

## AN ASSESSMENT OF CORRUPTION AND FRAUDULENT PRACTICES IN NIGERIA SEAPORT

---

**Geoffrey Agabi, Onovughe Agabi & Kingsley Agaviezor**

<sup>1</sup>Department of Maritime Transport and Business Studies  
Delta State School of Marine Technology Burutu

<sup>2&3</sup>Department of General Studies Unit, Delta State School of Marine  
Technology Burutu

Email: [geoffreyagabi9@gmail.com](mailto:geoffreyagabi9@gmail.com)

---

### ABSTRACT

*This paper analyzed corruption in Nigeria maritime industry as an alien to Africa seaport. It was therefore argues that corruption activities are still going on in the maritime sector especially by terminal operators and shipping agencies under the watchful eyes of the government agencies. On this premise, corruption diagnosed from different perspective. However identified some causes of corruption and possible solution. It therefore concluded that corruption is innate and deep seated in Africa particularly the Nigeria seaport. Thus the paper revealed six negative effect of corruption on the maritime industry as well as remedies on how corruption can be eradicated from the port as well as the maritime industry. Finally, paper put forward five recommendations as possible options and frame work for curbing corruption in Nigeria maritime industry.*

**Keyword:** *Corruption, Industry, Maritime, Port, Sea, Nigeria*

### INTRODUCTION

The maritime sector of any nation is like an orbit around which the economic being of the country revolves. This sector occupies a very prominent position in the economy all over the world, but Nigeria seems to have no value for its maritime

sector, despite the fact that it contribution towards the economy worth trillions of naira, yet its effects are not recognized. The Nigeria seaport is an epidemic to growth and development. It was observed that over 80% anomalies in the maritime sector is caused by corruption.

Corruption is a widespread, deep rooted issue that affects government, their procuring entities, the private sector, and society in general. A lot of effort has been made on recent years to raise awareness of corruption across both public and private sectors and its negative influence on economic development. Studies across the globe have shown how corruption can interrupt investment, restrict trade, reduce economic growth, as well as contribute to poverty and income inequality of some countries.

Over the years, the port users at Nigeria ports have been so many challenges and bottleneck as such maritime experts not noted that Nigeria is one of the most challenging countries to do business in, as request for cash and in-kind payment are very common. Many government agencies frequently make corruption demands during port calls related to alleged irregularities of documentation such as yellow fever certificate, crew contracts or in-terms of operation e.g. ballast water discharge documentation, on board practices in general . According to the United Nations, corruption is approximately 10 percent to the cost of doing business in many parts of the world, (Linda Havwik, 2014).

It have be proffer by stakeholders that Nigeria ports lose over N1billion within the port and business community due to inefficiencies and inherent short comings. Corruption is a

cancer that has eaten deeply into the fabric of Nigerian. The general perception about Nigeria is that corruption practices an endemic and systemic in both public and private sectors of Nigeria. From the forgoing, it is clear that corruption undermines the country's mental challenges which are responsible for poverty in the country. Public monies that are due for infrastructural development and the nation pays the prices. It is thus premise that the paper showcase that the fight to eradicate corruption in the maritime subsector should, as a matter of fact be taken further than the present measures of government.

The history of corruption in the nation's ports dated back to the colonial era is still a phenomenal that is questionable in the maritime industry in Nigeria. Generally, corruption in the human society is as old as man and an age long problem, which neither has respect for developed or developing society. In the Nigeria maritime industry, it has established itself as a dog in the wheel of progress, which is affecting the negatively growth and development of the entire national economy. It has been argued that corruption is an inducement which allows wrong doing either by bribery or other unlawful or any improper means. Corruption has remained one of the complex problem that have impacted negative development in Nigeria maritime sector.

In view of the foregoing this paper provides a conceptual framework web, conceptual clarification that corruption as a term is uncertain and indeed devoid of any strait jacket definition. It depends on who is defining and from what perspective. What is corruption? According to Okolo et al (2014) defines corruption as the involvement in illegal,

dishonest or wicked behaviour which is destructive of the moral fabric of society. To some individual, corruption is the conscious and well plan act by an individual or group of people to appreciate by unlawful means the wealth of another person or group of persons. Then to others it is the act of turning power and authority to ready cash.

For Agbese (1992) x-ray corruption as a phenomenon so difficult to define, yet it more gradually through every aspect of the society. As far as it our maritime officers hands. Thus any act or behaviour committed internationally or not to influence the actions of authority, the influential and the influenced, respectively has corrupted a system which is detrimental to the entire society (Okolo, et al 2014).

In other perspective the technocrat in the maritime field see corruption as a economic rape to a nation seaport in other to hinder its economy growth. However, the Webster dictionary from it point of view define corruption as the act of or state of being corrupt put refactiative decomposition, putrid matter, moral pervasion depravity, corrupt or dishonest proceedings, bribery, perversion from the state of purity debasement as of a language; a debased form of a word.

In the same vein Salisu (2000), defined corruption as the misapplication of public funds to private ends. For example, custom officials may collect briber for approving contraband goods, issuing seaman passports. Three type of corruption are being identified in the maritime sector, these are, routine corruption, where bribes are paid to customs official to ensure customs procedures are completed, also fraudulent corruption which involves the persuading of custom officials

to turn a blind eye to certain procedural requirement in order to decrease tam liability or other import/export obligation while last is criminal corruption, in this type of corruption, the criminal organization offer payment to custom officials to ensure the smuggling of illegal substance into the imported country.

Furthermore, Konie (2003), identified other two types of corruption in the public and private sector which is include vertical corruption that involves managers and decision makers, which is common in less developed countries and; horizontal corruption which involves the entire officials informed and laymen group in the countries. However, expert x-ray five types of corruption which should be drastically addressed to eradicate corruption if Nigeria want to witness any meaningful economic and developmental growth in the sector.

According to transparency international (IT) (2008) argued that corruption is the misuse of entrusted power for private gain by individual. However, some research also adjudicated that corruption should not be viewed from only bribery and unlawful payment rather from the holistic point. On this premise (Ojaide, 2000; Okolo, 2014), define corruption as any systematic way by an individual, society or a nation which reflects favoritism, nepotism, tribalism, sectionalism, undue, means of enrichment of wealth, abuse of office, power position. Furthermore, corruption also includes smuggling, illegal payments, money laundering, falsification of documents and records, window dressing, false declaration, tax evasion of any kind to the detriment of another people and the nation.

The pertinent question here is how did we find ourselves here?

### **Causes of Corruption in the Port**

Many reasons have been put forward as probable causes for the prevalence of corruption in Nigeria ports. As regards features of corruption, in the maritime industry as well as the port, the most common are: however, corruption to others it is the act of turning power and authority into ready cash. To yet another group, it is the diversion of resources for the betterment of the community to the gain of individuals at the expense of the community.

Black law dictionary however defines corruption thus: An act done to give some advantage inconsistent with the official duty and rights of others. The act official or judiciary person, who unlawfully wrongly uses his position or character to procure some benefit for himself or the rights of others,.

The dictionary in the second segment of its definition says that "corruption is the act of doing something with intent to give some advantage in consistent with official duty and right of other or official. In the same vain the new edition of the chamber 20<sup>th</sup> century dictionary defines the term corruption beyond the pilfering of public fund, the amassing of fortunes by illegal or corrupt means.

Also, the British departments for international development, (BDFID) maintain in its papers Nigeria country for the strategy year 2000, which Nigeria poverty persists in because of the mismanagement of resources and corruption found everywhere. In the same vein, the World Bank also defines

corruption as the abuse of public office for private gain, where a public official accepts bribe or extorts a bribe. It is abuse when a ship agent actively offers a bribe to custom office to circumvent public policies.

According to (Stople, 2008), stated that the United Nations convention against corruption recognized corruption as a multifaceted, dynamic and flexible phenomenon and therefore does not define, but describe corrupt practices (Tanzi 1998), proffs that it takes a minimum of two persons from one or more communities to executes corruption. However, different scholars have given different interpretation to the concept of corruption as well as divergent view of the subject matter.

Ribadu (2016),state that corruption is one of the most dangerous social ills that can bedevil any society. He further stated that corruption is like a deadly virus which attracts the virtual structures that makes for societies progression function. In the same vein, Ndikom (2011) adjudicated that corruption in the content of maritime industry is any act done with a negative intention, to gain some form of advantage in the capacity of performing an official duty and within the rights of others. Corruption in the maritime industry is also a state of being decayed, dishonest and open to bribery, full of errors and falsification of issues and documentation (Osibisa 1996).

Corruption does not only entail taking, it also entail somebody deliberately disobeying the laws as well as using his office as a constituted authority to and perpetuate evil act. Despite the effort of government in Nigeria in fighting corruption in all sectors, the reverse is the case as corrupt practice in the

maritime sector has become so epidemic that many corrupt activities are going on in the maritime subsector most especially by the terminal operators and shipping agencies under the watchful eyes of government agencies. It is inimical act is described in the maritime domain as a ceaseless economic rape. It has been argued that government should address wages and remuneration of revenue collectors in others to bid corruption farewell from the port.

According to Amaechi (2016), stated that, maritime industry is faced with myriad of challenges bothering on non-competiveness and corruption he stated that government is bringing up a robust strategy that will address the challenges that may hinder the growth of the sector. It is important to note that the neglect of the government to fight corruption in the maritime industry will not only jeopardize the nation's economy but also aggravate the nation's level of unemployment. Import and export is regarded as a basis for determining a nation's economic efficiency. Ezekweshi (2003), advocated that the maritime industry remains the power behind international commerce, yet its impact has not be felt in the country due to corruption.

Research has shown in the time past that corruption in the maritime industry in India was almost killing their economy, in other to eradicate corruption; some drastic measures were taken in other to overcome this urge situation. This amendments to the prevention of corruption Act 1988, provides for classifying corruption as heinous crime and longer prison terms for both the bribe giver and the bribe taker. The measure approved included penal provision from a minimum of six months to three years and from a maximum of



five years to seven years, which the research advocates should be applicable to Nigeria maritime industry.

An international media, Aljazeera news has reported that Nigeria losing about \$2.8billion annually to regional act seaport competitors and smugglers at the seaport due to the corruption in Nigeria. In the same vein, it has said that Nigeria ports has being considered as the worst in the world due to delays in shipping out goods, smuggling corruption and lack of infrastructure (Ashehy Brumfield, 2017).

Operators users of Nigerian ports and industry players are increasingly faced with bureaucratic radio tape, constant aids and illegal charges leading to costly operations. The Nigeria economy is currently losing about N600billion in customs revenue, an estimated \$10billion for non oil export and about N25trillion corporate revenue in the port industry on an annual basis, show the cost of maritime port challenges in Nigeria by the Lagos chamber of commerce and industry (LCCI) and others private organized sector (POS). Capacity utilization stands at 38 - 40% and approximately 40% of businesses located around the port communities have either relocated to other areas, scaled down operations or completely closed down.

However, it is not all doom for the maritime industry according to the report. It is slated that Nigeria's port will continue to see substantial increment in gross tonnage by 3.3% compounded annual growth rate - to 144.2million tons between 2010 and 2015. The annual growth rate of 1.8% is expected to rise until 2021 despite the challenges in the sector. This growth projection are subjected on the fact that

the nation's port will continue to be the preferred means of transporting goods in and out of the ECOWAS sub region.

**Below is the position of Nigeria seaport as at 2016**

Large GDP size US\$478billion now 2 <sup>nd</sup> largest in Africa	Employment potentials 800,000 industrial and 10,000 maritime new jobs	Revenue losses: Over N1trillion attributed to ports inefficiencies
Poor ranking on trading across borders (ports) 182 out of 185 countries in world bank ease of doing business ranking	Average timeline for clearing TEUs: 14 days instead of 2days	Economic competitiveness index: 124 <sup>th</sup> out of 140 countries in 2016 world economic forum
No of government agencies in ports: 14 instead of 16	Costs attributed to illegal payment: About 50% import and 61% export processing cost	Delays: 71% of the time spent to import and 64% of the time spent to export are linked to delays

**An overview of the issue identified by report channel to (2016)**

**CAUSES FOR CORRUPTION IN NIGERIA PORTS**

It has been adjudicated that there are so many factors responsible for corruption in the maritime industry in Nigeria as:

- Inconsistency in government policy
- High port tariffs, charges and rates
- inadequate port equipment and lack of maintenance policy
- cumbersome documentation processes
- Cheating attitude of importers and exporter toward imports and export
- Port agents attitude to imports and exports

- port environmental factors

### **Cumbersome Documentation Procedures**

Cumbersome documentation is one of the major causes of corruption in the nation's seaport. Most experiences freight forwarder or cleaning and forwarding agent found it very difficult to fully understand the documentation procedures within the nation's ports. If this is not properly handled by government and be under stopped, it could be result in bribery and corruption for these agents.

### **Unstreamlined Port Operations and Charges**

Most operations in the Nigerian ports are highly unstreamlined and unstructured in nature, thereby causing a lot of confusion among port users and other stakeholders. This approved agents capitalized on such seeming confusion to extort money from ports users.

### **Port Environmental factors**

The port environmental is very porous, it therefore need to be secure and safe for people and goods, due to the kind of business transactions operated therein, but in case of Nigeria is the opposite. Because of these importers want their goods out of the port a quickly as possible, and this means giving the push all that it takes, which include bribery and corruption as well as illegality.

### **Dockworkers Problems**

The lack of organized dock labour union gives norms for all forms of vices and corruption in the port, which result to high level of indiscipline among dockworkers and there is no check and balance in their operation for example a stevedore

company would bring a dockworkers instead of 16 approved by maritime labour laws. After this exercise the vessel is made to pay for a full gang (16 dockworkers). This corruption is usually collusion between the vessel agent and the appointed stevedore such evil collaboration is dangerous for the port industry.

## **CONSEQUENCE AND EFFECT OF CORRUPTION IN THE PORT**

The negative impact of corruption in the port cannot be overemphasized.

- i. it makes a nation seaport to lose credibility and integrity
  - ii. it makes a nation to loss revenue
  - iii. it leads to cargo diversion
  - iv. it leads to reduction in cargo throughput
  - v. it leads to under utilization of ports
- 1. It makes a nation seaport to lose credibility and integrity:** No nation want to do a serious business with a corrupted nation. Once your port is known to be corrupt the credibility and integrity of that nation seaport is doom for life. As the maritime business capital intensive as such shipper what too protect the cargos from such a corrupt seaport.
  - 2. It leads to loss of revenue to government:** Corruption is destructive to any sea port as well as a nation. If it crisp into a sea port the government will begins to lose a large share of revenue accruable to it. When what is suppose to go to the government is now going into private hands, the nation's economy will begins to father and suffer.

3. **Leads to Cargo diversion:** If importers cannot meet up the demand place on their cargo at the seaport, they may have no option than to divert their cargo to a neighboring seaport, which is cheaper and corruption free. In this scenario, the countries whose cargo are being divert to are growing economically while the other country whose goods are diverted from are losing billions of dollars.
4. **It leads to reduction in cargo throughput:** Corruption is epidemic and can gravely reduced cargo throughput to a nation seaport. The cargo that is met for Nigeria due to corruption and cumbersome of documentation, such cargo will now remove to port of other countries thereby reducing the cargo throughput of Nigeria.
5. It makes a nation seaport to be underutilized.

### **POSSIBLE SOLUTION TO AVERTING CORRUPTION FROM NIGERIA SEAPORT**

The following are some possible solution to be considered by the Nigerian government so as to eradicate corruption from the maritime industry.

1. Government should as a matter of fact enact specific policies aimed at readdressing the problem of corruption in the maritime sector. Such policies should come with stiff penalties for corrupt officials and their collaborators in respective of who they are in the industry. Such policy must be fully enforced and implemented by government to shape the behaviour and attitude of stakeholders in the maritime industry.
2. There should be public enlightenment campaign on the socio-economic consequences of corruption for the

nation as a whole and the individual in particular in maritime operations. Campaign and enlightenment programmes on national broadcast media will go a long way in curtaining the menace among the various stakeholders of the industry.

3. Improved incentives and services of benefit can motivate workers at all levels for perform better and refrain from corrupt practices and other illegalities. It is expected that through such means port policies can be made to be a live to its responsibilities.
4. Establishment of Nigeria port commission. There should be establishment of Nigeria port commission to oversees the operational modalities of privatized or concessioner port terminals. The commission will regulate policies regarding to port operations and fine-tune some of the operational lapses of the past. This means that the hydra-headed problem of corruption will be drastically reduced as the nations. Finally adopts a landlord model of port operations.
5. Reduction of agency in the port. The unnecessary duplicity of agencies with similar functions in the ports has aggravated the wave of corruption in the sector. Reduction in the number of these agencies (especially those with no direct business with cargo inspection) be disbanded, this will go a long way in curbing corruption tendencies in ports.
6. Reduction in Documentation. Reduction of documentation processes at the port is another way of corruption. If when handle will g a long way in cutting down the tide of corruption in ports as these processes highly encourages extortion and illegalities.

7. Restriction of entry into ports. The influx of unauthorized persons into the nation's port should be discouraged through strict policies. Enforcement of such policies should be ensured by NPA and offenders should be made to face the law. If this is implemented, to the letter, the policies would drastically reduce the waves of corruption and also help generate revenue for the government

## **CONCLUSION**

These corruptive tendencies also contribute in making the Nigerian ports among the most expensive in the world due to the legion of charges ports users are being subjected daily. If these multi-challenges are resolved, experts believe Nigeria will be on the path of becoming the maritime hub in West Africa, as being clamoured for. Also as stated and confirmed by the Managing Director of Nigerian Ports Authority (NPA) Hadiza, that the presidential Advisory Committee of anti-corruption will soon open an office in the NPA based on the report submitted by independent corrupt practices commission (ICPC) on the corruption index in port administration (Sulaimon, 2017).

## **RECOMMENDATIONS**

1. There should be immediate port reforms by the authorities of where by these reform are expected to lead to faster clearance of goods, shorter waiting times for ships waiting berth, eliminating redundancies of vessel in the function of the several regulatory government agencies in the port.

2. There should be adoption of an integrated advance cargo and customs clearance system, with scanning, sealing and tracking (SST) capabilities.
3. There should as well an establishment of National Trade Data centre and implementation of a single window platform to check mate all resources and standardized services from the different government agencies.
4. There should be immediate passage of legislative bills that will aid port reforms and improve performance. Such bills as National Transport Bill and the Port and Harbour Bill (PHB).
5. The government should establish an effective and confidential whistle blowing mechanism to enable employs and other third parties to voice their concerns without fear of retaliation or favour.

## **REFERENCES**

- Agbese, D. (1992). Corruption, the palm oil that stains the finger of the giver and the receiver. *Newswatch* March 9 vol. 15, No. 109 - 115, pp9 - 15.
- Amachi. R. C. (2016). Federal government committed to repositioning maritime sector in Nigeria. Retrieved from [http:// the glitteronline.com.ng/fgcom](http://the-glitteronline.com.ng/fgcom) on the 20th January, 2018.
- Ashely, B. (2017). Nigeria losing about \$2.8bn annually due to corruption at seaport - retrieved from <http://www.wetinhappen.com.ng> December, 2018.
- Ezekwesili (2013). Untapped opportunities in the maritime industry speech presented at the opening ceremony of



the 2d Nigerian maritime expo held on Tuesday 13th – 15th Thursday march 2013. Published by NIMAREX Lagos, Nigeria

Konie, G. (2003). National reconciliation, the post of Zambian newspaper, July 23 No. 2371 pp 11.

Ndikom O. B. (2011). The fundamental of freight forwarding management and practice in Nigeria. Published by university of Ibadan press Ibadan. ISBN 978-978-395-2

Ndikom, O. B. (2006). The kernel concept of shipping operations policies and strategies. The industry overview, published by Bunmico publishers Lagos. ISBN :978-978-8088-71-x.

Okolo, O. P and Akpokigho, R. O. (2014). Corruption in Nigeria the possible way out. *Global Journal of human - social science*. Vol 14, issue 7 version 1.0 2014. Published by global burnal Inc (USA).

Ribadu (2016). retrieved from ships and ports limited info@ship and port.com.ng on the 27th January 2016.

Salisu, M. (2000). Corruption in Nigeria, Lancaster, University management school working paper 2000/006. The LUMS working papers series. Retrieves from <http://www.lums.co.uk/published> .

Stople, O. (2008). Corruption and anticorruption in Nigeria and beyond. "A paper presented at one day workshop on

reporting corruption in Nigeria organized by the United Nations office on drug and crime (UNODC) in collaboration with the Economic and Finance Crimes Commission (EFCC) and the Nigeria Union of Journalists (NUJ).

Sulaimon, S. (2017). Government moves to tackle corruption at Nigeria ports. Retrieved from the guardian n.g. newspaper. December 20<sup>th</sup> 2018.

Tanzi, V. (1998). Corruption around the world. causes, consequences, scope and curses. IMF staff papers 45(4). Retrieved from <http://www.Imf.org/external/pubs/FT/staff1998/12-98/paf> tanzi.P&F.

---

**References** to this paper should be made as follows: Geoffrey Agabi, Onovughe Agabi & Kingsley Agaviezor (2019), An Assessment of Corruption and Fraudulent Practices in Nigeria Seaport. *J. of Arts and Contemporary Society*, Vol. 11, No. 3, Pp. 1-18

---