

**JOINT ICAO/AFCAC REGIONAL SYMPOSIUM FOR AFRICAN STATES ON
AIRPORTS AND AIR NAVIGATION SERVICES INFRASTRUCTURE FINANCING**

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by

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SESSION 1

VIEWS ON INFRASTRUCTURE FINANCING

Protocols

The issue of Financing Airport and Air Navigation Services in Africa has been on the front burner of Africa's policy makers for quite sometime. In order to do justice to the issue, our presentation is divided into four parts, viz:

(1) Introduction, (2) Current Position, (3), Discussion (4) Recommendations

1. Introduction

1.1 As you are aware, Aviation activities in Africa generally commenced in the middle of the last century. As of then, most of Africa was under colonial rule and most if not all aviation activities were geared towards meeting and benefiting the interest of the colonial metropolitan capitals.

1.2 Airports and Air Navigation services were all part and parcel of the Public Works departments as are roads, rail and maritime transport.

1.3 Indeed, even the airlines in Europe then were government entities. Various attempts were made to pool resources to develop regional airlines e.g. West African Airline Company (WAAC) and Air Afrique. However, the infrastructure themselves were state owned responsibilities

1.4 So, Airports were built in the various colonies (countries) to face the demand of the Colonial Capitals. In the States, Air Navigation services were provided by the individual States. The major exception being ASECNA (founded 12th December 1959) which provided and continues to provide services to 17 member States former colonies of France.

2) Current Status

a) - Airports

- i) Many African States are lagging behind in Airport infrastructure development. The airports hardly meet the current demands. Many are outdated and have outlived their lifespan. Although one can see some pockets of improvement, a lot still needs to be done.
- ii) Due to poor management and slot allocation, the airports are jam-packed with people, with passengers and meeters and greeters mingling together. To Add to that no proper ventilation or air conditioning.

B) Air Navigation Services

There have been some considerable improvement in the provision of Air Navigation Services. This has been largely due to the attempt to reduce the rate of accidents due to ATC deficiencies. One is tempted to commend ASECNA, Roberts FIR and most States on this as safety standards have improved.

However, a lot still need to be done especially as we move to CNS/ATM. The challenges are enormous but not insurmountable. Most of the services are still provided by States and States entities. With dwindling financial resources and competition for those scarce resources by other sectors such as health, education etc. a rethink of our strategies becomes obvious.

3. Discussions

3.1 Flowing from the above scenario, the only conclusion one could reach, is that most African States need to renew, redevelop, reengineer, and reconstruct their aviation infrastructure in order to meet modern demands.

3.2 How do we go about financing the infrastructure necessities in view of dwindling resources and competition for same by other pressing national requirements such as education and health? First and foremost, African States must scale down their appetite for big projects which consumes huge resources with long gestation periods.

3.3 In accordance with ICAO SARPs, we should build airports that are safe, secure, economical, manageable, comfortable, user friendly, facilitative and maintainable.

3.4 Various financing options are available – governments, banks, financial institutions, Equity market, private sector or combination of options. I do not want to add foreign aid as it has now become addictive and does not allow us to think outside the box.

3.5 There is no country in Africa that cannot build and operate a decent airport with the correct mix of options – with different types of concessions with the airport environment – hotels, export and import processing zone, financial hub, communication hubs, etc. Recent studies show that about 40% of revenues at major European airports comes from non aeronautic sources within the complexes.

3.6 The British Airport Authority, may well be operating the largest airports conglomerate in the world, but it is OWNED by an Australian Bank. Similarly only recently a company owned by NIGERIANS, bought over London Gatwick Airport. So, the resources for infrastructural renewal is available. What is lacking is the will and appropriate legal and regulatory framework.

3.7 We are in an era of globalization, liberalization and restructuring with the Concomitant principles of transparency, fundamental human rights and the Rule of Law. These are not just clinical issues but have far reaching impact on development and financial intermediation for infrastructural renewal. There must be legal certitude which encourages Foreign Direct Investment (FDI).

3.8 African States must improve on the collection and use of statistics and data. No financial institution would lend out money without adequate and impressive data. Data and statistics in aviation is no longer a State secret.

3.9 We must improve on our land use and allocation system. In many States, airports are moved so often why, because lands around the airports are allocated for purposes other than airport development, which hinders future expansion to meet the growing need.

3.10 African States have an excessive recourse to sovereignty which reduces cooperation and collaboration on procurement, maintenance and utilization of air navigation facilities in a cost effective manner.

3.11 Currently, the African Union Commission (AUC), African Development Bank (ADB) and NEPAD is undertaking a study on Programme for Infrastructure Development in Africa (PIDA). Consultants have been appointed and the study covers (a) Transport Sector, b) Energy Sector, c) Water Sector, and d) ICT Sector.

3.11 a) A methodological brief on the outlook for the future (up to 2040) was developed and subjected to a workshop on 30 September 2010 in Johannesburg, South Africa. AFCAC participated at this workshop and at the kick off Workshop earlier held in Addis Ababa, Ethiopia 28 – 30 July 2010.

3.11b) The RECs also participated and a holistic approach to all the transport modes is being undertaken. Aviation Infrastructure is a key issue as it would boost integration, tourism and general economic activities.

3.11c) The workshop called for the full and immediate implementation of the Yamoussoukro Decision (YD) and the ratification of the Cape Town Convention and Aircraft Protocol (2001). African States should confront globalization and competition in all its ramifications as together we would be strong enough to face the challenges.

3.11d) The PIDA project envisages that funding exists and mechanisms for accessing it would be developed on a continental or regional basis.

3.12 As you are well aware, the new AFCAC Constitution entered into force on 11 May 2010. It is available in the four AU languages on the AFCAC website www.afcac.org Article 3 of the Constitution lists some of the objectives of AFCAC which include:

3a) “Coordinate Civil Aviation matters in Africa and to cooperate with ICAO and all other relevant organizations and other bodies which are involved in the promotion and development of civil aviation in Africa”

3.12.) Article 4 lists some of the functions of AFCAC which includes

Article 4(m) “Coordinate the development and implementation of Plans in the field of aviation infrastructure in Africa”.

3.12.b) This clearly shows that we all have to work together to improve the quality and quantity of aviation infrastructure in Africa. The new AFCAC has been reengineered in order to meet these challenges amongst others.

3.13 Finally, Africa’s aviation passenger traffic is projected to rise by about 6 – 7% every year up to year 2020. Therefore there must be commensurate improvement in infrastructure, aeroplanes and personnel. We are also being buffeted by brain Drain – how do we factor all these challenges in our drive? Clearly there must be cooperation, collaboration and coordination at the highest levels, hence our call for the speedy implementation of the PIDA projects as it affects civil aviation.

4. Conclusions/Recommendations

4.1 Our presentation was made very broad deliberately in order to encourage you all to brainstorm and proffer solutions to the multifarious challenges facing civil aviation infrastructure financing in Africa. I would however, hazard a few recommendations:

- a) Full and immediate implementation of the YD
- b) Cooperation, collaboration and coordination between States, RECS and AFCAC in order to have enhanced understanding and synergies
- c) Enhanced Transparency, liberalization, consumer protection and the Rule of Law as no foreign investor would invest in an obscure and uncertain legal and regulatory framework.
- d) Collecting, using and rendition of accurate data and statistics on all civil aviation activities. This would assist lenders to take informed decisions and reduce cost of borrowing
- e) Ratification of the Cape Town Convention and Aircraft Protocol (2001) as it is an alternative source for aircraft financing and fleet renewal to march our new modern infrastructures.
- f) ICAO and AFCAC to continue to sensitize international financing institutions and development partners to invest and finance civil aviation infrastructure in Africa

I wish you all fruitful deliberations and sound recommendations/conclusions.