

**PROJECT INFORMATION DOCUMENT (PID)  
APPRAISAL STAGE**

Report No.: AB2973

<b>Project Name</b>	West and Central Africa Air Transport Safety & Security Program Phase II – Nigeria Project
<b>Region</b>	AFRICA
<b>Sector</b>	Aviation (100%)
<b>Project ID</b>	P100785
<b>Borrower(s)</b>	Nigeria
<b>Implementing Agency</b>	Ministry of Transport
<b>Environment Category</b>	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
<b>Safeguard Classification</b>	<input type="checkbox"/> S <sub>1</sub> <input type="checkbox"/> S <sub>2</sub> <input checked="" type="checkbox"/> S <sub>3</sub> <input type="checkbox"/> S <sub>F</sub> <input type="checkbox"/> TBD (to be determined)
<b>Date PID Prepared</b>	May 1 <sup>st</sup> , 2007
<b>Date of Appraisal Authorization</b>	April 5 <sup>th</sup> , 2007
<b>Date of Board Approval</b>	July 12 <sup>th</sup> , 2007

## 1. Countries and Sector issues

Today, air transport accounts for up to 40% of world trade by value. It plays a significant role in the economic development of countries. In Africa, where poor road, port and railway infrastructure often constraint the rapid and efficient movements of high value goods earmarked for export, **air transport holds both a potential for growth and a role for the economic development of the continent.** For now, however, reality has not met expectations and air services in Africa, and especially in West and Central Africa (WCA), continue to be inefficient, expensive and unreliable.

In order to address these shortcomings, African Ministers responsible for civil aviation adopted on November 14<sup>th</sup>, 1999 the **Yamoussoukro Decision (YD) on the liberalization of access to air transport markets in Africa.** It is enforceable continent-wide since it was endorsed by the African Union Heads of State under the African Union treaty framework in 2000. The Decision’s primary aim is to liberalize intra-African air transport. In order to achieve this goal without compromising safety and security standards, the region Civil Aviations and Airport Authorities (CAAs) must be capable to reach collectively International Civil Aviation Organization (ICAO) standards in these areas. ICAO’s Standards and Recommended Practices (SARP) are complemented by Annexes 1, 6, and 8 of the Chicago Convention on International Civil Aviation in the case of aviation safety, and Annex 16 in the case of aviation security.

The **main safety**<sup>1</sup> issues facing WCA’s air transport sector today include the lack of a compliant and enabling legal framework, as well as a critical shortage in qualified inspection manpower. In WCA, fewer than six countries out of 23 are considered to have the required level of Civil Aviation Administration capacities. The current situation results in the presence of “junk companies” whose operations distort the air transport market prevent access to the world market for local African airlines and contribute largely to WCA high accident rates. According to

<sup>1</sup> ICAO Definition of Air Transport Safety: A condition in which the risk of harm or damage is limited to an acceptable level.

ICAO's statistics, the WCA region air transport accident rate was thirty (30) times higher than in the US during the past years<sup>2</sup>.

In terms of **security**<sup>3</sup>: currently, fewer than five of WCA numerous international airports are compliant with world standards. Indeed, most international airports lack basic access control to runways and terminals as well as adequate security procedures. This situation endangers WCA's air transport network security, resulting in sky-high insurance costs and high internal security costs for airlines. Moreover, in a post 9/11 environment, it risks isolating even further WCA from main air trade flows.

Although the YD is a continent wide initiative, in WCA its implementation has resulted in the signing of an implementation memorandum of understanding as well as, in November 2001, in the creation of two **Secretariat Units within the Economic Community of West African States (ECOWAS)**<sup>4</sup> and the **Communauté Economique et Monétaire d'Afrique Centrale (CEMAC)**<sup>5</sup>. Additionally, in 2003, the Region's ministers of Transport agreed to support the following initiatives: 1) the revision and harmonization of air transport legal and institutional frameworks at each country level, 2) the development of a new mechanism for effective regional technical and safety regulation, 3) the creation of a regional economic regulatory framework to address competition, market access, consumer protection, and 4) the upgrading of security standards for each country as well as WCA's main airports. In order to fund these initiatives, a scale up in donors and government support is required.

## 2. Lending instruments

Since the readiness and needs of the 23 WCA countries to receive support from the project vary significantly, it was decided to select a horizontal Adaptable Program Loan (APL) instrument to allow for a phased long-term development program. Countries will join the project under three (3) successive phases using similar eligibility criterion. These criterion are: 1) the creation of an administratively and financially autonomous national civil aviation agency, 2) the use of aviation security and/or safety taxes for the purpose of financing its civil aviation agency and, 3) the attainment of definite percentage of compliance level with ICAO's standards in the areas of aviation security and safety, as well as improved airport security.

Under Phase I of the program, approved by the Board in April 2006, four countries; namely Burkina Faso, Cameroon, Guinea and Mali, received a total of US\$ 33.57 million in grant and credit financing. It has been decided to initiate Phase II of the program with Nigeria following the request of the Nigerian Government to join the WCAATSSP on November 3, 2006. The Bank expects that Nigeria's participation in the program will help it: 1) address quickly serious lapses in aviation security and safety following the three fatal crashes of passenger airliners between October 2005 and 2006 that have cost more than three hundred lives and, 2) motivate

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<sup>2</sup> In 2005 alone, out of 35 fatal accidents and the 1,269 related deaths worldwide, Sub-Saharan Africa (SSA) accounted for 13 of these accidents and 374 of these deaths or 37% and 29% of the World's total, respectively. These figures compare to SSA's share of the World's total departure of only 4.5%.

<sup>3</sup> ICAO Definition Air Transport Security: A combination of measures and human and material resources intended to safeguard civil aviation against acts of unlawful interference.

<sup>4</sup> The ECOWAS countries are Senegal, Niger, Nigeria, Togo, Benin, Burkina Faso, Guinea, Guinea-Bissau, Ghana, Mali, Côte d'Ivoire, Liberia, Sierra Leone, The Gambia, and Cape Verde.

<sup>5</sup> The CEMAC countries are Cameroon, Central African Republic, Chad, Gabon, Equatorial Guinea, and The Republic of Congo.

other countries to join the program since Nigeria is, by far, the largest aviation market in WCA<sup>6</sup>. Indeed, the Bank's Team has already presented the project concept to several other countries that exert considerable influence in WCA's aviation sector such as Senegal, Côte d'Ivoire and Ghana. It hopes that, ultimately, Phase II of the program will likely include Benin, Chad, Gabon, Mauritania, Niger, Ghana, Senegal and The Gambia<sup>7</sup>, for an estimated total investment cost of US\$ 70.00 million, while Phase III may encompass Congo, Equatorial Guinea, Guinea Bissau, Liberia, Sierra Leone and Sao Tomé & Príncipe<sup>8</sup> for an estimated investment cost of US\$ 47.93 million.

As indicated in the program document submitted to the Board for Phase I, any country's project will be based on a set of standardized project activities in aviation security and safety and airport security. Nigeria's proposed project components do not depart from this requirement.

### **3. Projects development objective and key indicators**

The Project Development Objectives (PDOs) which apply to all program's phases and, therefore, to the Nigeria project, are to: 1) Improve Civil Aviation Agencies' (CAAs) compliance with ICAO's safety standards, 2) Increase CAA's compliance with ICAO's security standards, and 3) Enhance main international airports' compliance with ICAO's security standards. In order to measure attainment of these PDOs, the following key outcome indicators and target values are used for all participating countries, including Nigeria:

- **PDO 1** – Improve CAA's compliance with ICAO's safety standards:
  - ⌚ Compliance rate with ICAO aggregate safety standards based on ICAO's audits;
  - ⌚ Percentage of technical personnel in compliance with ICAO's safety standards; and
  - ⌚ Total CAA's budget amount.
- **PDO 2** – Improve CAA's compliance with ICAO's security standards:
  - ⌚ Compliance rate with ICAO's aggregate security standards based on ICAO's audit;
  - ⌚ Percentage of CAA's ICAO's certified security inspectors trained during the last three years;
  - ⌚ Level of CAA's budget dedicated to security; and
  - ⌚ National Security Plan compliance with ICAO's standards.
- **PDO 3** – Enhance main international airports' compliance with ICAO's security standards:
  - ⌚ Percentage of airport security personnel with three or more years of experience;
  - ⌚ Number of serious problems recorded during annual airport crisis exercises; and
  - ⌚ Percentage of embarking passengers stopped in possession of illegal objects, as defined by the ICAO, by airlines security personnel.

### **4. Rationale for Bank Involvement**

The Bank was instrumental in the adoption of the YD and later supported through successive regional IDF Grants the adoption of common policies in safety and air transport regulations in

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<sup>6</sup> In 2006, Nigeria's airports handled a little over 9.0 million passengers which is, roughly, four and half times more than the second largest aviation market in WCA, Senegal.

<sup>7</sup> Côte d'Ivoire will also be considered for Phase II if it clears its arrears in time.

<sup>8</sup> as well as Togo and Central African Republic pending on the clearance of their arrears

WCA. However, the Bank along with regional institutions as well as other international lenders had to acknowledge that most WCA States did not and would not, in the foreseeable future, have the financial and human resources to comply with either US or ICAO's safety and security requirements unless external assistance were provided to them. Moreover, even when a State did prove its ability to comply with ICAO's requirements, its capacity to maintain compliance and retain qualified personnel remained questionable as illustrated, unfortunately, by the Ghanaian CAA's loss of its US Federal Aviation Administration (FAA) category I certification in April of 2005. Accordingly, the Bank in coordination with regional institutions and other international lenders adopted a comprehensive approach to globally address these problems by supporting: 1) the establishment of regional mechanisms to oversee safety and security standards in member countries and, 2) the financing of national safety and security support programs to enhance local CAA's ability to comply with ICAO's standards. This approach is in line with the Regional Integration Assistance Strategy (RIAS) for West Africa, adopted in August 2, 2001, and for Central Africa, adopted in February 6, 2003, as well as the Africa Action Plan adopted in September 6, 2005, in as much as it promotes, through regional integration, regional exchanges and economic growth.

The Bank's involvement in this program is also warranted by: 1) the program's economic impact and, 2) the support it lends to further regional integration. Admittedly, any project's economic impact is hard to quantify. In the present case, however, there is a clear linkage between enhancements in air transport security and safety and lower travel costs. Indeed, air carriers registered in countries with higher safety and security standards benefit from greater market access that stimulates competition. In WCA, where air service frequency is generally poor, such impact could be especially important on tourism trade, a key sector for the Region's economic development. Additionally, improved safety and security will translate into greater acceptance by the WCA countries of each other's carriers; thus strengthening regional integration. Besides, the countries involved will be adopting and using harmonized aviation codes and regulations, which will enhance the safety and security of the air transportation network. Such a level of harmonization could not be achieved if the program were not done at a regional level.

## 5. Description

The program has three main components:

- 1) **Strengthening of CAAs' safety and security oversight capacities:** this component will finance Nigeria's Civil Aviation Authority (NCAA) technical assistance necessary for: a) the training of civil aviation staff in the areas of civil aviation security and safety oversights; b) the acquisition of basic communications and inspections equipments (e.g., two-ways radios, inspection vehicle, computers, etc.), and c) the procurement of library equipment (e.g., relevant ICAO's manuals, directives, online library, training materials, etc.).
- 2) **Improvements in airport security and safety standards:** This activity will involve establishing appropriate aviation security legislation, development of security programs (national, airports and airlines programs), provision of security and safety equipment at the main international airports, replacement of navigational aids at these airports and capacity building. The main areas of focus of this program will be: a) the implementation

of measures to reinforce security at the various airports access points (identification equipment, security cameras, patrol vehicles, communications systems and reorganization of passenger flows); b) the rehabilitation and/or construction within existing airport buildings of crisis centers, including acquisition of necessary communication and surveillance tools to equip these centers; c) the training of airport security and safety personnel; d) the development of airport security through the acquisition of passengers and cargo X-ray machines; e) the acquisition and rehabilitation of navigational aids and communications systems, and f) the procurement of new firefighting equipment.

**3) Management and Governance oversight of the Project:** This activity is meant to encompass the financing of project operating costs covering inter alia annual fiduciary audits and day-to-day management.

## 6. Project estimated cost

The estimated overall cost for the Nigeria project is USD 83.65 million. Detailed costs are presented below for the four parastatals that will benefit from project financing. These are: 1) the Federal Airport Authority of Nigeria (FAAN), 2) Nigerian Airspace Management Agency (NAMA), 3) Nigerian Civil Aviation Authority (NCAA), and 4) Nigerian College of Aviation Technology (NCAT).

**Table 1 – Breakdown of financing by beneficiary agency for the Nigeria project of the WCAATSSP**

	Sector of activity			Total	Financing sources	
	Safety improvements	Security improvements	Project Management and oversight		World Bank	National
<b>NCAA</b>	7.70	1.90	1.90	11.50	11.00	0.50
<b>FAAN</b>	2.00	10.30	1.90	14.20	13.70	0.50
<b>NAMA</b>	43.00	0.00	1.90	44.90	9.40	35.50
<b>NCAT</b>	8.70	0.00	1.80	10.50	10.00	0.50
<b>Un-allocated</b>				2.55	2.55	0.00
<b>Total</b>	<b>61.40</b>	<b>12.20</b>	<b>7.50</b>	<b>83.65</b>	<b>46.65</b>	<b>37.00<sup>9</sup></b>

World Bank, 2007

## 7. Financing (USD million)

Borrower/Recipient	37.00
International Development Association	<u>46.65</u>
<b>Total</b>	<b>83.65</b>

<sup>9</sup> This number represents already committed investment by the Federal Government for the financing of the total active radar coverage project (NAMA) as well as in-kind contribution in terms of manpower and office space for the duration of the project.

## 8. Implementation

### a. Partnership arrangements

The program regional component (i.e., COSCAP projects) is fully financed through grants obtained from other bi or multilateral donors. As shown in Table 3, the grant financing is already secured and Nigeria's NCAA already benefits from the assistance of the Banjul Accord's COSCAP. National projects will also benefit from support of bilateral technical assistance or aid, especially that of the US in the countries which are members of the Safe Skies initiative (i.e., Mali, Cameroon, and Nigeria) and of France when there is an existing cooperation in the area of security (e.g., Senegal, Burkina Faso and Cameroun).

**Table 2 – COSCAP projects financing sources**

	COSCAP characteristics	Banjul Accord	CEMAC	UEMOA + Mauritania
<b>Basic</b>	ICAO agreement	June 2004	Pending	September 2003
	Estimated cost	2.8 million	4.0 million	4.0 million
	Estimated duration	2 years	3 years	2 years
<b>Implementation</b>	Project office location	Abuja	N'Djamena	Ouagadougou
	Planned start-up date	Fall 2005	Late 2006	Fall 2005
	Regional Agency created	Decision taken	Planned	Decision taken
<b>Donors</b>	ADB Grant Amount	US\$ 2.0 million	US\$ 1.8 million	US\$ 1.9 million
	ADB Implementation support	US\$ 520,000	US\$ 520,000	-
	Date of signature of ADB agreement	May 2005	June 2005	May 2005
	France agreed amount	US\$ 1.2 million	US\$ 1.2 million	US\$ 1.2 million
	IFFAS grant	US\$ 123,375	-	US\$ 107,000
	IFFAS loan	US\$ 284,445	-	Declined
	European Commission Agreement	Signed	Signed	Signed
	European Commission Grant	US\$ 500,000	US\$ 500,000	US\$ 500,000
Others	ADB study on regional air safety agencies (US\$ 400,000)			

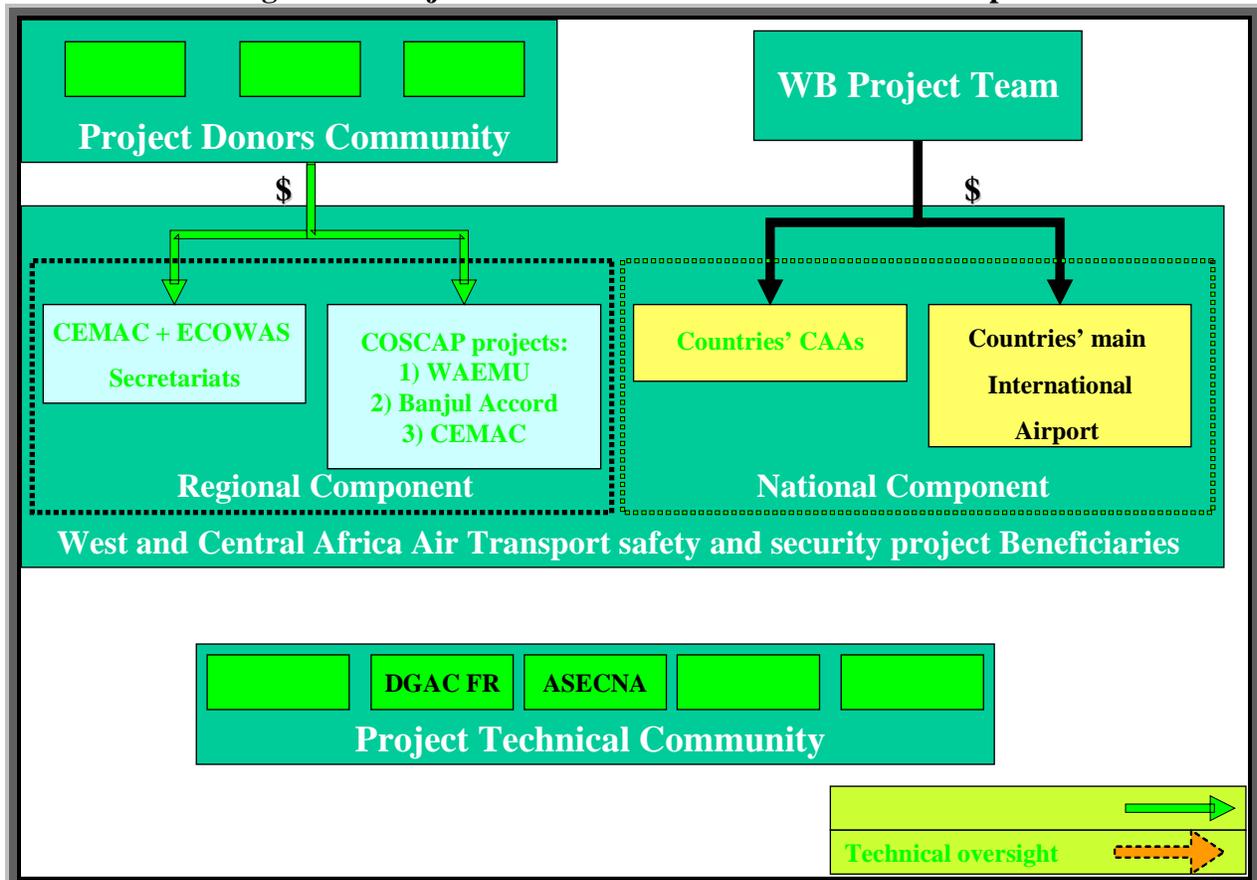
World Bank, 2007

### b. Institutional and implementation arrangements

The implementation of the program's regional component (i.e., COSCAP) is overseen by the technical bureaus of the two regional organizations: ECOWAS and CEMAC while the implementation of the Nigerian project will be handled by a Project Implementation Unit (PIU), established in February 2007, within Nigeria's Ministry of Aviation. Whereas the financial management and procurement responsibilities will be entirely borne by the PIU, Project Coordination Units (PCUs) located within each beneficiary agency will provide technical support to the PIU by: a) drafting initial technical documentation in support of the project's procurement activities, and b) overseeing the implementation on the ground of the project's activities. As in other countries, financial and procurement assessments of the project's units (i.e., PIU and PCUs) have resulted in recommendations designed to address the shortcomings identified in terms of financial and procurement capacities. Disbursements for all activities benefiting the agencies will be centralized in one designated account managed by the Ministry of Aviation's PIU in order to increase project's fiduciary compliance. Furthermore, both the PIU

and the PCUs' staff who is made of Ministry and agencies personnel will be strengthened by externally recruited specialists in the area of procurement and aviation whose initial appointment will be for at least a year with terms of reference explicitly geared towards building capacity of the units and agencies' staff.

**Figure 1 – Project institutional and financial relationships**



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## 9. Sustainability

In order to address the current aviation safety and security crisis, the Government of Nigeria has accelerated the reform of its aviation sector since the end of 2005. The most potent proof of this new determination to reform has been the adoption by parliament of a new legislation providing financial and administrative autonomy to the NCAA and to the NCAA's chairman who has been appointed for an initial five year term. Likewise, the concessioning to a private investor of Abuja's airport at the end of 2006 also marked a new and sustainable approach to airport infrastructure financing and maintenance in Nigeria that is expected to yield favorable results both in terms of overall airport safety and security but also accountability and governance. Lastly, the Nigerian Government's public acknowledgement of its aviation sector's woes, willingness to disclose air crash information as well as request technical and financial assistance from the Banjul Accord's COSCAP, the United Nations and the World Bank proves the country's political commitment to restore the highest standards of transparency, safety and

security within its aviation sector. These factors have been translated into the program's standardized set of project outcome indicators and legal covenants in order to ensure its long term sustainability.

The scope of the project, especially its limitations due to its regional nature, precludes it from addressing some critical domestic issues, however. The overstaffing of the agencies, for instance, is only partially addressed by the project activities and will, on the long-run, hamper the ability of the Nigerian aviation agencies to grow autonomously. On this matter, the Bank's strategy in this sector is currently articulated around a three prong approach with: i) the implementation of the aviation component of the Economic Reform and Governance Project (ERGP) that is currently addressing the immediate needs of the sector and includes, among other things, the fencing of Port Harcourt and Abuja airports as well as an institutional study of the main parastatal agencies; ii) the proposed Nigeria Project of the West and Central Africa Air Transport Safety and Security Program that has been designed to improve regional aviation safety and security through capacity building activities for the region's civil aviation authorities and targeted safety and security investment at the region's international airports; and iii) a possible domestic project largely funded by Nigeria that would be developed to address the nation's aviation sector remaining shortcomings (i.e. weak governance, lack of reliable funding and overstaffing of agencies). This project is therefore not expected to resolve the totality of the Nigerian aviation sector issues and the Government should commit clearly to taking on this third activity in order to ensure its long term impact and sustainability.

## **10. Lessons Learned from Past Operations in the Country/Sector**

Since this was the first regional aviation security and safety program in the Africa region, there were limited precedents that could be used during the project design phase. However, earlier findings from the implementation of the first Phase of the program have been used to better design the Phase II program implementation. The following useful lessons were gleaned from the program's first Phase:

- **Project design must reflect the intent, interest and priorities of its beneficiaries and stakeholders so as to ensure ownership of the project and particularly its reform processes.** Evidence of this ownership is found in the: 1) extensive use that the NCAA has made so far of the resources provided by the Banjul Accord's COSCAP, 2) Nigerian Government's successful request in early 2006 for emergency assistance of US\$ 15 million for its aviation sector under the Bank's Economic Reform and Governance Project (ERGP), 3) Nigerian Government's subsequent request to join Phase II of the WCAATSP, 4) Nigerian Government's January 2007 direct demand for assistance from the United Nations's ICAO's Technical Cooperation Bureau (TCB) to assist the NCAA in carrying out a far reaching airplane and aircrew recertification exercise and, 5) Nigerian's government financing of runway rehabilitation works in Port Harcourt (planned) and Lagos (completed) as well as deployment of a total active radar system with nationwide coverage (i.e., TRACON Project - underway).
- **Project design must be coordinated with other donors in order to ensure consistency in the goals and expected outcomes of projects within the same sector.** The project

was developed in close cooperation with all the donors agencies involved in the aviation sector in WCA, especially USFAA, European Union (EU), DGAC, UNDP and ICAO.

- **Project design must emphasize capacity building of project agencies.** Experience in WCA countries confirms that sustained project impact depends on well-managed, well-financed executing agencies. The proposed project includes extensive capacity building both at the Ministry of Aviation and the four beneficiary aviation agencies level. It also seeks to ensure long term sustainability of results by ensuring that the newly autonomous NCAA will be financed and staffed adequately in order to successfully oversee Nigeria’s aviation sector. Finally, it funds training and equipment linked to a clear reform agenda for each agency.

## 11. Safeguard Policies (including public consultation)

The project is categorized B. The Environmental Assessment policy OP/BP 4.01 is triggered due to small civil works activities to be funded on various airport premises. The environmental impacts are expected to be small-scale and site specific, thus easily remediable. As due diligence, an Environmental and Social Management Framework (ESMF) has been prepared and disclosed before appraisal.

Safeguard Policies Triggered by the Project	Yes	No
<a href="#">Environmental Assessment (OP/BP/GP 4.01)</a>	[X]	[ ]
Natural Habitats ( <a href="#">OP/BP 4.04</a> )	[ ]	[X]
Pest Management ( <a href="#">OP 4.09</a> )	[ ]	[X]
Cultural Property ( <a href="#">OPN 11.03</a> , being revised as OP 4.11)	[ ]	[X]
Involuntary Resettlement ( <a href="#">OP/BP 4.12</a> )	[ ]	[X]
Indigenous Peoples ( <a href="#">OD 4.20</a> , being revised as OP 4.10)	[ ]	[X]
Forests ( <a href="#">OP/BP 4.36</a> )	[ ]	[X]
Safety of Dams ( <a href="#">OP/BP 4.37</a> )	[ ]	[X]
Projects in Disputed Areas ( <a href="#">OP/BP/GP 7.60</a> )*	[ ]	[X]
Projects on International Waterways ( <a href="#">OP/BP/GP 7.50</a> )	[ ]	[X]

## 12. List of Factual Technical Documents

- Projet “COSCAP” pour la supervision de la sécurité aérienne dans les Etats membres de la CEMAC et de Sao Tome e Principe – Document Cadre (July 2000)
- Project Concept Note for Phase I (December 2003)
- Project Information Document for Phase I (January 2004)
- OSTA Safety Audit of African Airlines (July 2004)

## 13. Contact point

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