

CASE STUDY 13

PUBLIC SERVICES: LAND, PORTS, HEALTHCARE

Collective Action for Reforms in Nigeria Ports

Collective action to spur changes in functioning of ports in Nigeria

Overview

Ports in Nigeria face corruption that deeply impacts their operational effectiveness with harmful consequences for the country's economy. While the issues persisted for a long time, an anti-corruption program instigated by the Maritime Anti-Corruption Network (MACN) and its partners in Nigeria since from 2012 has nonetheless demonstrated that progress in countering the problem is possible.²⁴

The MACN brought together a global group of over 100 companies in the shipping sector that wanted to reduce the prevalence of corruption in ports around the world. Beginning with a risk assessment of five Nigerian ports, the network worked together with government agencies, port authorities, and civil society to implement a series of measures designed to reduce corruption. These included standardizing procedures, using an e-governance portal, and establishing a grievance mechanism. Surveys conducted by the network suggest the measures have had a positive impact in improving the functioning of ports. Though there is still a long road ahead to tame corruption in Nigeria's ports, this case study shows how anti-corruption measures can make incremental progress in challenging sectors through collective action and stakeholder collaboration.

Introduction

Ports in Nigeria face corruption challenges that are rooted in the sector-wide issues. A 2018 report prepared by the Lagos Chamber of Commerce and Industry estimated that illegal charges, bureaucratic red tape, delays and capacity underutilization in ports cost the country around 3% of gross domestic product (GDP) annually.²⁵ These are long-standing problems. Commenting on the situation in the 1990s, Chatham House wrote that "ports in Lagos had a notorious reputation: vessels often had to wait for weeks – sometimes months – offshore until a berth became free, while rampant corruption added hugely to the time and cost entailed in clearing cargo for onward delivery to its final destination."²⁶

Challenges of congestion and lack of adequate infrastructure resulted in its biggest port Apapa in Lagos losing its leadership position as a regional gateway for shipping to the neighboring port of Lomé in Togo. In 2017, Lomé became the largest port in West Africa by volume of containers handled.²⁷

Interaction between government and business in Nigerian ports faced threats of delays, unpredictability and confusion around processes that lead to illicit payments to circumvent procedures. Based on a survey

of 79 leaders in the industry, the Lagos Chamber of Commerce estimated that illegal charges added 50% to the cost of imports and 60% for exports.²⁸ In addition to being a major source of lost revenue for the government and increasing the cost of goods for citizens, illicit payments increased operational costs for companies and exposed them to significant regulatory risk. As a result, both businesses and the government had strong incentives to work together to address these issues.

Recognizing the magnitude of the problems in the shipping industry, a group of shipping companies banded together in 2011 to form the MACN. The group, which included Maersk, the Mediterranean Shipping Company and Stena Bulk, grew to include over 100 members worldwide, including vessel owners, ship managers, commodity trading firms, and service providers. Business for Social Responsibility, an international civil society organization, managed the network. A key guiding principle of the network was to engage with multiple stakeholders in government and the private sector. “As soon as you have a stakeholder who is out of the room, they take the blame for the problem,” said Cecilia Müller Torbrand, MACN’s Executive Director. “Stakeholders become constructive when they work together.”

Following its establishment, the MACN began researching countries where it could work with government authorities to test a series of anti-corruption measures. After surveying its members on the most challenging ports globally in terms of corruption, and assessing the willingness and capacity of the local government to support reform, the MACN decided to launch a pilot program in Nigeria. The program covered five ports: Lagos Apapa, Lagos Tin Can, Port Harcourt, Port Calabar, and Port Warri. MACN’s decision to choose Nigeria to pilot its approach was a significant challenge, as it was expected that many businesses and government officials would resist any change.

The implementation process

When confronted with corruption entrenched in the functioning of a sector, it can be difficult to find an entry point for reform. To overcome this difficulty, MACN consulted widely within its network to determine that conditions for reform were present in Nigeria. The

network adopted a clear step-by-step reform strategy, beginning with a risk assessment (2012–2014), before policy implementation (2015–2017) and then collecting data for a preliminary impact assessment (2017).³⁰

Risk assessment (2012–2014)

The United Nations Development Program (UNDP) office in Nigeria, which had an existing relationship with the Nigerian authorities around the themes of trade and governance, played a critical role in launching and coordinating the reforms. The UNDP also coordinated with three Nigerian anti-corruption agencies involved in the reforms. These were:

- The Technical Unit on Governance and Anti-Corruption Reforms, which is primarily a research and policy unit. It produces country surveys and develops tools and indicators for monitoring corruption and governance issues;
- The Independent Corrupt Practices Commission, which is involved in both the prevention and enforcement of corruption. This project fitted within the agency’s prevention mandate, which has included reviewing the procedures and practices of government bodies to identify weaknesses in managing corruption risks; and
- The Bureau for Public Procurement, a federal agency which makes recommendations on best practice and supervises public procurement. It has a track record in anti-corruption work and has built a reputation as an effective agency.

The involvement and coordination of these three agencies, which generally operate independently, provided an important foundation to implement the program. The three government agencies carried out a corruption risk assessment, which followed a methodology developed by the UNDP. The agencies put together a team of 20 assessors who conducted interviews and reviewed data from 17 different stakeholder groups in the ports sector, ranging from the Nigerian Ports Authority, to Customs and Immigration Services, and shipping companies and freight forwarders. The assessment was structured around three levels of risk: the environmental level, focusing on broader macro factors that influence corrupt behavior, such as economic, political and social issues; the organizational level, reviewing the internal processes

and controls across port organizations for gaps; and the personnel level, identifying specific individuals at risk of involvement in corruption.³¹

The assessors initially faced opposition, with agencies at some ports refusing to participate in the exercise out of fear that the assessments would expose illegal practices. The assessors were able to overcome this problem due to high-level support from the leadership of the Nigerian Ports Authority, the federal government agency which oversees all the ports. The government agencies themselves were also able to push back on this opposition by emphasizing both the value of the exercise for improving operational effectiveness and the support from shipping businesses and the UNDP.

Even when the ports fully participated in the exercise, the assessors faced challenges. Most of the port agencies lacked clear process maps and had not established standard operating procedures (SOPs). Without those in place, the assessors could not compare actual practice with established standards.³²

The assessment identified several key risks in the operating practices of the ports. The biggest was the excessive level of bureaucratic red tape. For example, the assessors found that getting clearance for a vessel and its cargo in Lagos could require as many as 140 signatures from officials at local authorities and port agencies.³³ Other risks highlighted in the assessment included facilitation payments made by ship captains, unpredictable and unclear decision-making processes, and a lack of internal communication and training around anti-corruption. These points all informed the recommendations subsequently developed by the MACN and its government partners.

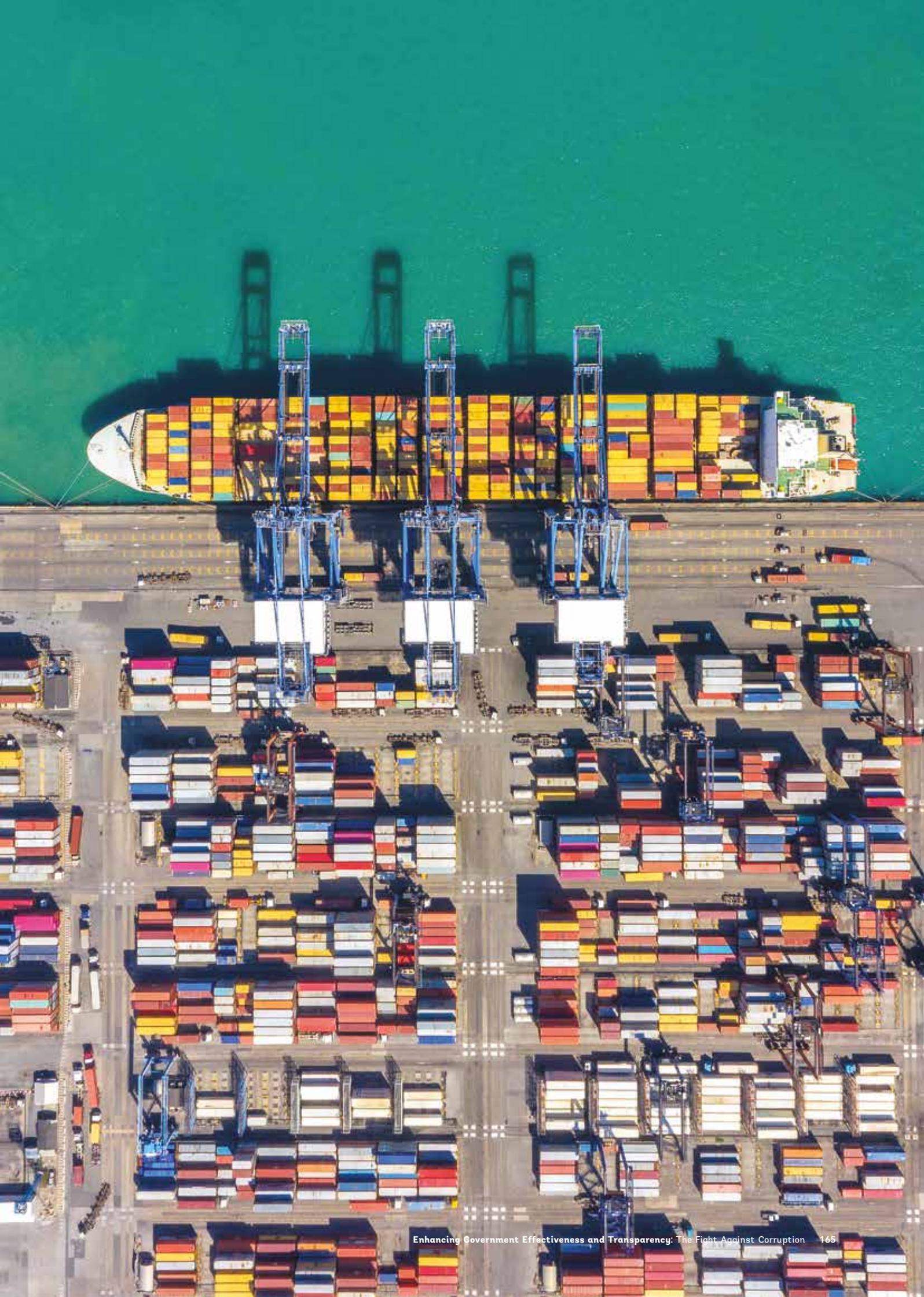
Policy implementation (2015–2017)

Over a two-year period, the MACN and its government partners implemented a series of reforms in the ports sector. Many of these measures go hand in hand with improving organizational effectiveness. One key priority, for example, was to develop and distribute SOPs for vessel clearance at the ports. The aim was to improve transparency around a process which has been highly susceptible to corruption. Publishing standards meant that companies had a clearer reference point when assessing the legitimacy of demands for payment for alleged violations of procedures.

The Port Service Support Portal, which aims to standardize cargo handling and import-export operations across Nigeria's ports, also seeks to improve the efficiency and transparency of the ports' systems. Installed at a cost of USD159,000 by the Nigerian Shippers Council, companies are able to track online the status of port service enquiries and complaints, data which can also be used to assess the performance of agencies.³⁴ Research in ports in other countries has shown that technology and automation of procedures are two tools which can help counter corruption. Technology reduces the frequency of interaction between companies and multiple layers of government officials and agencies, often conducted in time-pressurized circumstances in this sector.³⁵

In addition, a grievance mechanism provided an outlet for shipping companies to report incidents and raise concerns, thus improving the level of data and knowledge collected on corruption in the ports. The number of incidents reported by members, including safety-related incidents, increased from 6 in 2011 to 155 in 2017.³⁶ The Nigerian Ports Authority also set up an anti-corruption and transparency unit to investigate concerns in 2016, although it is still to be seen how effective the agency can be in ensuring implementation of appropriate responses to the complaints raised.³⁷

While the measures introduced helped to reduce opportunities for corruption, progress is not linear. A fundamental reform of routine practices is a much longer-term process. In this regard, a train-the-trainers module led by the Convention on Business Integrity (CBI), a leading Nigerian civil society organization, showed how a large number of personnel could be reached to raise awareness. The training focused on professional ethics and was structured around several scenarios, which had been developed around the problems in the sector garnered from the corruption risk assessment. Both public and private stakeholders attended the training. The co-founder and CEO of the CBI, Soji Apampa, said in interview that the training had been well-received and "confirmed something that we have long known: people are corrupt because they have no alternative. It is not because they are evil but because they are trapped in a system... If you give people the option of integrity, they will take that path, but they have to be made aware."



Reflections

In 2018, the MACN conducted a survey of stakeholders in the ports to assess the preliminary impact of its work with government partners. The survey indicated that the program had chalked up some initial successes, while progress in other areas had been more limited.

Among the companies themselves, members of the MACN claimed to have implemented a zero-tolerance approach to bribe requests when calling at Nigeria without this resulting in additional delays or threats. They also reported that physical harassment and threats to crew during vessel clearance were becoming less severe.

Over time, some companies increased their use of the grievance mechanism, and the customs authorities were quick to respond to complaints. Soji Apampa of the CBI gave the example of a US shipping firm which had used the line in response to a corrupt demand from customs authorities in one port in 2018. After making the complaint, the issue was resolved within 48 hours by appealing directly to the heads of the national customs authorities. Now the company routinely uses the mechanism, and issues are typically resolved within 24 hours or less. “It has taken from 2012 to get here”, said Apampa, but more people are using the line without fear of repercussions.”

The anti-corruption training for public officials is also beginning to show some modest signs of success. The CBI trained 1,000 senior public officials from 2016 to 2018, and the MACN’s survey uncovered several examples of port officials actively assisting MACN members to reject corrupt demands. This reflects partial success of the training in promoting the value of professional ethics over other social obligations, even if problems persist. “It is not that corruption has disappeared, but options for integrity now co-exist with corruption,” said Apampa. As of 2019, the MACN planned to build on these efforts by training 600 people as compliance officers within the ports. Their role will be to ensure compliance with procedures and promote professional ethics through further training in individual locations.

While significant progress was made, the MACN’s initiative was unable to achieve wholesale changes to the integrity culture in the ports in a short period. The 2018 MACN survey highlighted a low level of awareness

among government officials around new procedures, and requests for bribes were still present and even increasing in some ports.³⁸ This finding was consistent with another survey, compiled by the MACN and CBI in 2019, which found that deliberate violation of SOPs and the use of discretionary authority were still severe problems in the ports.³⁹ More than 90% of sector leaders surveyed by the Lagos Chamber of Commerce and Industry in 2018 also believed that corruption remained a big issue in the ports.⁴⁰ This continues to directly harm the operational effectiveness of ports. Nigeria now ranks 179 out of 188 countries on the World Bank’s Ease of Doing Business Index for trading across borders, an indicator that captures the time and cost of doing business at a country’s borders.

Despite the ongoing challenges, the high level of coordination between shipping companies was a significant achievement that has not been seen to the same extent in other sectors. The MACN’s partnership with government agencies could be replicated in other sectors affected by systemic corruption. As highlighted by the UNDP, an important aspect of the program was to involve Nigeria’s anti-corruption agencies directly in tackling corrupt practices in service delivery, which can have a more direct impact on those affected by corruption on a day-to-day basis.⁴¹

The program helped in building political support in Nigeria, in part by framing the reforms in terms of their potential economic benefits rather than focusing exclusively on their potential benefits in reducing corruption. “The project has survived changes in political administrations and built momentum since 2014,” said Torband, the program director of MACN, “It shows the project has a decent anchor. We have introduced and analyzed a problem, showing why it is important for government. Fundamentally, addressing these issues represents the possibility for the country to import and export goods, and trade is linked to social economic development. This doesn’t just need to be about fighting corruption.”

Several aspects of the MACN’s strategy were critical to the incremental progress that the program was able to achieve:

- **Collaboration.** In making the case to businesses that there was more to gain than lose through collaboration, the MACN put forward a solution that eased the costs of doing business and approached the problem on a manageable scale

to earn quick wins to generate momentum.⁴²

- **Dual focus on change and data collection.** The clear organizing framework of the program around a theory of change as well as the continual emphasis on data collection around corrupt practices are two methodological approaches that have served the program well.
- **Risk assessment.** Even if not without contention, the process of conducting a corruption risk assessment supported the participation of a broad range of stakeholders in the program.

Expansion of the program

Despite these encouraging successes, the task of rooting out corruption in the Nigerian ports is by no means completed. Further work is now underway to improve implementation of the measures developed in Nigeria. In particular, the MACN plans to focus on increasing awareness and ensuring consistency in the application of the revised SOPs. Middle management will be the main targets of further engagement and training, in addition to the local compliance officers. After feedback from members that the problems can be more severe further away from shore, the program is also extending beyond the six ports to oil and gas terminals and floating production vessels.

The MACN has used the methodology and lessons learned from Nigeria to launch programs in a number of other countries, including Argentina, Egypt, India, and Indonesia.⁴³ Programs in these countries have already brought about major changes in practice. In Argentina, for example, the organization helped change regulations for the loading and inspection of vessels holding agricultural products. This led to a 90% drop in the number of corrupt incidents reported through the MACN's anonymous reporting mechanism. All of the MACN's programs place strong emphasis on public-private collaboration and demonstrate that when the incentives are clearly framed the private sector can be a strong advocate for reducing corruption.