Managing a Megacity: Learning the Lessons from Lagos

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Introduction

Africa is urbanizing at a remarkable rate. According to the United Nations, the total number of urban dwellers on the continent will increase from around 400 million to over 1.26 billion in the next twenty years (UN Habitat 2015). Over the same period, the proportion of people living in urban areas in Africa will increase significantly, and by 2035 a majority of Africans will live in towns and cities for the first time. This growth will not all occur in capital cities. Instead, it is estimated that 75% of the increase in urban population will be absorbed by small and intermediate-sized cities. One consequence of this is that the distance between urban centres is likely to fall, resulting in the emergence of metropolitan areas and large urban corridors. The collective impact of these trends will be to turn the spotlight on urban governance: unless population growth is well managed, it is likely to result in place an unbearable burden on public services and to exacerbate existing challenges such as overcrowding and inadequate transport systems.

These changes have already begun to play out across West Africa, one of the world’s fastest urbanizing regions, where the average distance between urban areas with a population greater than 10,000 has fallen from 111 km in 1950 to 33 km in 2000. While much of the growth has occurred in emerging urban areas, the 25% that has been absorbed by large-scale conurbations has also had a dramatic effect. The population of Lagos, the former capital and current economic fulcrum of Nigeria, is the eighth fastest growing city in Africa (World Population Review 2017) and is said to increase by 85 people an hour (World Economic Forum 2016). Although population estimates vary widely, Lagos has gone from around 5 million in 1980 to around 20 million today. Thus, even if we follow the most conservative estimates, it has exceeded the 10 million mark that represents the threshold for being considered one of the world’s 36 megacities.

Unsurprisingly, this transformation has generated a number of negative externalities. These include rising inequality, the growth of violent crime and chronic traffic jams described by Business Outsider (2016) as the ‘worst in the world’. In turn, these developments have generated a city of stark contrasts: while there are almost 10,000 millionaires in the state, around two-thirds of Lagosians live in slums. However, there is considerable evidence that in contrast to many of its counterparts elsewhere on the continent, the Lagos State Government – the Governor and party directly elected to run Lagos under Nigeria’s federal political system – has embarked on a series of reforms that have enabled it to better manage the process of urbanization. Indeed, under the leadership of opposition Governors Bola Tinubu (1999-2007) and Babatunde Fashola (2007-2015) Lagos became, to some commentators, “a model city” (Kaplan 2014).

Perhaps the most notable change was the privatization and strengthening of the system for collecting taxes, which yielded a remarkable increase in government revenues from less than N 10 billion when multiparty politics was reintroduced in 1999 to almost N 140 billion just a decade later. In turn, increasing locally generated revenue (LGR) has enabled Lagos to become the only one of Nigeria’s 36 states that is not dependent on central government transfers to fund its budget. This is particularly significant, because both Tinubu and Fashola invested a significant portion of these revenues in key areas such as improving transport routes, strengthening the healthcare system and slum upgrading (de Gramont 2015). Not only did these reforms enhance the legitimacy of the government, they helped to broaden the
support base of Tinubu’s political party, the Action Congress (later Action Congress of Nigeria), and to confer greater credibility on the opposition’s claim to represent a new form of politics. In turn, the strengthening of Tinubu’s hold over politics in the southwest was an important ingredient in the victory of the opposition All Progressives Congress (APC) – of which the ACN was a critical component – in the legislative and presidential elections of 2015.

Given the fact that urban reform is notoriously difficult to achieve in sub-Saharan Africa (Davis 2006), the Lagos story is particularly striking, especially when one considers that many of the factors that are often thought to impede political reform and public goods provision are present. Lagos sits within a country famous for corruption and mismanagement (Smith 2010), and had suffered a long period of neglect prior to its recent resurgence. Moreover, its society is ethnically and religiously diverse, something that is often said to reduce the prospects for developing a consensus around the importance of public goods provision (Easterly 1997, Miguel 2004). Given this, Lagos appears to be a particularly interesting case from which to learn comparative lessons for the rest of the continent – if urban regeneration strategies have really worked in Lagos, they may also prove feasible in other difficult contexts.

Drawing on over 100 interviews over three years including with a number of senior figures in the Lagos State Government, a comparative study of reform across two different sectors, and a representative panel survey of the opinions of Lagosians about the quality of public services and their attitudes to their government, we conclude that there is strong evidence from a variety of sources that both the quality of public service delivery and the financial sustainability of the state improved significantly between the mid 1990s and 2015. In this sense, the Lagos success story is real, and supports Seth Kaplan’s (2004) assertion that in fragile states local governments have and inherent advantage over their national counterparts because they can be more responsive to local concerns.

However, we also find this process has been uneven across both sectors and time, and that it remains vulnerable to reversal. In turn, the timing of reforms, and their varying impact across different sectors, suggest that existing accounts of political reform in Lagos, which typically focus on the role of individual leaders, the need for state-level elites to secure access to reliable revenue streams, and the historical precedent of progressive governors in the southwest, are insufficient to explain the timing and extent of institutional change. Moreover, most depictions of the transformation of Lagos fail to explain the way in which technocratic ambitious have consistently been balanced against patronage demands.

In the first part of this paper, we argue that to a comprehensive account of the capacity of Governors Tinubu and Fashola to overcome resistance from key veto players – including political and bureaucratic elites – must take into account a broader number of structural and contingent factors. On the structural side, state building in Lagos was facilitated by Nigeria’s federal political system, which empowered the Lagos State Government to make important decisions on issues such as how tax should be collected and enabled then to reap the benefits of rising tax receipts. In other words, the form of devolution within the Nigerian political system generated an institutional opportunity and motivation for Lagosian leaders to invest in broadening the tax base. However, this alone does not explain why governors in Lagos, and not in other nearby states, were willing and able to take on powerful vested interests who stood to lose from a change to the status quo.

In the second part of the paper, we suggest that there have been two main motivations for Tinubu and Fashola to pursue an ambitious reform agenda: political competition and megacity ambitions. Drawing on the literature on developmental states in Asia, we argue that incumbent elites typically require an existential threat to undertake costly and difficult
processes of reform (Onis 1991). But while such a threat is necessary it is far form sufficient. Under conditions of radical uncertainty, leaders fearing for their positions are likely to operate as predatory roving bandits and exploit their populations rather than stationary ones who invest in them (Olson 1993). Two other conditions are therefore required: first, that leaders enjoy sufficient political stability to be able to plan for the long term, and second that leaders believe that enacting reform is a feasible way to protect their interests (de Gramont 2015).

All three of these conditions held – to varying extents – in Lagos between 1999 and 2015. The external threat was provided by the presence of an increasingly authoritarian ruling party, which demonstrated a clear determination to remove opposition governors and their parties from power. The political stability derived from the capacity of Tinubu and later Fashola to gradually consolidate their hold over Lagos after 2003, which encouraged them to plan for the long-term. Significantly, the region’s history of more progressive leadership, along with a recognition that Lagosian voters were particularly well educated and informed, convinced key players that an improvement in the quality of governance and public services were required to retain popular support. This electoral imperative was also buttressed by the genuine commitment of local political elites to transforming Lagos into a cutting-edge megacity that they could be proud of, a drive that was underpinned by a distinctly high-modernist vision of the future (Scott 1988). This represents an important part of the Lagos story, because while it has driven considerable state investment in infrastructure projects, it has also led to accusations that the government has at times sacrificed the short-term needs of poorer Lagosians in order to push through projects that are likely to a minority of the population (New Yorker 2006).

In this sense, institutional innovation in Lagos was underpinned by a combination of broader beliefs about how to advance society and self-interested realpolitik. However, because it varies over time the balance of political competition is particularly important to this story: most of the significant advances in state building came during periods in which local political elites where in opposition to the national government but enjoyed relative stability at the state level. These conditions represent a “sweet spot” for reform, in which Lagosian leaders had the challenge necessary to drive change and the security needed to respond to this through a series of long-term investments in institutional transformation.

If high modernist ambitions and party politics provided the motivation for statebuilding, the successful implementation of reforms has depended on the capacity of Tinubu and Fashola to either ignore or compensate those who seek to stand in the way of change. The final part of the paper draws on a comparison of two different sectors to demonstrate that reforms have tended to be implemented more effectively when they did not disadvantage the government’s core political constituencies and generated opportunities to maintain or strengthen existing patronage networks. Thus, impressive progress was achieved in the overhaul of the tax collection system, because this initiative served both political and developmental goals. However, in other areas in which leaders’ core political constituencies stood to suffer, such as the transport sector, implementation has been less successful.

Understood in this way, the case of Lagos simultaneously demonstrates the potential for urban innovation from below in Africa and the reason that it so rarely occurs. Reforms have been most effectively implemented when three different factors have come into alignment: a facilitative political structure, a specific balance of power between the state and national level, and the capacity of sub-national leaders to align political and developmental goals in key sectors. By placing Lagos in comparative perspective, the final section of the paper reveals that while these conditions are not unique to Lagos, they are relatively rare on the African continent. Given this, we conclude that while the policy lessons from Lagos are very much worth learning, they are likely to be extremely difficult to apply elsewhere.
Explaining political reform in Lagos

In its current incarnation, Lagos is a small sliver of land that borders Benin to the west and the Atlantic Ocean to the south. The smallest of Nigeria’s 36 states by area, Lagos is also the largest by population. The current state boundaries originate from *State Creation and Transitional Provisions Decree No. 14 of 1967*, which sought to increase the number of states from three to twelve (Whiteman 2013). This strategy was partly designed to reduce the political and economic power of each sub-national bloc in order to strengthen the position of the federal government, and partly to reduce the extent to which the three main ethnic groups – Yoruba in the southwest, Igbo in the southeast and Hausa-Fulani in the North – could dominate regional politics (Cheeseman 2015). As the capital city, Lagos city had previously been administered by the Federal Government, but following the 1967 reforms, a number of adjoining areas such as Ikeja, Agege, Mushin, Ikorodu, Epe and Badagry were added to the city to create Lagos state (Baker 1974).

Demographically, Lagos is often said to be Nigeria’s melting pot due to its high level of ethnic and religious diversity (de Gramont 2014). However, while this may be true, it is a predominantly Yoruba speaking area, with most estimates concluding that ethnic Yorubas make up something like two-thirds of the population (Forde 2017). Significantly, while most Yoruba Lagosians have a positive attitude towards migration, the vast majority of the state’s political leaders have come from the community and survey results suggest that many Yoruba’s see themselves as the indigenous community and are not inclined to share political power with other groups. Similarly, while the Yoruba community is divided between Christians and Muslims, Lagos is said to be about two-thirds Muslim, and the state has never elected a Christian governor (Whiteman 2013). As a result, inter-ethnic and inter-religious tensions remain, and the state occasionally suffers short episodes of inter-communal violence (Fourchard 2010).

From 1967 onwards, Lagos was run by a number of different administrations, including civilian governors, complete with a House of Assembly, and Military Administrators appointed by the national government. Elected government returned in 1999, following Nigeria’s transition to multi-party elections after the death of President Sanni Abacha in 1998. By this point, the state comprised five administrative divisions, sub-divided into 20 local government areas (LGAs). Although the establishment of the Federal Capital Territory in 1991 saw the capital move to Abuja, Lagos has remained the country’s economic hub: if it were classified as a country, the state would have the fifth largest GDP in Africa. As a result, the politics of Lagos resonates well beyond the boundaries of the state – which helps to explain why the apparent improvements under Governors Tinubu and Fashola have received so much attention, both nationally and internationally.

To date, most accounts of the willingness and capacity of the Lagos State Government to break out of old political logics have tended to focus on one or three main explanations. The first is that the transformation of Lagos has been fundamentally driven by a desire for resources, which began when a dispute between the state government and the federal government over the specification of local government areas led to the temporary withholding of central transfers (Bodea and Lebas 2016). On this interpretation, Lagosian political elites were spurred into action by the fear that a key revenue stream would be cut off, which was a sufficiently strong incentive to generate a focused and coherent response. By contrast, a second set of explanations – which is more common in media and policy accounts than within academia – places great emphasis on the personalities and motivations of Governors Tinubu and Fashola, the latter of whom has frequently been depicted as being “a rare good man” in Africa (Economist 2011). On this interpretation, the improvement in Lagos’ fortunes is largely down to the good luck of having elected responsible leaders (Agabunyi and Olajide 2016).
A third argument that is more common in scholarly analysis draws upon the second but extends it to incorporate the history of progressive leadership and popular demands in Southern Nigeria (Pratten 2007; Whiteman 2013). Tinubu and Fashola trace their political lineage to one of the country’s first political parties, the Action Group founded in 1951 by Chief Obafemi Awolowo. As the premier of the Western region – which then contained Lagos – Awolowo became the first Nigerian leader to establish free primary education. He also sought to extend health and agricultural services, developing a reputation for pursuing progressive goals (Lloyd 1955). Similarly, the first elected governor of Lagos, Lateef Jakande (1979-1983), undertook large investments in housing and schools (de Gramont 2015), generating a popular memory of forward thinking and responsive leadership by which current administrations are judged. Given this, some have argued that the emergence of Tinubu and Fashola was no accident (Ojekwe 2016), but instead should be understood as the natural expression of a deeper desire within Lagosian political society for a more progressive politics that went unfulfilled during the long years of military government (Whiteman 2013).

While recognizing the importance of political memory, personality, and the distrust between national and subnational political elites, we argue that none of these explanations – or a combination of them – can fully explain the presence of reform in Lagos and its absence in much of the rest of Nigeria and indeed the continent. On the one hand, progressive ideals have resonance in a number of Nigerian states, as do tensions between local and national political elites, yet the sort of state building project undertaken in Lagos has rarely been attempted elsewhere, and when it has it has met with little success. As a recent briefing by the African Research Institute (2016: 1) put it “State elections seldom hold anyone to account. Poor provision of health care, housing, education and infrastructure or lack of support for agriculture does not prevent the corrupt or ineffective from securing reelection. Electoral fraud is commonplace.”

On the other hand, while it is true that the victory of opposition leaders in Lagos was a constant source of frustration for the then President, Olesegun Obasanjo, and his People’s Democratic Party (PDP), the dispute over the demarcation of local government areas began in 2004, after Tinubu has already served a term in office. By this point, many of the reforms that would come to be associated with the transformation of Lagos had already begun. Moreover, although Obasanjo did cut off central government funding in retaliation for Tinubu’s attempt to create 37 new local governments, this only applied to the local government budget – a relatively small proportion of overall revenues (De Gramont 2013). It is therefore clear that while this dispute may have acted as a catalyst for reform, it cannot explain its genesis.

Building a more persuasive account of institutional transformation in Lagos, and the capacity of the government to secure support – or at least compliance – of key groups for reform requires us to take a step backwards and to consider the underlying motivations of successive governors, the political context that facilitated change, and the factors that smoothed implementation (figure 1). While later sections of the paper will explain the drivers of reform, while the remainder of this section is devoted to explaining the structural conditions that made it possible.
Figure 1. The foundations of urban reform in Lagos

<table>
<thead>
<tr>
<th>Type of factor</th>
<th>Logic</th>
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<td><strong>Structural facilitators</strong></td>
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<tr>
<td>Empowering political system</td>
<td>Federalist system with direct elections of sub-national units</td>
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<tr>
<td>Empowering economic system</td>
<td>Capacity to retain revenues collected at sub-national level</td>
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<td><strong>Contingent drivers of reform</strong></td>
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<tr>
<td>Political competition</td>
<td>Combination of existential threat and political stability drives reform</td>
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<tr>
<td>Commitment to development</td>
<td>Belief in “megacity” ideal encourages investment</td>
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<td><strong>Implementation promoters</strong></td>
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<tr>
<td>Low political cost</td>
<td>Sectors in which the political fallout is less significant for party supporters</td>
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<td>Public support</td>
<td>Popular support for the broader reform agenda and specific reforms</td>
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To date, discussions of institutional innovation in Lagos have tended to assume, rather than to analyze, two structural factors that played a central role in facilitating political change, namely the county’s federal structure and permissive economic system. Although Nigeria remains heavily presidential, with key powers over issues such as national security, oil, ports, customs and excise and setting the rate of taxation reserved for the national government, a number of distinctive features of the political and economic system enable sub-national innovation.

Most obviously, the direct election of governors creates the possibility for accountable and responsive leadership at the state level. Less obviously, state governments enjoy a number of powers denied to most sub-national leaders in Africa, including the right to invest in areas such as education, health, and transport through a system of concurrent or shared responsibility (Suberu 2009). Moreover, while it is the national government that sets the rate of income tax, state governments can both levy additional taxes in some areas, such as tourism, and assist in the collection of taxation. The latter point is particularly significant because states directly benefit from any additional revenues they collect. As a result, state governments have both an opportunity and an incentive to strengthen tax collection systems. The implications of this permissive political and economic structure are often over looked because many states have limited capacity to expand locally generate revenue and so remain dependent on central government transfers for their budgets (Bodea and LeBas 2016). Thus, depictions of Nigerian federalism have often focused on the historical capacity of the national government to bring the states to heel by reducing the proportion of oil revenues that they receive (Osaghae 1991). However, for states with large formal sectors that can be taxed, such as Lagos, it creates the potential to generate stronger revenue streams from which to fund infrastructural projects and public services.

In the case of Lagos, the transformation of the tax system has underpinned the state’s economic and political revival. Immediately after winning office, Governor Tinubu established a review of the state’s tax processes, which concluded that the government lacked the capacity to collect or monitor payments. This, combined with the fact that almost all payments were made in cash, had given rise to a system that was riven with rent-seeking (Bodea and LeBas 2016). Indeed, the high levels of corruption within the tax system provided even the most public spirited of Lagosian citizens with few reasons to pay their taxes. Over the next six years, a number of locally initiated reforms changed this picture dramatically. First, in late 1999, a decision was made to move from cash transactions to electronic bank
transfers. Second, in 2000 the government hired a private company, ALPHABETA Consulting (ABC) to manage the system in return for a share of tax revenues. Third, in 2006 the state’s management of the state’s tax institutions was compulsorily retired and replaced by a new team led by former bank executive Babatunde Fowler.⁴

Over the next few years, Fowler was given the support he needed to reform the system, including transforming the existing revenue board into a new agency, the Lagos Inland Revenue Service (LIRS), complete with higher salaries and greater flexibility to recruit outside of the civil service (de Gramont 2015). In turn, this enabled Fowler to hire better qualified staff who had not previously been exposed to the predatory tax collection practices, which made it possible to start to build a new ethos of professionalism and efficiency. Once Tinubu had served two terms in office and was replaced by Fashola, the focus on taxation developed and intensified.

Under the Fashola administration, a new focus emerged on winning hearts and minds,⁵ based on an imaginative public relations campaign that emphasized the connection between tax payment and service delivery. This campaign, which included radio jingles, newspaper adverts, public roadshows and events to celebrate high profile tax payers, played a significant role in boosted public support for tax payment, which in turn facilitated state efforts to broaden the tax base (Cheeseman and Klaas, forthcoming). In turn, the combination of facilitative structural conditions, determined government elites, and higher levels of “tax morale”, resulted in a dramatic increase in locally generated revenues, which were almost negligible in 1998 but over 160 billion Naira by 2011 (figure 1).

Figure 1. Lagos State Tax Revenue by Source (1998-2011)

The importance of political competition

Nigeria’s federal political system helps to explain why reform was institutionally feasible, but not why Governors Tinubu and Fashola were prepared to overcome local opposition to the transformation of the status quo. The strengthening of the tax system, for example, significantly increased the costs born by many businesses and individuals, who previously did not have to financially contribute to the government. To explain what motivated this process of state transformation we therefore need to turn our attention to the contingent drives of reform – in this case, political competition and the commitment of the Lagosian political elite to high modernist goals.

The existing literature suggests that processes of economic and political reform rarely result from an enlightened leader coming to power alone. Instead, far-reaching institutional change
typically occurs only when key actors have both a strong incentive to act and confidence that a given set of reforms is achievable. For example, analysis of the emergence of highly effective developmental states in East Asia has found that the decision of ruling elites to prioritise long-term economic growth owed much to the presence of pressing existential threats (Onis 1991). In South Korea, the threat took the form of the rival regime in North Korea, while in Taiwan it came from the fear of domination by the People’s Republic of China.

An existential threat alone, however, often fails to generate sustained reform because if the government does not believe that it can effectively deal with a given challenge, the prospect of some form of external intervention is likely to reduce the time horizons of political elites, encouraging them to pursue short-term predation over long-term investment. In other words, conditions of chronically high risk are likely to generate what Olson (1993) has called roving bandits rather than forward thinking leaders. The implication of this argument is that leaders are only likely to embark on the difficult process of economic or political conditionality when they enjoy sufficient political stability to feel confident that they will have both the opportunity to implement changes and the time to benefit from them.

The threat

In the context of Lagos, this combination of threat and stability was generated by a particular configuration of political competition that was made possible by the existence of a powerful tier of sub-national government. The threat to the Lagosian political elite derived from the national political landscape. Bola Tinubu, the first governor of Lagos following the end of military rule in 1999, was elected on an Alliance for Democracy (AD) ticket. While the AD was able to mobilize considerable support in its southwest Nigeria base, it had limited national reach and lacked the funding required to compete successfully in general elections. Thus, despite forming a coalition with the All People’s Party, the AD was comprehensively defeated in the presidential election by the PDP. As an opposition Governor seeking to lay out an alternative political strategy in an economically and symbolically important state, Tinubu thus found himself in a position not dissimilar to that of the Taiwanese leadership of the 1960s, which had to “justify their very existence against competition from the Communist regimes and associated ideology” (Onis 1991: 116).

A consummate politician and consistent thorn in the government’s side, Tinubu’s political and later economic success in the Nigeria’s economic capital represented a significant source of frustration for the ruling party. Consequently, relations between the AD and PDP deteriorated during his first term in office. On the one hand, Tinubu’s refusal to adopt a deferential stance to Obasanjo led to disputes about who had authority to make policy in a number of areas including traffic control, power generation, and the clash over the demarcation of Local Government Areas described above. On the other, the increasingly authoritarian nature of PDP rule (Smith 2010), combined with the willingness of government officials to manipulate the electoral process in support of the ruling party, led to opposition complaints that Nigeria was being turned into a one-party state. For Tinubu, and later Fashola, the prospect of being edged out of power in flawed elections represented a significant threat not only to their national political ambitions, but also to their ability to hold on to their main economic and political base in the southwest.

Given this context, Tinubu was well aware that he needed to develop strategies to demonstrate the advantages of his political and economic strategies in order to maintain political the support of Lagosian voters. Significantly, it was not sufficient to be able to mobilize enough votes to win free and fair elections; to secure his position, he also needed to make it unfeasible for the PDP to rig him out. In stark contrast to the military governors that had gone before, the need to win elections incentivized a series of reforms that were intended
to demonstrate that the AD had the potential to significantly improve the quality of the state government’s performance (de Gramont 2015). In this regard, it was particularly important that both Tinubu and Fashola firmly believed that maintaining public support could not be achieved through patronage alone – it would also require building a more efficient and capable administration to deliver services. In turn, this recognition was rooted in the history of progressive leadership in southwestern Nigeria highlighted by the likes of Lloyd (1955) and Whiteman (2013).

Across scores of interviews conducted over a number of years, members of the Lagos State Government consistently expressed the opinion that “issue based” policies such as promises of better roads and less corrupt government strongly resonate with the wider Lagosian population. As a result, they understood electoral success to be intimately bound up with governance reform and the provision of public services. In other words, the perception that Lagos is home to a particularly well-informed and demanding electorate played an important role in incentivizing state leaders to undertake difficult reforms that often imposed a significant economic or political cost. Tinubu, for example, endured the wrath of many fellow AD leaders when, instead of appointing party elders to key positions, he appointed a number of technocrats and political outsiders. Although this initially met with accusations of favouritism, over time the governor’s willingness to appoint people with private sector expertise came to be seen as an important first step in building a more efficient and responsive state machinery.

The 2003 elections demonstrated the value of this strategy. Although concerted efforts by the PDP to capture opposition governorships were successful in many parts of the southwest and significantly weakened the hold of the AD, Tinubu retained power in Lagos. Over the next four years, Tinubu moved to consolidate his authority by first strengthening his political position and second securing his legacy. Recognizing that the decline of the AD in 2003 represented both a challenge and an opportunity, he took the opportunity to launch his own party, the Action Congress (AC), later the Action Congress of Nigeria (ACN).

In the context of the political vacuum created by the decline of the AD, Tinubu was able to use his high-profile position in Lagos to transform himself into the most prominent opposition leader in the southwest (de Gramont 2015). In turn, this strengthened his position in Lagos itself, where he had already developed a reputation for being an archetypal Nigerian “godfather” (Omatola 2007). By using the vast personal wealth that he accrued through real estate, business ventures, and the benefits of political office to place supporters in key positions, Tinubu was able to shape future political developments even when formally out of power himself. Most notably, once he had served the constitutionally mandated two-term limit, he was able to shape the outcome of the succession process, supporting the campaign of his well respected Chief of Staff, Babatunde Fashola, to secure the Action Congress nomination for the 2007 elections.

The importance of stability

The Tinubu/Fashola combination was to prove a highly effective one. As a lawyer and a technocrat with a keen eye for detail, Fashola was well placed to continue the development of Lagos, further strengthening the reputation of the AC. However, his limited political base when he first entered electoral politics meant that the success of his debut campaign for the governorship owed much to Tinubu’s political and economic networks. In this sense, the willingness of the AC leadership to invest in a long-term process of political transformation was itself dependent on the patronage ties of senior figures, some of which are said to have been generated through corrupt activities (Premium Times 2015). According to former AD activist Yinka Odumakin, Tinubu “has stolen a lot of money but he distributes it, uses it to build a network”. Thus, while the reforms put in place in Lagos may have significantly
reduced the level of corruption and financial mismanagement within the state over time, they were initially underpinned by a clientelistic model in which the spoils of office were re-invested in building a stronger and more effective political machine. In this sense, Lagos under Tinubu was not unlike the kind of “developmental-patrimonial” state recently described by David Booth and Frederick Golooba-Mutebi (2012) and Tim Kelsall (2013).

Much media commentary has explained the difference between the Tinubu and the Fashola administrations on the basis of personality. Tinubu is often depicted as the wily godfather, using patronage and cunning to enforce his will (Premium Times 2015). By contrast, Fashola is often framed as the gifted bureaucrat, working long hours to strengthen the machinery of government (Economist 2011). While there is clearly an element of truth to this interpretation, it underplays the way in which the balance between external threat and political stability shifted throughout this period in a way that gave Fashola’s administration greater incentives to invest in the long-term. Significantly, although the tension between the opposition and the PDP continued throughout the period under review, the ACN became increasingly dominant in state-level politics, especially after Fashola’s landslide re-election victory in 2011. In turn, this political control encouraged the administration to embark on projects that will pay off in ten or twenty years time, and so will only benefit future governments.

Governor Fashola, for example, embarked on a deliberate strategy to expand the tax base by incorporating people within the formal tax system who were scheduled to pay so little tax that the government would actually lose money by processing them. Although this policy cost his government money in the short-term, Fashola believed that it represented a worthwhile investment because it would lead to a broader set of citizens becoming accustomed to paying tax, thus strengthening popular commitment to tax norms, as well as promising to boost government revenue later on, once employment and wages had increased. A ruling party anticipating imminent defeat in the polls would have been far less likely to embark on such a strategy.

The role of political ideas

Before we move on to consider how – and whether – reforms were effectively implemented, it is important to note that the actions of Tinubu and Fashola were also motivated by a number of other beliefs, most notably their commitment to building a successful megacity. The importance of ideas and beliefs is often overlooked in political science and development literature, in part because they are hard to define and operationalize in a comparative research design. However, the significance of specific visions of the future has been widely recognized by researchers such as James Scott. In his classic work Seeing Like A State (1998), Scott argues that many state-led development projects have been characterised by a form of high modernism. For Scott, this equates to a belief in human progress, and in the capacity of state to use science and technology – and central planning – to effect processes of social and economic transformation. But the invocation of does not always turned out as planned. One of the notable aspects of high modernist development plans, Scott argues, is that they sometimes come to exert such a powerful hold over the political imagination that they are not abandoned even when they generate significant costs and fail to deliver promised gains.

In Lagos, the actions and statements of both Tinubu and Fashola suggest that their vision of the future has strong high modernist undertones, driven by a sense of political necessity. Both leaders understood that one of their most important roles as governor was to prepare Lagos for rapid population growth, and felt that only by making use of the best possible science – in this case policy experts, academic research, and private sector best practice – could they meet the challenge of constructing a world leading megacity. Especially under Fashola, these plans have involved large infrastructure projects designed to both meet the challenge of
overcrowding and to impress visitors through their cutting edge design and standards. In other words, the key reference points for the way that the Lagosian political elite wish to develop their state are not Delhi and Nairobi but London, New York, and Dubai. A classic example of the kind of initiatives pursued by Tinubu and Fashola is the Eko Atlantic project, an incredibly ambitious public-private venture set up in 2003 that aims to build a new city on land reclaimed from the Atlantic ocean. When it is completed, the new city will house 250,000 people and will support tens of thousands of jobs. However, the vast costs – 91 million cubic metres of sand-filling is required to cover an area that is 6,500 metres long and an average of 1,260 metres wide – means that these will be out of reach of most Lagosians (Kester 2014).

Eko Atlantic city therefore neatly encapsulates the strengths and weaknesses of the high modernist political vision of AC leaders. On the one hand, it has led to creative solutions being found to some of the state’s problems – in this case a shortage of land and housing – with the project receiving the Clinton Global Initiative Commitment Certificate for providing an innovative solution to the negative effect of climate change. On the other, the preoccupation with branding Lagos as a world leading city, coupled with the need to push through infrastructure projects with great haste, has led to complaints that the government is more concerned to expand economic opportunities for the wealthy than to improve living conditions for the poor (Adama 2017). Particularly controversial policies have included slum clearances that led to criticism that slum dwellers were not given insufficient warning and compensation, and a clampdown on unauthorised street traders that cleaned up many of states’ markets, pavements and streets, but also made it harder for some of the state’s hardest working residents to make a living. But while the development visions of successive governors may not have met with universal approval, they did provide another powerful incentive for Lagosian political elites to commit to reform.

The challenge of implementation

It is one thing to have the motivation to pursue institutional transformation and another to actually be able to achieve this in a complicated political market place with a number of powerful vested interests. Despite the commitment of Tinubu and Fashola to effect change, reform was far more likely to occur in areas that featured fewer veto players and did not directly threaten their own support base. To see this, it is helpful to draw a comparison between plans to regulate buses and transform the transport system, on the one hand, and the overhaul of the tax system, on the other. Although the Lagos State Government implemented initiatives in all of these areas, it was in the latter case that the most progress was achieved (de Gramont 2015).

The strengthening of the tax system required considerable political capital. By cleaning up and professionalizing tax collection, Tinubu took away a valuable opportunity for rent-seeking from state-level bureaucrats. At the same time, aggressive efforts to broaden and deepen the tax base mean that a range of individuals and businesses now had to make significant financial contributions to the state who did not have to do so previously (Bodea and LeBas 2016). However, in both cases this opposition could be overcome. First, the semi-privatization of the tax system effectively ensured that mid and low-ranking bureaucrats had effectively been sidelined and so could not sabotage the reforms. Second, Tinubu’s support base lay not within the business community but in the much more populous informal sector, and so he had less to lose from initial moves to collect greater revenues from the formal sector (de Gramont 2015).

Moreover, Tinubu recognized that by increasing state revenue, tax reforms would generate resources that could then be used to compensate key groups, in terms of the provision of both
public services and patronage. Most notably, it is widely believed that senior ACN figures own shares in ALPHABETA consulting, the company brought in to improve the tax collection process that receives a share of the total tax take for its work (Awofeso 2013). As a result of this arrangement, the expansion of government revenues generated additional funds for the ACN’s political network, which made it possible to compensate disgruntled supporters and further strengthen the party’s hold on power. In this way, it was possible to bring short-term political aims and long-term developmental goals into alignment, which in turn promoted effective implementation.

Efforts to regulate transport routes proved to be more problematic. Historically, Lagos has suffered a poorly coordinated transport network and until 2007 was the largest city in the world without any form of state-organized mass transit. Instead, the millions of passengers seeking to traverse the state on a daily basis are served by 83,000 privately owned buses known as danfos. The small margins made by bus operatives, combined with the absence of effective regulation, ensured that by the mid-2000s they had become recognized as a contributor to the city’s interminable traffic jams and a major barrier to the promotion of road safety (World Bank 2011a).

Both Tinubu and Fashola recognized that they could hardly claim to have built a modern megacity unless the transport sector could be reformed to provide a cheaper and more effective service (de Gramont 2015). To this end, the Lagos Urban Transport Project was approved in 2002. Under the scheme, the government established the Lagos Metropolitan Area Transport Authority (LAMATA). A core demand of the World Bank, which was keen to invest in a pre-existing plan that it had developed to reform urban transport, the formation of LAMATA was designed to create a professional, capable and meritocratic body that could be relied upon to oversee the introduction of a new bus network. A technocratic enclave within the bureaucracy, at its most senior levels LAMATA was filled with Nigerian diaspora professionals attracted by higher wages and the opportunity to be part of a genuine process of institutional regeneration.

However, despite considerable government commitment to reform, initial plans to rehabilitate key transport routes and introduce a bus rapid transit system (BRT) were complicated by the opposition of the National Union of Road Transport Workers (NURTW), which feared that it would be forced out of the market if bus routes were restructured and sold off to the highest bidder. The potential loss to the NURTW related to their control of the motor parks out of which private buses operate. By charging bus drivers a fee to use their parks – something that is illegal but widely accepted – the NURTW is able to make a large profit. Any reform that would either abolish the parks or regulate the charging of fees therefore threatened to curtail the union’s main source of income.

The opposition of the NURTW was significant for two main reasons. First, its strategic position within the transport system made it an effective veto player (Albert 2007). LAMATA officials worried that attempts to override the unions wishes could lead to violent protests and attacks on new buses, deterring the private investors needed to help fund the project (de Gramont 2015). Second, the NURTW represented an important political force within Lagos, capable of mobilizing large numbers of people around elections. In a context of limited formal political institutions, the networks and geographical reach of the union represented a valuable resource. According to Laurent Fouchard (2010: 51), union chairman provided Tinubu with thugs recruited among the union drivers to assist the governor during his electoral campaigns”. As a result, taking on the NURTW was both logistically impractical and politically dangerous.

Changes to the transport sector therefore took the form of a series of compromises that delivered considerable progress but not the wholesale transformation that Tinubu and Fashola
had hoped for. Most notably, prolonged negotiations with the NURTW led to serious delays, which ultimately persuaded the government not to challenge the union’s control of bus routes. Instead, LAMATA sought to co-opt the unions by making it in their interest to support the BRT proposals. This was achieved by sending NURTW leaders on sponsored trips to see the impact of BRT projects in Latin America, and more significantly by granting a NURTW allied cooperative the concession for the BRT line in Lagos, effectively giving them a stake in the project.

This strategy had the benefit of securing union support – or at least acquiescence – for plans to introduce larger and higher quality vehicles and stronger government regulation, while maintaining the political support of union leaders for the ruling party. As a result, the BRT programme was able to go ahead, serving an average of 200,000 a day passengers a day after its inception 2008. However, this compromise also represented a carefully calculated trade off in which sacrificed institutional transformation on the altar of political expediency. As de Gramont has noted (2015: 23), “Union leaders do not have the experience or particular inclination to run an efficient and customer-friendly public bus service”, and LATAMA officials have “acknowledged that NURTW mismanagement has contributed to reduced service quality and maintenance on the BRT”. In this way, the existence of high political costs undermined the implementation of institutional reforms – even though there was considerable commitment within the ruling party to a more thorough process of transformation (World Bank 2011).

**Lagos in comparative perspective**

The severity of the challenges posed by rapid urbanization means that there is a pressing need to identify cases of successful urban reform in places like Africa and Latin America, and to see if the lessons of these success stories can be applied elsewhere. Already, the media and a number of senior policy makers including David Cameron, the former UK Prime Minister, have pointed to Lagos as one of the most promising examples of forward thinking urban planning in Africa (Economist 2011). This paper finds that the evidence broadly supports this interpretation. The much talked about reforms are real, their impact has been felt by ordinary citizens, and they have considerably strengthened the capacity of the Lagos State Government to provide services. At the same time, by broadening and deepening the tax base and enhancing the legitimacy of the government, a “virtuous cycle” of taxation and service delivery has strengthened the capacity of the state to manage the ongoing process of urbanization (Cheeseman and Klaas 2015).

Lagos therefore supports the argument that by harnessing local solutions to local problems, decentralization can facilitate processes of innovation that are unlikely to emanate from the national level (Kaplan 2004; Cheeseman, Lynch, Willis 2016). However, the analysis presented here also highlights a number of reasons that the lessons of the Lagos story will be difficult to export elsewhere. Most obviously, the structural factors that facilitated the process of political transformation embarked on by Tinubu and later Fashola – a federal political system in which key elements of control over the collection of taxation are located at the sub-national level – are rare in sub-Saharan Africa. Only Ethiopia and South Africa employ federalism, and while a similar degree of political devolution exists in Kenya under another name (Cheeseman, Lynch, Willis 2016), most African states remain highly centralized. A stocktaking study conducted by Stephen Ndewga found that very few African political systems either transferred significant resources to the sub-national level, or empowered sub-national governments to raise their own funds (Ndewga 2002).

This picture has changed somewhat over the last fifteen years, due in large part to the growing popularity of decentralization as a strategy to improve service delivery (Robinson
2007) and to promote political participation within both the international donor community and African civil society. However, the early evidence suggests that few of these reforms have achieved their stated purpose. Instead, ‘central governments often find ways of preventing real power and authority being devolved out of their grasp’ (Cheeseman, Lynch, Willis 2016: 8). As Catherine Boone has argued, ruling elites have proved to be remarkably adept at controlling local political structures, in part because they are able to ‘co-opt, demobilise, usurp, bypass or modify’ local notables (Boone 2003). Thus, Diane Conyers (2007) concludes that where decentralization has occurred, it has tended to export national governance failings to the local level, rather than to usher in a brave new world of policy making.

It is also important to be cautious about the extent to which more effective political and economic devolution would facilitate genuine reform. In Lagos, the motivation of political leaders to implement institutional reforms that were often disruptive and controversial was rooted in two factors: their desire to construct a shining megacity that would confer pride and respectability on themselves and their communities, and the hope that Lagos could be used as a political base to protect their interests and advance their ambitions – an example of what southwestern political elites could do in power if only they had the chance. While many local elites may feel the first impulse, the second is dependent on different parties – or perhaps more specifically rival political networks – being in power at the national and local level. When this occurs, regional governments are more likely to resist national co-option, and to try and to carve out a distinctive political profile by pursuing innovation.

The significance of political competition to local statebuilding is important, because it calls into question the prospects for reform from below in many of the world’s fastest urbanizing countries because they feature low levels of democracy and are best thought of as competitive-authoritarian states (Levitsky and Way 2002; 2010) in which the ruling party enjoys a near monopoly at both the national and local level. Angola, Chad, and Cameroon, all conform to this model, as does one of the continent’s few federal states, Ethiopia. Urban change is not impossible in these countries – both Angola and Ethiopia have witnessed top-down state building efforts in which the central government has been the main architect of reform – but it is less likely to emerge from below. As a result, processes of economic and political development are more vulnerable to kind of limitations of state-led development identified by Scott (1998). Indeed, recent literature on Angola has explicitly argued that the ruling party’s development strategy has been undermined by an overreliance on a top-down approach that ignores local nuance and fails to engage with the hopes and aspirations of urbanites themselves (Soares de Oliveira 2015).

Given this, the kind of gains identified in Lagos are most likely to be realized in countries that combine significant political and economic devolution and a more open and competitive political landscape. The two most obvious candidates for such a profile are Kenya and South Africa. In the latter, a system of provincial government has enabled the opposition Democratic Alliance to govern the economically important Western Cape, despite the political dominance of the African National Congress at the national level. In the former, the constitution of 2010 introduced 47 new counties each with a directly elected governor. At the 2013 general elections, the first to feature county level polls, opposition parties suffered a first round defeat in the presidential elections but nonetheless captured a number of strategically and economically important locations, including Mombasa, a key tourist destination, and the capital, Nairobi. Both countries therefore feature a similar combination of national political threat and sub-national political dominance to Lagos.

The evidence from South Africa suggests that similar conditions have generated similar outcomes. Democratic Alliance leaders have pursued a series of reforms that have increased revenue streams, revitalized key parts of Cape Town, and encouraged inward investment. The
Western Cape is now one South Africa’s only financially secure provinces, and while the region inherited many advantages as a result of its privileged status during the apartheid era, the reputation of the DA has benefitted greatly from its continued economic growth. It is too early to tell whether devolution will trigger a similar process in Kenya, but early reports suggest that a similar combination has already given rise to the emergence of a much more assertive and ambitious set of local leaders (Cheeseman, Lynch and Willis 2016). We therefore have good reasons to believe that empowering sub-national government can facilitate urban reform – but only under conditions that currently hold in a very small number of sub-Saharan African states.
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NOTES

1 The Lagos State Government estimates that the total population is 17.5 million. The Nigerian National Population Commission has put the figure at 21.5 million.

2 Nic Cheeseman has been researching Lagos since 2000. An initial survey and round of interviews was supported by the Improving Institutions for Pro-poor Growth research consortium of the Centre for the Study of African Economies at the University of Oxford, with funding from the Department for International Development of the UK government. Subsequent iterations of the project, including the panel survey of attitudes towards taxation and public service provision, were funded by the Lagos State Government. At all times Nic Cheeseman has retained full intellectual property rights over the data and the project, and representatives of Lagos State Government have no capacity to edit or veto publications. Diane de Gramont studied political reform in Lagos for her MPhil thesis at the University of Oxford, and this article draws on that document and two policy papers written for the Carnegie Endowment for Peace (2014; 2015).

3 A state representative panel survey was conducted over four rounds by Cheeseman between 2012 and 2014. The initial sample size was 1,600, and the questionnaire tracked public opinion on a range of public services, in addition to attitudes to taxation and other aspects of government performance. All interviews were conducted face-to-face in the language selected by the respondent, and individuals were selected at random using the national census frame.
In many interviews conducted over a number of years, members of the Lagos State Government consistently expressed a strong belief that promises of better roads and less corrupt government resonate strongly with the wider Lagosian population.

Relations between Tinubu and Fashola have not always been smooth, but they have remained in the same party, and while Fashola is generally seen to have gone further than Tinubu in his reform agenda, he has been careful not to challenge the political base of his predecessor.