TOP OF THEIR INFRASTRUCTURE AND RELATED SERVICES.

Since PPP has been identified as the best way to bridge the enormous gap in airport infrastructure development all hands must be on deck to make it work.

We must do this because we must rightly position our airports to play the expected roles in the African Continental Free Trade Agreement being implemented. And also make us a big player in the Bilateral Air Service Agreement (BASA) which Nigeria is a signatory, and maintain our various Certifications by the ICAO, NCAA, ACI and the Federal Aviation Administration (FAA) of America. And most importantly, to make our airports facilities customer-centric for safe, secure and efficient carriage of passengers and goods at world class standards.

THUS, HAVING CONSIDERED THE ECONOMICS, PROS AND CONS AND ALTERNATIVE MODELS FOR PPP, I HIGHLY RECOMMEND THE PPP MODEL DRIVEN WITH BEST PRACTICE APPROACHES. ALREADY NIGERIAN GOVERNMENT HAS SHOWN ENOUGH COMMITMENT TOWARDS ACHIEVING AND SUSTAINING PPPS IN INFRASTRUCTURE DEVELOPMENT THROUGH BEST PRACTICES LIKE:

A well-developed legal and institutional framework for PPPs. The key national legislation relevant to PPPs includes the Infrastructure Concession Regulatory Commission (ICRC) Act of 2005 and the National Policy on PPPs approved by the Federal Executive Council in 2009, which provides clear and consistent processes and procedures for all aspects of PPP project development and implementation—from project identification, evaluation, and selection, to procurement, operation, maintenance, and performance monitoring.

The ICRC Act of 2005 puts clear disclosure obligations on the ICRC, as it creates PPP-related information and records and provides decisions and guidance to public institutions, investors, lenders, and other stakeholders.

Tendering Procedures. Competition for the market is encouraged by a clear and transparent tendering process, based on equal treatment of bidders and full disclosure of information to enable bidders to make as informed an assessment as possible of the business opportunity. Here too, our Procurement Act 2007 is on top of it.

SOME PPP PROJECTS UNDER CONSIDERATIONS IN AVIATION UNDER THE MINISTERIAL MANDATE

NATIONAL  
CARRIER

MRO

ALC

4 AIRPORTS  
TERMINALS  
CONCESSIONS

**THANK YOU**

***CAPT. RABIU H. YADUDU***