

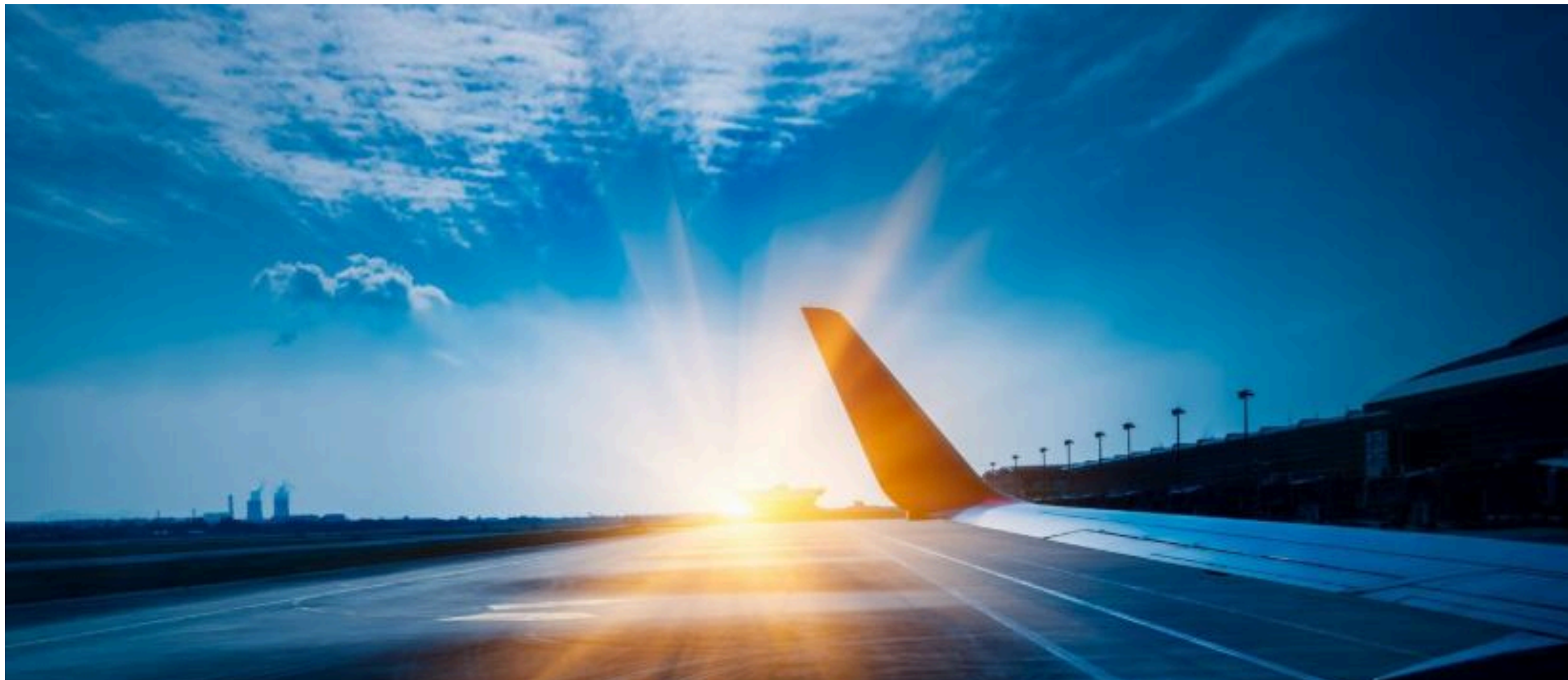


UDO UDOMA &
BELO-OSAGIE

Did you know?



THE FEDERAL GOVERNMENT OF NIGERIA
HAS APPROVED THE ESTABLISHMENT OF
A PRIVATE SECTOR AIRCRAFT LEASING
COMPANY.



On 1 May 2026, the Federal Executive Council (“FEC”) approved the establishment of a national aircraft leasing company in Nigeria through a private-sector special purpose vehicle. This initiative may have been driven by the improved global rating which Nigeria enjoyed following the signing of the Cape Town Convention Practice Direction (the “Practice Direction”) by the Chief Judge of the Federal High Court in 2024, as well as the amendments to the administrative rules governing the Irrevocable Deregistration and Export Request Authorisation (“IDERA”) to align fully with the Cape Town Convention. The establishment of the national leasing company in Nigeria is expected to enhance domestic airlines’ access to aircraft under a dry-lease arrangement.

Prior to the issuance of the Practice Direction and the regularisation of the IDERA, Nigeria’s global compliance score was 49. This low score limited domestic airlines’ ability to access aircraft on dry lease terms—a more cost-effective option—and consequently constrained the operational capacity of local carriers.

With the signing of the Practice Direction and the regularisation of the IDERA, Nigeria’s score has increased to 75.5. These improvements have elevated Nigeria to a higher compliance category and led to its removal from the Aviation Working Group’s watchlist of non-compliant jurisdictions. This will enhance the opportunity for domestic airlines’ access to dry leases and attract foreign investment.





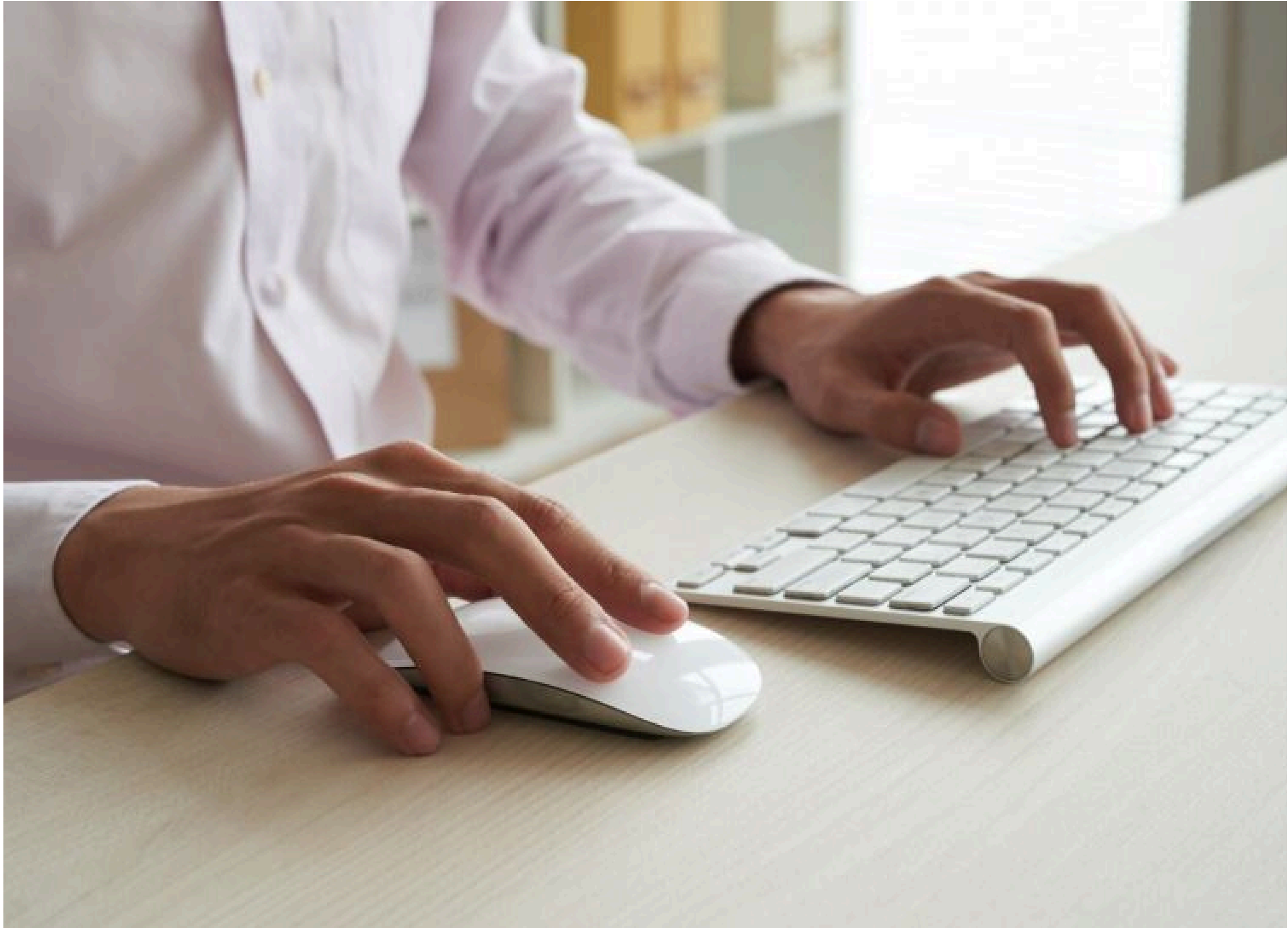
The establishment of the aircraft leasing company is a significant policy initiative, and some of its important outcomes will be to improve access to aircraft for domestic and regional operators, reduce airlines' reliance on foreign lessors, and strengthen Nigeria's aviation financing sector. This aligns with broader regulatory and judicial reforms aimed at enhancing creditor protections, streamlining aircraft recovery processes, and improving Nigeria's standing in the global aviation industry.

The FEC approval signifies the Federal Government of Nigeria's intention to create a domestic leasing platform that can:

- Improve access to aircraft for Nigerian airlines, particularly those operating short-haul and regional routes.
- Reduce capital barriers associated with outright aircraft acquisition.
- Support fleet expansion and operational stability within the local aviation sector.
- Position Nigeria as a regional hub for aircraft leasing and financing

With the proposed establishment of the national aircraft leasing company, we expect that both operators and passengers will soon begin to experience the benefits of a local leasing platform, including improved access to aircraft, enhanced operational efficiency, and more competitive pricing within the aviation sector. This development represents a positive regulatory milestone. It also signals the further strengthening of Nigeria's aviation leasing and financing ecosystem. We expect to see a direct impact of these developments on the aviation insurance sector.





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