

NIGERIA WELCOMES FIRST DRY-LEASE AIRCRAFT AFTER EXITING AWG WATCHLIST

Introduction

The Nigerian aviation sector is set to record a landmark development on October 6, 2025, when the first aircraft under a dry-lease agreement will arrive in the country. This follows Nigeria's successful exit from the Aviation Working Group ("AWG") watchlist in October 2024, an achievement that has reopened access to the global leasing market for Nigerian carriers.

The announcement was made by the Minister of Aviation and Aerospace Development, **Festus Keyamo, SAN, CON, FCI Arb (UK)**, during the foundation-laying ceremony of the Air Peace Maintenance, Repair, and Overhaul (MRO) facility at Murtala Mohammed International Airport, Lagos¹.

Why Nigeria Was on the AWG Watchlist

The **Aviation Working Group (AWG)** is a global industry association comprising major aircraft manufacturers, lessors, and financial institutions. It monitors compliance with the Cape Town Convention on International Interests in Mobile Equipment and its Aircraft Protocol, a treaty designed to provide creditors with stronger protections in aircraft financing and leasing transactions.

¹ <https://x.com/fkeyamo/status/1968403112453881887>

For years, Nigerian airlines struggled to access dry-lease aircraft due to the country's blacklisting by the AWG. The reasons included:

- **Non-compliance with the Cape Town Convention**, which raised concerns about the enforceability of ownership and repossession rights.
- **Past defaults by Nigerian carriers.**

These challenges discouraged international lessors and financiers from placing aircraft in Nigeria. However, Nigeria's compliance record has significantly improved, with the country's score rising from 49% to 70% and presently 75.5%. This led to its removal from the AWG watchlist in October 2024, a move that restored investor trust and unlocked opportunities for Nigerian airlines to secure aircraft on competitive terms.

Understanding Dry Lease in Aviation

A dry lease is a lease of an aircraft without crew. Under this structure:

- The **lessee (airline/operator)** assumes full operational control of the aircraft.
- The lessee is responsible for **providing crew, maintenance, and insurance.**
- The **lessor (owner)** limits its role to collecting rentals and protecting ownership rights.

This arrangement is comparable to a bareboat charter in shipping, where the vessel owner hands over possession to the charterer, who manages all aspects of operation during the charter period.

In contrast, a **wet lease** involves the lease of an aircraft **with crew, maintenance, and insurance** provided by the lessor. Here:

- The lessor retains operational control and is responsible for the safety and regulatory compliance of the aircraft.
- The lessee is restricted mainly to commercial functions such as setting routes and selling tickets.
- This is similar to a time charter in shipping, where the vessel owner continues to man and operate the vessel.

Distinguishing Between Dry Lease and Wet Lease

FEATURE	DRY LEASE	WET LEASE
Crew	Provided by lessee	Provided by lessor
Maintenance & Insurance	Responsibility of lessee	Responsibility of lessor
Operational Control	Lies with the lessee	Lies with the lessor
Commercial Role of Lessee	Full responsibility for operations and profitability	Limited to ticketing, routes, and passenger services

The distinction is critical. While wet leases are useful for short-term needs, they keep airlines dependent on external providers. Dry leases, by contrast, **transfer greater responsibility to Nigerian airlines**, encouraging them to build local capacity in operations and technical support.

Why Dry Lease is Significant for Nigeria's Aviation Growth

The return of dry-lease aircraft to Nigeria is a **turning point** for the industry:

1. **Restored Global Confidence** – Exiting the AWG watchlist signals that Nigeria can now be trusted to honour lessors' rights, creating an environment conducive to international financing.
2. **Capacity Development** – Dry leases require Nigerian airlines to hire and train their own crew, build maintenance facilities, and manage insurance—laying the foundation for long-term sustainability.

3. **Financing Boosts** – In January 2025, the African Export-Import Bank (Afreximbank) announced plans to support Nigerian airlines with **twenty-five (25)** aircraft through a leasing subsidiary, using dry-lease financing to boost competitiveness.²
4. **Reduced Costs and Greater Autonomy** – Unlike wet leases, which are expensive and limit control, dry leases give airlines freedom to schedule, manage operations, and optimize efficiency.
5. **Sector Development** – Investments such as the Air Peace MRO facility in Lagos will ensure that maintenance and overhaul can be conducted locally, complementing the adoption of dry leasing and reducing capital flight.

Conclusion

The imminent arrival of dry-lease aircraft on October 6, 2025, marks not just the end of a long struggle for Nigerian airlines but also the beginning of a new growth phase for the sector. By exiting the AWG watchlist and embracing dry leasing, Nigeria is positioning itself for stronger operational capacity, greater financial stability, and increased competitiveness in the global aviation market.

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² <https://businessday.ng/companies/article/keyamo-secures-afreximbank-deal-to-boost-aircraft-financing/>