



ECONOMIC IMPACT OF COVID-19 ON THE AVIATION INDUSTRY (...AND THE STRATEGIC RESPONSE..)

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ECONOMIC IMPACT OF COVID-19 ON THE AVIATION INDUSTRY (...AND THE STRATEGIC RESPONSE..)

► Overview

► COVID-19 & The Macro-Economic Impact

- The COVID-19 Challenge
- Monetary Policy Response
- Fiscal Policy Response
- Economic Sustainability Plan

► Impact on the Aviation Sector

- Global
- Continental
- National
- GDP Growth Rates
 - Transport Sector
 - Aviation Sector

Recovery, Growth, Policy Advocacy & Communications Strategy

Restarting Aviation - Multi-layered Biosecurity Measures

Opportunities for the Aviation Industry

Aviation Development Strategy

- i. Context, Opportunities & Challenges
- ii. Stakeholder Mapping, Analysis & Engagement
- iii. SWOT Analysis

iv. Pestle Analysis

- i. Strategic Vision
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Recovery, Growth, Policy Advocacy & Communications Strategy



OVERVIEW



Global Sectoral Impact Of COVID-19 On Aviation, Tourism, Trade And Economy In 2020

Air passenger traffic:

An overall reduction of air passengers (both international and domestic) ranging from 60% in 2020 compared to 2019

(by ICAO)

Airports:

An estimated loss of approximately 64.2% of passenger traffic and 65% or over USD 111.8 billion airport revenues in 2020 compared to business as usual

(by ACI)

Airlines:

A 66.3% decline of revenue passenger kilometres (RPKs, both international and domestic) in 2020 compared to 2019

(by IATA)

Tourism:

A decline in international tourism receipts of between USD 910 to 1,170 billion in 2020, compared to the USD 1.5 trillion generated in 2019, with 100% of worldwide destinations having travel restrictions

(by UNWTO)

Trade:

A fall of global merchandise trade volume by 9.2% in 2020 compared to 2019

(by WTO)

Global Economy:

A projected -3.5% to -4.3% contraction in world GDP in 2020, far worse than during the 2008-09 financial crisis

(by IMF and World Bank)

MACRO-ECONOMIC IMPACT

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the page, with some extending towards the left. The overall aesthetic is modern and clean.

World Economic Outlook, June 2020 Update

Table 1. Overview of the World Economic Outlook Projections

(Percent change, unless noted otherwise)

	Year over Year					Difference from April 2020		Q4over Q4 2/		
	2018	2019	Projections		WEO Projections 1/		2019	Projections		
			2020	2021	2020	2021		2020	2021	
World Output	3.6	2.9	-4.9	5.4	-1.9	-0.4	2.8	-3.5	4.6	
Advanced Economies	2.2	1.7	-8.0	4.8	-1.9	0.3	1.5	-7.2	5.1	
United States	2.9	2.3	-8.0	4.5	-2.1	-0.2	2.3	-8.2	5.4	
Euro Area	1.9	1.3	-10.2	6.0	-2.7	1.3	1.0	-8.6	5.8	
Germany	1.5	0.6	-7.8	5.4	-0.8	0.2	0.4	-6.7	5.5	
France	1.8	1.5	-12.5	7.3	-5.3	2.8	0.9	-8.9	4.2	
Italy	0.8	0.3	-12.8	6.3	-3.7	1.5	0.1	-10.9	5.5	
Spain	2.4	2.0	-12.8	6.3	-4.8	2.0	1.8	-11.4	6.3	
Japan	0.3	0.7	-5.8	2.4	-0.6	-0.6	-0.7	-1.8	0.0	
United Kingdom	1.3	1.4	-10.2	6.3	-3.7	2.3	1.1	-9.0	6.9	
Canada	2.0	1.7	-8.4	4.9	-2.2	0.7	1.5	-7.5	4.6	
Other Advanced Economies 3/	2.7	1.7	-4.8	4.2	-0.2	-0.3	1.9	-5.1	5.5	
Emerging Market and Developing Economies	4.5	3.7	-3.0	5.9	-2.0	-0.7	3.9	-0.5	4.2	
Emerging and Developing Asia	6.3	5.5	-0.8	7.4	-1.8	-1.1	5.0	2.4	3.9	
China	6.7	6.1	1.0	8.2	-0.2	-1.0	6.0	4.4	4.3	
India 4/	6.1	4.2	-4.5	6.0	-6.4	-1.4	3.1	0.2	1.2	
ASEAN-5 5/	5.3	4.9	-2.0	6.2	-1.4	-1.6	4.6	-1.4	6.1	
Emerging and Developing Europe	3.2	2.1	-5.8	4.3	-0.6	0.1	3.4	-7.0	6.6	
Russia	2.5	1.3	-6.6	4.1	-1.1	0.6	2.2	-7.5	5.6	
Latin America and the Caribbean	1.1	0.1	-9.4	3.7	-4.2	0.3	-0.2	-9.0	4.1	
Brazil	1.3	1.1	-9.1	3.6	-3.8	0.7	1.6	-9.3	4.5	
Mexico	2.2	-0.3	-10.5	3.3	-3.9	0.3	-0.8	-10.1	4.8	
Middle East and Central Asia	1.8	1.0	-4.7	3.3	-1.9	-0.7	
Saudi Arabia	2.4	0.3	-6.8	3.1	-4.5	0.2	-0.3	-4.4	4.1	
Sub-Saharan Africa	3.2	3.1	-3.2	3.4	-1.6	-0.7	

IMF & World Bank: Global economy is projected to contract by -4.9% to -5.2% in 2020

The Projections assume that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound

REAL GDP (Percent change from previous year)	IMF			WORLD BANK		
	2019	2020	2021	2019	2020	2021
World	2.9	-4.9	5.4	2.4	-5.2	4.2
Advanced Economies	1.7	-8	4.8	1.6	-7	3.9
United States	2.3	-8	4.5	2.3	-6.1	4
Euro Area	1.3	-10.2	6	1.2	-9.1	4.5
Japan	0.7	-5.8	2.4	0.7	-6.1	2.5
Emerging market and developing economies	3.7	-3	5.9	3.5	-2.5	4.6
Emerging and Developing Asia	5.5	-0.8	7.4			
East Asia and Pacific				5.9	0.5	6.6
China	6.1	1	8.2	6.1	1	6.9
South Asia				4.7	-2.7	2.8
India	4.2	-4.5	6	4.2	-3.2	3.1
Emerging and Developing Europe	2.1	-5.8	4.3			
Europe and Central Asia				2.2	-4.7	3.6
Russia	1.3	-6.6	4.1	1.3	-6	2.7

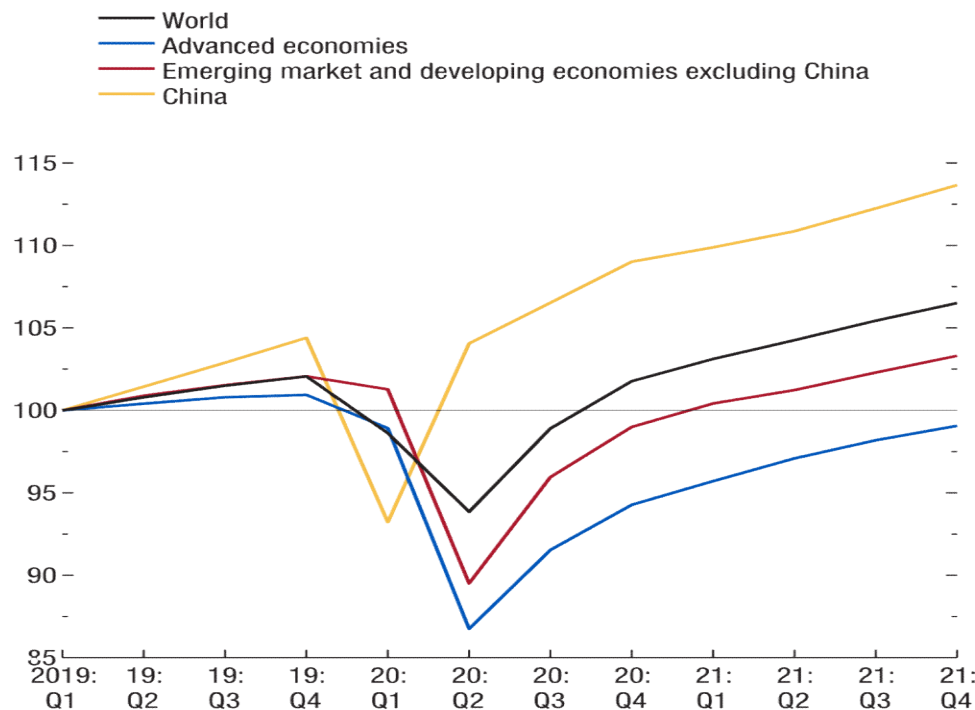
REAL GDP (Percent change from previous year)	IMF			WORLD BANK		
	2019	2020	2021	2019	2020	2021
Emerging market and developing economies						
Middle East and Central Asia	1	-4.7	3.3			
Middle East and North Africa				-0.2	-4.2	2.3
Saudi Arabia	0.3	-6.8	3.1	0.3	-3.8	2.5
Sub-Saharan Africa	3.1	-3.2	3.4	2.2	-2.8	3.1
Nigeria	2.2	-5.4	2.6	2.2	-3.2	1.7
South Africa	0.2	-8	3.5	0.2	-7.1	2.9
Latin America and Caribbean	0.1	-9.4	3.7	0.8	-7.2	2.8
Brazil	1.1	-9.1	3.6	1.1	-8	2.2
Mexico	-0.3	-10.5	3.3	-0.3	-7.5	3
High Income Countries				1.7	-6.8	3.8
developing Countries				3.7	-2.4	4.7
Low Income Countries	5.2	-1	5.2	5	1	4.6

Source: IMF and World Bank World Economic Outlook (June 2020)

<https://www.worldbank.org/en/publication/global-economic-prospects>
<https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>

What can be assumed given uncertainties surrounding the outlook?

Figure 1. Quarterly World GDP
(2019:Q1 = 100)



Source: IMF staff estimates.

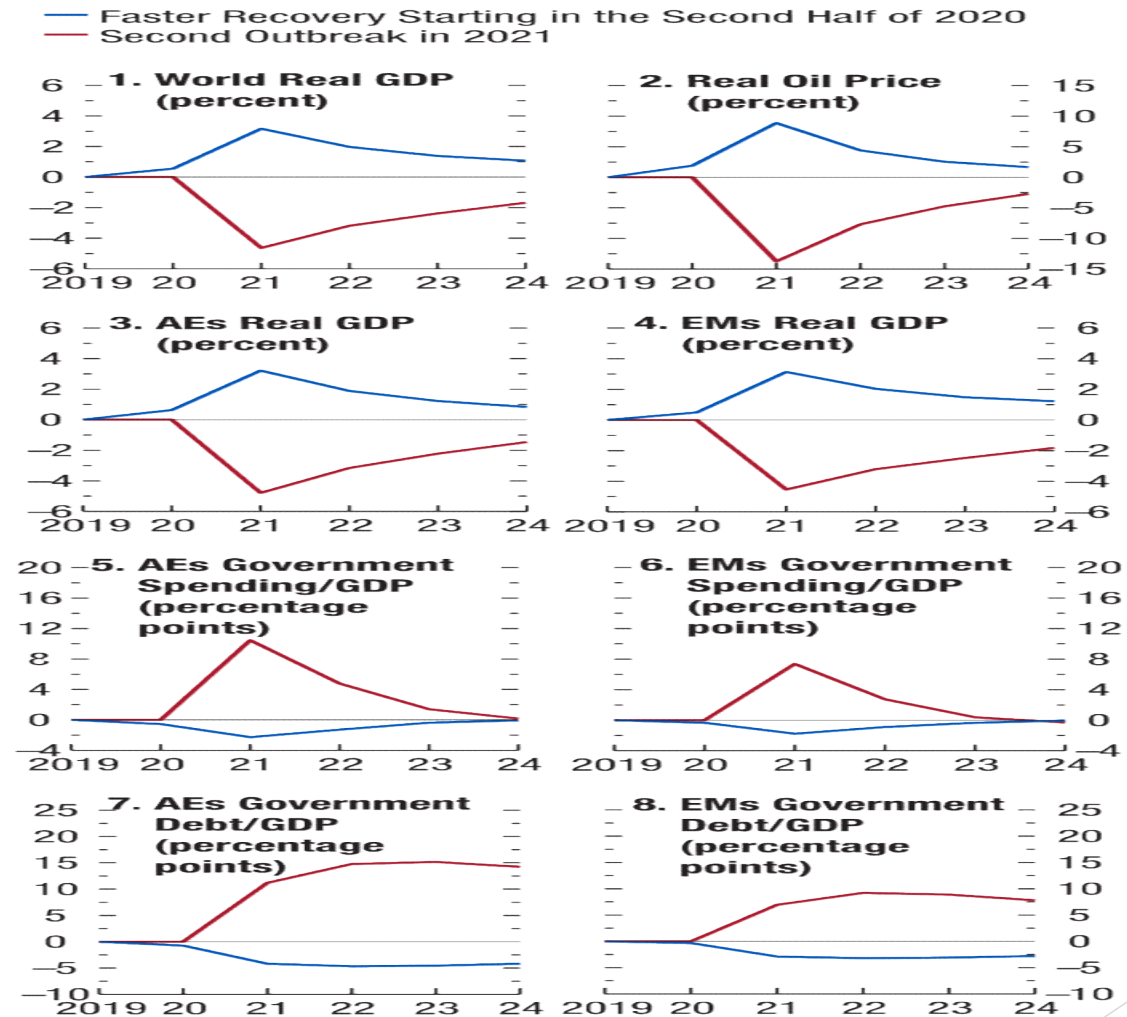
Source: IMF World Economic Outlook (April 2020)

<https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>

- How long will the pandemic last and what will be the severity levels?
- How deep and how long will the global recession be?
- How long will lockdowns and travel restrictions continue?
- How fast will consumer confidence in air travel be restored?
- Will there be a structural shift in industry and consumers' behaviors?
- How long can the air transport industry withstand the financial adversity?

Scenario Figure 1. June WEO 2020 Alternative Scenarios

(Deviation from baseline)

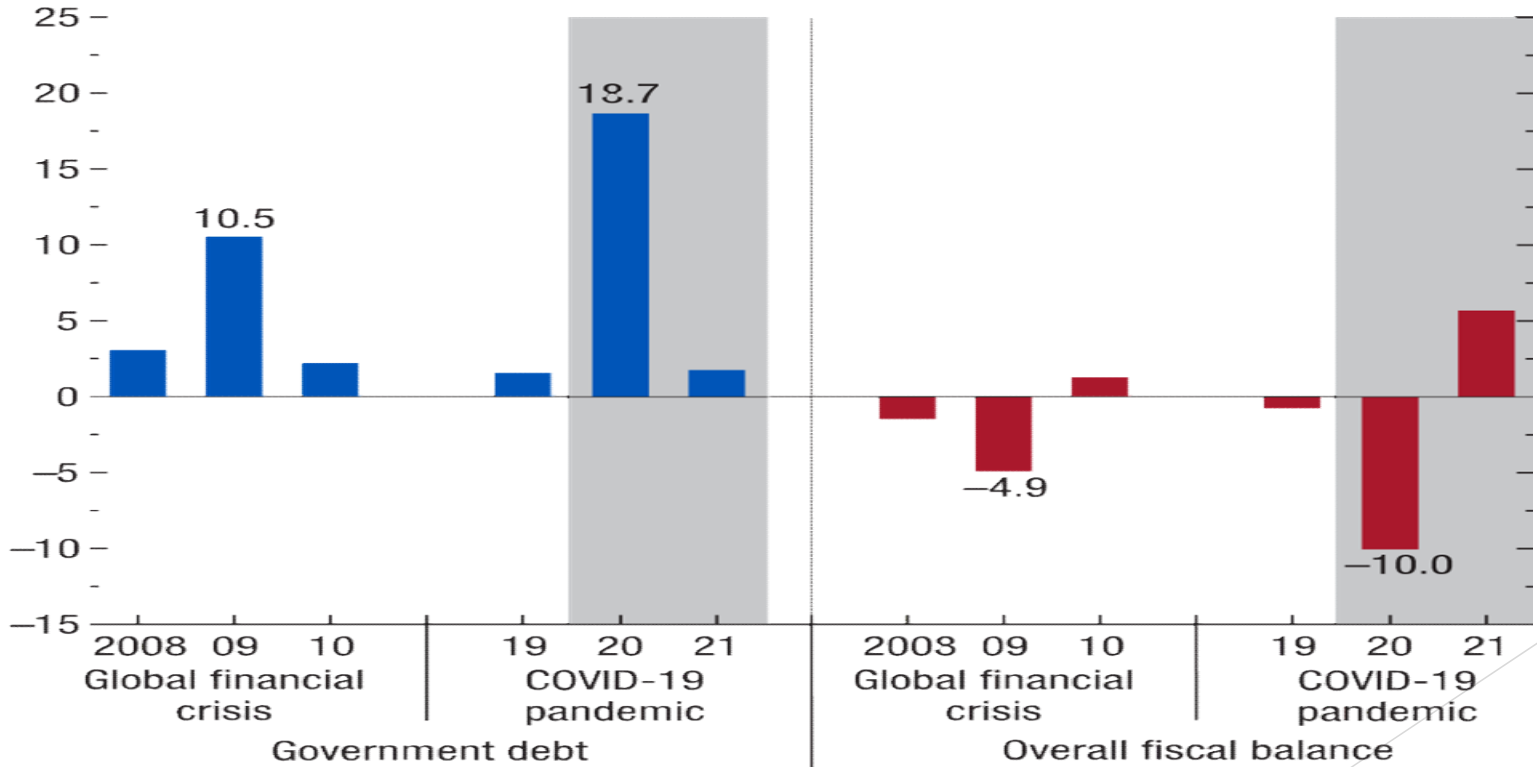


Source: IMF, G-20 Model simulations.

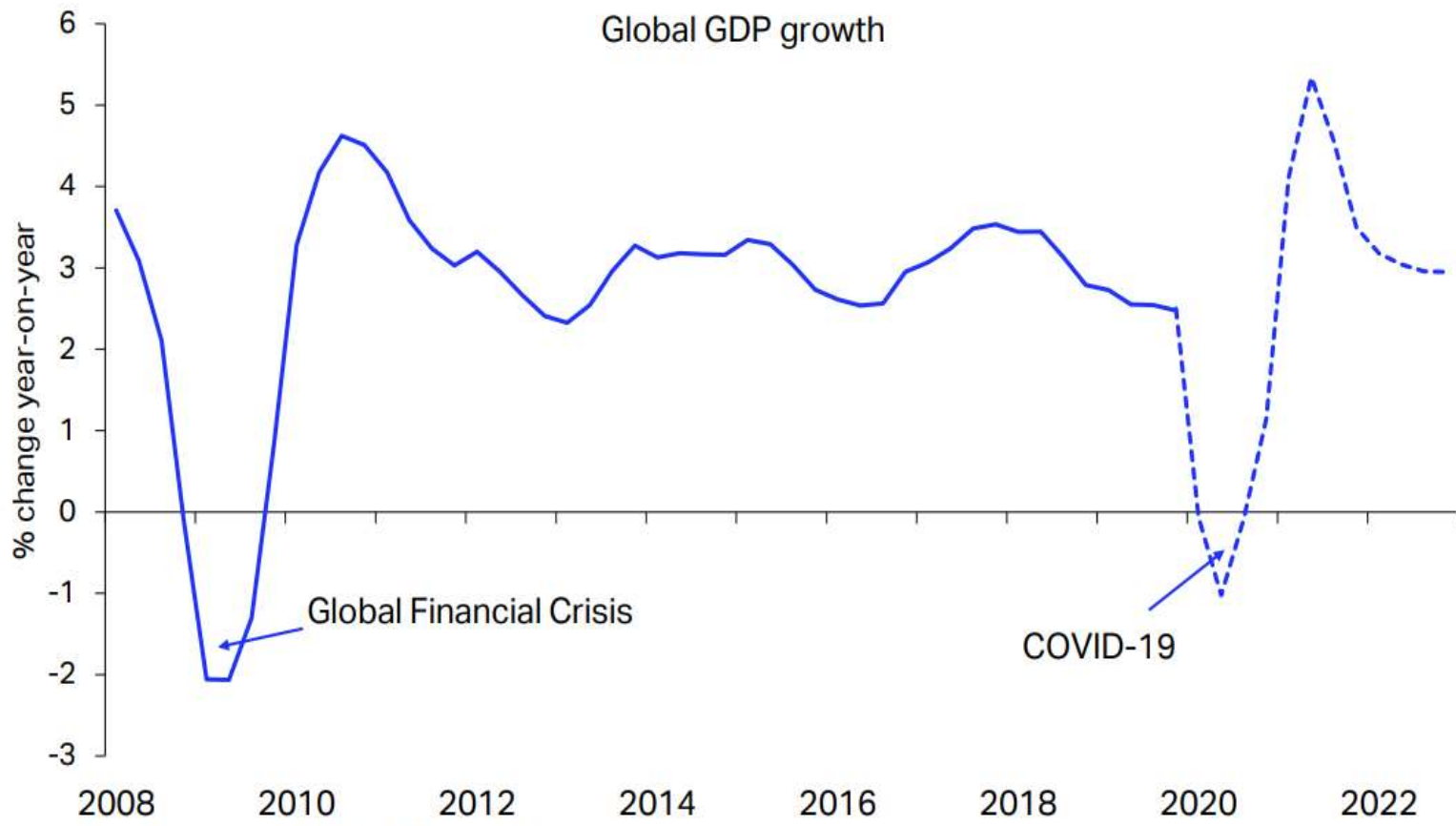
Note: AEs = advanced economies; EMs = emerging market economies.

Annex Figure 2. Change in Global Government Debt and Overall Fiscal Balance (Percent of GDP)

Government debt and deficits are set to rise globally, more so than during 2008–10 following the global financial crisis.



Source: IMF staff estimates.



Source: Oxford Economics March 2020 forecast



WTO: Global trade falling by 13 to 32% in 2020

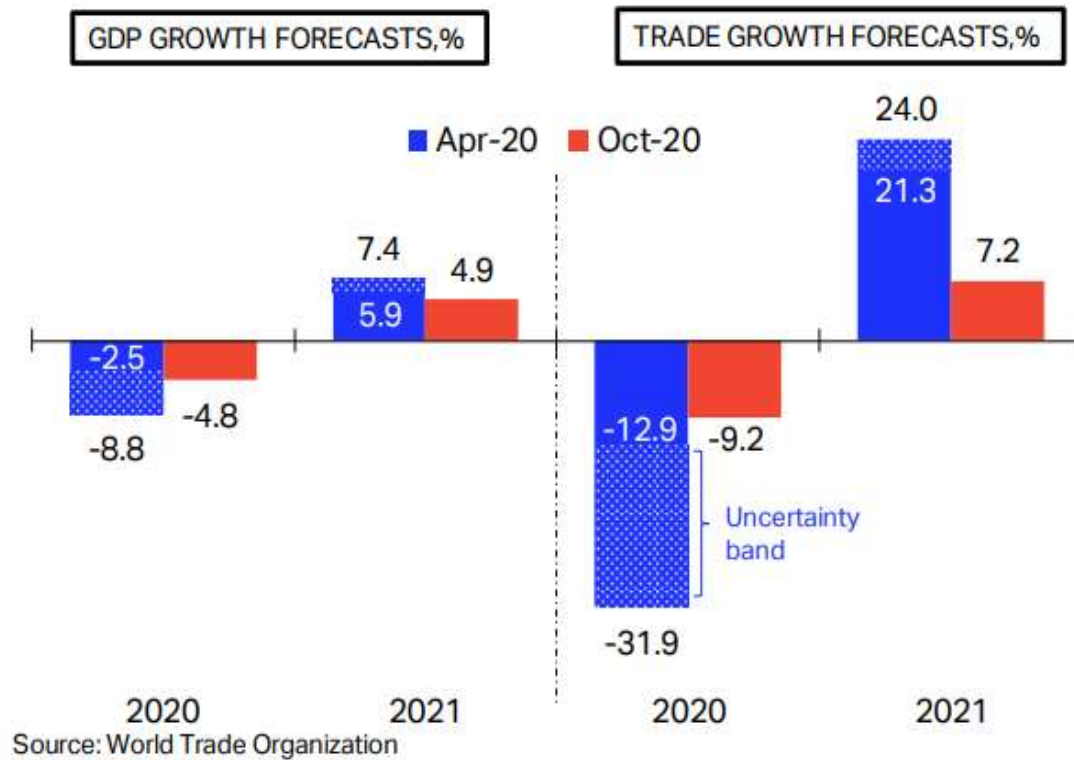
World merchandise trade volume, 2005Q1-2021Q4



- World merchandise trade is set to plummet by between 13 and 32% in 2020 due to the COVID-19 pandemic.
- A 2021 recovery in trade is expected, but dependent on the duration of the outbreak and the effectiveness of the policy responses.
- Nearly all regions will suffer double-digit declines in trade volumes in 2020, with exports from North America and Asia hit hardest.

https://www.wto.org/english/news_e/pres20_e/pr858_e.htm

What do the new GDP and trade forecasts suggest for air cargo?



- Global economy to contract by 5%.
- Trade to fall by 9.2%
- Anticipated Recovery for 2021 has been downgraded to 7.2%

IMPACT OF COVID-19 ON THE AVIATION INDUSTRY

THE GLOBAL PICTURE



- Job losses in aviation and related industries could increase by up to 3.5 million. That is more than half of the region's 6.2 million aviation-related employment and 400,000 more than the previous estimate.
- Full-year 2020 traffic is expected to plummet by 54% (more than 80 million passenger journeys) compared to 2019. Previous estimate was a fall of 51%.
- GDP supported by aviation in the region could fall by up to \$35 billion. IATA previously estimated a \$28 billion decline.

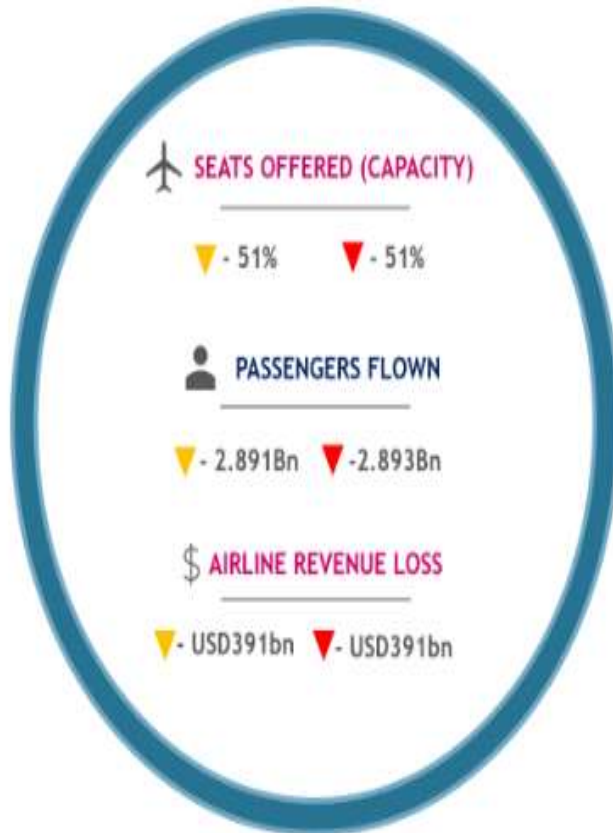
Estimated results in brief: World total passenger traffic

- ▶ The latest estimates indicate that the possible COVID-19 impact on world scheduled passenger traffic compared to Baseline (business as usual, originally-planned) would be:
- ▶ Full year 2020 (Jan - Dec)
 - ▶ - Overall reduction ranging from 51% to 52% of seats offered by airlines
 - ▶ - Overall reduction of 2,894 to 2,981 million passengers
 - ▶ - Approx. USD 388 to 400 billion potential loss of gross passenger operating revenues of airlines
- ▶ Q1 2021 (Jan - Mar)
 - ▶ - Overall reduction ranging from 34% to 47% of seats offered by airlines
 - ▶ - Overall reduction of 504 to 681 million passengers
 - ▶ - Approx. USD 72 to 96 billion potential loss of gross passenger operating revenues of airlines

The actual impacts will depend on duration and magnitude of the outbreak and containment measures, the degree of consumer confidence for air travel, and economic conditions, etc.

Global Estimates of Impacts in brief

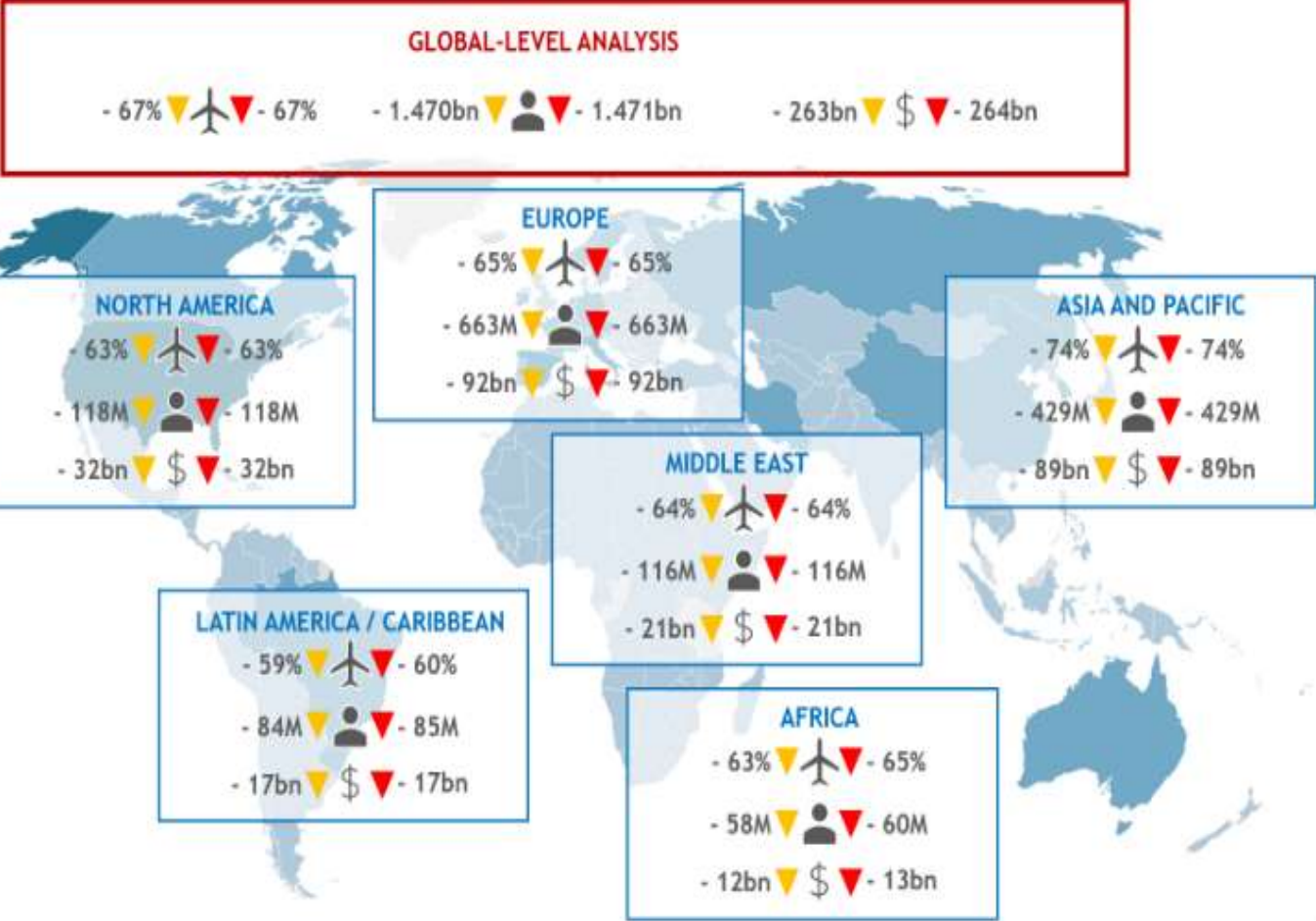
FULL YEAR 2020



H1 2021



Global-level Analysis of Impacts on International Traffic



Estimated Results in Brief: International and Domestic

International passenger traffic for 2020 compared to Baseline

- Overall reduction ranging from **65% to 66% of seats offered by airlines**
- Overall reduction of **1,426 to 1,462 million passengers**
- Approx. **USD 257 to 264 billion potential loss** of gross operating revenues of airlines

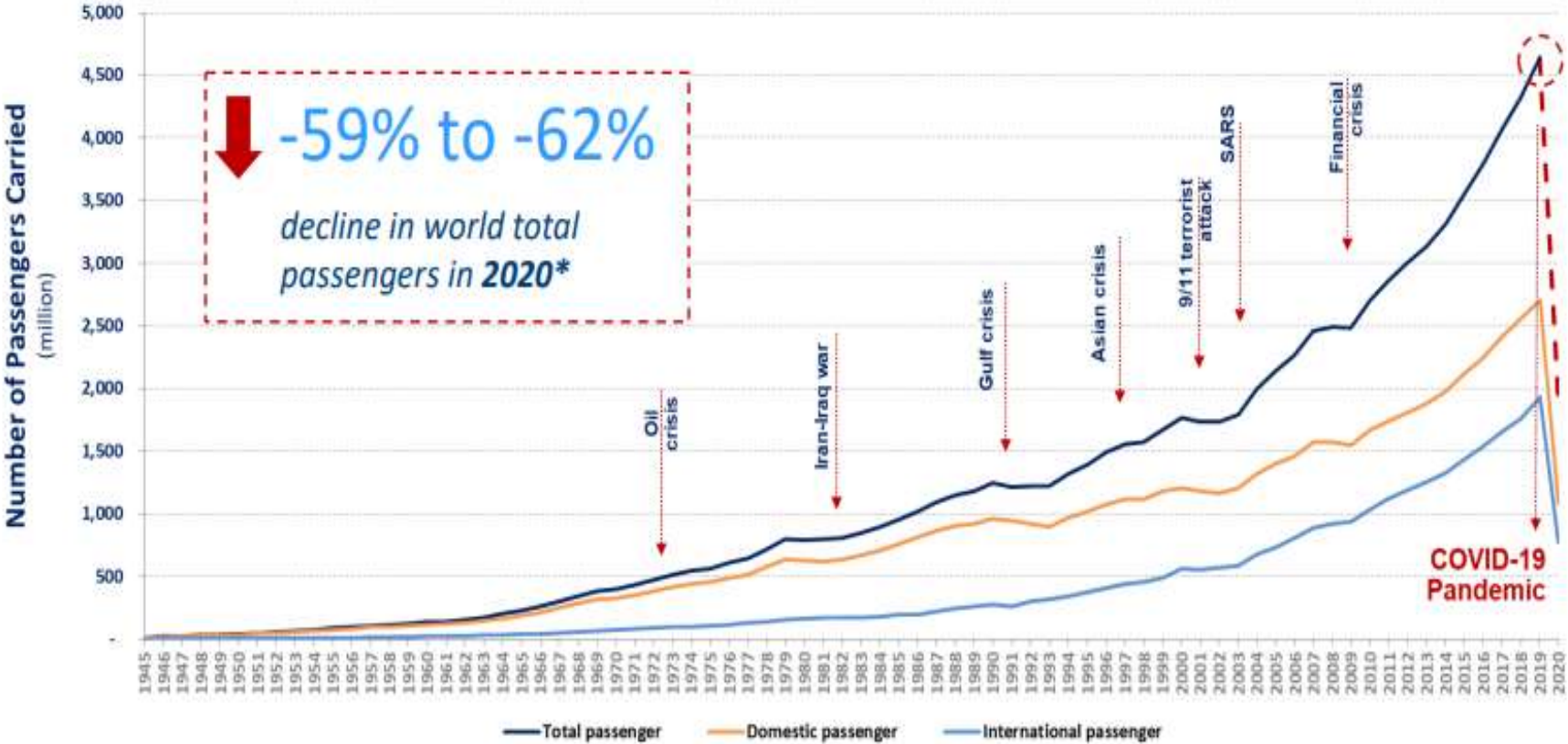
Domestic passenger traffic for 2020 compared to Baseline

- Overall reduction ranging from **40% to 41% of seats offered by airlines**
- Overall reduction of **1,468 to 1,518 million passengers**
- Approx. **USD 131 to 136 billion potential loss** of gross operating revenues of airlines

Compared to Baseline	Seat capacity (%)			Passenger number (million)			Passenger revenue (USD, billion)		
	Total	International	Domestic	Total	International	Domestic	Total	International	Domestic
1Q 2020	-18%	-20%	-17%	-287	-111	-176	-35	-20	-15
2Q 2020	-79%	-92%	-69%	-1,044	-488	-556	-136	-86	-50
3Q 2020	-56%	-75%	-42%	-894	-476	-418	-123	-86	-37
4Q 2020	-47% to -52%	-66% to -73%	-34% to -37%	-669 to -756	-350 to -386	-319 to -369	-94 to -105	-66 to -72	-28 to -33
Total 2020	-51% to -52%	-65% to -66%	-40% to -41%	-2,894 to -2,981	-1,426 to -1,462	-1,468 to -1,518	-388 to -400	-257 to -264	-131 to -136
1Q 2021	-34% to -47%	-51% to -67%	-23% to -34%	-504 to -681	-275 to -348	-230 to -333	-72 to -96	-52 to -66	-20 to -30

WORLD PASSENGER TRAFFIC

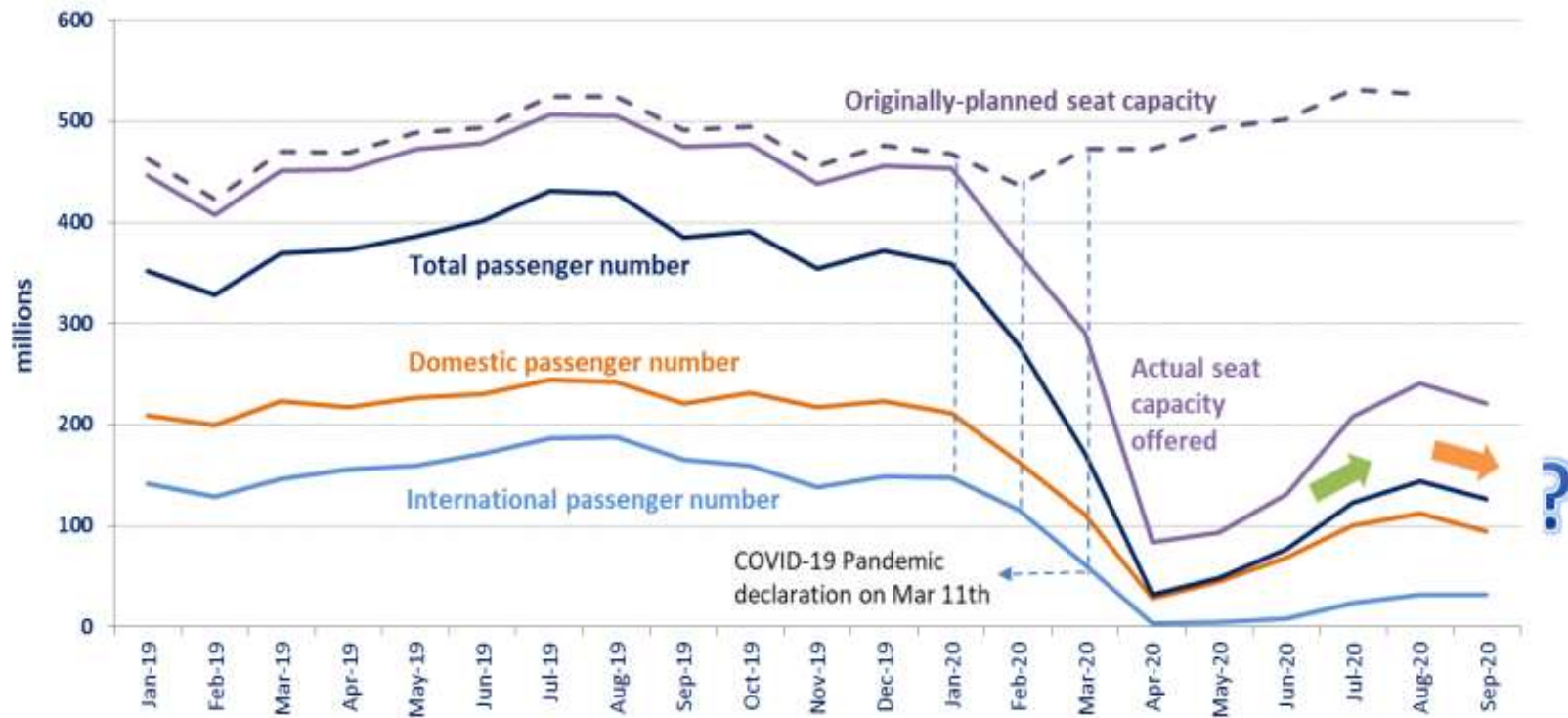
World passenger traffic evolution
1945 – 2020*



Source: ICAO Air Transport Reporting Form A and A-S plus ICAO estimates.

Comparison of Passenger Numbers and Capacity

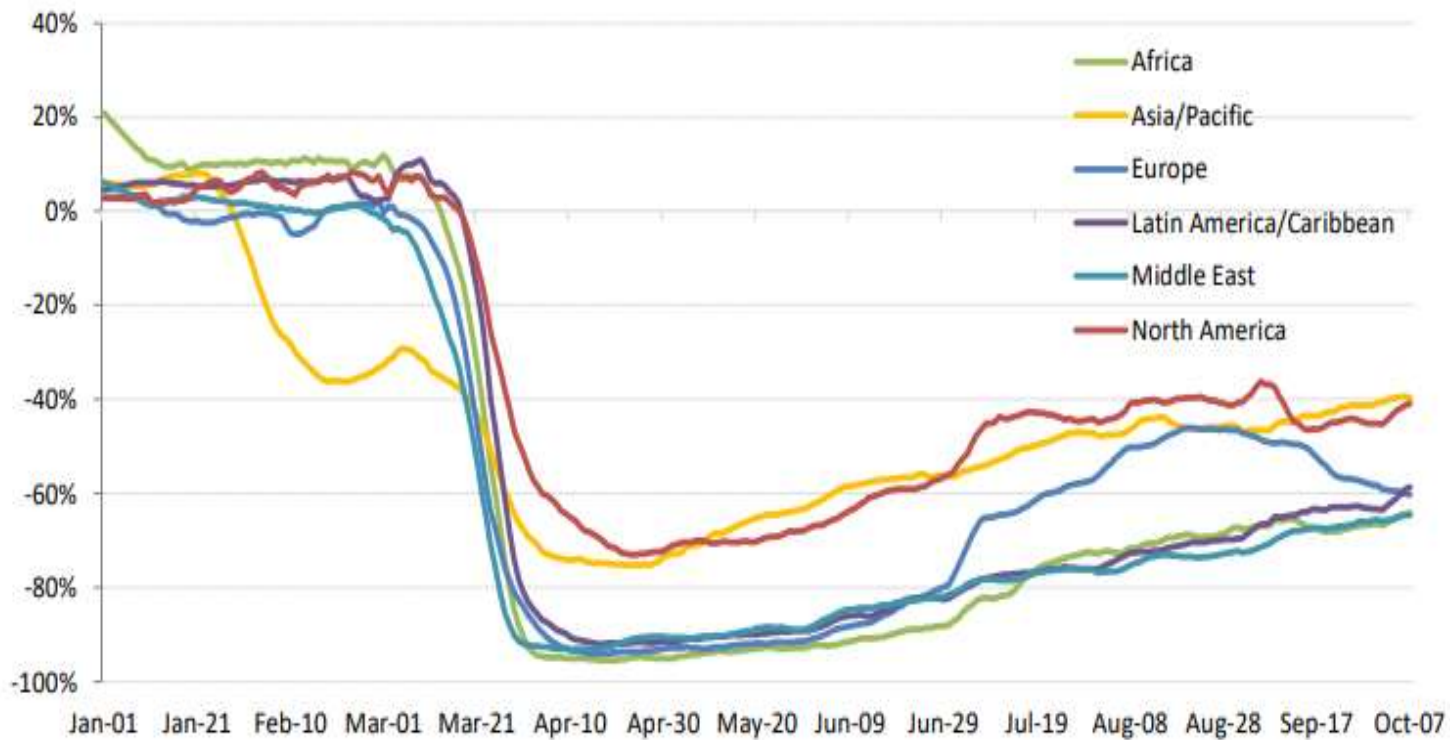
Comparison of passenger numbers and capacity (Domestic travel is leading the recovery)



Source: ICAO ADS-B operation data

Comparison of Seat Capacity by Region

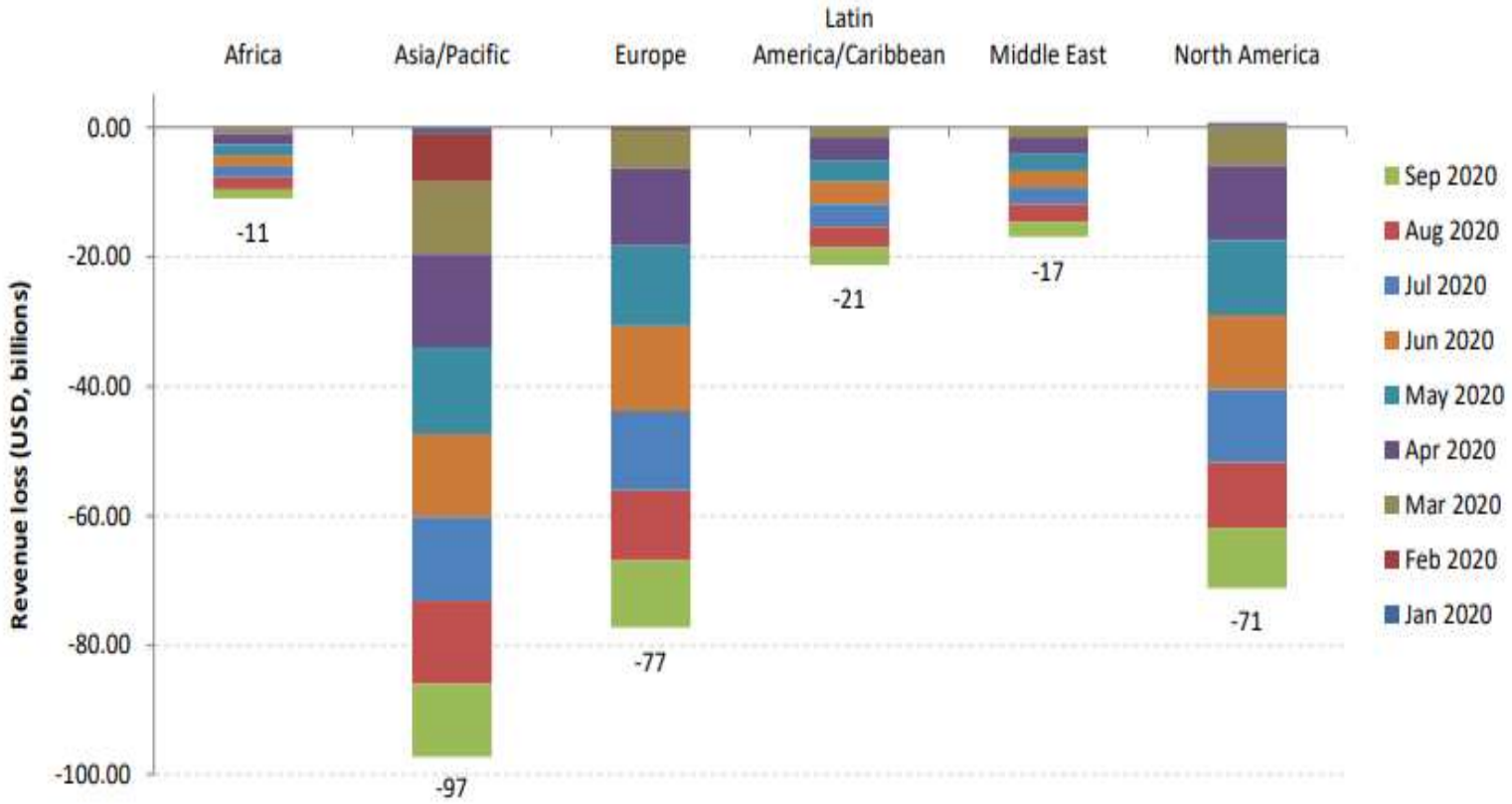
Comparison of total seat capacity by region
(7-day average, YoY compared to 2019)



Source: ICAO ADS-B

Revenue Loss From Jan To Sep 2020

Approximately USD 294 billion passenger



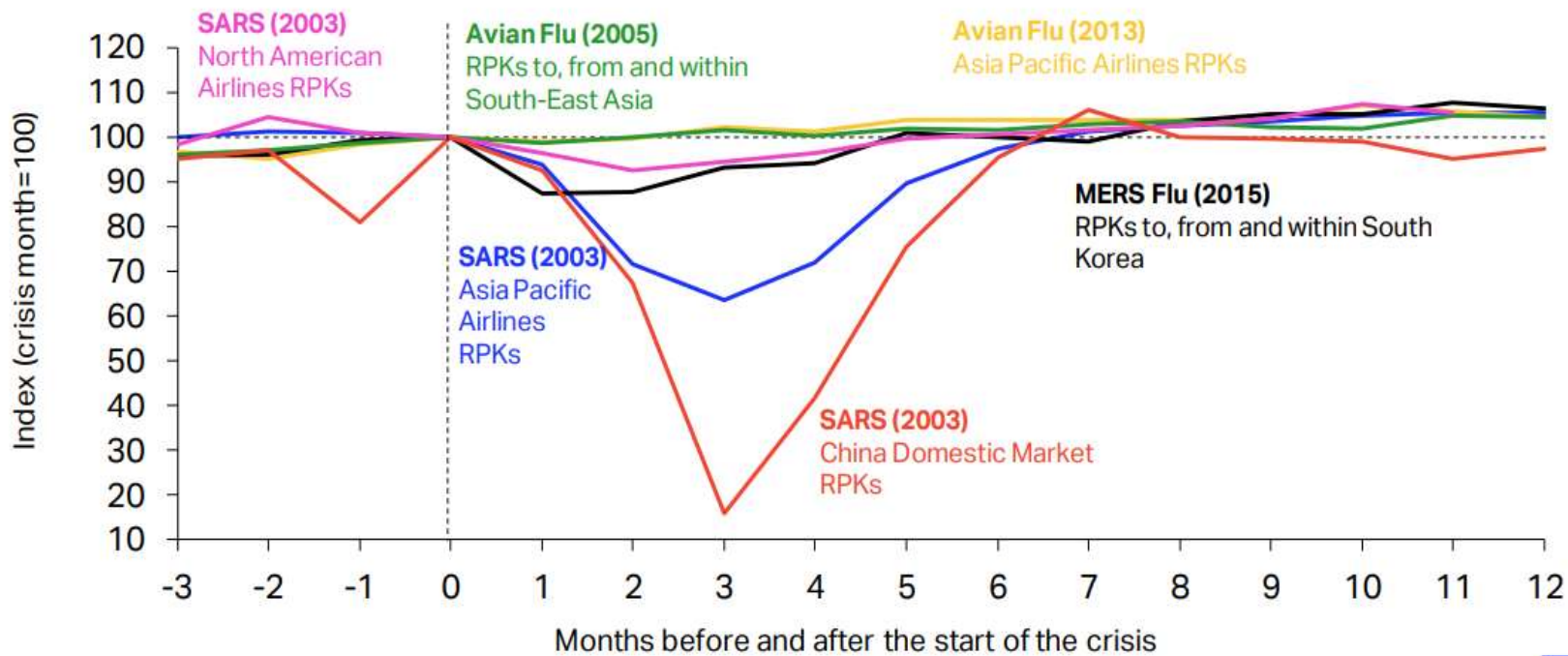
Note: Compared to Baseline (business as usual, originally-planned)

Impact of past disease outbreaks on aviation in Asia Pacific

Note: All previous pandemics, there was no Recession

The impact of COVID-19 has already surpassed the 2003 SARS outbreak which had resulted in reduction of annual RPKs by 8% and USD 6 billion revenues for Asia/Pacific airlines. The 6-month recovery path of SARS might not apply to today's situation.

Impact of past disease outbreaks on aviation



Source: IATA Economics using data from IATA Statistics

2020 forecasts - COVID-19 impact on travel and tourism sector

REGION	TOTAL JOB LOSS (MILLION)			Total GDP Loss (USD billion*)		
	Best-Case	Baseline	Worst-Case	Best-Case	Baseline	Worst-Case
Africa	-7.6	-10.9	-17.4	-53	-75	-120
Asia/Pacific	-59.7	-69.3	-115	-980	-1137	-1888
Europe	-14.2	-18.4	-29.5	-771	-1000	-1608
Latin America/Caribbean	-5.9	-7.7	-12.4	-111	-143	-229
Middle East	-2.7	-3.4	-4.9	-99	-125	-179
North America	-8.1	-11.4	-18.2	-673	-995	-1520
Total	-98.2	-121.1	-197.5	-2686	-3435	-5543

Worst-case scenario: Current restrictions starting to ease from September for short-haul and regional travel, from October for mid-haul and from November for long-haul. Baseline scenario: Current restrictions starting to ease from June for regional travel, July for short-haul or regional travel; from August for midhaul, and from September for long-haul. Best-case scenario: Current measures starting to ease from June for short-haul and regional travel; from July for midhaul and from August for long-haul. * based on 2019 prices and exchange rates.

IMPACT OF COVID-19 ON THE AVIATION INDUSTRY

THE CONTINENTAL PICTURE



STATE OF THE INDUSTRY BEFORE COVID-19

AFRICA

- **20.4%** of earth's total land area
- **16.72%** of total world population (UN estimate)
- **3%** of world GDP

2018	GLOBAL	AFRICA	AFRICA'S SHARE
Passengers Carried (*)	4.54 billion	95.64 million	2.11%
Cargo Lifted (*)	60,965 thousand tons	1,047 thousand tons	1.68%
Airlines	1,303	198	15.20%
Airports	3,789	352	9.30%
Fleet (*)	25,900	1015	3.92%
Navigation Service Providers	170	36	21.20%
Jobs	87.7 million	7.7 million	8.78%
Contribution to GDP	4.10%	\$63 billion 2.70%	

(*) : 2019

Value of Air Transport in Africa

▶ Africa



US\$63 billion
GDP supported by air transport sector



7.7 Million
Jobs are supported by the air transport sector



15

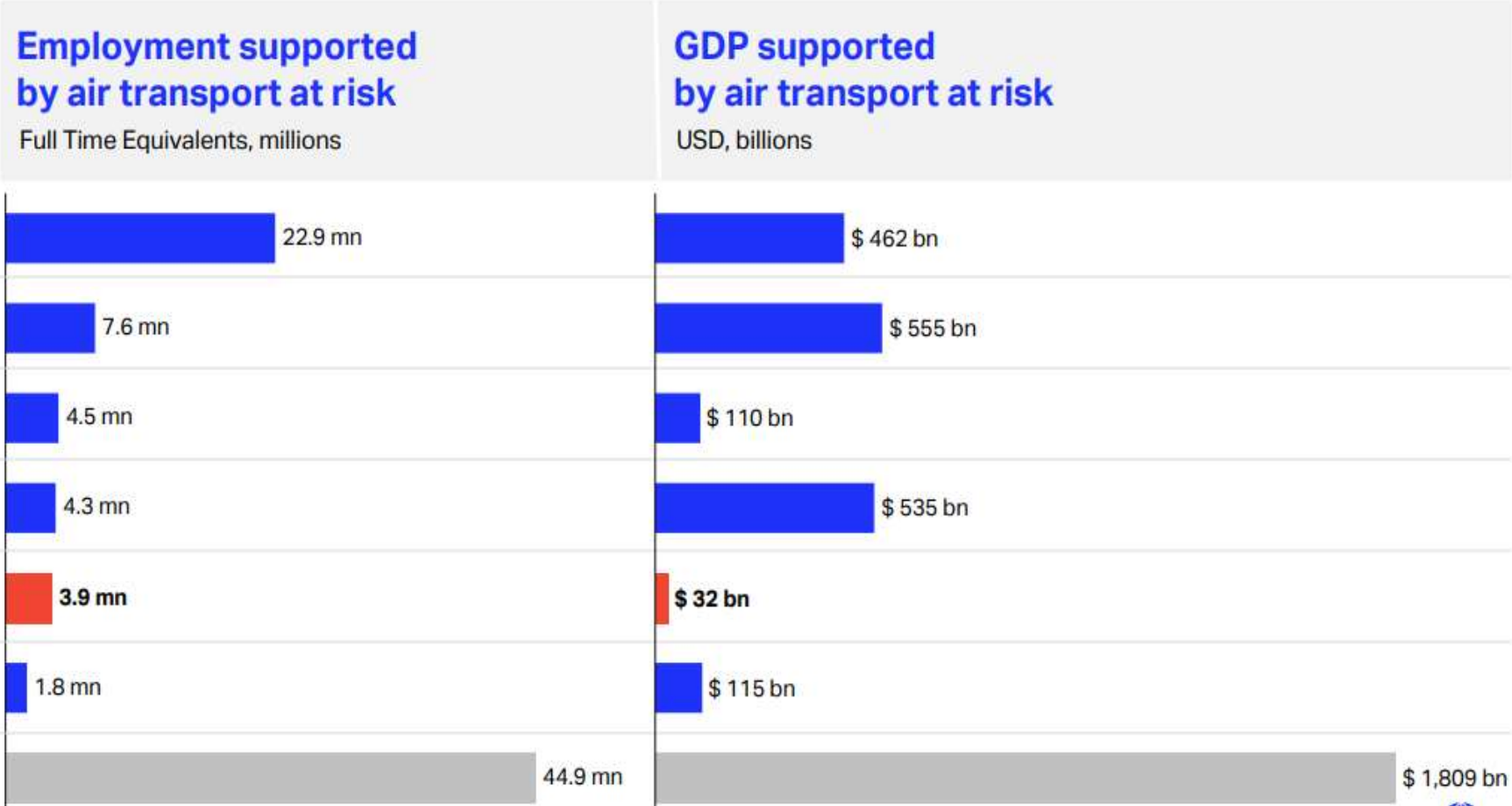
Aviation contributes to 15/17 of the UNSDGs



1 Billion

Aviation contributes to globalization which has lifted 1 billion people out of poverty since 1999

Impact of COVID-19 on jobs and GDP



SOURCE: IATA

Africa's Performance vs. other regions

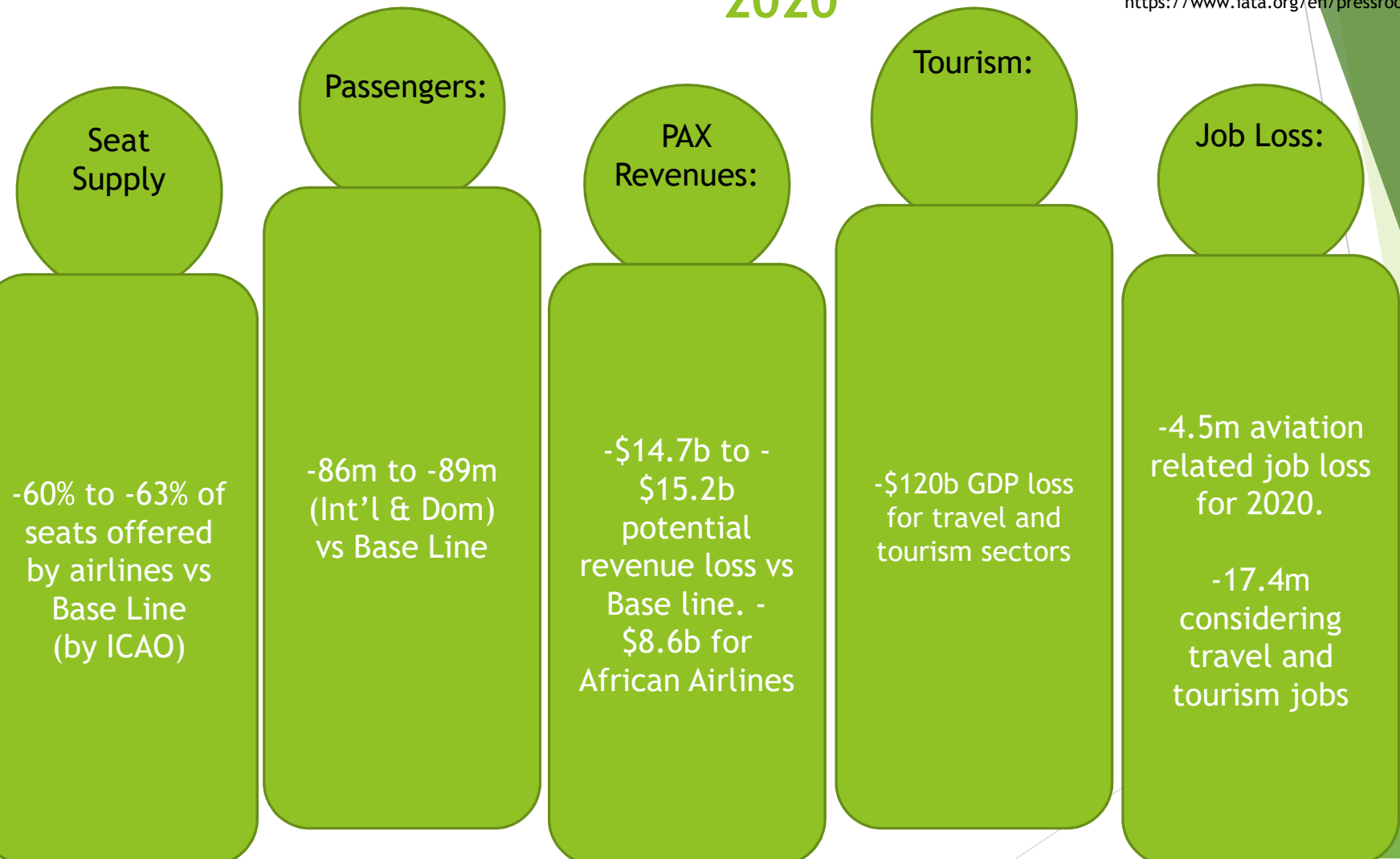
Region	2020 Demand vs 2019	2020 Capacity vs 2019	2020 Profits	2021 Demand vs 2020 (vs 2019)	2021 Capacity vs 2020 (vs 2019)	2021 Profits
World	-66.3%	-57.6%	-\$118.5b	+50.4% (-50%)	+35/5% (-43%)	-\$37.8b
Africa	-72.0%	-62.8%	-\$2.0b	+35/0% (-62%)	+21.5% (-55%)	-\$1.7b

African airlines will lose \$41.6 per pax

SOURCE: IATA

Estimated COVID-19 impact on African air transport and tourism for 2020

<https://www.iata.org/en/pressroom/pr/2020-08-13-03/>



Air connectivity in Africa before and after C-19

Air connectivity gaps even before COVID 19

970
city pairs

April 2019

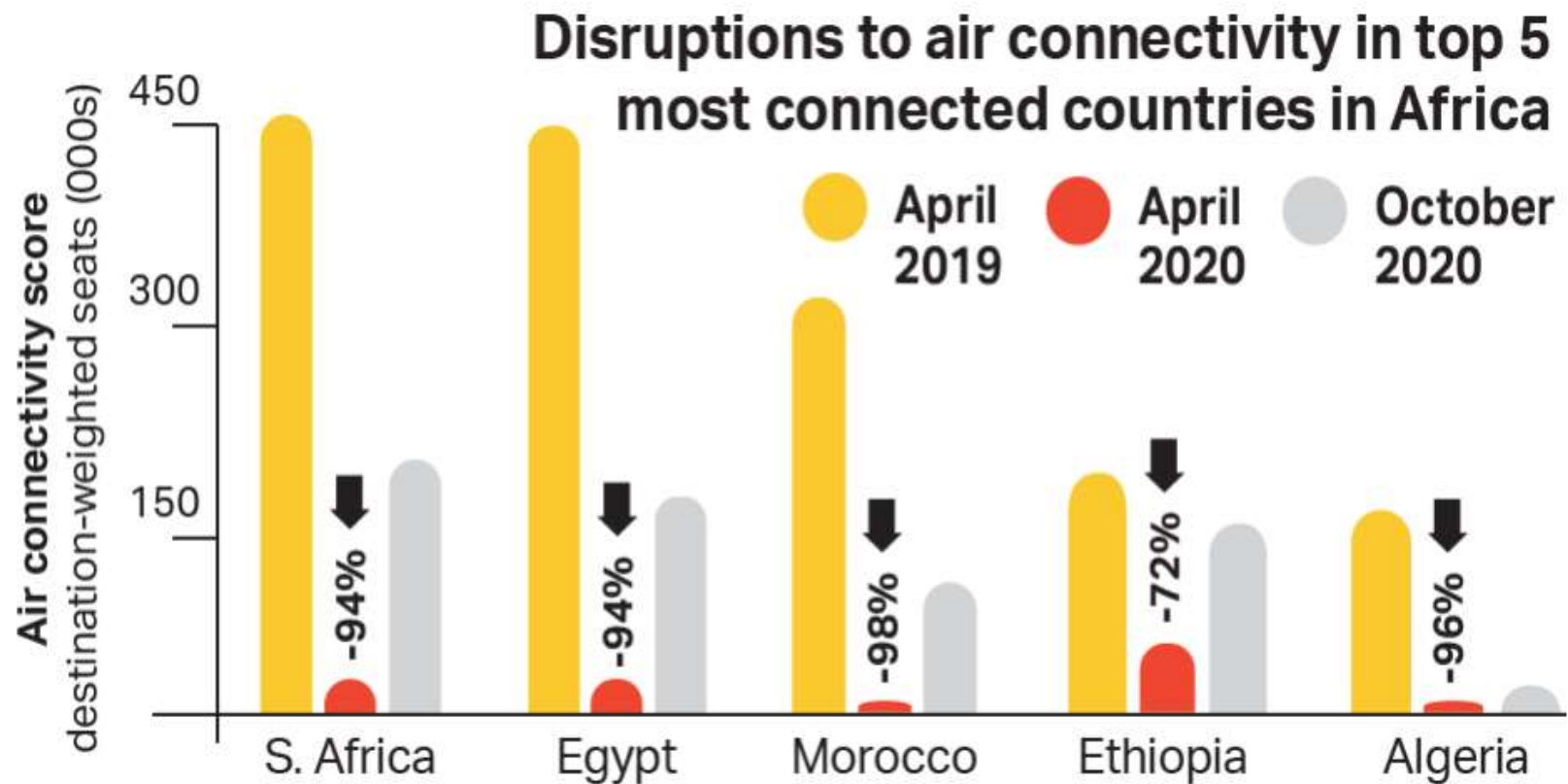
Air connectivity decimated by COVID 19

100
city pairs

April 2020

SOURCE: IATA

Air connectivity in the top 5 markets in Africa



SOURCE: IATA

Africa Flights Overview



COVID-19 Recovery Coordination Center (CRCC)
Africa

Based on data from FlightRadar24

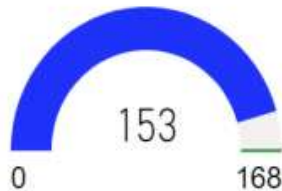
7 Days Moving Average

[Go to Last Day Overview](#)

Today: November 30, 2020

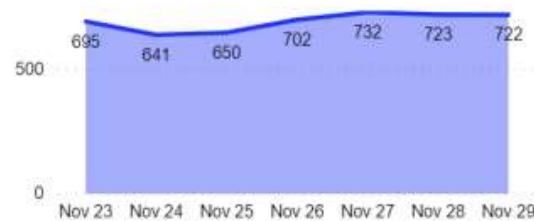
Last Update (UTC): Nov 30, 2020 06:06:20 AM

of Distinct Airlines Operating International Flights in the Region



Last 7 days vs same period last year: **-8.9%**

of International Flights in the Region



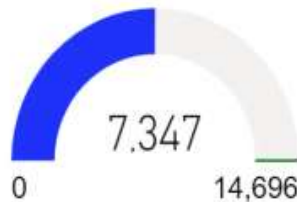
Last 7 days average vs same period last year: **-49.7%**

of Domestic Flights in the Region



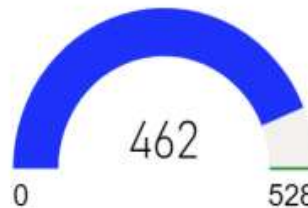
Last 7 days average vs same period last year: **-50.7%**

of Total Flights Operating in the Region
Last 7 Days



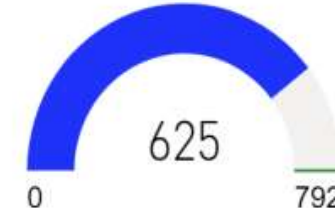
Last 7 days vs same period last year: **-50.0%**

of Country Pairs in the Region



Last 7 days vs same period last year: **-12.5%**

of International City Pairs in the Region



Last 7 days vs same period last year: **-21.0%**

SOURCE: IATA

IMPACT OF COVID-19 ON THE AVIATION INDUSTRY

THE NATIONAL PICTURE



Country Level Impact

IATA Economics' latest outlook for key national markets in Africa has worsened since the previous assessment in June. For example, passenger numbers, jobs at risk and GDP impacts for the five biggest African markets have declined across every metric:

COUNTRY	JUNE PAX ESTIMATE (MILLIONS)	AUGUST PAX ESTIMATE (MILLIONS)	JUNE JOBS AT RISK	AUGUST JOBS AT RISK	APRIL GDP (US\$ BILLIONS)	AUGUST GDP (US\$ BILLIONS)
South Africa	-15.6	-16.6	269,000	287,700	-5.1	-5.8
Nigeria	-5.3	-5.7	139,500	149,400	-0.9	-1.1
Kenya	-3.8	-4.0	207,800	223,600	-1.6	-1.8
Rwanda	-0.47	-0.5	17,300	18,500	-0.06	-0.07
Ethiopia	-2.6	-2.8	530,400	564,100	-1.9	-2.1

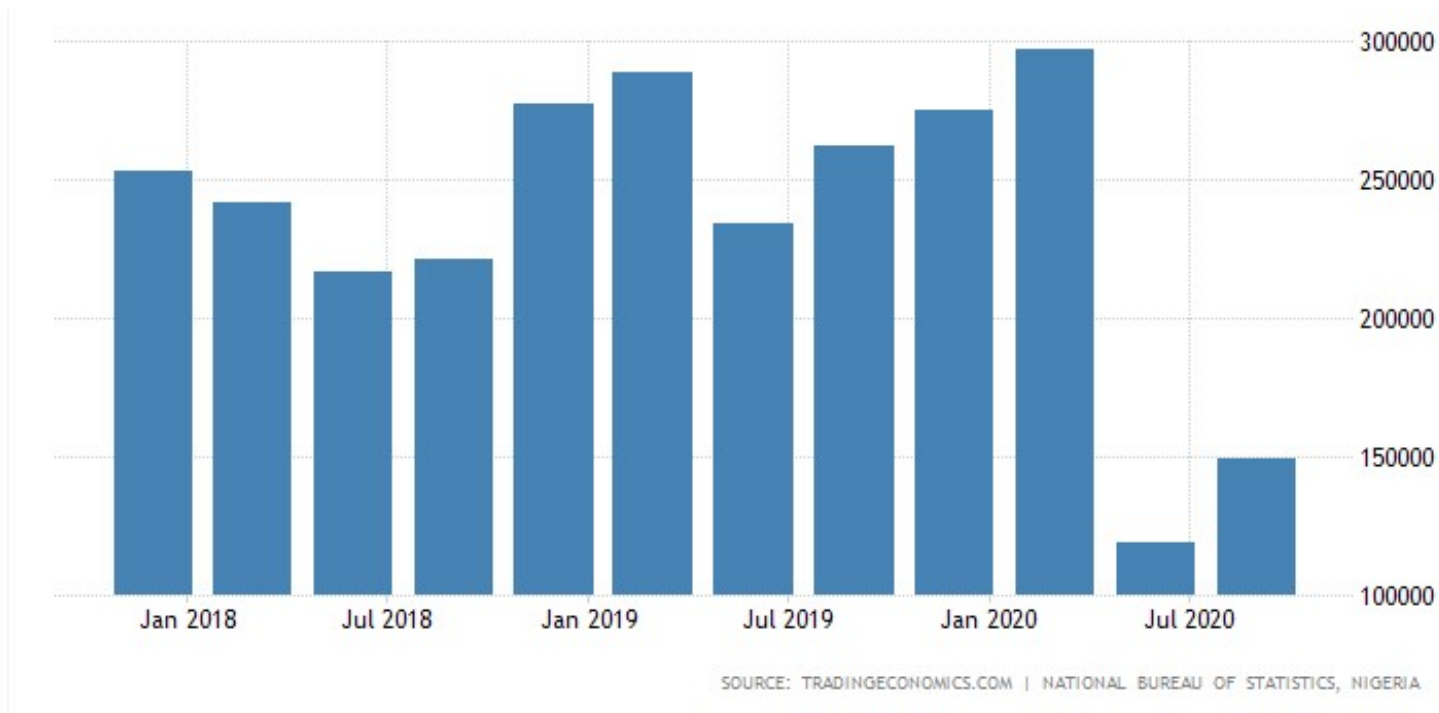
IMPACT OF COVID-19 ON THE AVIATION INDUSTRY

GDP GROWTH RATE:

- ▣ TRANSPORT SECTOR
- ▣ AVIATION SECTOR

GDP OF TRANSPORT SECTOR: NIGERIA

GDP From Transport in Nigeria increased to 149282.44 NGN Millions in the third quarter of 2020 from 118654.96 NGN Millions in the second quarter of 2020.



RECOVERY, GROWTH, POLICY ADVOCACY
& COMMUNICATIONS STRATEGY



Recovery, Growth, Policy Advocacy & Communications Strategy

1. Restarting Aviation - Multi-layered Biosecurity Measures
2. Opportunities for the Aviation Industry
3. **Aviation Development Strategy**
 - i. Context, Opportunities & Challenges
 - ii. Stakeholder Mapping, Analysis & Engagement
 - iii. SWOT Analysis
 - iv. Pestle Analysis
 - v. Strategic Vision
 - vi. Key Strategic Objectives
 - vii. Key Policy Actions
 - viii. Performance Management
 - ix. Continental Aviation Hub & AfCFTA
 - x. ECOWAS Regional Aviation Hub
 - xi. Domestic Aviation Hub
 - xii. Strategy Processes & Alliances

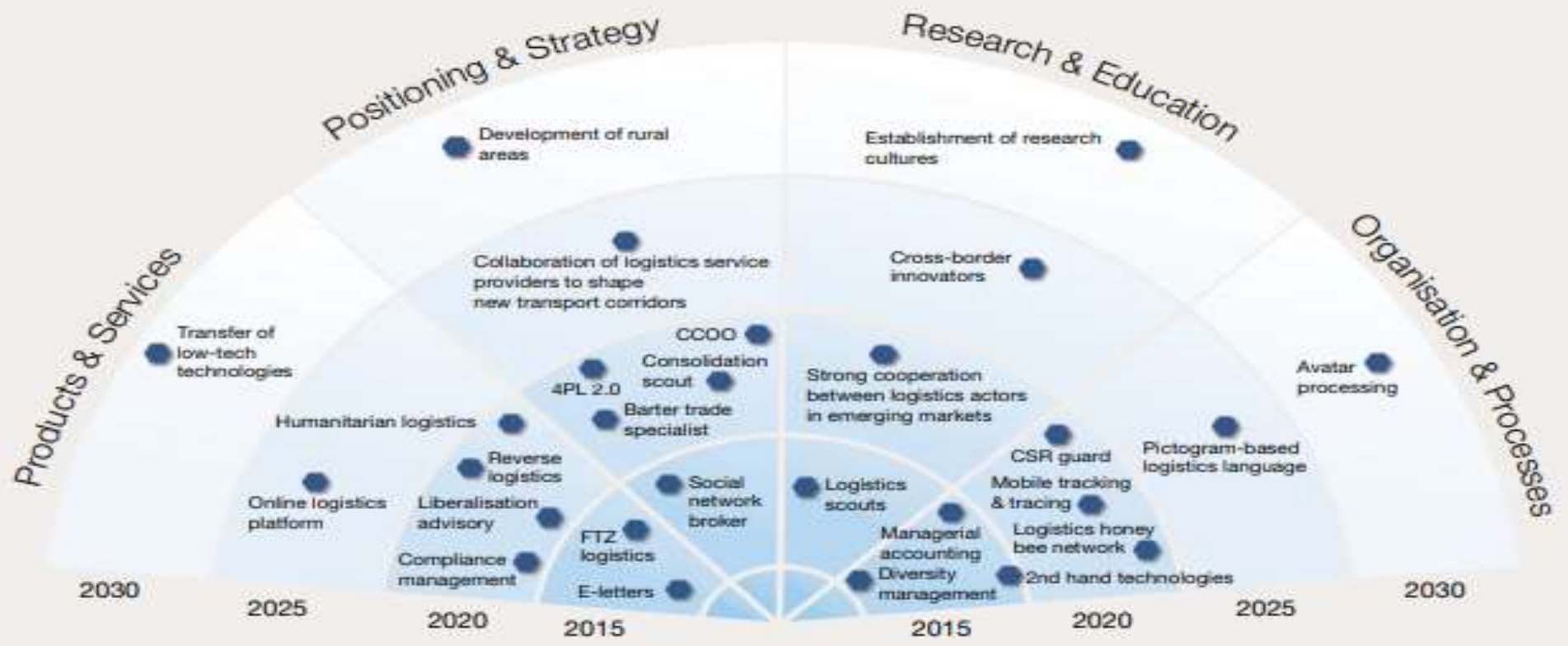
- i. Fiscal Responsibility, Prudence & Fiscal Stability
- ii. Lagos & Abuja Aviation Hubs(International & Domestic)
- iii. Aviation Traffic Development with low entry dynamic pricing models - E.U Experience - Ryan Air & Easy Jet
- iv. Aviation & Hospitality Development Bank
- v. Airport City/Business Hubs, Conference Centres; Shopping
- vi. Airport Security Zones, Tourism , Creative & Cultural Industries, Hotels & Entertainment & Leisure Hubs
- vii. Concession Development Framework
- viii. National Medium Term Development 2021 - 2025; Agenda 2050

Restarting Aviation - Multi-layered Biosecurity Measures



OPPORTUNITIES FOR THE AVIATION INDUSTRY - PWC

Opportunity Radar





▶ **AVIATION DEVELOPMENT
STRATEGY**

Aviation Development Strategy

Context, Opportunities & Challenges

Multi-Stakeholder Communications & Effective Labour Union Engagement

- i. Mapping (On-going) and Scanning
- ii. Analysis and Data Analytics
- iii. Consultations and Labour Relationship
- iv. Communication
- v. Stakeholder Management



SWOT & PESTLE ANALYSIS

SWOT

Constant review of

- ▶ Strength
- ▶ Weakness
- ▶ Opportunities
- ▶ Threats in Aviation
- ▶ Ecosystem and Environment
- ▶ Business Planning, Growth Recovery

PESTLE

Constant review of challenges in

- ▶ Political environment
- ▶ Economic challenges
- ▶ Social engineering & Inclusion
- ▶ Technological Advances
- ▶ Legal, Legislative & Regulatory
- ▶ Environment & Changes
- ▶ Environmental Ecosystems

THE STRATEGIC VISION & KEY STRATEGIC OBJECTIVES

1. To increase public and the multi-stakeholder awareness of FAAN's policies, programmes, projects and activities.
2. Promoting investment opportunities in the aviation sector, increased revenue generation, fiscal responsibility and prudence

Aviation Development Strategy -

Key Policy Actions

Performance Management

- ▶ Performance Indication & Target Setting
- ▶ Performance Management
- ▶ M&E

Continental Aviation Hub & AfCFTA

- ECOWAS Regional Aviation Hub
- Domestic Aviation Hub
- Strategy Processes & Alliances

Fiscal Responsibility, Prudence & Fiscal Stability

- ▶ Transparency, Accountability & Prudence
- ▶ Debt sustainability & Fiscal Stability
- ▶ Concession & Revenue Generation

Aviation Traffic Development with low entry dynamic pricing models - E.U Experience - Ryan Air & Easy Jet

Aviation & Hospitality Development Bank

Airport City/Business Hubs, Conference Centres; Shopping

Airport Security Zones Ecosystem,

- Tourism,
- Creative & Cultural Industries,
- Hotels & Entertainment &
- Leisure Hubs



Aviation Development Strategy -

Key Policy Actions (Contd)

Concession Development Framework

- ▶ Investment Promotion
- ▶ Solicited and Unsolicited Concept Notes
- ▶ Communications & Stakeholders engagement
- ▶ Outline Business Case,
- ▶ ICRC Approval,
- ▶ Procurement,
- ▶ FEC Approval,
- ▶ Full Business Case,
- ▶ ICRC Approval
- ▶ Contracting,
- ▶ Commercial Close, and,
- ▶ Financial Close

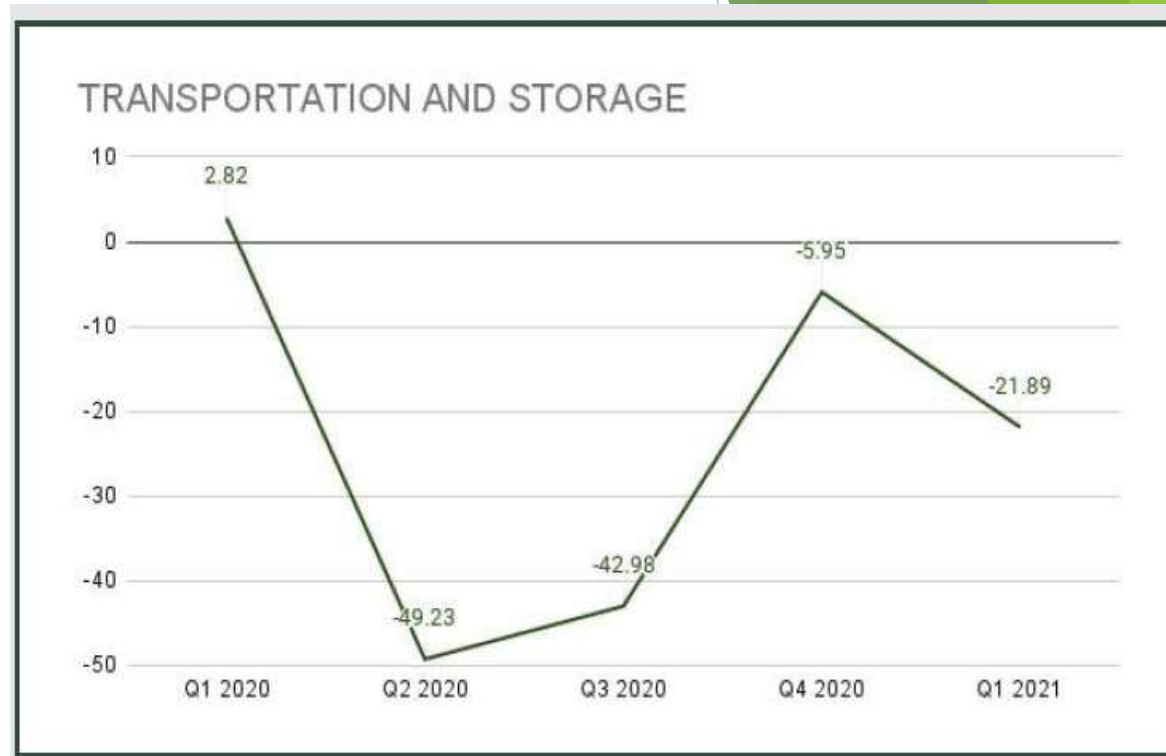
National Medium Term Development Plan & Agenda 2050

- i. Key Development Targets for 2021 - 2025
- ii. Strategic Projects for 2021 - 2025
- iii. Agenda 2050 Projection
- iv. Key Development Targets for 2025 - 2050

Establishment of Aviation & Maritime Development Bank of Nigeria

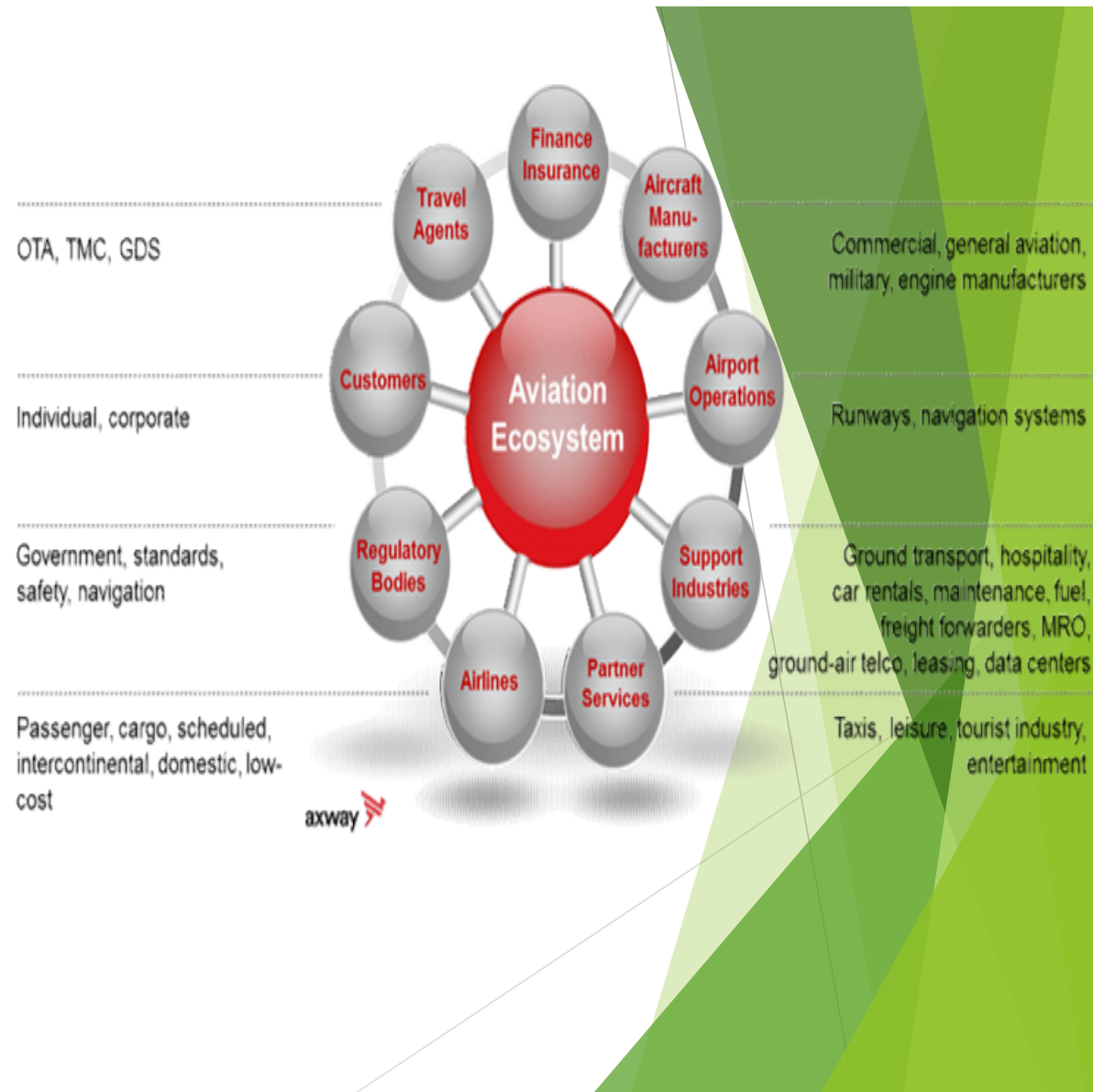
The transport sector holds the key to growth and competitiveness being the enabler of many economic sectors. Transportation and storage growth rate dropped to -21.89%, in real terms, and its contribution to GDP has dropped to 2.16%

It is, without doubt, the greatest obstacle to Trade Facilitation and our aspirations to compete favourably in the Africa continental free trade area (AfCFTA). Whilst transport/logistics costs could add as much as 20% to the input cost of goods and services, trade facilitation, according to WTO, can reduce as much as 15% of the total (import + export) trade volumes. Nigeria trade volume, per annum, in the last decade has been around \$100 billion, on average, thus resulting in a savings of \$15 billion per annum that is otherwise borne by the private sector.



THE AVIATION ECOSYSTEM

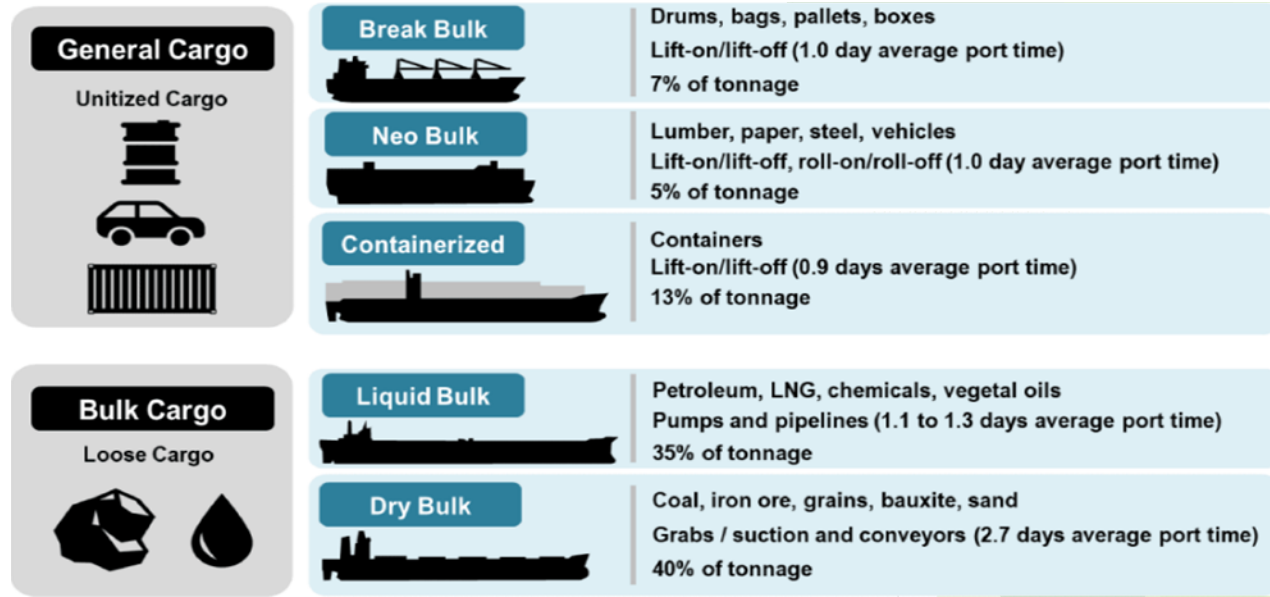
- ▶ As the Africa continent's largest economy, and resource rich country, the 213 million population, and her central location, makes Nigeria a natural aviation hub in Abuja and Lagos. A huge number of foreign, regional and domestic airlines and travellers, dozens of private jets, and Cargo Planes, use the network of 5 international passenger airports with modernized terminals, cargo and 22 domestic terminals. Whilst the Aviation Minister projected the Aviation sector to rise to N1.2 trillion in 2020, that was disrupted by the COVID-19 Pandemic
- ▶ The Aviation ecosystem is 300% more than the Aviation sector itself and consists of: Aircraft Manufacturers (commercial/civil/military) engine manufacturers; Airport Operators (runway, navigation systems, terminal buildings); Support industries (ground transport/hospitality/ car rentals/maintenance/ aircraft hangers/ fuel/ freight forwarders/ MRO/ ground-air telcos/ leasing, data centres); partner services (taxis/leisure/tourist industry/entertainment); Airlines (passenger/cargo/scheduled/intercontinental/ domestic/ private/ low cost); regulatory bodies (government/ standards/ safety/ security/ navigation); Customers (individual/corporate) and travel agents.
- ▶ Foreign Airlines generate ticket sales of over \$3.2 billion in the last 2 yrs (from Nigeria, but no Nigeria Govt owned Airline is in operation to benefit from the long haul



THE MARIME ECOSYSTEM

▶ Similarly, the maritime sector has huge potential with the planned development of several Deep Sea Ports: Lekki, Ibaka/Ibom, Onne, Bonny, Badagry, Bayelsa, Warri, Calabar/Bakassi. These are in addition to the existing shallow sea ports: Apapa, Tin Can, Rolo port, PH, Calabar. Consolidating into a strategic maritime hub with 34 Free Trade Zones/Special Economic Zones, Nigeria will develop competitive advantage of low cost agro-processing, manufacture and assembly of white/industrial goods and vehicles for re-export. Break Bulk, Fresh Food Port, Neo Bulk, Containerized Cargo, Liquid Bulk, Dry Bulk/Solid Minerals. Port efficiency will greatly benefit from the on-going rail networks(Western Corridor; West East Corridor and Eastern and Central Corridor Railways)

▶ With these levels of maritime investment, activities and heavy traffic, the stage will be set to build Autonomous Marine Ecosystem



Opportunities and challenges

- ▶ Noting that the rest of the world is maximising and leveraging on global logistics successes occasioned by the fast growing online market that had propelled global logistics fortune to well over US\$ 5.3 trillion in 2019 but unfortunately Nigeria logistics sector which is to be supported by the air transportation success is lacking behind.
- ▶ Recent reports indicate that Nigeria loses well over 45% of the revenue accruable from agro due to poor logistics as farmers often find it a herculean task moving their produce from their locations to major markets like in Lagos, Kano, Onitsha, Port Harcourt etc. Taking the above huge loss in revenue into cognisance, it is necessary to point out here that the effective use of Air transport (which unfortunately is not well developed and fully utilised) can help to mitigate this huge loss and preserve and promote a more robust agro industry and economic development.
- ▶ The COVID 19 pandemic has emboldened this huge gap, as Nigeria could optimise agro air cargo movement leaving country to the risks of uncoordinated interstate lorry movements which continues to spread corona virus while we are losing opportunity for greater industry revenue generation.
- ▶ We are unfortunately at the brink of another Aviation industry collapse

- ▶ DEVELOPMENT STAKEHOLDERS
- ▶ There are several development banks in Nigeria, and includes;
 - **Bank of Agriculture.**
 - **Bank of Industry.**
 - **Nigeria Export and Import Bank.**
 - **Federal Mortgage Bank of Nigeria.**
 - **National Economic Reconstruction Fund (NERFUND)**
 - **The Infrastructure Bank**
- ▶ GLOBAL DEVELOPMENT FINANCE PARTNERS
- ▶ Our proposed partners include: - World Bank (WB) - African Development Bank (AfDB) - KfW Development Bank - French Agency for Development (AFD) - European Investment Bank (EIB)



▶ THE KEY OBJECTIVES

▶ Our objective is to alleviate financing constraints faced by MSMEs and Corporates in Nigeria through the provision of financing and partial credit guarantees to eligible financial intermediaries on a market-conforming and fully financially sustainable basis to the Aviation and Maritime Ecosystems

▶ FINANCE

▶ Bilateral Air Services Agreement (BASA) brings in over \$100 million every year to the Aviation Sector as are various forex revenues coming into Nigeria Ports Authority, Shippers Council and NIMASA. These funds, can augment pump priming fund from the Central Bank. The management of the development bank, as was the case with Nirsal Plc need not use up these monies, but borrow against them on the cheapest terms and attenuate the ongoing high cost of borrowing from commercial banks in the country.

▶ **THANK YOU**