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Embracing the Blue Economy: Opportunities and Challenges for Nigeria

1.0 Introduction:
Blue economy emphasizes the sustainable use of ocean resources for economic growth and development.it is not only a viable economic activity but also a climate mitigation strategy. Nigeria, with its vast coastline along the Atlantic Ocean, is well-positioned to achieve the potential of the blue economy. The ocean as a resource can be used in a way that is environmentally sustainable, socially inclusive, and economically beneficial. Lakes, rivers, and coastal areas are among the most significant habitats on the planet, and they represent a priceless part of our natural heritage. Nigeria's coastline stretches for 420 nautical miles and covers an exclusive economic zone of 200 nautical miles. Its maritime interests span the Gulf of Guinea, covering roughly 574,800 square nautical miles with a 2,874 nautical mile coastline. The blue economy incorporates a unique strategy for the commercialization of marine, lake, river, and other bodies of water resources. The concept aims to market economic progress, social inclusion, and livelihood maintenance or enhancement while also contributing to sustainable development and climate adaptation pathways. The Opportunities for the Blue economy include fisheries, aquaculture, maritime transport, renewable energy, tourism, marine biotechnology, pharmaceuticals and a host of other benefits from the blue economy.

There are around ten principles for the blue economy to be efficient and achieve maximum potential

- prioritize the well-being of people and the planet

Discourse of the Week

- Value the oceans and their functions
- Integrate the economic, social, and environmental aspects of the blue economy
- Respect the law of the sea
- recognize the role of women and youth in the blue economy
- Recognize the role of women and youth in the blue economy
- Value traditional and local knowledge
- Promote meaningful participation of all stakeholders
- Share benefits equitably
- Create opportunities for learning and innovation

With all these also blue economies are an important part of climate change mitigation and adaptation. Nigeria needs to condition herself to maximise the blue economy benefits. Some of the important aspects of the blue economy include

Fisheries: Nigeria's coastal waters are made up of diverse marine life, providing abundant opportunities for commercial fishing and also small-scale and medium-scale fishing. By investing in modern fishing techniques and sustainable practices, Nigeria can enhance its seafood production, ensure food security, and sustainability and create employment. Added to this is Aquaculture which is the farming of fish and other aquatic organisms, and it's a key part of the blue economy. Aquaculture can provide food, create jobs, and generate income, while also protecting wild fish populations and the ecosystems they rely on. Flowing from these is Fisheries management. This involves ensuring that wild fish populations are sustainably managed so that they can continue to provide food, jobs, and income, while also maintaining the health of the ocean. The enormous potential of the blue economy aspect of fishery is indeed huge.

Just like Fisheries, **Maritime Transport** is also a huge and strategic part of the blue economy. Nigeria's strategic location along international shipping routes offers huge potential for maritime transport. Investing in port infrastructure and shipping services can facilitate trade, enhance connectivity, create jobs and attract foreign investment. Marine and shipping are essential parts of the blue economy. In addition regional and interstate transport systems through the connecting rivers also need to be fully harnessed for their benefits. Marine Transportation will create jobs and generate revenue. Shipbuilding and its repair are also important parts of the blue economy, and they can create jobs and boost local economies.

In addition, ports are often hubs of economic activity, including shipbuilding, warehousing, and trade. The blue economy seeks to make them more sustainable. An extension of these includes things like reducing pollution from ships, managing waste, and ensuring that port activities are sustainable and environmentally conducive. Nigeria still has not developed this important sector to the fullest with substantial underdeveloped marine transport from the waterways to the various opportunities to underutilize ports and a huge port opportunity in the Niger Delta Akwa Ibom, Imo, Rivers States and the extension of the numerous ports in Lagos and many other riverine areas. Nigeria also faces the problem of energy access.

The ocean offers vast **renewable energy resources**, including wind, wave, and tidal energy. By harnessing these resources, Nigeria can diversify its energy mix, reduce dependency on fossil fuels, and mitigate climate change. Offshore renewable energy includes things like wind farms and tidal energy. The blue economy provides many opportunities for renewable energy. For example, offshore wind farms can provide clean, renewable power and help Nigeria's energy assets. And marine biotechnology can lead to new, sustainable products, like biofuels and bioplastics. Also, like energy access provision is the huge potential for **tourism.**

Nigeria's beautiful beaches, vibrant marine ecosystems, and rich cultural heritage hold significant tourist appeal. Developing marine tourism infrastructure and promoting sustainable tourism practices can attract domestic and international visitors, generating revenue and employment opportunities. Some countries in Africa like Mauritius and Seychelles benefit enormously from marine tourism. So also in education, medicine and research that are marine and ocean-based. There is also marine biotechnology, marine spatial planning, and marine protected areas. Each of these areas contributes to the overall goal of a sustainable, blue economy. Marine biotechnology, for example, uses marine organisms to develop products like medicines, cosmetics, and food. Marine biotechnology can lead to new, sustainable products, like biofuels and bioplastics. The two areas are often connected - for example, offshore wind farms can provide the power needed for marine biotechnology research and development.

Discourse of the Week

The Sustainable Blue Economy Strategy (SBES) was launched in Nigeria in 2019, and it outlines the government's plan to promote sustainable development of the country's marine and coastal resources. The SBES includes several key goals, such as increasing marine productivity, promoting sustainable fisheries, improving marine governance, and enhancing climate resilience. It also includes specific targets for each goal, like increasing fish production by 10% by 2025. blue economy concept can be traced to the Rio+20 United Nations Conference on Sustainable Development, held in Rio de Janeiro in June. The United Nations recognizes the blue economy as the 14th Sustainable Development Growth (SDG). The blue economy is part of the African Union's Agenda 2063; the 2014 Africa's Integrated Maritime Strategy (2050 AIMS); the 2014 Policy Framework and Reform Strategy for Fisheries and Aquaculture in Africa (PFRS); the 2015 UN Agenda 2030 (Sustainable Development Goals, SDGs); and the 2016 African Charter on Maritime Security and Safety and Development in Africa (Lomé Charter). The blue economy has thrived in some places in Africa.

The blue economy in Seychelles and Mauritius can be replicated in Nigeria. The blue economy is a significant part of the economies of both countries. In Seychelles, the blue economy accounts for about 30% of GDP, and in Mauritius, it accounts for about 25%. The blue economy

in both countries is made up of a variety of sectors, including fisheries, tourism, marine transport, offshore financial services, and renewable energy and Nigeria have the opportunity to even do better than these countries.

Seychelles is a small island nation that has made significant progress in developing its blue economy. The Seychelles has focused on sustainable fisheries, tourism, and marine protected areas, and it has seen positive results in terms of economic growth and job creation. This could be a good model for Nigeria to follow. Another example is Mauritius, which has been successful in developing its ocean economy through initiatives like the Blue Economy Demonstration Project.

In Seychelles, fishing is one of the most important sectors of the blue economy. It accounts for about 10% of GDP and employs around 10% of the population. Fishing is also a major source of food security for the country. In Mauritius, fishing is also an important sector, accounting for about 5% of GDP significant progress in developing its blue economy. The Seychelles has focused on sustainable

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countries and are a source of both economic and food security. In both Seychelles and Mauritius, the fisheries sector consists of both wild-caught and farmed fish.

Just like every other sector of the economy, the blue economy has its Challenges These include Illegal, Unreported, and Unregulated (IUU) Fishing, Illegal fishing poses a major threat to marine biodiversity and undermines the sustainability of fisheries. Weak enforcement of regulations and inadequate monitoring and surveillance systems worsen this problem, necessitating stronger governance and law enforcement measures which Nigeria currently lacks. Another area is pollution. Overfishing and unsustainable fishing practices deplete fish stocks, threaten food security, and disrupt marine ecosystems. Implementing science-based fisheries management strategies, promoting responsible fishing practices, and enforcing fishing quotas are essential for ensuring long-term sustainability.

Pollution from industrial activities, coastal development, and maritime transport degrades water quality, harms marine ecosystems, and jeopardizes human health. Addressing pollution requires improved waste management practices, pollution control measures, and public awareness campaigns. It is also exacerbated by oil pollution in Nigeria's ecosystem due to oil theft and vandalization of oil pipelines, gas flaring, methane overflow and other forms of pollution within Nigeria's territorial waters. Nigeria's blue economy is also hindered by infrastructure.

Insufficient port infrastructure, navigational aids, and maritime services hinder the growth of maritime transport and logistics. Investing in port development, dredging operations, and maritime safety initiatives is crucial for enhancing connectivity and facilitating trade. Although Nigeria has attempted dredging of some inner rivers some were poorly executed. As a result, they were not able to achieve their aim.

Climate change poses significant risks to coastal communities, marine ecosystems, and maritime activities. Rising sea levels, ocean acidification, and extreme weather events exacerbate vulnerabilities and necessitate adaptation and mitigation measures. The blue economy presents promising opportunities for economic development, job creation, and sustainable growth in Nigeria. However, realizing these benefits requires concerted efforts to address the associated challenges, including illegal fishing, pollution, overfishing, inadequate infrastructure, and climate change. By prioritizing sustainable practices, strengthening governance frameworks, and fostering international cooperation, Nigeria can unlock the full potential of its blue economy while safeguarding marine resources for future generations.

Written by **Ogwu Paul Okwuchukwu**

A Statement by the Director of TAS, Dr Sam Amadi to the Nigerian Senate on the Urgent Need for Comprehensive Review of the NESI

Introduction:

President of the Senate and Distinguished Senator, I am honored to be invited to this legislative hearing by the Upper Chamber of the National Assembly. This hearing is coming at the right time because of the confusion and anguish of Nigerian electricity consumers who are worried at the situation in the sector. My hope and the hope of millions of Nigerians watching these proceedings or who are waiting at home to hear about the decisions is that the Senate and the National Assembly will guide the policymakers, regulators, and operators of the Nigerian electricity supply industry towards the path of effectiveness and fairness for Nigerian consumers.

Mr. President and Distinguished Senator, recently, the Nigerian Electricity Regulatory Commission (NERC) through its powers under Section 33 of the Electricity Act (which reenacted the Electric Power Sector Reform Act 2005 announced new electricity tariffs for electricity consumers in Nigeria. The announcement triggered many outcries amongst Nigerian citizens because of its impact on the socioeconomic wellbeing of the people. It is expected that the impacts of the new tariffs will be considerable in the context of the current inflationary pressures. The issue is not only about the fact of an increase in electricity tariff but also about the manner of the determination of the tariff increase and what it says about the state of the regulation of the Nigerian electricity industry. The reality of today is such that any hike in essential services must be justified by evidence applied in line with the values of transparency, accountability and consultation.

NERC announced an increase of more than 260% for a customer class described as 'Bank A'. This is a massive rate shock. It is important to note that the best standard in electricity regulation discourages regulators from increasing tariff so high in one instance as to amount to 'rate shock'. To increase a tariff for a consumer class from N66 to N222 per kwh is a classic case of rate shock. It will lead to under consumption by many consumers. We know that with the devaluation of naira at more than 300% and food inflation at 37.92% many Nigerian households face the imminent threat of starvation. It is estimated that more than 10million more people will be thrown into acute poverty in 2024 further worsening the inequality and poverty situation in the country. The FAO estimate that about 32m Nigeria will be acutely hungry in 2024. With less consumption of electricity, we will witness more poverty and hunger and low economic growth. These negatives could reinforce them in a vicious circle.

Mr. President and Distinguished Senator, the approval of about 300% increase in tariff for customers on Band A on the unproven assumption that the ailing distribution companies can supply to them minimum of 20 years of stable electricity on the average is a failure of regulatory fairness and efficiency and illustrates the problem with regulatory efficiency in the industry. How could the regulator speculate that distribution companies in Nigeria could supply 15% of the customers a minimum of 20 hours electricity daily without any notable addition of megawatts or transformation of the frail electricity networks? As is becoming evident by the complaints of Nigerians cross the geopolitical zones and the response of NERC has penalized Abuja Electricity Distribution Company (AEDC) for violation of the tariff order, the discos cannot supply a minimum of 20 hours of electricity daily to those they have classified as Bank A.

Need to Audit the Regulatory Process for Tariff Increase:

The Senate must inquire about the process NERC undertook to approve tariff increases for the distribution companies. We must never forget that NERC is a creation of law by this National Assembly. The Electric Power Sector Reform (EPSR) Act, 2005 now replaced by the Electricity Act of 2023 (EA) created NERC as a regulatory agency subject to the legislative supervision and control of the National Assembly under Sections 88 and 89 of the Constitution. Although NERC is authorized by Section 34 of the EA "***to ensure that the prices charged by the licensee are fair to consumers and are sufficient to allow licensees to finance their activities and to allow for reasonable profit for efficient operation",*** *and to* ***"ensure that regulation is fair and balanced for customers, licensee, investors and other stakeholders***", the Senate has to powers to inquire whether it has strictly followed the procedures set out in the constitution, the Electricity Act as well other relevant laws and adhered to the principles of regulatory justice.

What is the Problem with the New Electricity Tariff?

The procedure for review of tariff is guided by the provisions of the Electricality Act and the regulations issued by NERC. One such regulation is the Tariff Regulation which devolves the procedure for tariff review to each disco and requires them to conduct public consultation with their customers where they will seek acceptance of the proposed tariff change. This requirement for sincere and thorough consultation is part of regulatory due process. This is standard global regulatory procedure. It follows from the canonical principles of tariff review enunciated by the authoritative Professor Bonbright whose views are still globally accepted. Bonbright's principles of tariff making are **simplicity, stability, consultation, acceptability, non-discriminatory and operability**. Tariff designs must be simple, understandable, non-controversial, arise from consultation, acceptable to customers and stable overtime. The key concept here is acceptability. The regulator cannot approve a tariff unless it is convinced that the utility has met with its consumers whose tariffs would be changed and the change is acceptable.

The regulator announced approval for increase of over 200% to a customer class without evidence that the discos have consulted and reached agreement with that customer group. On what basis did the regulatory build its evidence that the proposed tariff is fair and just? Did the discos disclose to customers their plans to increase power supply to their homes and business and provide them verifiable evidence of capacity to do so before the regulator approved over 200% increase in tariff. It is not believable to move suddenly to 20 hours of electricity without a significant increase in daily generation and supply and upgrade of transmission and distribution network.

So the first problem with the tariff increase is that it was not done after proper consultation. Of course, NERC will argue that it conducted public hearing. It is important to note that the kind of public consultation expected before a tariff review of this magnitude for Bank A customers must be systematic and extensive to guarantee customer real opportunity to interface with distribution companies. Such a tariff should flow from negotiation between those customers and the distribution company that supply them electricity. In the present situation, the disco will need to organize different consultations with their customers on different Bands so to justify to them a commitment to give up to 20 hours of electricity. It is not NERC that will make such decision. It should be an agreement that NERC will use to approve the tariff request from the disco.

Customer Classification:

Before now, we had a clear customer classification based on conventional metric of

- residential
- commercial
- industrial
- special customers.

This classification is based on well-known difference in cost of serving different customer classes. Therefore, the divergence in their various tariffs is justified in line with regulatory principles that enables distribution companies to apportion the recover of their revenue requirement according to cost of serving different customer classes. The current Service Bank is not backed up with credible difference in cost of service. Its history is recent and may relate to a struggle to fill the gap in the finances of the industry. It is not a credible classification.

Subsidy and Windfall Profit for Utilities:

Mr. President and Distinguished Senator, it is important to note one of the most important reasons advanced by the Hon. Minister of Power and the regulator for this reckless increase in tariff for Bank A customers is that the government is spending a lot on subsidies. By increasing tariffs, the government intends to save trillions of naira in subsidy costs. It is a good thing for the government to work to improve the commerciality and financial viability of the electricity industry. One of the main reasons for the reform of the electricity sector is the need to reduce public finance commitment to the sector.

But Mr. President, the truth is that the regulator is robbing Peter to pay Paul. How can the regulator talk about subsidy when it grants the distribution companies permission to sell power and not pay money back to the market to settle power generators? In the NERC guidelines for market settlement, the commission exempted the discos from paying their debts to the market. For example, Abuja Electricity Distribution Company (AEDC) is required to remit to the market only 14.21% of the electricity it sells to the consumers. It can keep over 75% of its receivables. Benin Electricity Distribution Company (BEDC) and Kaduna Electricity Distribution Company (KADC) are required to remit only 8.41% and 2.99% of their energy sales. Where is this done? Why would the regulator subsidize inefficiency in such wanton manner?
The table below shows the remittance level approved by NERC for the 11 distribution companies. This is unconscionable subsidization of private companies that are declaring profits. This table proves that the claim of subsidy in the electricity market is not necessarily that the government is subsidizing consumers. It is mostly subsidizing producers. The implication of this is that there is a lot to explain about the amount and the nature of the subsidy. The assumption that the subsidy relates to depressed tariffs is debunked by the table. There are more questions than answers with regards to the subsidy.

Table 1: Revised DisCos Remittance Obligations January – December 2024

DisCo	January 2024 Provision	February 2024 Revision	
		January – June 2024	July – December 2024
Abuja	31.67%	14.21%	15.97%
Benin	22.43%	8.41%	9.85%
Eko	30.65%	13.00%	15.00%
Enugu	18.46%	5.05%	7.52%
Ibadan	29.30%	9.79%	11.52%
Ikeja	25.17%	11.74%	14.06%
Jos	17.44%	5.90%	6.92%
Kaduna	15.44%	2.99%	4.55%
Kano	18.39%	5.23%	6.87%
Port Harcourt	22.87%	8.10%	9.87%
Yola	3.00%	0.85%	0.85%

Mr. President and Distinguished Senators, it is important to seek legislative intervention to restore public trust and confidence in the Nigerian Electricity Supply Industry (NESI) and to protect the rights and welfare of residential and commercial electricity consumers.
This legislative hearing arises in response to the wanton and unfair hike on electricity without due process as provided under the constitution and the Electricity Act of 2023. The announcement of a tariff increase is a matter of national security concern and requires legislative attention. Therefore, this motion seeks quick and decisive legislative intervention to avoid any security breach by ensuring the orderly, fair, and just regulation of the sector to attract investment and retain the confidence of electricity consumers.

Discrimination Contrary to Sections 14 and 40 of the Nigerian Constitution:

Mr. President and Distinguished Senators, the current tariff review violates constitutional protection against discrimination. The structure of any market should be such that no one is excluded from consumption of goods and service if they are able and willing to pay a fair price. This is more so with regards to public good like electricity. Section 116 of the Electricity Act further underlines the importance of non-exclusion and non-discrimination with regards to access to electrical services in Nigeria. According to Section 14 of Chapter 2 of the Constitution, every person is entitled to equal protection of the law and equality of access to social services. As, the Supreme Court held in the case of Fawehinmi v. Abacha, when such fundamental objective and directive principle of state has been enacted into a statute like the Electricity Act of 2023, it becomes judicially enforceable.
The Senate needs to consider that by the new order issued by NERC some Nigerians on Bank A will receive in the minimum 20 hours of electricity everyday while the rest will receive as low as 2-6 hours of electricity. It is important to note that only 15% of the customers in Nigeria is on Band A. This means that the order discriminates against 85% of Nigerian customers. In real terms, it means that more than half of consumers will not have access to electricity even if they are willing and able to pay more. The normal regulatory practice is to approve a fair universal price for a product and allow those who can afford to purchase as much as they can. Government can subsidise basic

consumption. But it cannot allow more access to a privileged few and less access to unfortunate many. This is an unconstitutional and illegal regulatory order.

Recommendations:

Mr. President and Distinguished Senator, in the context of the above-mentioned failure of due process and the negative implications for national security and the socioeconomic well-being of Nigerian citizens, I suggest the following actions for the consideration of the Senate and its leadership.

1. The Senate needs to request the regulator and the ministry to pause the implementation of the new tariff until they can structure a tariff that will meet regulatory due process and comply with the constitution and relevant provisions of the Electricity Act 2023 in approving the recent tariff review order.
2. The Senate through its Committee on Power appoints a well-regarded former regulator as a technical consultant to the House to develop templates for the determination of the legality, and reasonableness of the procedure adopted by NERC in approving the tariff increases and establishing the marker performance benchmarks for the Discos.
3. The Senate through its Committee on Power appoints a well-regarded consultant to work with relevant House Committees to draft a bill to provide for administrative procedures that entrench proper consultation and legislative review of process before any regulatory agency can exercise its delegated powers to make regulations that affect the rights and privileges of Nigerians and residents in Nigeria

Tit Bits

Cost of preparing Jollof rice up 29.3% – Report

The cost of preparing a pot of jollof rice, rose from N13,106 in October to N16,955 in March 2024, the SB Morgen (SBM) Intelligence report has said.
The geopolitical intelligence platform disclosed the 29.3 per cent rise in the cost of preparing the delicacy in its latest report titled, "The SBM Jollof Index Q1 2024: Crisis at the table".
The SBM Jollof Index tracks how much it costs to make a pot of jollof rice across 13 markets in six geopolitical zones for a family of five and uses the figures to measure the inflationary trends in the country.
(Source: **Premium Times**)

Q1 2024: Nigerian Breweries' gross profit increases but loss after tax continues.

Nigerian Breweries Plc recorded N81.88 billion gross profit in the first quarter ending March 31.
This represented an 87 per cent increase when compared with N43.88 billion posted in the first quarter ended 31 March 2023.
The company disclosed this in its unaudited condensed interim financial statements sent to the Nigerian Exchange Ltd., in Lagos.
The statement was signed by its Managing Director, Han Essaadi, and Finance Director, Bernardus Boer

Tinubu approves commencement of consumer credit scheme for Nigerians.

President Bola Tinubu has approved the take-off of the first phase of the Consumer Credit Scheme.
Consumer credit serves as the lifeblood of modern economies, enabling citizens to enhance their quality of life by accessing goods and services upfront, and paying responsibly over time. It facilitates crucial purchases, such as homes, vehicles, education, and healthcare, essential for ongoing stability to pursue their aspirations. Through responsible repayment, individuals build credit histories, unlocking more opportunities for a better life. Additionally, the increased demand for goods and services stimulates local industry and job creation.

(Source: **Press Release**)

NIGERIA'S GDP SIZE — HOW BIG WAS THE ECONOMY?

1999 — $57.48 billion, 51st largest economy globally

2006 — $222.79 billion, 33rd largest economy
2007 — $262.22 billion, 34th largest economy

2009 — $297.46 billion, 32nd largest economy
2010 — $369.06 billion, 30th largest economy

2014 — $568.50 billion, 22nd largest economy
2015 — $492.44 billion, 24th largest economy

2022 — $477.38 billion, 32nd largest economy
*2023 — $374.95 billion, 42nd largest economy

*In 2024, Nigeria's economy is estimated at $252.74 billion, making it the 53rd largest economy.

Thank you for reading!

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