

RAILWAY POLITICS IN NIGERIA; ISSUES AND PROSPECTS

BY

Dr. Anokwuru Innocent Chijioke

Department of Political Science
Abia State University, Uturu

Abstract

Rail transport in most developing countries like Nigeria is usually the least developed mode. In Nigeria the vibrant fortune of nut transport operations and development has been on decline since mid-1970s. The development of gap in rail transport in Nigeria is responsible for a significant level of access denial to a safer, affordable and environmentally friendly mode of transport. Through critique of past railways development projects and policies, this paper was able to identify the principle factors responsible for its intangible contributions to the socio-economic development of Nigeria, highlight the role(s) politics of inconsistency policies and somersault play, assess the challenges and suggest some prospects. Data were obtained from secondary sources like books, journals, periodicals, magazines, newspapers, internet, etc. In analyzing collected data, content analysis was used while agency theory propounded by Jenson and Meckling (1976) was adopted as the theoretical framework. Findings reveal that discontinuity, incoherence in policy implementation by past governments, policy reversal, uncoordinated national transport policy goals and objectives are some of the factors necessitating negativism in railways development in Nigeria. In all,

the paper concludes that world over, rail transport system is considered the best platform for massive haulage of goods and services on land, as a result, suggest that government should address the present predicaments of railways in Nigeria headlong by tackling the above identified principle factors responsible for rail transport woe in Nigeria.

Keywords: *Railways, Prospects, Challenges, Haulage, Corporation.*

Introduction

The railway in Nigeria was established in 1898, thus ranked among the first generation of world railways. Notably, the first train ran in London in 1863, while the first in Japan according to Martin (2010) ran in 1872. The centenary historical background of the railway in Nigeria notwithstanding, the spate of its development and growth is conspicuously slow, while its colleagues have advanced technologically and operationally such that the average speed of their trains is put at 150 km/hr, that of Nigeria currently ranges between 30-40 km/hr. In terms of infrastructure these other railways have in their stocks titling train, satellite control information systems, but the Nigerian railway is still largely being manually operated using key token instrument, semaphore signals, 3,505 km of narrow gauge rail network to mention a few (Khera 1979).

Therefore, the aim of this paper is to evaluate the contributions of government interventions in improving operational performance of railway in Nigeria. In doing this, the paper analysed the operational performance recorded by various railway reform programmes with a view to suggesting the appropriate policy options for a cost-effective railway system in Nigeria.

The invention of the rail transport system redefined the movement of people and goods across the globe as it is convenient, safe and cheap. The system enables seamless transportation that engenders robust economies, anchored on human resources, and services within limited regulatory intervention by government or its bodies. Rail transport system creates jobs and enhances the growth and development of cities. Employments are created through the building of tracks, furniture foundries, coaches and others. Agricultural produce, clothing, animals, petroleum products and equipment can easily be transported within and across countries with the railway system. Rail transport had immense impacts on the industrial revolution in Europe and America and it was a viable alternative to steamboats that were employed for traveling through canals and rivers. Martin (2010) notes that "before the development of modern highways and airports in Nigeria, railways were the only means to travel efficiently and move goods from one point to another". This created the leeway for the modest development witnessed from the colonial times and before the early 1970s. The railways in Nigeria were conceived and constructed from Lagos to the furthestmost parts of Northeastern part of the country to open the hinterland of southwestern Nigeria along its corridor.

In 1896, "railway construction began from the Iddo area with extension made along the Lagos route which stops at Ota, Ifo, Aribajo, Papalanto, Abeokuta and Ibadan in 1901" (Nwanze 2002). However, the development of the Southern Nigeria railway was delayed due to limited finance. Proposals linking Benin, Sapele in 1906 and Ibadan with Oyo in 1907 did not materialize. Records indicate that the Lagos railway terminal at Iddo was constructed to connect Lagos Island with Lagos mainland and serve as a transit stop for trains using the railroad bridge constructed along two major road networks that link the island with other parts of Lagos such as the Carter and Denton bridges. However, "in 1904, the colonialists

decided to construct the rail linking Ibadan with Osogbo and Ilorin in 1907. It was approved to begin construction from Ilorin to Jebba" (Martin 2010). "An act establishing the railway system was enacted by the parliament in January 1955 and the railway became a statutory corporation known as Nigerian Government Railway" Abioye (2016) observes that, "this act was followed by the "Nigerianization of the corporation in 1960 after the attainment of independence". With the incorporation of the Nigerian Railway by the Act of 1955, and as amended by Act No: 20 of 1955, it became a corporate body with perpetual succession and a common seal with power to sue and be sued in its corporate name, and to require, hold and dispose off movable and immovable property for the purpose of its function under the Act.

In 1978, the Obasanjo administration engaged the services of an Indian group: Rail India Technical and Economic services to operate the railways. Izuwah (2017) noted that, 'the Indian experts met only a few functional locomotive engines in the system. By the time they were leaving in the early 1980s, the number had increased to 173. This contract led to a modest positive change which did not last as the contract was not renewed. By the end of the 1980s, reduced funding from the government, import bans, and managerial problems reduced the performance of the railways which almost went into extinction.

Statement of the Research Problem

A virile rail transport system plays a significant role in the sectoral development and overall growth of any economy. It opens up regions, hinterlands and rural areas by facilitating agricultural development as well as the growth of cottage/large scale industries. Also, "it attracts residential, commercial, educational and recreational activities and development around its axis" (Nwanze, 2002). Unfortunately for the railway system in Nigeria, there has

been a continuous decline in its performance over the years with attendant operating deficits in its accounts. After about sixty-five years (65) of independence, the railway system in Nigeria is still static in structure and is highly unresponsive to the emerging socioeconomic and political challenges. This transport subsector no longer exerts a strong influence nor plays a competitive role in present day Nigeria. The dilapidated nature of the present day railway infrastructure is caused by years of neglect by successive governments which accorded the transport system a very low position in their programmes.

In addition to the above neglect, Izuwah (2017), outlines other challenges of the Nigerian Railway System like poor funding, huge operating losses/ poor response to emerging rail transport needs, inadequate locomotives, rolling stock and other facilities, weak political will and commitment, poor productivity and its negative effect on staff morale, retention and maintenance of unremunerative routes, huge wage and pension bills, etc. These challenges have contributed immensely to the failure of the railway system to meet the needs of Nigerian populace, a development that is quite worrisome. As the Ahmed Bola Tinubu's administration appears poised to reactivate the ailing subsector, the extent to which its efforts can go in realizing this noble feat is a matter of concern to this study. Hence, the study seeks to assess railway politics, issues and prospects.

Objectives of the Study

The assessment of railway politics, issues and prospects is the major objective of this study. Its other objectives include:

- a. To assess the extent to which the Nigeria Railway can be reactivated.
- b. To evaluate the issues militating against realization of the project.

Research Questions

This study will provide answers to two questions which include:

- a. To what extent can the Nigeria Railway be reactivated?
- b. What are the issues militating against the realization of an improved railway project?

Conceptual Clarification

Railways: Railway transport is a means of transferring passengers and goods on wheeled vehicles running on rails, also known as tracks. It is also commonly referred to as train transport. In contrast to road transport where vehicles run on a prepared flat surface, rail vehicles (rolling stock) are directionally guided by the tracks on which they run. Tracks usually consist of steel rails, installed on ties (sleepers) and ballast on which the rolling stock, usually fitted with metal wheels moves. According to Martin (2010), "Railway constitute an essential component of the intermodal supply chain". The Railways have played a critical role in catalyzing the pace of economic development and continues to be an integral part of the growth engine of countries like India. "A good and reliable transport system can contribute and improve the economy of a particular country" (Rodrigue and Notteboom, 2013).

Public Corporation

Public corporation means an entity that is created by the state to carry out public mission and enterprises. In order to carry out these public missions and services, a public corporation participates in activities or provides services that are also provided by private enterprises. Such a corporation is granted increased operational flexibility in order to best ensure its success while retaining principles of public accountability and fundamental public policy. The board of directors of a public corporation is appointed by the president and confirmed

by the senate but is otherwise delegated the authority to set policies and manage the operations of the public corporation. Hansen (1954) states that, "public enterprises mean state ownership and operation of industrial, agricultural,, financial and commercial undertakings"- while Friedman (n.d.), defines public enterprise more comprehensively as "an institution operating a service of an economic or social character, on behalf of the government, but as an independent legal entity, largely autonomous in its management, though responsible to the public, through government and parliament and subject to some direction by the government, equipped on the other hand with independent and separate funds of its own and the legal and commercial attributes of a commercial enterprise". According to Khera, (1979),

By public enterprise is meant the industrial, commercial and economic activities carried on by the central government and state government and in each case solely or in association with private enterprise, so long as it is managed by self-contained management.

Haulage: Haulage is the business of transporting goods by road or rail. It includes the horizontal transport of ore, coal, supplies, and waste also called cartage or drayage. Haulage fees sometimes also are simply referred to as "haulage", include the charges made for hauling freight on carts, drays, lorries, or trucks and is incorporated for example in the cost of loading raw ore at a mine site and transporting it to a processing plant. A railway supplying cars, may negotiate rates with customers located on another railway line, the road granting haulage rights. This differs from tracking track age rights in that the host railway operates the trains for the other railway, where with track age rights, the secondary railway operates trains over the host's tracking.

Theoretical Framework

This study adopts the Agency Theory by Jensen and Meckling (1976). They suggest a theory of how the governance of company is based on the conflict of interest between the company's owners (shareholders), its managers and major providers of debt finance. Each of these groups has different interests and objectives:

- i. The shareholders want to increase their income and wealth. Their interest is with the returns that the company will provide in the form of dividends, and also in the value of their shares. Such value of their shares depends on the long-term financial prospects for the company shareholders are therefore, concerned with dividends, but they are even more concerned with the long-term profitability and financial prospects, because these affect the value of their shares.
- ii. The managers are employed to run the company on behalf of the shareholders. However, if the managers do not own shares in the company, they have no direct interest in future returns for shareholders, or in the value of the shares. Managers have an employment contract and earn a salary. Unless they own shares, or unless their remuneration is linked to profits or share values, their main interests are likely to be the size of their remuneration package and their status as company managers.
- iii. The major providers of debt are interest in sound financial management by the company's managers, so that the company will be able to pay its debts in full and on time.

Jensen and Meckling (1976) define the agency relationship as a form of contract between a company's owners and its managers, where the owners (as principal) appoint an agent (the managers) to manage the company on their behalf. As part of this arrangement, the owners must delegate decision-making authority to the management. The owners expect the agents to act in their best interest. Ideally, the 'contract'¹ between the owners and the managers should ensure that the managers (agents) affect their own personal welfare as well as the interests of the owners. This raises a fundamental question. How can

managers, as agents of their company, be induced or persuaded to act in the best interests of the shareholders?

Research Methodology: This study is a qualitative descriptive analysis of assessment of railway politics, issues and prospects. Data for this study was obtained from primary and secondary materials while analysis is by content analysis (secondary data). This analysis runs in the following order:

Research Question One (1): To what extent can the Nigeria Railway be reactivated?

A study on "sustainability as a critical criterion for success in the current Nigeria Railway Project underscored the point that in order to contribute to national development, there is need for sustainability by subsequent governments". In line with this view, the paper observes that President Ahmed Bola Tinubu wish to also reassure Nigerians that most state capitals and major commercial and production centers will be linked with railway system as a way of bringing rapid social-economic development and improving the quality of life of Nigerians and promoting social and regional integration.

It is therefore, heart-warming and reassuring to note the revelation by the President that, more than \$16 billion was needed to actualize some of the federal government's plans for the railways sector, especially as the Port Harcourt railway industrial park.

In addition, the president emphasized what he called "the priority attached to railway development", "the Lagos-Kano and Calabar-Lagos lines could cost an estimated \$6 billion and \$11.1 billion respectively to construct" . He made it clear that funding would come from the Chinese Exim Bank (Nwanze 2002).

The above claims by the President notwithstanding, the prospects of establishing, activating or re-activating the hitherto failed Railway Corporation in any country rests to a great extent, on the legal framework backing it. Interestingly there are good prospects judging from the comments promises of the president. This hope is promised more on the legal framework which may be captioned, The Nigerian Railway Corporation Act. The act reads:

An act to provide for the establishment of a corporation to be known as the Nigeria railway Corporation, from the transfer to the corporation of the railway undertaking of the government of the federation, for the functions of the cooperation and for the purpose connected therewith. (1955 No. 26) [parts I, II, V, IX (except section 56) and XIV, section 10-14 inclusive, 47,48,58,59 and schedule: 9th June, 1955.]

The Act stipulates the general powers of the corporation which range from carrying goods and passengers by rail, road and water within Nigeria, store goods within Nigeria, whether or not those goods have been or are to be carried by the corporation; consign goods on behalf of other persons from any place within Nigeria to any other place, whether within Nigeria or elsewhere; to provide both for passengers carried by the corporation and for other persons, hotels, hostels, other living accommodations and places of refreshment; to acquire, construct, manufacture, maintain and repair plant for generating electrical energy and any other works, plant or apparatus necessary or desirable for the generation, transmission and supply of electrical energy, for the purposes of the corporation, etc. These provisions are not only far-reaching but also encapsulating and offer the needed platform for establishment, activation or reactivation of the Railway. In the area of funding, the partnership with the Chinese gives some ray of hope. However, how long the funding would continue to flow from these partners is a question to answer.

Research Question Two (2)

What are the issues militating against the realization of an improved railway project? There is no doubt that current projects have generated employment for Nigerians contrary to popular beliefs of firms importing their own labor; the Chinese Civil Engineering Construction Corporation's (CCECC) localization strategy mandates a ten-to-one ratio of local to Chinese workers. The company estimates that the construction of the Abuja-Kaduna line itself created four thousand local jobs approximately employed in operating the line. Even at that, lack of local engineering capacities necessitates that the Chinese continue to be involved in management and maintenance. The company is known to be involved in training Nigerians overseas on railway maintenance, signals and communication systems. This notwithstanding, however, technology and skills transfer require long-term systematic investment in local capacity building, which entails the prolonged participation of Chinese companies.

Railway projects may benefit Chinese investors by providing the economic and social benefits of connectivity, but they will also entail security risks. For instance, regional security threats have been a roadblock to the development of a national railway network, particularly in the north east and a potential risk in the southern coastal line. Secondly, the construction of large infrastructure works opens the door to corruption and political capture, and the political weight of some regions may lead to inefficient allocations.

Izuwah (2017), made a startling revelation when he stated that, "infrastructure's contribution to Gross Domestic Product (GDP) in emerging economies was 11% to 6%, but in Nigeria between 1 to 3

% (unknown). Sometimes it is maintained that, a developed country is not a place where the poor have cars; it is a place where the rich use public transport. Unfortunately, our rail system in Nigeria is yet to attract the patronage of the rich due to a number of problems bothering on management. It is on this aspect that many believe that funding (money) may not be the problem. This paper also believes that most of the problems of the railway system in Nigeria revolve around managerial issues. How long will the Chinese remain to manage our railways?

Findings

The Analysis in this study reveal the following:

1. It is interesting to note that the president and the government of Nigeria have the required political resolve to reactivate the railway.
2. Government has a good knowledge of the actual measure of funding needed to reactivate the railway.
3. The master plan is to cover the 36 states of the federation and the federal capital territory.
4. The partnership with the Chinese covers the area of equipment and manpower training which is currently ongoing.
5. The nature of the partnership is such that the Chinese will stay long enough and this will go a long way in transferring the required technology.
6. The major issue of the new railway project is that of sustainability in funding and management as the Chinese cannot continue to run the railway forever.
7. A good prospect of the reactivation of the Railway project is the legal framework which is encapsulated in the Nigeria Railway Corporation Act of 1955.

Conclusion

Infrastructure provided the necessary springboard to launch a country into the class of developed nations. In many developed nations, the state of infrastructure leaves much to desire as most nations suffer from a great deal of decay and impoverishment. Transportation occupies the centre stage in the infrastructural development policies of emerging economies. Nigeria suffers from such infrastructural poverty and this justifies the effort of the current administration towards the reactivation of the railways sector. It is therefore, interesting to observe the strong political will and resolve of the current administration to revamp the sector. Reasonable estimates of the required funding have been articulated, contracts awarded to the Chinese and adequate funding have been arranged. In addition, the extent of work on the Abuja railway project is encouraging and other measures are being taken to effect the reactivation of the defunct rail system. The implication is that expectations are high and the prospects are good. However, judging from the fact that earlier partnership with the Indians and Chinese collapsed for obvious reasons, this paper is still skeptical about the realization of the current dream. Therefore, sustainability is the watchword.

The sustenance of the gains of the railway system requires continuity of adequate funding, management skill acquisition and technology transfer which takes very long period to come through. This raises the question as to how long the Chinese will remain to manage the affairs of the Railway Project. This paper postulates that efforts should be doubled by the current dispensation to forestall a repeat of the defunct corporation. This is to say that although the prospects are there for all to see, it is obvious that the issues are also there.

Recommendations

Against the background of the findings, this study wishes to recommend the following:

1. Government's political will to reactivate the failed rail project must not be allowed to grow faint.
2. The partnership with the Chinese should be sustained with caution to eschew the constitution of a threat to national security.
3. The issue of manpower -training in the sector and process of transfer of railway technology should be adequately and meticulously managed.
4. Sustainability of the rail way project should be accorded the priority it deserves.
5. Plans to link the 36 states of the federation with railway must not stop at the level of political campaign. Genuine efforts should be made to realize them.
6. There is need to revisit the legal framework which enables the establishment of the railway periodically.

References

- Abioye, O. (2016). Privatization of the Nigerian Railway Corporation: An evaluation of critical choices. *Thesis submitted to Cardiff Metropolitan University in partial fulfillment of the requirements for the degree of Doctor of Philosophy*, Cardiff Metropolitan University: London School of Commerce.
- Amanze-Nwanchukwu, C. (2017). *Amechi Defends Cost of Chinese Funded Railway Projects*. This Day, August 16.
- Faajir, A. & Ziddan, H. Z (2016). An analysis of the issues and challenges of transportation in Nigeria and Egypt. *The Business and Management Review*, 7 (2), 18-29.
- Friedman (n.d). *The public corporations*, London: Stevens, pp 954,541.
- Hanson, A. H. (1954). *Public enterprise and economic development*, London: Routledge and Kegan Paul Ltd.

- Izuvvah, C.K.C. (2017) Infrastructure development as a panacea to National growth, *Being a paper presented by the Ag. DG of ICRC at the Fellows investiture of Directors Nigeria on 26^a* October 017.*
- Jensen, M., & Meckling, W. (1976). Theory of the firm: Managerial behaviour, agency costs, and ownership structure. *Journal of Financial Economics*, 3 (4), 305-360.
- Khera, S. S. (1979). *Public sector management, management in government*, Mathur, B.C, Dinesh, K., Chandrasekaran, C. (eds). Publications Division, Government of India. P.84.
- Martin, B. (2010). How the Railways transformed the World", *Technical Report, August*. London School of Commerce.
- Nwanze, E. (2002). Conceptualizations of the Nigerian transport problems and the need for an integrated national transport system. *Paper presented at the conference on revitalization of railway transport in Nigeria at the Centre for Transport Studies*, Olabisi Onabanjo University, Ago-Iwoye.
- Okereke.C. O. (2017). Sustainability is a critical criterion for success in the current Nigerian Railways Projects. *PMWorld Journal*, 6 (11) 1-8 www.pmworldjournal.net.
- Rodrigue, R. & Notteboom, T. (2013). *The geography of transport systems*, (3rd ed), ISSN: 978-0-415- 82254.Routledge Taylor and Francis Group.
- The Nigerian Railway Act (1955), Law Nigerial.com, Available on: [lawnigerin.com/laws_of_the_federation/Nigerian-Railway--Corporation- ACJ.htm](http://lawnigerin.com/laws_of_the_federation/Nigerian-Railway--Corporation-ACJ.htm).