



Accountability and Environmental Sustainability: Nigerian Maritime Experience

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Abstract

Maritime sector of Nigeria is one of the largest administrative agencies in African continent that has greater impacted to Nigerian and West African region economies. The industry expectation if managed very well, will significantly improve the economic development of Nigeria. Several reports in the sector provide evidence of non-performance, low productivity, corruption and non-compliance with the international maritime global best practice. In addition, the sector is marred with the challenges of political, regional instability and pirating within the coastal region. However, significant efforts have been made by the Nigerian government to improve on the sector in order to attract local and global investors in the industry. From the last political and present administration of Nigerian government has provide a good enabling environment for the growth of the industry. However, policy makers and government are expected to do more in the sector for the economic benefits of the country and West African region in general.

Keywords: Accountability, Environmental sustainability, Economic development Maritime, Nigeria.

Contents

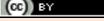
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1. Introduction

Demand for greater change in the understanding of the maritime business has brought a more significant policy measures in the sector particularly to the environmental changes globally, with the increasing advancement in technology. The Maritime industry globally accounts for more than 90 percent of the transportation requirements. The industry experienced a significant rapid change in technology and managements for many decades, which are an important element for sustainable development in emerging economies (Crede and Mansell, 1998). These rapid changes in the sector caught the attention of the global investors to invest in the business for both the developed and emerging markets. In particular, the Nigerian maritime industry has impacted positively on the development of the Nigerian economy. However, Policy issues on accountability and environmental sustainability are predominantly in the discussions globally. Reasons have been reported on these two questions and considered to be on the increase particularly in developing countries, thus, losing attraction for the local and global investors (Johnson, 2014).

Though, Nigerian maritime sector is considered to be vast and evergreen (Ifeyinwa, 2015), but yet there was a bold attempt by the Nigeria government to transform the look of the industry operations within its Coastal and Inland Shipping. This led to the establishment of Nigeria Cabotage Act in 2003 that is designed to give stinging foreign involvement within the Nigeria's domestic coastal trade. Accordingly, experts in the maritime sectors reported that, if the industry is to be managed adequately, the revenue generation of the industry will increase the federation accounts tremendously. Statistically alone, in the year 2009 the agency reported over \$1.99billion (NGN4.9trillion) on the three percent levy on freight only. This revenue generation is assumed to have increased over the years from 2009 and 2014 with little decline in 2015. From the period of independence to date maritime sector has employed an estimated 150,000 workers in the year 2013 with as much as USD15Billion to the Nigerian economy. The sector, been an important industry to the economy is contributing about 40% of Nigerian GDP. Several experts demonstrated that revenue generation in the area is expected to have a rise by over 300% has been neglected by the government (Moses, 2015).

The system of accountability and environmental protection in the system is highly uncoordinated and receive little attention from the government. Corruption in the sectors has been endemic, bringing the industry to almost near collapse. Many studies conducted shows corruption as a hindering block for investment, restricting trade, distortion of fact and economic growth of any industry (MACN, 2014). Also, since the year 1950 when Nigerian started extraction of petroleum product, there was severe environment degradation in the region. In the year 1995, prominent environmental activist (Ken Saro-Wiwa and Others) were executed by the Military regime for voicing out the maritime environmental problem in their region. To ensure improvement in the revenue generation, the government of Nigerian hired private security consultant in the year 2013 to control and guarantee the safety of the Nigerian waterways. The maritime authority of Nigeria is the body responsible for making regulations related to shipping, coastal waters and maritime labour laws. The agency was known to be National Maritime Authority (NMA) and later called The Nigerian Maritime Administration and Safety Agency (NIMASA). The Maritime industry among its responsibilities is the provision of search and rescue operations, undertakes inspections and security to the Marine Coastal. The Nigerian maritime environmental challenge witnessed from the piracy and armed robbery in the coastal region. This issue has caused a greater neglect of the industry by the multinationals. Over the years, the government of Nigeria provide many programmes such as; (i) National Seafarers Development Programme (NSDP), (ii) NIMASA Science, (iii) Technical College, Okolona, Okrerenkoko, (iv) NIMASA Maritime Institute and, (v) NIMASA Shipyard and Dockyard, Okrerenkoko, Delta State, Nigerian Maritime University (NMU) in the community. This programme has benefited over 2,500 young Nigerian that are mostly in the region.

2. Nigerian Business Environment

The CIA fact book reports Nigeria as the most populous black nation in the world. The estimated population of the country is between 160 to 180 million, as stated from CIA (2013). Africa and particularly Nigeria, will be in the leading global population rise over the next century and possibly larger than the US by 2050 by the United Nation (UN) in 2012. There are over 250 multi-ethnic and cultural groups in the country. These groups are divided into kingdoms as a result of their culture, norms and tribes. Five major domains exist in the country before 1960 independence namely: The Hausa Kingdoms, who are mostly majority Muslims from Northern region, Igbo kingdoms from Southern East part of Nigeria and mainly Christians. The Yoruba kingdoms in the South Western region, while the Nupe Kingdoms from Northern region and mostly Muslims. The Greater part of the population and three-quarters of the land mass of Nigeria is in the northern part (John, 1972). By 1914, the country's amalgamation between the two provinces of Northern and Southern by the British was signed.

The Nigerian government got its independence was granted on the 1st October 1960 from by the British government. This was followed by a democratic election in the country, as the Northern part has the majority of the population, the election before the independence favored the Northern Party (NPC). The party captured 134 Seats out of 312 seats in the parliament. Immediately after the civil war, Nigeria has no money for economic development, reconstructions and meeting the demand of government expenditure requirements. This at the time the primary source of revenue in the country was from the agricultural product before the discovery of oil in 1950. Petroleum industry becomes the boost of economic development as the revenue generation increases with the rise in the global oil prices from \$3 to \$7 in 1973-1974. The Nigerian revenue generation increases with as the oil prices rise with foreign exchange. International communities moved into the country for investments. British, Russia, France and US become great allies for economic development. The economic strength of Nigeria depends largely on gas reserve and petroleum [product that make up over 90% percentage of the country's foreign exchange revenue.

3. Nigerian Maritime Business

The location of Nigeria geographically facilitated the establishment and development of maritime industry in the ocean-going or inland areas. In Nigeria, there are two types of inland transportations in the Rivers Niger and Benue

with others that are small but provide a significant avenue for maritime activities. The major part of the maritime activities is within the Atlantic Ocean because of its border with the international maritime. Thereby, assisting not only in transportations but contributing significantly to the economic development of the country economy. The sector is reported to be accountable for over 60% of the West African total seaborne traffic found in the region (Comfort 2015).

As a result of the contributions of industry to the Nigerian economy, the maritime sector was first established through shipping policy decree of 1987 under the supervision of the Federal Ministry of Transport. The National Maritime Authority (NMA), was a predecessor of The Nigerian Maritime Administration and Safety Agency, (NIMASA). The principal obligations of the industry to the Nigerian economy is to ensure not only the protection, orderly development and manpower training of the shipping industry. But to also, the NMA has the responsibility of marine pollution monitoring as well as spillage within Nigerian waters. Furthermore, the vulnerability of the environmental sustainability of the region recognised the important role of the maritime as an agency to ensure the protection of the area (Mwalimu, 2005).

This importance of the organization gives birth to NIMASA in 2006 as a result of the merger of NMA with Joint Maritime Labour Industrial Council. These two agencies were both parastatals from the federal Ministry of Transportation. The act that established NIMASA in 2006 state that; (i) five percent of the annual income of the agency shall support Maritime Academy of Nigeria (MAC), and (ii) thirty-five percent of the annual income is to be employ for the development of maritime infrastructure. Additionally, from the period of December 2009, the agency set up a

Ray (2015) described the importance of marine to the Nigerian fund that will cover 40% cost for the education system in the delta region (Ogbuokiri, 2010). Economy to include;(i) transportation services, (ii) promotion of trade and commerce, (iii) generation of revenue, (iv) job opportunity and employment creation, (v) institutional development, and (vi) tourism promotion.

Some of the major functions of Nigerian maritime sectors are find below:

- Ensuring the development of both shipping and regulatory matters that are related to seafarers and merchant shipping and seafarers.
- Handling all administrative, policy and regulation that are related to shipping licences.
- Maritime training as well as standard safety establishments
- Safety regulation, standards for shippers’ construction of ships and navigation.
- To provide Maritime Search and Rescue Services
- Provision of direction and compliance safety with vessels security measures
- To carry out Air and Coastal Surveillance
- Controlling and preventing Maritime Pollution
- Developing and implementing regulations, policies and programmes
- Enhancing and administering the provisions of Cabotage Act. 2003
- Performing Port and Flagging State duties.
- Providing Maritime Security services

3.1. Structure of the Maritime Authority of Nigeria

The maritime industry has three Directorates. In each of the directorate there constitutes the leadership of Executive Director(ED). From the Directorate, there are two or more primary units that are headed by a Director. In overall, eight Departments report to the reporting to the EDs during the nine Units report to the Director-General or CEO. Because of the nature of the organisational operations, several offices operate a Zonal structure to improve effective management of its activities in the four significant maritime zones of Nigeria.

The zones and their respective headquarters are: Western Zone – Lagos, (ii) Central Zone –Warri, (iii) Eastern Zone - Port Harcourt, (iv) Northern Zone – Abuja and (v) Head Office in Lagos. The largest distribution are is in Lagos with its principal operations in (a) Apapa (Lagos), followed by Warri, Port Harcourt, Bonny, Calabar, Lokoja, Abuja, Yenagoa, Onne, Sapele, and Eket.

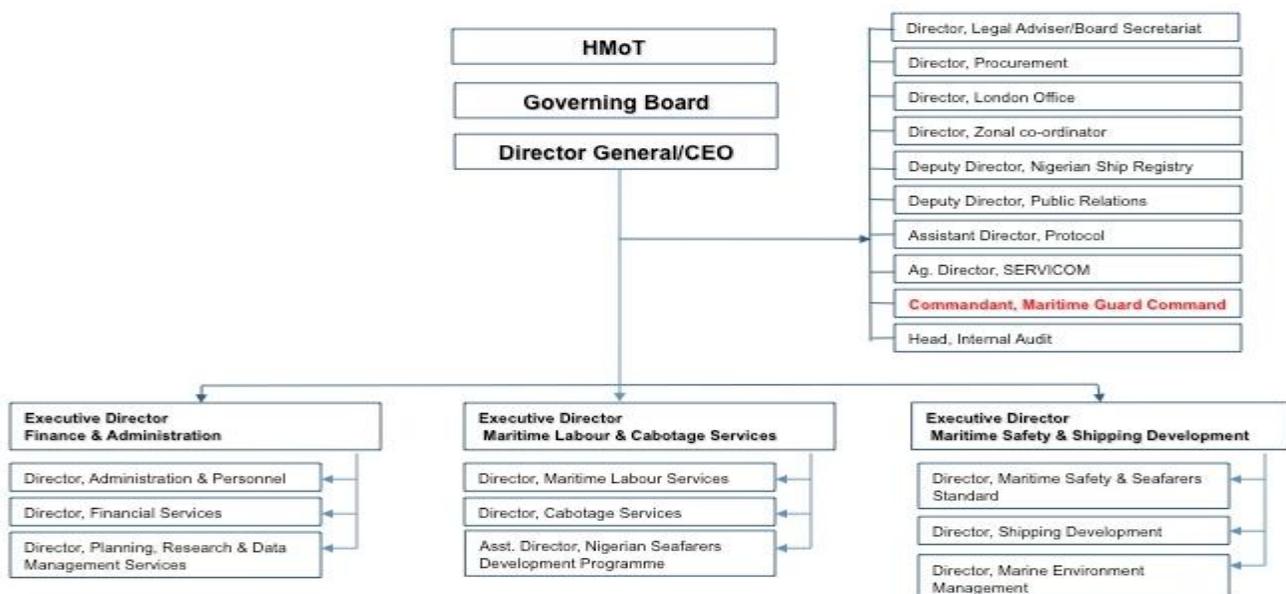


Figure-1.1. Agency Structure

Source: NIMASA (2014)

3.2. Accountability in Nigerian Maritime

The general concern of the government of Nigeria is the level of corruption among the maritime and petroleum industry. The memorandum of the Governor of Central of Nigeria to the Present of Nigeria in 2013 has shown that; “Non-Repatriation to the Federation Account by Nigerian National Petroleum Corporation (NNPC) of N49.8 Billion accounting over 76% of the value of Crude Oil Lifting in 2012 and 2013”. But the letter also contains complaints about “Failure of NNPC to pay N22 billion Nigerian Export Supervision Scheme (NESS) Levy”, and “Other Related Matters” (Anago, 2014).

The challenge of maritime industry is the political instability couple with the Global economic turmoil. Recently, in the year 2013 the Nigerian government lost over 300,000 barrels of crude oil on a daily basis from the attacks on major export pipelines (MACN, 2014). Vandalism of the crude oil within the offshore and on-shore of Nigeria has a significant impact on the Nigerian economy (Ejiofor and Chineme, 2014). In the year 2014 the government sought of deregulating the downstream sector to improve the transparency and efficiency level of the petroleum and maritime sectors. The result of the enumeration of the consequences of deregulations that was assumed to be demanding in resources, discourage investments with the severe advantage to the wealthy, prompted the government to abandoned the initiative (Meredith, 2005).

The majority of the challenges identified in the sector includes weak internal ethics infrastructure in the ports (for example, lack of a code of conduct), underdeveloped systems and weak enforcement practices for investigating complaints from the bribe demands, payments facilitation. However, the findings of the Accountability report by United National Development Programme and the Maritime Anti-Corruption Network in 2014 were classified into three components as; (i) organisational, (ii) environmental, and (iii) personnel.

3.2.1. Organisational Factor

The accountability measure in the Maritime does not provide a good formal channel for insider or complaint systems for whistle-blowing. Also, in the sector, there are limited levels of policies compliance and decisions to strengthens current reforms that are taking place in the industry. Several bureaucratic process of cargo clearance, within the ports, provides an avenue for corrupt practices. For example, in the processing of cargo in the harbour, it required several signatures (142) before clearances. Lastly, the predictability, as well as celebrity on the decision-making process, is limited in the sector.

3.2.2. Environmental Factor

In this sector, there are limited numbers of operational facilities in the port, which makes the port services a scare resource. This has provided undue advantages to the corrupt behaviour of the people in the industry. Also, the organisation regarded corruption as an acceptable norm in which the industry will be to promote and business interest to be achieved. In the sector, most of the foreign firms are in compliance with the local traditions, rules and expectations to sustain their business, which include indulging in corruption. Furthermore, the laws in the area have been outdated consisting of sanctions that are no longer a deterrent, un-effective enforcement of sanctions, and provisions remain weak in the industry.

3.2.3. Personnel Factor

The maritime organisational sector is reported not to an emphasis on integrity in the place of work. There is a broader discretionary power with limited accountability. The system of corruption in the maritime has been accepted and widely rationalised by the staff. In the industry, no training routine is established to strengthening ethics and competence. The pressure of those in authority to comply with the already established corrupt practices is very high.

4. Environmental Sustainability

Reports on Nigeria, by the local and international organisations, provide evidence of significant increase in the environmental disasters, like human activities and drought. For instance, the Nigerian report RIO+20 Summit in 2012 (UNDP) reported that Nigerian environment has been under threat from both natural and human activities. The challenging aspect of the environmental situations is visible in the sense that destruction of natural resource in the coastal areas of Nigeria can be noticed easily. The report of UNDP in 2012 stated that Nigerian larger populations are in great danger due to the environmental factors.

The ecological damage in the Delta region is caused by the fossil fuel use, in particular, oil and gas exploration. The coastal area of Nigerian marine environment has about 853 km of the coastline and inland, for a distance of about 15km in Lagos in the west, to about 150km in the Niger Delta region and about 25km east of the Niger Delta. In the study of UNDP in 2012, the Nigerian maritime coastal area is afflicted with significant environmental problems, which have greatly been addressed for as an issue for sustainable development. The system of industrialisation, oil and gas explorations, urban development and exploitation has invaded on the community as well as their environment. This phenomenon leads to the opening of the pristine ecosystem (UNDP Report, 2012). Natural hazards like loads have clearly caused few of the environmental impacts, industrial events that have aggravated the condition.

The major areas identified in the environmental sustainability in Nigerian includes; (i) modification of the ecosystem in the coastal erosion, biodiversity loss, flooding, salt water intrusion and exotic species, (ii) pollution from oil spills, gas flaring industrial and agricultural effluents, solid wastes and sewage,(iii) depletion of fisheries resources (Awosika, 2008).

5. Conclusions

Nigerian maritime industry is the heart of that accounts for a greater percentage of the government revenue. Despite the importance of the maritime sector to the Nigerian economy, a significant neglect of the industry is

noticed. Over decades, the industry has not acquired attractions of required global and local investors. This challenge is attributed to the level of accountability and environmental issues. Some professionals and experts in the area have attributed the lack of knowledge of the maritime sector, technical competency and understanding the operations of the industry contributed to low investments in the sector. The Nigerian maritime sector is considered to be one of the largest industry in African and the most prominent in the West African region, but yet do not provide expected economic development in the area. Nevertheless, other challenges like political instability, piracy and corruption have been the major hindering factor to the development of the sector.

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