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GOVERNING LAGOS

Unlocking the Politics of Reform

Diane de Gramont

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About the Author

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Summary

In fifteen years, Lagos has gone from being a symbol of urban disorder to a widely cited example of effective African governance. The Lagos State government has succeeded in multiplying its tax revenues and using these resources to restore basic infrastructure and expand public services and law enforcement. Extensive field research indicates that reform commitment in Lagos was driven by electoral pressures as well as elite ambitions to construct an orderly and prosperous megacity.

Findings

- Some reform initiatives, such as overhauls of the tax and waste collection systems, served both political and megacity goals. In these cases, steady progress was achieved through a combination of increased bureaucratic resources, managerial reforms, public outreach, and cooperation with organized social groups.
- Other reform efforts, such as those aimed at regulating buses and containing extortion by youth gangs—known in Lagos as “area boys”—entailed more difficult political challenges. They sought to advance public service and megacity goals but threatened crucial political constituencies. In these cases, governance progress was more partial and relied on creative compromises between state officials and affected social actors.

Broader Implications

Political competition can create strong reform incentives while simultaneously complicating long-term institutional change. Nigeria’s return to elected civilian rule in 1999 was a critical driver of reform in Lagos. But intense competition also forced leaders to focus on short-term political solutions. The Lagos government’s most significant institutional advances came during periods of relative political stability and continuity.

Technocratic ambitions can and often must be balanced with patronage demands. Governance transformation in Lagos was driven by a technocratic vision of a modern megacity but relied on creative policy proposals that also served multiple political interests.

Increased resources and management changes can substantially improve bureaucratic performance. Lagos leaders built effective implementing

agencies in key sectors through the creation of special technocratic enclaves as well as managerial strategies aimed at rewarding good performance and promoting a sense of professional mission.

Good government performance can increase public trust of and buy-in for reforms. In the tax sector, for instance, the Lagos government successfully promoted the idea of a social contract between taxpaying citizens and a state providing infrastructure and services.

Well-organized social actors can be both veto players and critical reform allies. Lagos politicians have strong political relationships with informal-sector associations. These ties have greatly enabled some reform efforts, such as extending taxation to informal workers, but have complicated other initiatives, including bus regulation.

Introduction

At first glance, Lagos, Nigeria, appears to be a prime example of the serious obstacles to effective governance in the developing world. Already Africa's largest city, it grapples with rapid population growth, overburdened infrastructure, an enormous informal economy, and a history of repressive military rule. The city's challenges are further compounded by the acute security threats and endemic corruption that affect Nigeria as a whole.

These problems have given Lagos a reputation as practically ungovernable. In his influential 1994 article "The Coming Anarchy," Robert Kaplan wrote that Lagos's "crime, pollution, and overcrowding make it the cliché par excellence of Third World urban dysfunction."¹ Fifteen years later, Peter Lewis observed that "it is tempting to regard Lagos as a stationary crisis, a chaotic mixture of poverty, decay, violence, and self-dealing."² Architect Rem Koolhaas and his collaborators have presented Lagos as the possible forerunner of an urban future where citizens will organize themselves absent state regulation.³

Yet in recent years something unexpected has occurred. Lagos is gaining international attention not for its disorder but instead as a possible model of effective governance—in Nigeria and in Africa more widely.⁴ Elected leaders have overhauled the tax system, increasing taxpayer compliance while pledging that the government will be accountable for how tax money is spent. Annual tax revenues rose from approximately \$190 million in 1999 to over \$1 billion in 2011.⁵ These additional funds have been used to build and maintain roads, clean up the city, improve security, and introduce new public transit options into Lagos's notoriously congested and unruly urban transport system.

What prompted this transformation? Many domestic and international observers give credit primarily to the leadership of the current governor of Lagos State, Babatunde Raji Fashola. Elected in 2007, Fashola is widely perceived as a technocrat willing to elevate good governance over politics. He won reelection in 2011 with over 80 percent of the vote and has garnered praise in the international media as "a rare good man" and "the man who tamed Nigeria's most lawless city."⁶

Fashola has by all accounts changed the tenor of Lagos governance and contributed to a substantially more efficient administration. Yet capable technocratic leadership alone cannot fully explain Lagos's reform trajectory. Many of Fashola's most significant initiatives began in the administration of his

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predecessor, Bola Ahmed Tinubu, who assumed office in 1999. Tinubu is a consummate politician and currently a key figure in Nigeria’s main opposition party. Few would confuse him for an apolitical technocrat. Governance improvements have also progressed further in some areas of the Lagos State government than in others.

Understanding reform success in Lagos requires attention not only to individual politicians but also to the political, administrative, and societal factors that encouraged or obstructed leadership priorities.⁷ Drawing on eight weeks of research in Lagos and over 80 interviews with government officials and civil

Governors Tinubu and Fashola were driven to support governance change by a need to win elections and a desire to transform Lagos into a modern commercial megacity.

society representatives, I explore the sources of political commitment to overhauling governance in Lagos and the dynamics of policy implementation.⁸

Governors Tinubu and Fashola were driven to support governance change by a need to win elections and a desire to transform Lagos into a modern commercial megacity. These priorities inspired reform efforts, yet they also generated sometimes conflicting incentives. Both governors had

to balance pressures to deliver patronage to their supporters with demands to improve public services and advance megacity ambitions.

Some reform initiatives broadly served both political and megacity goals, including overhauls of the tax and waste collection systems. In these cases, institutional advances progressed steadily. Change came through increased bureaucratic autonomy and resources, cooperation with organized social groups, and outreach to individual citizens.

Other reforms, however, posed more difficult political challenges. Efforts to regulate buses and contain extortion by youth gangs—known in Lagos as “area boys”—advanced public service and megacity goals but threatened crucial political constituencies. Under these circumstances, governance change advanced more unevenly and relied on creative compromises between state officials and affected social actors.

Drivers of Reform Commitment

Lagos State’s political leaders have devoted serious and sustained attention to governance reforms since Nigeria’s transition from military rule in 1999. Political will is uneven across issue areas but is nevertheless unusually robust for Nigeria, where many politicians at the federal, state, and local levels live handsomely off poor governance. This level of commitment also represents a stark departure from the previous Lagos military government.

The emergence of political will for reform in Lagos was surprising in many ways, but it was not a random anomaly. Lagos’s experience coincides with dynamics in other developing countries attempting governance reform. As I argued in a recent paper, “Beyond Magic Bullets in Governance Reform,” political will for

reform does not derive simply from enlightened leaders or objective economic incentives. Instead, it tends to emerge from a combination of three factors: a serious and persistent threat to elite interests, a subjective perception among key actors that a proposed reform will benefit them politically or economically, and sufficient political stability to make change appear feasible.⁹

In the case of Lagos, politicians have faced severe political and economic pressures over the past fifteen years. Unlike military governors, they have to win elections to stay in power. In contrast to the Nigerian central government and some state administrations, Lagos leaders lack access to abundant oil revenues and need to raise revenue internally. Moreover, the costs of urban dysfunction in Lagos are widely shared, hurting elites as well as the poor. These factors made the political status quo untenable when Tinubu took power.

Political and economic elites in Lagos also have broader goals—to gain national power and to transform the city into a modern, orderly, and prosperous megacity. Governors Tinubu and Fashola had somewhat different priorities, but each possessed expansive ambitions and high confidence in their own abilities to push through reforms. Over time, the Lagos ruling party gained a stronger hold on the city's politics, and it became progressively easier to translate these ambitions into long-term institution building. Fashola has also had greater political space than Tinubu to address megacity ambitions in addition to electoral calculations.

Lagos Party Politics Since 1999

To understand the context for reform in Lagos, it is important to first briefly review the key actors and conflicts that have shaped the city's recent political history.

Nigeria began a transition away from military rule following the death of General Sani Abacha in 1998 and held national and state elections in 1999. Olusegun Obasanjo won the presidency for the People's Democratic Party (PDP) while Tinubu was elected governor of Lagos State as the candidate of the opposition Alliance for Democracy (AD). Tinubu was a former Mobil executive who entered politics in the early 1990s. He lived in exile for most of that decade as a prominent member of Nigeria's prodemocracy movement, the National Democratic Coalition (NADECO). The AD political party grew out of NADECO and had its strongest base in southwestern Nigeria, where Lagos is located. Many AD leaders had been active in politics in previous periods of civilian rule through the Action Group, a party that—along with its successors—has long dominated southwestern politics.

Tinubu had to grapple with serious internal and external political threats during his first term. He drew the anger of influential AD party elders early on by appointing political outsiders to ministerial positions. In interviews, some of the former governor's critics said he installed his personal clique.

Most interviewees, however, emphasized the high caliber of top Tinubu appointees. The transition from military rule attracted new people to public service,

and Lagos's importance made the state government an appealing employer for well-qualified professionals. One Tinubu adviser explained that the former governor's "position was that you could award contracts to politicians, but for governance to be effective you needed technocrats in appointed positions."

Tinubu by all accounts gained the upper hand over party elders within his first term. He used his control over state resources to his advantage and built relationships with key social constituencies, such as informal sector associations and traditional leaders.

In addition to internal party rivalries, the Lagos State government under Tinubu repeatedly clashed with the federal government. Tinubu demanded increased state powers from the central government while then president Obasanjo blocked numerous Lagos projects ranging from independent power generation to traffic control, claiming they exceeded state authority.

As the 2003 elections approached, Obasanjo launched a forceful campaign to capture opposition southwestern governorships for his party, the PDP. Tinubu nevertheless won reelection with 911,613 votes to the PDP's 740,506,

although he was the only AD governor to do so.¹⁰ The AD was severely weakened, and Tinubu in 2006 formed a new party, the Action Congress (later Action Congress of Nigeria). He established himself as southwest Nigeria's most prominent opposition leader.

Tinubu came up against a term limit in 2007 and chose his chief of staff, Babatunde Raji Fashola, as his successor. Fashola was a respected lawyer without political experience. His nomination drew strong intraparty opposition and prompted several prominent defections. Fashola nevertheless won the 2007 election with 828,484 votes to the PDP's 389,088.¹¹

Fashola came to office as an experienced manager and is commonly described as handling governance while Tinubu handles politics. He soon developed a strong reputation for efficiency, attention to detail, and openness to public feedback. Infrastructure construction and public service reforms accelerated during Fashola's first term, contributing to his overwhelming reelection in 2011.

Lagos remains in opposition to the PDP-controlled national government, but in 2007 Fashola and then president Umaru Musa Yar'Adua recognized the political costs to both the state and the central government of constant conflict. They deescalated the hostilities of the Tinubu-Obasanjo period, and intergovernmental relations have not returned to previous levels of animosity.

At the same time, the Lagos ruling party is now bidding for national power. In 2013, the Action Congress of Nigeria merged with several other parties to form the All Progressives Congress, currently the main threat to the PDP's fifteen-year hold on national power.

The transition from military rule attracted new people to public service, and Lagos's importance made the state government an appealing employer for well-qualified professionals.

Political Incentives for Reform

The return of elected civilian rule to Nigeria forced state leaders to pay attention to the demands of voters. Political competition was an especially pressing consideration during Tinubu's first term when his control over Lagos and his political party remained in doubt. But winning elections has remained a central priority even under Fashola.

Elections do not always promote good governance—in many cases they can instead intensify a focus on short-term patronage distribution at the expense of high-quality services or institution building. In Lagos, however, politicians feel that they need to provide both public goods and patronage in order to satisfy voters.

That is in part because Lagosians have more access to information and are better positioned than most other Nigerians to make programmatic demands on their elected leaders. Lagos has a substantial middle class and is the center of national civil society and media activity. Moreover, southwestern Nigeria and Lagos in particular have historically had greater educational opportunities than other parts of the country.¹²

Past civilian governments in Lagos have also been closely associated with expanded public service provision, raising citizen expectations. The governing party traces its lineage to the Action Group and its founder, Chief Obafemi Awolowo. As Western Region premier in the 1950s, Awolowo established universal primary education—making the Western Region the first Nigerian region to do so—and extended health and agricultural services.¹³ Lateef Jakande, an Awolowo ally, later served as the first elected governor of Lagos State from 1979 to 1983. Jakande developed a strategic plan for Lagos and undertook large municipal investments in housing, schools, and transportation, including plans for an urban rail system.¹⁴ The legacies of Awolowo and Jakande remain salient to many Lagosians, and the current state government's performance is often compared to these past accomplishments.

Interviewees who participated in Tinubu's first administration all reported that they felt strong pressure from the media and citizens to start addressing the city's problems as soon as they took office, despite very limited state resources. Tinubu promised to follow in Awolowo's footsteps and focused early in his term on building schools and extending free health services. Fashola's popularity has in turn relied in large part on his success in infrastructure construction. State officials universally reported that public demands increased over time as residents saw what the government could do for them.

The Lagos State government is not immune to the pervasive influence of patronage in Nigerian politics. Patronage can come in different forms, however. While Nigerian politics are often kleptocratic, with top leaders keeping the proceeds of corruption for themselves, Lagos politics remain quite distributional.¹⁵ Tinubu in particular has a reputation as a political "godfather."¹⁶ He is widely believed to have substantial real estate and business interests in

Lagos and to offer employment and financing to supporters. Echoing the views of many interviewees, former AD activist Yinka Odumakin contended that Tinubu “would drain his own blood to have his way. He has stolen a lot of money but he distributes it, uses it to build a network.”

Nigerian elections are frequently marked by violence, and patronage is partly a means of enlisting political enforcers to defend the party’s interests during election periods. A senior party leader framed this in self-defense terms, explaining that if “the government cannot provide jobs for the young people, it provides a platform for those opposed to the government to recruit discontented people and use them as they wish.”

Urban Crisis, Megacity Dreams

Beyond winning elections and maintaining power, Lagos’s political leaders must grapple with the difficulties and possibilities of governing one of the world’s largest cities.

For many Lagosians, the term “megacity” has acquired symbolic connotations beyond the standard United Nations (UN) definition of a city of over 10 million people. It is part menace and part aspiration, reflecting an awareness that population growth will overwhelm the city if there is no government intervention as well as ambitions that Lagos can use its megacity status to become a successful and internationally respected business center.

Lagos struggles with infrastructure and housing deficits, environmental degradation, unemployment, and unplanned urban growth—challenges that predate Nigeria’s independence from Britain in 1960.¹⁷ Living standards worsened further in the 1990s due to the combination of economic crisis, industrial decline, and the federal capital’s move from Lagos to Abuja.¹⁸ Job opportunities decreased, and infrastructure and service provision deteriorated. Today, most residents of Lagos live in slums and work in informal jobs.

The city’s difficulties have been exacerbated by rapid population increases. UN-Habitat estimates that Lagos’s population was 3.5 million in 1985, reached 7.3 million in 2000, and will top 13 million in 2015.¹⁹ The state government’s internal census figures indicate that the population already exceeds 20 million.

Lagos’s governance deficits are felt especially acutely by the poor, but they also touch wealthier residents, prompting strong concerns about quality of life, security, and economic competitiveness. Transit in the city is synonymous with “go-slows,” terrible traffic jams that make commutes over three hours common. While the rich can buy houses in walled compounds with private security, crime remains a serious threat to individuals and businesses. As Seth Kaplan observes with respect to Lagos, “the powerful and wealthy classes are more likely to insist on better governance when their own neighborhoods are affected.”²⁰

Government and business leaders are also concerned about Lagos’s global reputation and ability to attract foreign investment. Once Lagos State developed an

effective tax collection system, the government gained a strong financial incentive to promote economic growth as a means to increase state revenues.

In addition to these direct financial interests, Lagos political and business elites also assign a more intangible value to living in a city of which they can be proud. A large proportion have studied or worked abroad, and many believe that Lagos can reach the governance standards of other world-class cities. Their most frequently cited reference points for how Lagos should function are not other cities in developing countries but London and Dubai.

Governor Fashola is an especially strong advocate of what can be termed the Lagos megacity vision. In this view, a modern megacity requires large public infrastructure investments, cleanliness, security, and social and economic order. The state slogan under Fashola is “*Eko O Ni Baje*,” roughly translated as “Lagos Must Not Spoil.” Kaye Whiteman notes the governor’s worries that “capital will not come in to a ‘dirty economy.’”²¹

Lagosians frequently contend that the city has always had better governance when its rulers had a stake in Lagos and its future. They reserve special scorn for military governors who came from elsewhere in Nigeria. Seth Kaplan has argued along these lines that Lagos’s success reflects the inherent advantages of local over national governance in fragile states because local politicians are closer to the needs of the people and more accountable to their constituents.²² But comparative research has strongly indicated that proximity to voters alone is no guarantee of effective or responsive governance.²³

Moreover, Fashola’s conception of a model megacity is not universally embraced. It reflects instead a particular technocratic vision of progress that is sometimes unpopular, especially among the poor. While in areas such as waste collection and road construction, megacity ambitions are associated with expansions of public services and employment, the state’s focus on order and cleanliness has also led to slum clearances and crackdowns on street traders. The Lagos government purposefully echoes the language of former military leader Muhammadu Buhari—now the All Progressives Congress candidate for the 2015 presidential election—who famously declared a War Against Indiscipline, which targeted everything from disorderly waiting lines to illegal market stalls.²⁴

As a result, the reforms motivated by the megacity vision can conflict with electoral priorities. Tinubu took some steps to advance megacity regulation but was not able to pursue it fully. Megacity-driven initiatives gained increased attention and priority as Tinubu and the ruling party consolidated their position in Lagos. Fashola’s rise to the governorship in itself reflects this calculation. Tinubu would likely not have risked putting forward a politically inexperienced technocrat as his party’s gubernatorial candidate if he was not convinced that he had a large enough support base to get Fashola elected.

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While their emphases changed over time, Lagos's leaders have consistently sought to concurrently address public service demands, patronage pressures, and technocratic megacity ambitions. This balance has been easier to strike in some areas than others and has required large financial resources.

Taxation and the Social Contract

Few policy issues demonstrate how much Lagos has changed over the past fifteen years more clearly than taxation. Tax reform was motivated by a basic

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fiscal reality: Lagos State had few other sources of revenue and state leaders needed more resources to meet public demands. While expanded taxation is usually not considered a recipe for winning elections, in this case it appeared to be a political necessity. As the Lagos ruling party solidified its control over the city and set its sights on national political expansion and megacity projects, incentives increased to make improvements to the tax system. Implementing tax reforms relied on partnerships with private contractors, the creation of a technocratic bureaucratic enclave, and public outreach promoting the idea of a social contract between taxpayers and the state.

First Steps

Nigeria is Africa's largest oil producer, but most of its petroleum revenues are retained by the central government. The share of oil revenues that Lagos State receives is far from sufficient to run a city of its size. In 2002, the state government's personnel costs alone exceeded its statutory allocation from the federal government.²⁵ Lagos State cannot take out loans on capital markets indefinitely without proving it can repay them. Taxation is thus a crucial source of revenue for the state government.

Relative to other Nigerian states, Lagos has a significant tax base. As the country's commercial capital, it has a diversified economy and a critical mass of salaried staff employed by formal businesses that can be subject to income tax withholding. Personal income tax is the most important source of state government tax revenue, though Lagos State also collects taxes on property and certain other activities.²⁶

Given this fiscal need and potential, why was tax reform not a central priority before 1999? Lagos certainly needed more funds in the 1990s, and its last military governor made some efforts to increase revenues through the use of a private tax consultant. Yet military leaders were concerned with maintaining order rather than increasing their popularity through effective service delivery. The military lacked legitimacy in Lagos, and multiple interviewees argued it could not have significantly expanded taxation without provoking strong societal opposition.

This threat calculus changed when political competition returned to Lagos. Tinubu and his party needed financial resources to prove they could deliver for their supporters. A former accountant, Tinubu recognized Lagos's untapped tax potential. Although taxation could be unpopular, the burden initially fell on formal businesses while Tinubu's political support relied more on the informal sector.

Tinubu made taxation an early priority and began a review of Lagos's tax processes shortly after his 1999 election. At that time, the state government lacked even basic capacity to efficiently collect or monitor tax payments. Taxes were paid in cash to revenue officials who gave out handwritten receipts, providing multiple opportunities for corruption. The finance ministry even lost track of the payments that made it into state bank accounts. And many businesses were not paying at all. Poorly trained and resourced state revenue staff struggled to effectively audit businesses employing better-qualified accountants.

Faced with this situation, Tinubu's finance ministry first moved to shift tax collection from cash transactions toward electronic payments through banks. In 2000, the state government hired an external company, ALPHABETA Consulting (ABC), to manage its payment system in exchange for a commission on tax revenues. ABC developed software to monitor bank payments and to issue electronic receipts to taxpayers, helping ensure that more tax payments reached state coffers.²⁷

Electronic payments reduced opportunities for fraud in the collection process but did little to ensure that taxpayers were paying their full liabilities. The Tinubu administration attempted to address this problem by hiring private auditors. Yet current and former revenue officials reported that this effort yielded disappointing results. State officials were unable to monitor whether these auditors were doing a good job or prevent them from cutting side deals with companies to lower their tax assessments.

The first Tinubu administration also had trouble convincing individuals and businesses that they had an obligation to pay taxes. Given Nigeria's heavy reliance on oil revenue, most Lagosians were not accustomed to seeing taxes as necessary to government functioning. Moreover, high levels of corruption contributed to widespread public skepticism about how this revenue would actually be used. Southwest Nigeria in particular has a history of strong opposition to taxation.²⁸ While Tinubu argued that taxation would enhance Lagos State's ability to provide public goods, the government had yet to demonstrate it could use revenues well—in part because it lacked the resources to make initial investments.

In addition, businesspeople felt that the state government's tax enforcement efforts were unfair. One private sector representative noted that tax collection in the early 2000s was "like a war zone, you closed businesses, embarrassed customers," while another said the process was "crude and violent, the police and touts were mounting roadblocks, confiscating vehicles, and sealing factories without due process."

Despite these continuing problems, the shift to electronic payments and greater attention to enforcement led to substantial increases in tax revenues.

Institutionalizing Tax Reform

Beginning in Tinubu's second term, Lagos State embarked on more far-reaching tax reforms. This was partly a natural continuation of previous efforts, but the timing was also influenced by two important political considerations.

First, the state government faced an additional fiscal threat in 2004. Then president Obasanjo cut off federal funding for local governments in Lagos State due to a dispute with Tinubu over the creation of new local governments. Many scholars and other observers of Nigerian politics have presented this incident as the primary driver of tax reform in Lagos. Officials directly involved in tax policy, however, insisted that the local government crisis merely provided an additional impetus to an existing process. Tax efforts accelerated even after the funding issue was resolved, indicating that other motivations were also at stake.

Second, after his 2003 reelection, Tinubu had good reason to believe he would have lasting influence in Lagos. This made institution building more feasible and meant Tinubu could expect to benefit in multiple ways from future improvements in tax collection.

Tax reform served the state governing party's—and Tinubu's—immediate political interests and national ambitions. As leaders of Nigeria's most prominent opposition state, Lagos politicians were eager to demonstrate that they could deliver more benefits to their constituents than the PDP, reinforcing incentives to raise revenues for public services.

Better functioning tax institutions also provide the state with resources that to some extent can be channeled at the governor's discretion. In addition, as will be discussed below, the use of private consultants in tax collection potentially opens up opportunities for more direct appropriation of revenue.

The turning point for Lagos tax institutions came in 2005, when the management of the existing internal revenue board was compulsorily retired and replaced with a new team led by Babatunde Fowler, a former bank executive. Tinubu immediately gave Fowler greater autonomy and supported a proposal to transform the revenue board into a new agency, the Lagos State Internal Revenue Service (LIRS). Tax officials explained that planning, professionalism, and staff morale rapidly improved under the new management.

LIRS came into full force in 2007, with Fowler as executive chairman. LIRS has been able to pay higher salaries and use greater flexibility in hiring and internal management than the ordinary civil service. As a result, it has been able to attract better-qualified staff and offer them improved training. This move is consistent with a trend across Anglophone Africa to create semiautonomous revenue agencies to professionalize tax collection.²⁹

After taking office, Fashola built on Tinubu's reforms and made improving taxation a central focus of his administration. The governor saw robust

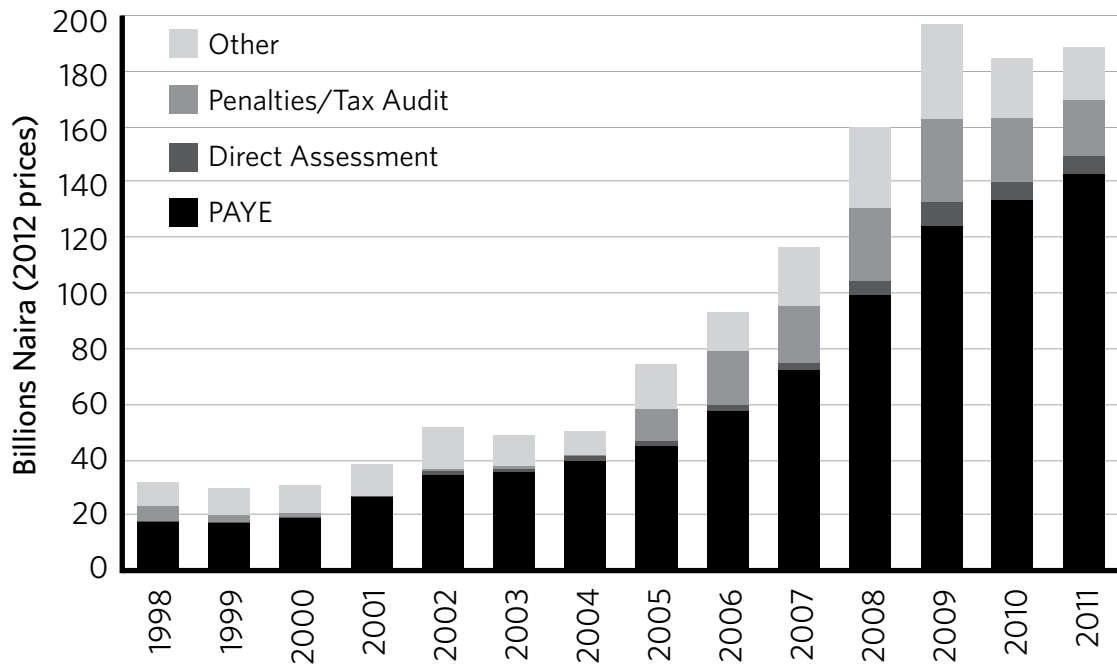
revenue collection as critical to his broader vision of megacity transformation. Reforms to improve security, regulate transport, and manage the environment would not be possible without increased financing. The state government's crime policy, for instance, involves substantial resources for the Lagos State Security Trust Fund. This body provides the chronically underfunded federal police with basic crime-fighting tools like patrol vehicles and bulletproof vests, and it is widely credited with improving police effectiveness. Fashola's personal popularity has also relied in large part on his highly visible and costly infrastructure projects.

With strong support from the governor, LIRS steadily increased its outreach and monitoring capacities. Teams of revenue staff now regularly visit formal businesses and informal sector organizations to identify potential taxpayers, explain the tax payment process, and check for payment certificates. Audits have also increased markedly, with 1,500 in 2006, 4,000 in 2008, and over 6,000 in 2011.³⁰ LIRS continues to rely heavily on private auditors, but it has instituted external reviews to better monitor auditor quality and is building up its internal audit capacity.

LIRS officials and private sector representatives emphasized that compliance relies on strong high-level political commitment to enforcement, including sealing delinquent businesses. Timothy Olawale of the private sector Nigeria Employers' Consultative Association, for example, noted that "noncompliance is fishing in troubled waters, there are consequences...even with those that are politically connected, the government says, we provide services to the people and survive as institutions on this money, thus you have to pay."

These organizational reforms have been associated with significant jumps in tax collection. Chairman Fowler and LIRS audit officials reported that tax compliance among large companies is now over 80 percent, up from about 30–40 percent in 2005. In constant 2012 prices, tax revenue increased from about 49 billion Nigerian naira (around \$310 million) in 2003 to ₦117 billion (about \$746 million) in 2007 to ₦189 billion (roughly \$1.2 billion) in 2011 (see figure 1).³¹ Both revenues and tax audit penalties increased markedly after the 2005 management overhaul. The vast majority of tax revenues come from pay-as-you-earn (PAYE) personal income tax withholding from formal businesses.

Figure 1. **Lagos State Tax Revenue by Source (Adjusted for Inflation)**



Sources: Adjusted for inflation using the 2012 World Bank World Development Indicators Consumer Price Index. Data from the Lagos State Government Digest of Statistics 2007, Lagos State Government Digest of Statistics 2012, and Lagos state budgets 2007-2013. Data came from budgets two years ahead as next-year budgets did not have finalized revenue information. Tax revenues continued to increase after 2011, but more recent budgets were not available at the time of this research.

While LIRS’s internal management capacity has greatly improved, ABC continues to manage the state’s electronic tax payment system and receives an increasingly lucrative commission on tax revenues. This has fueled widespread rumors in Lagos that Tinubu himself either owns or profits from ABC,³² though there is no concrete evidence of this. Still, the lack of transparency around ABC’s contract has fostered suspicion; the company’s commission is not public and does not appear in the state budget. In interviews, senior Lagos tax and finance officials did not provide convincing reasons why working with ABC remains necessary, with many referring to their contract as a political matter.

If the speculation around Tinubu’s role in ABC is correct, the company would provide an important stream of revenue for his party-building efforts. The relationship would also give him a powerful incentive to continue to support current tax efforts.

Taxation as a Social Bargain

Bureaucratic reforms have greatly enhanced Lagos State's ability to keep track of tax revenues, identify taxpayers, and create a credible threat of enforcement. But the government nevertheless has scarce financial and human resources, and the logistical and political costs of attempting purely coercive tax collection would be very high.

Fashola and LIRS have made progress in encouraging greater tax compliance by presenting tax payment as a universal civic duty and part of a social contract between the state and its citizens. State revenue officials have also gained the cooperation of powerful business and informal sector associations in encouraging their members to pay taxes.

These efforts fit with what Margaret Levi has found in cross-national studies of taxation. She observes that “quasi-voluntary compliance” occurs when people choose to pay taxes but know noncompliance could bring penalties. According to Levi, this is most likely when taxpayers trust that the state will use the money to provide collective goods and believe that most other citizens are also paying taxes.³³

Since taking office, Fashola has been more successful than Tinubu was in making the case that tax revenues will be used for public goods. He presents a more technocratic face of governance and has engaged in extensive outreach efforts. Early in his tenure, Fashola convened a tax stakeholder forum with representatives from the private sector as well as traditional and religious leaders, labor unions, civil society groups, and informal sector associations to discuss tax payment and address each group's expectations from government. These meetings coincided with the rollout of multiple infrastructure and transport projects, which gave the impression that Fashola was immediately delivering on his promises. Public works projects in Lagos display large signs urging people to pay their taxes.

Using tax revenue as well as loans, the government rapidly increased capital spending during Fashola's first term. Annual capital expenditures rose from about \$600 million in 2006 to around \$1.7 billion in 2011 (in inflation-adjusted 2012 dollars).³⁴ The state government's improvements to roads were particularly visible and popular. A 2009 survey of 2,000 Lagosians, for instance, found that respondents considered roads the most important issue requiring state government attention, and 83.9 percent were satisfied or very satisfied with the government's work on them.³⁵

Public perceptions that the state government is doing its job well appear to have influenced individuals' readiness to pay taxes. A 2010 survey of 620 Lagosians with diverse socioeconomic backgrounds, for instance, found that receipt of public goods and satisfaction with state use of tax revenues were both significantly correlated with an expressed willingness to pay tax. Seventy-four

Public perceptions that the state government is doing its job well appear to have influenced individuals' readiness to pay taxes.

percent of respondents said they were somewhat or very satisfied with Fashola's use of tax revenues.³⁶ A national survey conducted by Cristina Bodea and Adrienne LeBas in 2010 further found that Lagosians expressed the highest support among urban residents in Nigeria for the statement that citizens should always pay their taxes.³⁷

These general public sentiments decrease societal opposition to taxation, but they are not in themselves enough to guarantee individual compliance. Few people in any society pay taxes fully voluntarily. To address that issue, state officials have complemented their bureaucratic enforcement mechanisms with direct relationships with key social organizations.

Formal businesses are the most significant source of state tax revenue, and LIRS has greatly improved relations with the organized private sector under Fashola's tenure. While business representatives complained that they still pay a disproportionate share of taxes, they praised Fashola and LIRS for their willingness to listen to private sector concerns and for reining in illegal collection practices. The state government set up a Revenue Complaint and Information Unit in 2008 at Fashola's urging.

LIRS invites private sector association representatives to sit in on its meetings with noncompliant businesses and, according to some of those representatives, allows associations to intervene and mediate settlements before members have their premises sealed. Private sector groups in turn facilitate discussions between LIRS representatives and their members to explain tax policy and encourage compliance.

In addition, LIRS has reached out to the informal sector, where most Lagosians are employed. These workers are much more difficult to tax than salaried employees because the state cannot withhold taxes from their wages and in most cases has no clear way of calculating their tax liability. Informal workers also have lower incomes, and the administrative costs of taxing them can be higher than the potential revenues. State officials nevertheless see informal-sector taxation as a means of incorporating more people into the tax system, responding to formal sector complaints of being overtaxed, and sending a powerful message that everyone has a duty to contribute.

In order to make informal-sector taxation feasible, Lagos officials have relied heavily on ties with informal sector associations. This cooperative state-society relationship is especially clear with regard to the Lagos Market Men and Women Association. This organization brings together smaller associations of traders operating out of what are known as informal traditional markets (as opposed to modern shopping complexes). It is one of the most powerful and encompassing social organizations in Lagos and has served as a key source of grassroots support for the ruling party in Lagos since the 1960s.³⁸ These political ties are supplemented by personal ones. Former governor Tinubu's mother was the association's longtime leader in Lagos. After her death in 2013, she was replaced by Tinubu's daughter, a choice widely criticized as politically imposed.

Tax officials acknowledged that without the existence and cooperation of market associations, it would be very difficult to collect taxes from traders. When LIRS decided to attempt informal sector taxation, revenue officers focused their initial outreach on market leaders, negotiated the tax rate with them, and agreed to open tax offices within markets to make payment more convenient. Market leaders have in turn taken on much of the state's monitoring role, providing LIRS with lists of traders within their markets and keeping track of who has paid taxes.

Reflecting the value of these ties, Kunle Oseni, the LIRS outreach director, said that his staff actively encourages markets without an association to form one, and that newly organized traders “realize now that they can talk to the government and the government needs them, especially during elections.” Individual market associations can benefit in multiple ways from tapping into the Lagos Market Men and Women Association's close relationship with the state government, including through training programs and support in their power struggles with local governments.³⁹ LIRS staff also emphasize to market traders that tax revenues pay for new services such as health clinics and improved roads.

Lagos's experience resonates with Anuradha Joshi and Joseph Ayee's account of a similar associational taxation experiment in Ghana under former president Jerry Rawlings. In that system, the state partnered with the road transporters' union to collect taxes from members. The authors argue that informal sector taxation is more likely when informal workers are well organized and have institutionalized channels to negotiate with the state. In a potential warning sign for Lagos, however, the arrangement in Ghana fell apart after a new party without political ties to the union took power.⁴⁰

Reforming Waste Collection

Waste management is a very different type of governance task from taxation. It involves a public service rather than a civic duty, and waste sector employees tend to be lower-skilled and have fewer lucrative corruption opportunities than revenue officials. It is easy to see why a tax agency might be more concerned with setting up a bureaucratic enclave to attract professional staff and minimize rent seeking than a waste management organization would be.

Yet reforms in these two sectors have followed similar trajectories in Lagos. While waste collection is less fundamental than taxation to overall governance, it has provided Tinubu and Fashola with even clearer win-win political opportunities. Waste sector reform sparked little opposition and allowed leaders to simultaneously meet public demands for improved services, expand patronage opportunities, and serve the megacity vision.

As in the tax arena, internal reform efforts initially began with the use of private consultants to supplement weak state capacity. In Tinubu's second

term, the focus shifted toward building an effective administrative implementing agency. Public outreach has not been as extensive as in the tax arena, but it has followed the same pattern of general public relations campaigns paired with direct cooperation with businesses and informal sector associations.

Crisis Management

When Tinubu first took office, he had to confront immense piles of garbage accumulating all over the city. The Lagos Waste Management Authority (LAWMA) had fallen into disarray under military rule, and by 1999, most waste was being dumped illegally, often on the side of the road. The BBC noted at the time that “the realities of Lagos may thwart Mr. Tinubu’s ambitious plans; the city is collapsing as fast as it grows, disappearing under a mountain of rubbish.”⁴¹

This situation sparked widespread public anger and became an early test of whether an elected government could perform better than the military. Former finance commissioner Olawale Edun explained that “this was the first crisis of government . . . people said tell the governor to stop talking, collect the waste. There is [sic] no longer freedom fighters, no longer fighting for democracy, go collect the waste.”

The state government at the time did not have the resources or expertise to implement a permanent solution to the problem. Tinubu’s first term thus focused on stopgap measures to clear the worst refuse piles while the government and outside consultants put together a long-term plan. The state government initially contracted with private trash collectors. Similar to the use of private auditors in taxation, however, bureaucratic deficiencies made it difficult to properly monitor whether contractors were actually doing their jobs.

Transforming LAWMA

In Tinubu’s second term, his administration moved to enact more far-reaching organizational reforms. The state government began Operation Clean Lagos, upgrading landfills and restructuring the private sector contracting program to ensure contractors only got paid if they actually brought the waste to approved dumps.⁴² In 2005, Tinubu replaced the LAWMA management and appointed Ola Oresanya—a longtime LAWMA official—as managing director.

While LAWMA does not have the same level of bureaucratic insulation as LIRS, Oresanya was given the flexibility to hire some better-paid professional advisers and revamp internal management. His team sought to improve employee morale by ensuring salaries were paid on time, introducing performance rewards, and adding other staff benefits such as day care. Private contractors were required to upgrade their waste removal vehicles, and LAWMA increased monitoring of their performance.

These reforms were facilitated by increased resources, thanks in large part to higher state revenues and robust support from Tinubu and Fashola. Adjusted

for inflation, state capital spending on LAWMA rose from about \$9.5 million in 2004 to approximately \$17.8 million in 2006 to about \$70.0 million in 2008.⁴³ LAWMA was able to increase its stock of refuse transport vehicles from 63 in 2005, to 763 in 2009, and to over 1,000 in 2012.⁴⁴ LAWMA has also received support from development agencies such as the World Bank, the Clinton Foundation, and the U.S. Agency for International Development (USAID).

State government statistics indicate that much more of Lagos's waste is now being disposed of through official collectors rather than illegally dumped. About 71,000 tons of waste were deposited in public landfills in the first quarter of 2004, growing to about 423,000 tons in the first quarter of 2007 and over 1 million tons by the first quarter of 2013.⁴⁵

As waste collection improved, it changed from being a frequent basis for attacks against state officials to an example of government success. Multiple interviewees from outside the state government mentioned waste reduction as one of the most significant and visible changes in Lagos over the past decade. Oresanya attributed both governors' political support for his agency to the fact that waste management is a clear barometer of government commitment to citizens on an issue of high public importance. Clearing garbage off the streets is also essential to the megacity vision of a clean, orderly, and modern city.

In addition to its public service and megacity benefits, expanded waste collection provided substantial opportunities to create jobs and distribute contracts. The state government has employed thousands of street sweepers in a program that Oresanya explained has been about job creation as well as waste disposal. About 23,000 people work in waste management directly and through contractors, up from 1,400 in 2005.⁴⁶ Journalists note that these workers are an important source of political support for the government.

Patronage pressures could have led to a deterioration of LAWMA's performance. Yet the Tinubu and Fashola administrations found ways to manage the differing priorities of public opinion, megacity concerns, and patronage. While it is likely that the hiring process for contractors was not fully meritocratic, LAWMA officials reported high political commitment from both governors to ensure that existing contractors met minimum quality standards.

Public Outreach

LAWMA also relies on outreach to the general public and social organizations to encourage residents to change their waste disposal practices. Individuals and businesses are supposed to pay fees for waste collection. As with taxation, officials reported that people are more willing to pay when they see that the government is delivering on its promises to collect regularly. Oresanya claimed

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that LAWMA's cost recovery has reached about 65 percent, compared to zero in 2005.

Payment also brings higher expectations. One LAWMA official noted that “when people pay 100 naira, they expect to get 1,000-naira service.” Ben Akabueze, the commissioner for economic planning and budget, similarly observed that “the problem here used to be refuse all over the place, now it is taken for granted that there are no piles of refuse. Now people want the refuse trucks to come at night so they don't disrupt traffic.”

LAWMA meets with organized social actors, from private sector groups to market associations to residential community associations, to negotiate rates, determine their needs, and get feedback on whether private contractors are doing their jobs. LAWMA also holds radio programs and community meetings on proper waste disposal. According to Oresanya, LAWMA has begun offering free waste collection to low-income areas in the past several years in an effort to build demand for formal waste removal services.

These outreach efforts appear to be working. State household surveys reported that 72 percent of the Lagos population used a government-regulated waste disposal service in 2012, up from 42 percent in 200.⁴⁷

The Political Labyrinth of Bus Regulation

Until 2007, Lagos was the largest city in the world without any state-organized mass transit.⁴⁸ Public transport in Lagos is dominated by privately owned minibuses known as *danfos*.⁴⁹ The Lagos transport authority estimates that 83,000 buses operated in Lagos in 2008, accounting for 69 percent of motorized trips in the city and serving 7.25 million passengers each weekday.⁵⁰

These private buses are generally poorly maintained and contribute significantly to traffic and safety problems. They are also relatively expensive compared to buses in similar cities in Africa and elsewhere in the developing world.⁵¹

Lagos politicians have compelling public service and megacity interests in a better-run bus system, but they face a politically powerful bus drivers' union with a strong stake in the status quo. This complicates both political commitment and efforts to secure societal support.

The state government has not challenged union control over preexisting bus routes. Yet Lagos leaders, with World Bank support, have reached a compromise with the drivers' union to cooperate on new large-capacity bus systems.

Motor Park Fees

Private buses in Lagos operate out of motor parks, which are legally under local government control but are essentially run by the National Union of

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Road Transport Workers (NURTW). Often described as more of a mafia than a union, NURTW leaders make large profits by charging bus drivers to use their parks.⁵² This fee collection is officially illegal, but state transport officials interviewed acknowledged that the practice continues.⁵³

NURTW fee collection is unpopular with the public because it raises costs for commuters and drivers. Yet the union is by all accounts a key source of political support for the ruling party, which undermines political commitment to addressing the issue. Laurent Fourchard explains that “NURTW chairmen act mainly as provider[s] of thugs recruited among the union drivers to assist the governor during his electoral campaigns” in return for “large autonomy for levying taxes in the motor parks of the state.”⁵⁴ Many interviewees similarly argued that the NURTW’s organization, resources, and membership make it impossible to win elections in Lagos without its support.

Motor park fees are also largely peripheral to megacity concerns. The government’s long-term objective is to phase out *danfos* altogether and install high-capacity buses. The Tinubu and Fashola administrations have interceded when roadside fee collection disrupted traffic or when intra-union power struggles devolved into violence.⁵⁵ But orderly extortion confined to motor parks is not considered a pressing threat to the megacity.

The logistical costs of taking over motor parks in Lagos and preventing the NURTW from operating there would be very high. Even if implementation costs were lower, however, no interviewees believed the state government would have the political will to challenge union control.

Building Transport Capacity

While there has been a lack of action on motor park fee collection, the state government has invested considerable energy in developing additional public transit options. After taking office, Tinubu discovered an existing World Bank plan to reform urban transport in Lagos—which had been ignored by the military—and asked for its implementation. The program, the Lagos Urban Transport Project, was approved in 2002.

World Bank officials insisted on the creation of a professionalized urban transport authority to implement the project, which became the Lagos Metropolitan Area Transport Authority (LAMATA). This organization is one of Lagos State’s clearest technocratic enclaves; from the beginning, it has been able to follow more meritocratic hiring procedures and offer substantially higher salaries than the regular civil service. Its core staff is composed of Nigerian diaspora professionals who returned to Lagos after working abroad for organizations such as London’s transport authority. LAMATA’s managing director, Dayo Mobereola, previously worked as a UK-based transport consultant. LAMATA staff members explained that they were attracted to work at the agency because of its resources as well as the sense that Lagos was led by a reformist government and presented unique opportunities for urban transport development.

LAMATA benefited from World Bank protection but also relied on strong political support from Tinubu and Fashola. A World Bank report on the program rated Lagos's performance as "highly satisfactory" and noted that "the state government's commitment to successful implementation of the project accounted for a great part of the success."⁵⁶ Ajay Kumar, the former Bank project lead, said the World Bank has had difficulty implementing similar urban transport projects elsewhere in the world because they have lacked the high-level political commitment present in Lagos.

Introducing High-Capacity Buses

LAMATA was created to work on mass transit but initially focused on road rehabilitation for major routes because large buses could not run on the pre-existing, dilapidated infrastructure. In Tinubu's second term, the state government began work on new high-capacity bus systems. At the suggestion of World Bank staff, the first major project was a bus rapid transit (BRT) pilot route on a major transport corridor. BRT systems employ dedicated lanes, enabling buses to avoid traffic. Lagos State also separately launched LAGBUS, a state-owned company that leases large buses and franchises bus routes. It does not have a dedicated lane but offers more route options.

Planning for the BRT—the first system of its kind in sub-Saharan Africa—took several years, in part due to prolonged negotiations with the bus union. In addition to being an important political constituency, the NURTW was in a strong position to block state intervention. LAMATA wanted to avoid problems like those experienced in South Africa, where existing bus operators violently attacked new public buses.

Union cooperation was also important to secure funds for the project. Large BRT vehicles are significantly more expensive than small *danfos*, and the state government hoped to encourage private financing. But potential investors were concerned about provoking a backlash from the NURTW.

LAMATA thus sought to convince union leaders that they could benefit from the BRT. The agency sponsored trips to Latin America for NURTW officials to see how BRT systems work in other places and how informal bus operators have been incorporated into new systems. The state government and the bus union then agreed to give a NURTW-affiliated cooperative the concession to operate the BRT line in Lagos. Even with union consent and state loan guarantees, LAMATA took time to convince commercial banks to finance the purchase of BRT buses.

After the groundwork was laid for the BRT, it was somewhat easier to set up LAGBUS. While LAGBUS franchises are not directly run by the union, they usually involve consortiums of private investors and NURTW leaders. Kayode Opeifa, the Lagos transportation commissioner, explained that "the investors find it difficult to get a license if the transport operators are not part of the consortium."

The BRT line launched in 2008 and in its first year served on average 200,000 passengers per day.⁵⁷ LAGBUS was launched in 2007 and in 2012 carried 51 million passengers, averaging around 140,000 a day.⁵⁸ This is still only a fraction of the passengers that use private buses, but the state government is planning to further expand both services. The BRT and LAGBUS both generally charge lower fares than *danfo* minibuses.

Deals with the union made new bus systems politically feasible but have also involved trade-offs. Union leaders do not have the experience or particular inclination to run an efficient and customer-friendly public bus service. LAMATA officials acknowledged that NURTW mismanagement has contributed to reduced service quality and maintenance on the BRT. LAGBUS is anecdotally considered to be of somewhat better quality, though it has similar issues.⁵⁹ Both services have trouble keeping up with passenger demand.

The BRT and LAGBUS have nevertheless brought clear political benefits to Lagos leaders. Both serve the megacity vision by reducing congestion and dangerous driving by *danfos*. Public opinion initially presented an obstacle to the BRT: early on, there were strong protests from car users who opposed dedicating an entire highway lane to buses. Its potential beneficiaries—bus riders—did not yet have experience with high-capacity buses and were less vocal. But Tinubu and Fashola each reportedly insisted that the system would gain public support after it was introduced. These expectations turned out to be correct. The BRT and LAGBUS proved popular and have served as a high-profile signal of the state government's intentions to modernize public transport.

Containing Area Boys

Lagos political leaders face similar challenges when it comes to area boys, groups of unemployed youth that loiter in public places and engage in petty but persistent extortion in exchange for services such as watching cars or simply ensuring safe passage. They are concentrated in commercial areas and often target traders and businesspeople.⁶⁰ Area boys generally don't engage in violent crimes but have been involved in thefts and riots.

Area boys are unpopular and a threat to the megacity vision. Yet, as with bus drivers, Lagos politicians use area boys as political enforcers during electoral campaigns and are under pressure to reward them for their support.⁶¹ Area boys are not as organized as the NURTW, and different groups are said to respond to different political bosses. As a result, they have less power to block government regulation but are also more difficult to bargain with.

Both the Tinubu and Fashola administrations attempted to reduce the disruption area boys cause by redirecting their energies toward more constructive activities. The state offered employment opportunities in

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activities such as traffic control and environmental policing. Fashola has also taken advantage of his stronger political position to adopt a tougher approach, occasionally cracking down on area boys and transforming many of their hang-outs into public parks.

Area Boys in Uniform

Tinubu's policy toward area boys focused on training and job creation. As Kaye Whiteman notes, he was sometimes called the "Area Boy Governor" for his patronage of these groups. Whiteman quotes Tinubu as saying that "they are my boys: I care for them."⁶²

Starting in the Tinubu administration, many area boys were employed in tasks similar to their preexisting informal activities, such as monitoring parking lots. According to multiple government officials and nonstate interviewees, area boys also found positions in two new law enforcement agencies: the Lagos State Traffic Management Authority (LASTMA) and the Kick Against Indiscipline (KAI) Brigade. LASTMA and KAI officers enforce traffic and environmental regulations, respectively.

Each agency was created shortly after one of Tinubu's elections—LASTMA in 2000 and KAI in 2003—and many interviewees asserted that they were formed in part to reward those who assisted in campaigns. Lagos Transportation Commissioner Opeifa stressed that Tinubu "decided to use the traffic problem to solve two things: address the traffic issue while at the same time addressing the issue of unemployment, youthful unemployment, restiveness of the young people. That was the genesis of LASTMA." Employment in both agencies has expanded under Fashola; LASTMA now has about 3,000 officers and KAI about 1,000.

Government supporters and some civil society representatives claimed that incorporating area boys into the state has diminished their threat to the community by engaging them in productive employment. Some anecdotal evidence suggests that employment efforts and other deals with area boys reduced their activities in central business districts. Yet critics argued that law enforcement jobs have given area boys the legal authority to continue extortion and violent behavior.

LASTMA's and KAI's hiring policies also have consequences for the organizations' ability to fulfill their missions. These agencies are a useful source of patronage jobs, but Lagos State leaders, especially under Fashola, also want them to advance megacity interests in traffic control and cleanliness. LASTMA more clearly serves this role. Its purpose was better defined from the beginning, and state and civil society interviewees broadly agree that LASTMA's presence has improved driver compliance with traffic regulations, if only because LASTMA officers focus their extortion on drivers who violate the law. KAI's impact is harder to measure because its environmental mission is more diffuse, but it has been linked to reductions in street trading in Lagos.

Even state officials acknowledged that a lack of standardized or meritocratic recruitment procedures in both agencies reduced their internal discipline and capacity to execute their official missions. Moreover, abuses by officers have fostered widespread public distrust of these enforcement bodies and led to large numbers of complaints about their behavior.

In response to these concerns, Fashola has recently promoted new training programs designed to improve the problem-solving skills and community engagement of LASTMA and KAI officers. This initiative is designed to encourage those agents to see themselves as public servants performing a valuable civic role. It includes a community service component as well as outreach efforts to relevant social associations, such as market associations and bus unions, to discuss their concerns and try to win their cooperation with environmental and traffic regulations. Senior KAI officers explained that the training focuses on being more polite, friendly, and respectful of human rights.

The new training program reveals an interesting dimension to the debate around the employment of area boys as traffic and environmental officers. State employment gives area boys more power, but it also transforms these previously informal actors into state agents subject to public accountability pressures. A citizen exposed to extortion by area boys has little room for appeal whereas a citizen subject to KAI harassment can complain to the government. Accumulating abuses can threaten the popularity of political leaders and prompt reformist responses.

For the moment, however, training reforms have not been accompanied by strict anticorruption procedures. Civil society representatives report that it remains very difficult to hold officers accountable for abuses.

Transforming Area Boy Spaces

Given Lagos's population growth and the severity of unemployment, job guarantees even under the best circumstances are not a sustainable solution to harassment by area boys. Under Fashola, the state government has proved willing to take more direct measures to curb their activities. The Fashola administration has used market clearances and beautification programs to make it more difficult for area boys to rely on crowded markets and poorly lit locations as bases of operations.

Fashola's actions reflect his increased political security and commitment to the megacity. One senior Tinubu adviser explained the shifting state government approach by referencing Tinubu's greater need to protect himself from aggressive national PDP tactics. He noted that containing area boys "was not his [Tinubu's] priority. Actually those area boys helped in one way or another, helped him in containing the Obasanjo onslaught. But because Fashola is not faced with such problems, he has been able to [address area boys]."

The state government's highest-profile crackdown on area boys and related sources of disorder came through the 2009 clearance of Oshodi, one of Lagos's

busiest markets and motor parks. Oshodi was notorious for extortion by area boys, violent crime, and intense traffic congestion caused by traders spilling onto the roads. In an early morning raid, KAI and other law enforcement agencies demolished market stalls deemed illegal and forcibly cleared the space. Afterward, the police and other enforcement agencies such as KAI and LASTMA established permanent posts in Oshodi, and street lighting was brought in to improve security. The Oshodi clearance was unusually aggressive, but it served to substantially increase safety and reduce congestion in the area and convinced many observers that Fashola was serious about restoring order in Lagos.

A more common state approach has been to convert common area boy hangouts, especially highway underpasses, into well-lit parks. This is part of a larger state beautification effort aimed at improving the image of the city while simultaneously diminishing the ability of area boys to use these locations as hiding spots and bases. Beautification does not represent a full break with job creation efforts; area boys are, by some accounts, hired to look after the new parks.

Area boys remain a concern today, but state and nonstate interviewees reported that their criminal activities have diminished substantially over Fashola's time in office. Raphael Mbaegbu of the CLEEN Foundation—a nongovernmental organization (NGO) promoting reform of Nigeria's justice sector—explained that his organization's studies of crime hot spots indicate that park creation appears to have improved safety, though there is insufficient data to clearly attribute causation. Bus operators provided further support for this theory. One operator explained that “with the floodlights and flowers all the area boys give way,” and an Oshodi-based union official noted that security improved significantly after the clearance.

Conclusions

The Lagos State government still faces immense challenges in reforming Africa's largest metropolis, but its accomplishments over the past fifteen years have nevertheless been striking. Tax revenues have multiplied, enabling increased spending on infrastructure and public services. The city now has a better-resourced police force, formal waste management, an incipient public bus system, and basic traffic enforcement. Many residents have raised their expectations and demands for state government performance.

These reforms have in most cases taken over a decade to implement, and they have not always unfolded according to ideal good governance principles nor reached all important areas. Yet Lagos's complications, as much as its achievements, can provide important insights for other

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Lagos's trajectory reflects the coming together of multiple, interrelated processes. These included leadership commitment driven by political competition and technocratic ambitions, internal bureaucratic reforms, and productive relationships between city leaders and both the general public and important social organizations.

Drivers of Political Commitment

Governance reform in Lagos cannot be understood without reference to the role of its two most recent governors, Tinubu and Fashola, as well as other key officials such as the heads of the Lagos Internal Revenue Service, Waste Management Authority, and Metropolitan Area Transport Authority. Their support for far-reaching governance change was not inevitable and was driven in part by their particular ambitions and leadership skills. Yet Lagos's experience also highlights two broader dynamics shaping reform commitment.

First, elections can create strong incentives for governance reform while simultaneously making institutional change appear more difficult. Nigeria's return to elected civilian rule in 1999 was the single most important driver of reform in Lagos. Military rulers who had presided over state decay were replaced by politicians who felt strong pressure to deliver for their supporters in order to win reelection. Political competition also places important checks on government power. It has likely restrained more coercive state efforts to transform Lagos into a modern megacity at the expense of vulnerable communities, like street traders and slum dwellers.

At the same time, intense political competition during Tinubu's early tenure required short-term solutions and investments in patronage. Lagos's most significant institutional advances came during periods of relative political stability and continuity.

Second, technocratic ambitions can and often must be balanced with patronage demands during reform processes. Tinubu is widely viewed as an old-fashioned politician while Fashola is seen as a committed technocrat, but both leaders designed reforms that could simultaneously serve political and megacity ends. Fashola's election relied on the political base established by Tinubu, and, whatever his personal preferences, he was not free to ignore important constituencies such as the bus drivers' union.

There are good reasons to believe that technocratic leadership alone could not have achieved the same results in Lagos. In the Nigerian state of Ekiti, for instance, former governor Kayode Fayemi, a reformist All Progressives Congress governor and Fashola ally, lost his 2014 reelection bid. He was defeated by a former PDP governor who left office in 2006 after being impeached on embezzlement charges. Fayemi had expanded public services and attempted civil service

reforms. But his actions also angered important groups like teachers, and he was attacked as an elitist whose approach did not resonate with the grass roots.⁶³

Internal Bureaucratic Reforms

Military rule left Lagos with a weak and endemically corrupt state administration. While bureaucratic deficiencies persist, several priority sectors have managed to create effective implementing agencies within the state government. These reform efforts often followed similar general patterns.

Underresourced state officials in areas such as taxation and waste management initially turned to private contractors to perform tasks the state government could not, but these contractors tended to perform poorly without competent state agencies to supervise their work.

Internal bureaucratic changes usually began with the appointment of new and energetic managers. In many cases these individuals came from the private sector and had international experience, such as Babatunde Fowler at LIRS and Dayo Mobereola at LAMATA. But this was not always the case. Ola Oresanya at LAWMA, for instance, was a veteran civil servant. Interviewees also credited reforms at other priority state agencies, such as the Lagos State Public Works Corporation, to similar management changes.

Different organizations have varying levels of autonomy and financial resources to engage in meritocratic hiring and offer higher salaries, with LIRS and LAMATA among the most professionalized. State officials across agencies, however, have also emphasized the importance of softer managerial changes intended to instill a sense of professional mission among civil servants. These efforts, along with expanded staff benefits and performance rewards, have helped to improve employee morale and job performance. This experience resembles that of other successful bureaucratic organizations in the developing world.⁶⁴

Bridges to Society

Even with strong political commitment and effective bureaucratic organizations, Lagos's reforms have depended on the state government's ability to gain societal buy-in for governance changes. This has involved both appeals to public opinion and, perhaps even more importantly, specific deals with organized social allies.

Public opinion is a crucial determinant of reform success. Most obviously, citizen support increases leaders' political rewards from reform and makes political commitment more likely in the first place. Public views of reform also shape the feasibility of implementation. This is clearest in the tax arena, where the government needs citizens to cooperate with tax collection and has made the most extensive efforts at public outreach. But it is also evident in areas like waste collection, where the state government has prioritized convincing people to use legal disposal systems.

In order to gain public buy-in to its reform program, the state government has repeatedly highlighted visible early achievements such as new road projects, the rollout of the BRT bus line, and the clearance of the Oshodi market. It has also been willing to lose money on some programs, such as free waste collection in low-income areas and to some extent informal-sector taxation, in order to reach more residents.

In addition to the government's outreach to the general public, Lagos's reforms have relied on bargains with powerful social organizations such as the market traders' association and the bus drivers' union. The encompassing and well-organized nature of these groups allows them to serve as veto players to reform but also makes them invaluable allies. They offer political leaders a bridge to informally employed individuals who are ordinarily very difficult to reach.

This form of state-society bargaining is relatively exclusive and draws heavily on political alliances. It differs in key respects from the common focus among foreign donors on apolitical NGOs as good governance partners. While the Lagos State government has also engaged in extensive and productive consultations with NGOs on issues such as transparent budgeting and disability rights, these groups cannot offer the same political support and social connections as informal sector associations.⁶⁵

Looking to the Future

Lagos will elect a new governor in 2015 who will face a different set of choices and opportunities. In some ways, governance improvements are only going to get more difficult over time. The low-hanging fruit of formal-sector income tax withholding has largely been exploited, and new sources of tax revenue will be harder to extract. Further improvements in service and regulatory quality will require grappling with largely unaddressed dilemmas around patronage hiring and could be blocked by certain social players.

At the same time, governance improvements have heightened public expectations and demands, and it will be politically costly for any new government to backslide. If the megacity vision proves successful, increased investment could lead to higher tax revenues.

Lagos's future is likely to combine elements of both these scenarios. Politicians face difficult political decisions ahead as well as a sense that turning back is no longer an option.

Notes

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- 19 UN-Habitat, *The State of African Cities 2014: Re-Imagining Sustainable Urban Transitions* (Nairobi: United Nations Human Settlements Programme, 2014).
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- 21 Kaye Whiteman, *Lagos: A Cultural and Historical Companion* (Oxford: Signal Books, 2012), 252. Lagos's biennial economic summits have also repeatedly stressed the economic need to build a model megacity, with the 2008 summit recommending that the state government "develop Lagos Megacity as a brand to facilitate the attraction of investments." See LESG, *Ehingbeti 2010: Fifth Lagos Economic Summit: Investment Opportunities in Africa's Emerging Model Megacity*, Report and Summary of Proceedings (Alausa, Ikeja: Lagos Economic Summit Group, Ministry of Economic Planning and Budget, 2010).
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