

CHALLENGES OF NIGERIA GOVERNMENT IN ADDRESSING THE POLITICS OF FOREIGN EXCHANGE AND THE DEVELOPMENT OF NIGERIA AVIATION INDUSTRY

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ABSTRACT

As a result of rising incidents of hoarding of US Dollars by politicians in private vaults/commercial banks as well as the practice by Bureau de change, the nation's aviation industry has continued to be under intense threats. Despite the fact that the demand for air transport services has been on the increase over the years, the full potential of the aviation sector in Nigeria has yet to be realized. Therefore, the objective of this study is to examine the challenges of Nigeria government in addressing the politics of foreign exchange and the development of Nigeria aviation industry. The institutional theory was adopted as a framework for the study. Primary and secondary data were employed to achieve the set objectives. The primary data were elicited through a well-structured and concise questionnaire, as well as interview. The study revealed that floating exchange rate policy, liberalization of the air

Introduction

Aviation is one of the most fascinating industries in the world. It is a means of transportation that connects people, cultures, and businesses across continents. It also facilitates international trade and promotes tourism. With more than 5000 airlines that operate over 25,578 aircraft at more than 41,500 airports, the aviation industry supports 65.5 million jobs around the world and supports \$2.7 trillion (3.6%) of the world Gross Domestic Product (GDP). If aviation were a country, it would rank 20th in size by GDP. That equates to the GDP of Switzerland or Argentina

transport sector, closure of forex windows and currency substitution circular are the mechanisms put in place to address the politics of foreign exchange and the development of Nigeria aviation industry. Findings also show that major challenges in the aviation industry in Nigeria hangs on the excessive political interference, fluctuating and high exchange rates, high and volatile fuel price, recessed economy, inconsistent aviation policy, lack of political will to policy implementation and policy somersault. Based on these findings, the study suggested that the federal government should declare a serious-minded state of emergency in the implementation of Nigeria Civil Aviation Policy (NCAP), 2013 without summersault and suspension. In line with above description, then, there is the need for government to strengthen the exchange rate against the dollar to help the domestic industrial sector, especially the aviation industry. The federal government must make effort to protect domestic airlines from all forms of unfavourable Bilateral Air Services Agreement (BASA).

Keywords: Aviation Industry, Development, Foreign Exchange, Government and Politics.

(Asquith, 2020). In Africa, the potentials for growth and development are quite promising. The expansion in external trade among most African countries such as Nigeria, Ghana and South Africa has resulted in increased demand for more effective transportation. The expansion of international trade in these regions has placed a lot of demand on the importance of the aviation industry. The volatility of foreign exchange policies of developing countries has been identified as one of the major hindrances impeding the growth of investments and developments in these parts of the world, with the resultant effect of stultifying the achievement of the Sustainable Development Goals. Regrettably, the aviation industry in Nigeria is yet to contribute significantly to the country's economic growth. Despite the potential of the sector to create employment and spur the development of other industries such as hospitality and tourism, the aviation industry in Nigeria has one of the highest turnovers of registered domestic airlines in the world.

The Nigerian aviation industry got its initial recognition within the era of West African Airways Corporation (WAAC) that was an airline which worked from 1946 to 1958. WAAC was conjointly run by the governments of Britain's four

West African territories, that is, the Republic of Gambia, the Federal Republic of Nigeria, Ghana and Sierra Leone. Since 1971 to this time, numbering about sixty one airlines had operated in the airfield terminals of Nigeria. These include Okada Air (1982 – 2002); ADC Airline (1984 – 2006); AfriJet (1998 – 2009); Albarka Air (1999 – 2005); Bellview Airlines (1992 to 2010) and Chanchangi Airlines (1994 – 2012) just to mention a few. On the 14th of June, 2006, Arik Air got two new Bombardier CRJ-900 airplanes to fly local routes within Nigeria and at intervals the African continent from 2006. The proclaiming of the 'Tear Rubber' airplane was huge and it improved the status quo of the airline that was envisaged to alter the demeanor of the air transport industry within the country (Imhanlahimhin, 2019).

However, the story became different once the Federal Government via the Asset Management Corporation of Nigeria (AMCON) began to manage Arik Air in February 2017, this is because the airline was aforementioned to be bankrupt and vulnerable to closure. AMCON asserted that the national carrier that was responsible for transporting about 55 percent of air passengers within the country had been experiencing troublesome times, as a result of its poor governance management, non-stable operational issues, inability to remunerate employees and serious debt impediment, among alternative problems. However, as the Federal Government took charge of the airline operation in 2017, the national carrier has been experiencing several operational and managerial challenges and its employees has down-sized over the period of time because of poor salary payment amidst other welfare problems.

Based on the foregoing, researches have studied the link between capital flight and foreign exchange Nigeria; they concentrate on Nigeria's gross domestic product rate and oil, conjointly on foreign currencies and foreign direct investment that don't seem to be specific to aviation industry operation. The studies associated with aviation industry were restricted to oil costs, jet fuel value on fare and domestic tourism demand. Studies have extensively examined the impact of economic factors on firm performance and/or a nation economy. However, there is very little empirical study on the challenges facing the Nigeria government in addressing politics of foreign exchange and the development of Nigeria aviation industry.

In 2015 for instance, the Nigerian monetary unit (Naira) charge per unit to a dollar was #199 however, the Nigerian monetary unit (Naira) depreciated to #360 to a dollar in 2018, around #385 to a dollar in 2020 and currently \$1 equals

to N1,643.03 on investors & exporters window which is the official government price as at 23rd October, 2024 while black market exchange rate is 1,730 in Nigeria (Central Bank of Nigeria, 2024). It is worthy to note that Nigeria with an economic feature of high-level international trade exposure is an import reliance economy in terms of subsistence and also an export reliance economy in terms of the general public revenue design. It is against this background that the study examined the challenges facing the Nigeria government in addressing politics of foreign exchange and the development of Nigeria aviation industry.

Research Questions

The study is guided by the following research questions:

- i. What are the mechanisms put in place to address the politics of foreign exchange and the development of Nigeria aviation industry?
- ii. What are the challenges facing the Nigeria government in addressing politics of foreign exchange and the development of Nigeria aviation industry?

Challenges of Government in Addressing Politics of Foreign Exchange and the Development of Aviation Industry

Thorpe (2021) assessed the contribution of the aviation industry to the growth of tourism sector in Southwest Nigeria. The study was embarked upon due to the difficulty experienced in getting data on the contribution of air transport for tourism development in Nigeria. Primary and secondary data were employed to achieve the set objectives: ascertaining extent of records of foreign tourism patronage in Nigeria; estimating the tourist throughputs at a major international airport; assessing the tourist modal choice for transportation to Nigeria and within Nigeria; identifying the tourist destination points for tourists' throughput via Murtala Muhammed International Airport (MMIA), Lagos; and ascertaining the perceived challenges of tourism in Nigeria and how the Nigerian Aviation Industry can mitigate them using descriptive and inferential statistics. The primary data were elicited through a well-structured and concise questionnaire, while secondary data were collected from the National Bureau of Statistics (NBS) and the Nigerian Immigration Service (NIS) an agency of the Federal Ministry of Internal Affairs of Nigeria.

The findings showed that there are no records with the NIS and the Federal Airport Authority of Nigeria where passengers arriving into Nigeria are captured as tourists. The study showed that 13.98% of international passengers arriving at Murtala Mohammed International Airport are tourists. For international passengers leaving Nigeria, 15% percent of them would be tourists. In the same airport but at the domestic wings, 12.03% and 12.79% percent of passengers arriving and departing from MMIA would be tourists. This therefore implies that at any point in time 13.82% of passengers using the airport are tourists, it was also observed from the regression analysis output that the most significant variables that influenced most (has the greatest influence for challenges to air tourism as considered by the arriving international passengers at the MMIA were (in descending order) lack of awareness, lack of all-in-one package, price of packages, poor transport connectivity and fear of security and safety issues. All the factors were very significant. The study recommended strongly, the need to profile those entering and exiting Nigeria to know their purpose of visitation. The challenges facing the Nigeria government in addressing politics of foreign exchange and the development of Nigeria aviation industry were not discussed which this study is set to examine.

Waribugo & Chiedu (2021) wrote on Challenges of Airlines Operations in Sub-Saharan Africa: An Empirical Investigation of the Nigerian Civil Aviation Sector. Opinions converge that airlines in Sub-Saharan Africa are passing through perilous times. Moreover, evidences of the challenges of airlines are anecdotal, with scarce empirical investigation. Using the lens of the Theory of Constraints, the study identified, measured and ranked the mitigating factors of airlines operations in Sub Saharan Africa (adopting domestic airlines in Nigeria as subjects) in line with the tradition of empiricism. Methodologically, the study generated 45 survey items after literature search and interviewed airline managers.

Descriptive analysis reveals these challenges, as follows (in order of importance or severity): Infrastructural, Financial, Corporate Governance and Managerial, Policy and Regulatory, and Safety, Security and Environmental challenge. The study stressed that managers and policy makers need to pay the most attention to infrastructural challenge, followed by financial challenge, Corporate Governance and Managerial, and Policy and Regulatory, while safety, security and

environmental challenge should not be traded-off even if it is the least challenge. The study suggested generation of more items and investigations of hypothesized models on the nexus between these five factors and organizational performance, or other criterion variables. The study did not address the challenges facing the Nigeria government in addressing politics of foreign exchange and the development of Nigeria aviation industry.

Godwin & Sergius (2021) examined the effect of exchange rate on the economic growth of Nigeria. It specifically looked at effect of exchange rate on gross domestic product (GDP), gross national product (GNP) and unemployment. Secondary data from the Central Bank of Nigeria Statistical Bulletin were collected for a period of ten years, 2009 to 2018. Ex-post facto research design was utilized. It was found that while exchange rate had significant effect on GDP and GNP, it was non significant on unemployment. This implies that micro economic indices of GDP and GNP could be used to consciously adjust standard of living of the citizens. The study recommends, among others, the adoption of policies that will affect GDP in such a way that the welfare of the people can be upgraded. The overall limitation of the literature reviewed in this section is that it the not provide adequate explanation to the challenges facing the Nigeria government in addressing politics of foreign exchange and the development of Nigeria aviation industry.

Theoretical Framework

The study utilized institutional theory. DiMaggio and Walter (1991) were the proponents of institutional theory. Meyer and Rowan (2014) examined the growth of three administrative services in California public schools (school health, psychology, and curriculum) from the standpoint of institutional theory. They found that when there is a high level of consensus and cooperation within the institutional environment, diffusion of innovative structures is steady and long-lasting. However, when the institutional environment is contentious and unfocused, adoption of innovative structures is slow and tentative.

According to Gumede (2018), public sector institutions are integral to the public policy making process. Inherently, they influence public policies and their implementation. Fox, bayat & Ferreira (2016) claim that the Institutional theory is premised on the basis that public policy is the product of public institutions,

whose structures are responsible for public policy implementation. This, therefore, highlights the dependency factor of public policy to Institutional model.

It is further explain that, a policy does not become a public policy until it is legitimized by government entity concerned. Government policies provide legal powers that demand obligations from and command loyalty of its subjects. The structure of various government institutions contribute to the context of public policy implementation. The constitution serves as the highest kind of policy to which all other policies must subscribe. Laws passed by legislature, executive orders and judicial decisions come second in terms of relevance and priority.

It can be further deduced that institutions, both governmental and non-governmental, have an impact on a public policy process. In that regard, the Institutional model remains a pinnacle for the implementation of public policy. Institutional claims that, Policy is a product, authoritatively determined, implemented and evaluated by government institutions: Legislature, presidency, elective officials and the bureaucracies both at local and national level.

Methodology

The targeted population of the study is 2,217 consisting of officials of the Central Bank of Nigeria (CBN), Federal Ministry of Aviation and Aerospace, the Nigeria Civil Aviation Authority, Federal Airports Authority of Nigeria (FAAN), International Civil Aviation Organization (ICAO), Nigeria Airspace Management Agency (NAMA) and the National Bureau of Statistics (NBS). The Krejcie and Morgan (1970) sample size determination formula was used to arrive at 327 sample size. This study employed both primary and secondary sources of data collection. The effort to acquire primary data involved collecting information through the use of questionnaire and interview. Simple random sampling was used for the distribution of questionnaire to the respondents while purposive sampling technique was used for selecting participants for interview.

Data Analysis and Interpretation of Results

Out of the three hundred and twenty - seven (327) copies of questionnaire administered, however, three hundred and sixteen (316) copies of questionnaire were duly completed and retrieved. Eleven (11) copies of questionnaire were

not retrieved and all efforts to retrieve them proved abortive as some literate respondents insisted to fill the questionnaire themselves and were not easy to manage. Therefore, the presentation and analysis was done based on the 316 retrieved copies of questionnaire.

Table 1: Responses on the mechanism put in place to address the politics of foreign exchange and the development of Nigeria aviation industry

Measures	Frequency	%
1. Floating exchange rate policy	105	34
2. Liberalization of the air transport sector	93	30
3. Closure of Forex Windows	72	23
4. Currency Substitution Circular	41	13
Total	311	100

Source: Field Data, May (2024).

From the table above, statistics investigated on the mechanism put in place to address the politics of foreign exchange and the development of Nigeria aviation industry show that 34% indicated that floating exchange rate policy, 30% indicated liberalization of the air transport sector, 23% indicated closure of forex windows while 13% indicated currency substitution circular. The above analysis based on respondents' responses in table 1 above indicated that floating exchange rate policy, liberalization of the air transport sector, closure of forex windows and currency substitution circular. The result is further supported by information from interview and secondary sources.

The first notable measure taken by the CBN in its battle against the falling value of the Naira was in early 2015, when it put an end to the practice of selling Forex at the Autonomous Market through the retail/wholesale Dutch Auction Systems. The move was justified by the CBN as being necessary to bring down the widening gorge between the official rate of exchange and the parallel market rate. The effort to close the Forex windows and direct demand to the interbank market was, according to the CBN, required to discourage unsavory practices that had evolved as a result of the differing of exchange rates available in the various markets (i.e. the autonomous and the parallel markets), thereby crashing the price of Forex relative to the Naira in the parallel markets. This measure was,

however, relatively unsuccessful and the CBN quickly resolved to more direct interventions in the Forex market through the issuance of the series of currency and import/export related circulars. The CBN's initial approach was to direct its interventions at exporters and export proceeds with the "Repatriation of Exports Proceeds Circular" and the "Access to Funds in Export Proceeds Domiciliary Circular (Participant 1: May, 2024).

They said the floating of the Naira would address such issues. But rather than resolving the problem, I think it is creating more problems in the industry. So the floating of the Naira is one of the policies. And then the banning of these crypto currency operators. I think Binance, the managers were once invited and detained in the country. And now they said there shouldn't be such platform for trading of forex again. So those are the policies. But that is the banning of virtual currency operators in the country. The floating of the Naira. What else have they really done to address that? And then the direct sales of forex to be ruled the change. These are some of the few policies that I can really say (interview with participant 5: May, 2024).

Participant 2 submitted that in times past, Nigeria has adopted very stringent approach to the regulation of the foreign exchange (Forex) market. However, the atmosphere in the Forex market became more relaxed with the enactment of the "Foreign Exchange (Monitoring and Miscellaneous Provisions) Act" ("Forex Act"). The foregoing has however changed in recent times as the Central Bank of Nigeria ("CBN"), in addressing the depreciation cum devaluation of the Nigeria's currency, alongside the recent blow struck on the Nigerian economy by the dwindling price of crude oil, has adopted very stringent measures in regulating Forex dealings in Nigeria adopting a policy restricting Forex supply to importers and limiting access to the Forex market (May, 2024).

Participant 3 noted that a clamp on the free dealings in Forex, as guaranteed under the Forex Act, was however introduced by the CBN in the wake of the recent depreciation in global oil prices, which has significantly affected Nigeria's foreign currency receipts from the sale of oil, (which accounts for over 70% of Nigeria's export earnings). Thus, the CBN in its bid to restrict access to the declining reserve of Nigeria's foreign currency, introduced foreign exchange control measures, which have resulted in drastic reduction in investments and

financing activities in the country. The first notable measure taken by the CBN in its battle against the falling value of the Naira was in early 2015, when it put an end to the practice of selling Forex at the Autonomous Market through the retail/wholesale Dutch Auction Systems. The move was justified by the CBN as being necessary to bring down the widening gorge between the official rate of exchange, and the parallel market rate. The effort to close the Forex windows and direct demand to the interbank market was, according to the CBN, required to discourage unsavory practices that had evolved as a result of the differing of exchange rates available in the various markets (i.e. the autonomous and the parallel markets), thereby crashing the price of Forex relative to the Naira in the parallel markets (May, 2024). This measure was, however, relatively unsuccessful and the CBN quickly resolved to more direct interventions in the Forex market through the issuance of the series of currency and import/export related circulars.

The recent policies made by the government. Well, you know, when these policies are made, sometimes it tends not to have immediate effects. You might just need to give it time. Because, you know, one thing I always say is that I would rather prefer a bad policy. Because over time, I will get used to it than an inconsistent policy. Because in the middle of trying to adjust, they come up with another one. You think that they are done. Also trying to make amends again. So I prefer that knowing that this is a bad policy. I will adjust and face it squarely. When policies become inconsistent, you cannot plan with inconsistent policies (Interview with P7: May, 2024).

Table 2: Responses on the challenges facing the Nigeria government in addressing politics of foreign exchange and the development of Nigeria aviation industry

Options	Frequency	%
1. Fluctuating and high exchange rates	93	30
2. High and volatile fuel price	87	28
3. Recessed economy	73	23
4. The challenges of funding	36	12
5. Inadequate infrastructure	22	7
Total	311	100

Source: Field Data, May (2024).

Table 2 presents data on the challenges facing the Nigeria government in addressing politics of foreign exchange and the development of Nigeria aviation industry. Statistics investigated show that majority of the respondents representing 30% indicated that fluctuating and high exchange rates are the challenges facing the Nigeria government in addressing politics of foreign exchange and the development of Nigeria aviation industry, 28% indicated high and volatile fuel price, 23% indicated recessed economy, 12% indicated the challenges of funding while 7% indicated inadequate infrastructure. The implication is that the present challenges hinder the development of Nigeria aviation industry. The result is further supported by information from interview and secondary sources. Partly, to a certain extent, foreign airlines may contribute to the scarcity because of their repatriation operation. I said partly, it cannot be wholly because you have other multinationals who operate in the country and yes, they repatriate their profit back to the country. So to a certain extent, you have MTN, which is a multinational in Nigeria. You have ExxonMobil. You have, even in the banking industry, you have Stambika, IBTC. All of that, it is expected at the end of the year, whatever profits they make, they repatriate it back to the country. So to a certain extent, being foreign airlines operating in the country, similar operation applies to them. So to a certain extent, the operation of foreign airlines in Nigeria contributes to foreign exchange scarcity in the country. So but it's a two-way thing. To a certain extent, they can bring in foreign exchange because of investments and the profit made after can be taken away. So I wouldn't attribute it to them wholly, but partly, yes, they contribute (Participant 4: May, 2024). On the factor responsible for the fluctuation of foreign exchange in Nigeria, respondent 6 stated that:

I will still refer back by fluctuation. I still understand you to mean the scarcity of forex in the country. Yes. What is responsible for it? It's low production capacity of the country. Low production capacity of the country - our export capacity is limited. And whenever we are opportune to export, we export primary products such as crude. Even the cocoa, they are not processed before they are exported. And such exports don't generate enough value to the country. So primarily, it is our production, our inability to produce finish goods that contribute to the scarcity (May, 2024).

Similarly, civil aviation is a crawling sector of the economy in Nigeria when compared with its counterpart in Africa and beyond (New Telegraph, 2017). This is because of absence and weak transport policy in Nigeria which emanated from what Ibietan & Ekhusuehi (2023) referred to as lack of policy harmonisation and coordination by successive administrations. Also, Agagu (2022); Abubakar (2022); situated the foremost challenges facing the industry in Nigeria to include poor regulatory policy implementation by the NCAA and NAMA, infrastructural deficit from the point of responsibility by FAAN, unfavourable business policies and environment (which have caused death of so many airlines), narrow runways and taxiways, poor tarmac lightening, absence of befitting and competitive terminal buildings. Furthermore, Jahan (2023) concisely identified the institutional composition, planning, development and supervision of the transportation sector to be suffering from severe dearth that are not far-fetched from:

- i. Lack of efficient and effective synergy amongst transport sector institutions which has gone a long way to hinder sustainable transport development.
- ii. Poor evaluation, sectoral bias, improper modal mix up and lack of integration among the different forms of transportation.
- iii. Relegation of the major stakeholders to the background through the adoption of top-down model to the formulation and implementation thereby worsening the capability of the structure to act in response to demand.
- iv. Capacity deficiency in terms of requisite information in various disciplines of transportation such as administrative systems needed for large transport systems that are undergoing speedy change, life sequence costs of various modes, performance and efficiency of diverse technologies and forms it employs, and the interface of the transport industry with other sectors of the economy, the prerequisites for multi-modal planning, the general public and environment.

Like I told you, we don't have the know-how to manufacture aircraft, even the parts. So all of these things are brought in from abroad. And in doing that it means that whatever profits that is realized in the industry will still be repatriated back to overseas where those things are manufactured. So low level of technology is one of the reasons. Then the manpower-when you travel you still see some foreigners flying even on local routes. Which tells you

that the level of manpower in the aviation industry is not sufficient enough. If you bring in an expat route to pilot your aircraft, there is a standard amount you pay below which they cannot accept because they are expat routes. So all of those things are negatively impacting, retarding the industry from realizing its full potential (Participant 5: May, 2024).

Walala & Mutinda (2023) contended that several governments all over the world are seriously interested in the security, safety and sustainability of air transport sector. This is dependent on the fact that civil aviation industry constitutes and makes a substantial contribution for some government's financial purse and public interest. For example the International Civil Aviation Organization (ICAO), United Nations Environmental Program (UNEP), European Aviation Safety Agency (EASA) and the Federal Aviation Administration (FAA) have resolved for carbon trading law and ban of propeller aircraft in thickly populated areas.

While government allocation is a source of revenue in the Nigerian aviation industry, it is not reliable. Budgetary allocations are hardly sufficient and it is even often less than that allocated for other forms of transportation. In 2017, for instance, a sum of N20billion went to the aviation sector out of the N262 billion budget estimated for transportation (Appropriation Act 2017 Parts C and D). It was noted that the amount was too small considering the "myriad of work to be done" in the aviation sector (Agabi, 2017). The paucity of revenue from the government to the aviation sector has thus required the industry to seek private investments to thrive, and the Federal Government has declared its commitment to attracting increased trade and inflow of FDI into Nigerian aviation industry (Vanguard, 2018).

Participant 8 reported that the full potential of the civil aviation industry in Nigeria is yet to be achieved. One thing I will say is that religion, tribalism, politics has so torn this country apart that many a times we lose focus when we see something good. In everything that we do in Nigeria now, you see that politics, religion takes four fronts. And at that point, the main target is no longer achieved. And why am I saying this? You can see, if you take for instance now, one of the carriers Nigeria has now, the Airbus. It's doing wonderfully well. Sometimes when I travel to Kenya, it beats me when I go to the airport and I see Kenya airways, the pride of Africa. And my memory goes back to Nigerian airways. I say,

why is it difficult that Nigeria cannot have a national carrier? And you have a homegrown son who is doing well in that sector. All he needs is government intervention, government support, and boom. As individuals, the place you get to, you'll be tired. Once you have the government's hand in it, you see that they will bend so many rules for you and it will expand that business. If our government is being realistic and we decide to remove sentiments, tribalism or whatever, and are invested in the Airbus I see today, I bet you we'll be flying several continents. Tell me the continent that Kenya Airways doesn't go to. Or Ethiopia Air, or Air Côte d'Ivoire, or Morocco Air. These are still domestic airlines within the African continent, but they go virtually almost all... Egypt, South Africa, all of them (May, 2024).

Discussion of Findings

The study revealed that floating exchange rate policy, liberalization of the air transport sector, closure of forex windows and currency substitution circular are the mechanism put in place to address the politics of foreign exchange and the development of Nigeria aviation industry. In the year 2021, the CBN released new guidelines on the procedure of how diaspora remittances should be paid, coupled with several other policies that designed to combat the high demand for foreign exchange supply. In 2022, the CBN banned the sale of forex to Bureau de Change as well as kicked against the dollarization of the Nigerian economy. The CBN also passed several circulars at the end of 2022 stating that they would stop selling foreign currency to the Deposit Money Banks (DMBs) henceforth (CBN, 2023).

The study also observed that the major challenges in the aviation industry in Nigeria hangs on the excessive political interference, fluctuating and high exchange rates, high and volatile fuel price, recessed economy, inconsistent aviation policy, lack of political will to policy implementation and policy somersault. Accordingly, Nigerian airports cannot develop outside the provision of a sustainable policy framework.

Several factors have been attributed to the dismal performance of the airline industry of sub-Saharan Africa, including Nigeria. The challenges that pose threat to the survival of the airlines identified in literature are: limited market access and low level of connectivity, exorbitant fares and costs, degraded airport infrastructure (including technological infrastructure), low level of service quality, responsiveness, innovation (Sylva, 2020), unhealthy government

interference and multiple taxes, inadequate access to funds, low level of air navigation assistance, poor security and safety norms, ambiguous policy, poor strategy and implementation, poor corporate governance, corruption, brain drain, weak regulatory environment, low productivity, overstaffing, competitive disadvantage, and poorly maintained and old aircraft (Xu & Dioumessy, 2019).

Conclusion

The major argument of this paper is dependent on the fact that revamping, restructuring, and re-engineering aviation sector is vital to achieving maximum benefits in the industry. The study made it clear that Nigeria has an expanded opportunities for the thriving of aviation industry but has not fully maximize the potentials that abound in the sector which if harnessed will double the country's Gross Domestic Product (GDP) and social Progress Index (SPI). Nigeria needs a comparative general foreign exchange and aviation policy that define the scope of oversight functions of regulatory agencies and sets out guidelines for private sector participation. It is targeted at finding a way out of bothering abundant issues including critical infrastructures, education, health, crime, foreign policy, and social welfare services. Investigation also revealed that there will be need for improvement in manpower requirements of the aviation industry. The government of Nigeria at all levels should collaborate to achieve the manpower needs of the industry.

Against, the backdrop that local airlines are catalysts for economic development, used to energize other sectors, providing seamless intra-connectivity by taking passengers from one state to another, it is imperative that relevant government ministries, agencies and departments should come up with favourable foreign exchange policy to address the challenge of foreign exchange rate in the aviation sector. Conclusively, policies should be made to stimulate local airlines operators whose revenue reserves has been dwindling and whose debt profile has geometrically increased over the years to merge together with other airlines to form a bigger entity to remain relevant in the aviation business. This would reduce the rate at which airlines operation fails in Nigeria.

Recommendations

- i. The federal government should declare a serious-minded state of emergency in the implementation of Nigeria Civil Aviation Policy (NCAP), 2013 without summersault and suspension. In line with the above

description, then, there is the need for government to strengthen the exchange rate against the dollar to help the domestic industrial sector, especially the aviation industry.

- ii. The six parastatals in the Federal Ministry of Aviation – Federal Airports Authority of Nigeria (FAAN), Nigeria Civil Authority (NCAA), Nigeria Airspace Management Agency (NAMA), Nigeria College of Aviation Technology (NCAT), Accident Investigation Bureau (AIB), and Nigeria Meteorological Agency (NiMet) must be reengineered to enable a favourable competition with contemporary reality in the industry.

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