

Providing specialist expertise

Lufthansa Consulting assists Congo realize major airport projects

At the end of 2006, Lufthansa Consulting (LCG) signed a consulting contract with the Government of the Republic of Congo (Brazzaville) to provide its specialist expertise and undertake a strategy study to enable the country to realize major airport projects.

Within a period of twelve months, LCG reviewed existing market studies for six airports in the Republic of Congo (Brazzaville, Pointe-Noir, Dolisie, Ollombo, Ouesso and Impfondo), which constitute more than 95 per cent of the Congolese air traffic volume. LCG's remit included:

- Identifying and documenting the technical status of the six airports
- Developing investment programs for the six airports
- Analyzing the economic situation of all airports in Congo
- Developing a tool to evaluate the financial performance
- Recommending a strategy to improve service quality and management performance and
- Elaborating technical tender documents that can be used for tenders as part of the "Request for Proposals."

Since January 2007, an expert team of LCG consultants has built up a complete project office with a full technical infrastructure on site in Brazzaville. The first report covering historic and forecast air traffic

developments was presented to the client in March 2007.

Successful cooperation

In February 2008, the government of the Republic of Congo (Brazzaville) has assigned Lufthansa Consulting with the implementation of their successful 2007 consulting project results. The extended contract reaffirms the Congolese government's confidence in the abilities of the German firm of management consultants to support the African country with the development of a functioning aviation infrastructure. Last year's strategy study for six airports in the country detailed that the international airports of Brazzaville and Pointe-Noire show strong traffic growth.

Under the new contract, Lufthansa Consulting's services will focus on searching potential strategic investors, which shall take a stake of at least 51 per cent of the shares in a private operating company which will hold the concession for the airports Brazzaville, Pointe-Noire and Ollombo.

The Congolese government strongly invests in these three airports. In Pointe-Noire, a new passenger terminal is already in operation since the end of 2006. Also, the runway has been extended to 2.600 m and the main apron has been resurfaced. In



Hans-Dieter Janecke, Managing Consultant, Lufthansa Consulting

Ollombo, a completely new airport has been developed. The runway is complete and passenger and cargo facilities are planned. Within the next 18 months in Brazzaville it is scheduled to build a new runway as well as a new passenger terminal building.

Searching for investors, LCG will also conduct the appropriate tender process. The bidding is provided for mid-July 2008. Lufthansa Consulting has gained extensive experiences with similar successful projects, e.g. during its long standing engagement with the privatization program of Burkina Faso's international airport Ouagadougou or with the current privatization plans for the airports of Haiti.

Exclusive interview

Airport Cities has asked Lufthansa Consulting to find more about the components of the company's aviation project in Congo. Below is the interview with Hans-Dieter Janecke, Managing Consultant, Lufthansa Consulting in Q&A format.

News on the Republic of Congo does not appear very often in international media. How did your cooperation with Congolese government start?

The government is currently investing heavily in its airports – especially Brazzaville Maya-Maya Airport - and it is the intention to make sure the new airport infrastructure is managed and maintained in a professional way. For this reason the government looked for a consultant who could support it to define a suitable management model and who could undertake the preparatory studies and support in the selection and implementation of foreign airport management know how. The fact that Lufthansa Consulting has accumulated considerable experience in airport privatization projects all over the world and the fact that it is owned by an airline and does not intend to manage airports itself, have been important reasons to cooperate with Lufthansa Consulting.

The first contract was signed in October 2006 after a visit of the President of the Republic of Congo, Denis Sassou Nguesso, to the Lufthansa maintenance base in Hamburg. It included the required market, technical, operational and financial analysis. The work on the studies started in January 2007 and in December of the same year, the government awarded another contract to Lufthansa Consulting, mandating it to support the implementation of an airport concessionaire, who shall be responsible for the airports of Brazzaville, Pointe-Noire and Ollombo.

We understand Lufthansa Consulting undertook a strategy study last year for six airports in Congo. Tell us more about the scope and findings of this study.

The scope consisted of three phases. In the first phase of the study a revision of the air traffic forecast had to be



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prepared, which had been set up two years before within the framework of the national transportation plan. As this forecast did not provide individual data for the six airports included in the scope (Brazzaville, Pointe-Noire, Dolisie, Ollombo, Ouesso and Impfondo) Lufthansa Consulting undertook an own market analysis and prepared individual airport forecasts.

In the second phase, all six airports have been visited and inspected by technical teams. The current status has been identified and an investment program has been developed for all of them – based on the investments already performed or planned by the government. In addition, the financial performance of the airports has been evaluated in order to develop a strategy for the involvement of a foreign airport operator. Finally, it was decided to combine the two international airports of Brazzaville and Pointe-Noire and the new airport of Ollombo in a package and offer it as a concession.

The third phase consisted of the drafting of the preliminary tender documents.

A new contract to attract investors to Congo was signed between Lufthansa Consulting and Congolese government. What does this agreement entail?

The new contract entails basically two main tasks:

1. Assistance of the government in the implementation of a concessionaire. This includes:
 - Search for investors / international airport operators
 - Communication with investors / international airport operators
 - Finalization of the tender documents
 - Support in the management of the tender process
 - Evaluation of the proposals
 - Support in the negotiation of the concession contract
 - Support in the establishment of a "Bureau de controle et supervision" for the concession
 - Support in the operational transfer to the concessionaire
2. Restructuring of the civil aviation authority – Agence Nationale de Aviation Civile (ANAC) which includes:
 - Analysis of current tasks and procedures
 - Definition of new tasks – after implementation of a private airport concessionaire
 - Audit of management staff
 - Preparation of a qualification and training program

How is the feedback so far on investing in Congo? Which markets or countries showed interest in investing in Congo's airports?

The Republic of Congo is certainly a challenging country for foreign investors. Nevertheless, the country is opening up and currently offers quite a few interesting projects to foreign investors – among others – the airport concession. In the telecommunication sector for example, the third operator – Warid from UAE – just launched its services.

Also, there are foreign investors interested in the development of the port of Pointe-Noire, which is the biggest deep water port of the region and traditionally supplies not only the Republic of Congo, but all the neighboring countries like Democratic Republic of Congo, Gabon, Angola, Tchad, Central African Republic etc. To this respect, there have been recent discussions between Dubai World and the Congolese government.

Regarding the feedback to date – although it is too early to provide a real summary of our activities – it can be said that there is an interest in the project from several international airport operators / investors.

What is the present situation in aviation scene in Congo from the perspective of a consultant?

Since the end of the war in 1998 the Republic of Congo has enjoyed a peaceful and stable development, which has been the basis for a strong growth in its air traffic over the last ten years. There is growing domestic air traffic – most of which is focused on the shuttle between the capital Brazzaville and Pointe-Noire, which is the commercial center of the country

and where most of the oil companies are located.

Also, international air traffic has shown strong growth over the last ten years. Today, Air France offers direct flights to Paris from both Brazzaville and Pointe-Noire. Ethiopian offers five flights a week to Addis Abeba, Inter Air connects to Johannesburg, South Africa and Gabon Air offers flights to Paris. In 2007 the passenger volume reached 658.000 passengers in Brazzaville and 515.000 passengers in Pointe-Noire airport.

Also, there is a strong market for air cargo. This is driven not only by the shuttle between Pointe-Noire and Brazzaville – due to the non-availability of a suitable road connection and the problems with the rail connection, but especially by the economic development. Also, the port of Pointe-Noire contributes to the cargo growth, because many goods arriving by ship are distributed by aircraft into the region. In 2007 cargo levels increased to well above 40.000 tonnes at each of the two airports.

In your opinion, which areas in Congo's aviation industry need urgent attention?

With its heavy investments in the airports and with the restructuring of the civil aviation authority and the implementation of a private airport concessionaire the government intends to improve the safety, security and customer service levels.

Is security situation in the country a challenge for international investors?

The country is definitely a positive

example in the African context. As far as we have experienced it over the last 18 months it is safe to walk in most parts of the cities – even at night. The people are open and friendly and there are only rare incidents of street crime. Also, the political situation is stable and there have been little or no manifestations of violence. So, I think, the country is on a good way.

How do you think new airports (or development/ refurbishment) will affect the economy of the country?

Definitely, the modernized airports will trigger additional economic growth and hopefully the country can regain its traditional role as transit country. There is a need to facilitate both passenger and cargo handling and to enable transfer from wide-body onto narrow-body routes serving the region of Central Africa. For the time being there is no transfer or hub airport in the region. So, there is a chance of considerable growth. Nevertheless, a lot depends on the government policy in terms of liberalization of its air traffic industry and to what degree open access will be allowed.

What are the main challenges of doing business in Congo or an African country in general?

- To flexibly tune into the individual cultural circumstances ... as is the norm for consultants in an international environment.
- Find qualified staff - motivate local staff - offer training and qualification
- Make it clear that competition is good, because it leads to lower (consumer) prices and triggers growth and employment

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