

**Inclusive poverty reduction:  
In search of a policy framework to support individuals  
operating in the informal economy in Lagos, Nigeria**

## **Policy Report and Recommendations**

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This research was supported by The British Academy, through the Humanities and Social Sciences Tackling Global Challenges Programme, supported under the Global Challenges Research Fund. Award Reference TGC/200070.

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<sup>1</sup> We gratefully acknowledge the financial support of the British Academy. We owe a great debt of gratitude to our Research Assistants, Abimbola Thomas and Samuel Okeke; and to the undergraduate students who helped greatly with the survey, and with the Workshops. We appreciate the contributions of the government officials, the representatives of Federation of Informal Workers Organisation of Nigeria, Okada-riders and street traders, as well as residents of Lagos with whom we co-produced the policy recommendations.

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## Executive Summary

Recent policy efforts to enhance and modernise the urban environment of Lagos have included restricting, or banning outright, street hawking and okada riding. These highly visible activities have been targeted for multiple reasons, including a desire by the authorities to improve personal safety and security, reduce okada-related accidents, improve traffic flows, and attract greater investment into the city.

These measures have not been without controversy, with the uses of Lagos's public space being highly contested between the authorities, informal operators, and residents. The bans target two major sources of income-earning opportunity for informal operators in Lagos. Further, they have persisted because residents have continued to buy from hawkers, and seek rides on okadas, as they actualise their daily transportation and consumption needs.

The purpose of this research project has been to understand the reasons behind the perceived shortcomings of the measures imposed and seek to find ways to improve both the policies themselves and the policymaking processes that deliver the measures governing everyone's daily lives in Lagos.

To do this, we have engaged widely with stakeholders on both policies and policymaking. We have interviewed representatives from six government ministries, the federation of informal workers organisations of Nigeria, and representatives of Okada riders and street traders. We have gathered data through a survey of over 1700 respondents across okada riders, street traders and residents in 20 local government areas in Lagos State. Please note, however, that this survey was conducted in January-February 2022, before the outright bans on okada riders, imposed later in 2022. We have also sought the views of residents via radio phone-in programmes.

We have then hosted two workshops, bringing the stakeholders together, to reflect on the findings of the research and to co-create proposals for ways that can take these concerns forward. Our workshops have demonstrated that whilst every stakeholder has an agenda to pursue and protect, and whilst the different agendas will sometimes conflict, there is a great willingness to meet in a spirit of cooperation and collaboration.

From these meetings, the stakeholders have identified mutually agreeable solutions and ways forward, towards inclusive policy and policymaking processes, reflective of the dynamics of the Lagos economy. We present these recommendations now.

## Recommendations

### 1. Informal Economy Stakeholder Forum

- a. Policymaking needs to be inclusive, participatory and ongoing. To achieve this, a *permanent Informal Economy Stakeholder Forum (IESF)* should be established that meets on a regular basis.
- b. This Forum should have an independent Chair. This role could be taken by, for example, a senior academic as proposed by workshop participants, or someone else who does not already have direct involvement in policymaking on the informal economy.
- c. This Forum should have a standing membership that includes representatives from government departments [Ministry of Commerce, Industry & Cooperatives; Ministry of Economic Planning and Budget; Ministry of the Environment; Ministry of Local Government & Community Affairs; Ministry of Physical Planning and Urban Development; Ministry of Transportation; Ministry of Wealth Creation and Employment; Ministry of Women Affairs and Poverty Alleviation], Office of the Inspector General of Police and the security services; representatives of the informal economy workers [FIWON], and other organisations.
- d. Such membership and representation are crucial to the reputation of the Forum. The Workshops have demonstrated stakeholders' willingness to engage in honest and open dialogue, in pursuit of a shared policy vision. This will enable it to have a key role at the heart of policymaking on informal economic activities.
- e. The Forum must also work closely with academic researchers, to provide robust evidence that can underpin discussions and policy. This will complement the information, experiences and data held by the organisations represented by the Forum's standing membership.

### 2. Discussions Undertaken Within the Informal Economy Stakeholder Forum

- a. All discussions and decisions taken must account for their impacts on informal economy workers; and ensure any negative impacts are minimised.
- b. Discussion and decisions must also account for the impacts on residents, who buy the goods and services sold informally.
- c. Discussion should not be limited in terms of possible directions for policy change. Past policies that were abandoned following changes in government administration should also be reconsidered. Examples include okada riders and their passengers, who welcomed and benefited from ride-hailing apps such as those operated by Gokada and similar organisations. This enabled a modern, smart, and safe system, whereby operators could be registered and monitored, with errant riders identified and sanctioned.
- d. If a ban on certain activities is being considered, this should be preceded by credible and viable alternative income-earning opportunities.
- e. If a ban on an informal economic activity is being considered on security grounds, the discussions should first determine whether it is more appropriate to pursue the criminals

hiding behind the informal activity, rather than banning the activity itself. This will ensure parity of approach with criminals who operate in the formal economy.

- f. Any policy being discussed should consider the cultural context of the measure. For example, moving hawkers into shop spaces will have a limited positive impact if the sellers feel they must spread out onto the street in order to attract customers. Such a measure will also be ineffective if it separates informal economy operators and their customers. This is currently the situation in Tejuoso and many other parts of the city.
- g. Communication with residents should be undertaken on an ongoing basis, throughout the policy process, in simple and clear language. This must address the challenges faced, how the current situation is unsustainable, and the ways in which policy recommendations will improve the lives of citizens. This will help to ensure greater acceptance of any policy decision.
- h. Individual policies should be made in the context of an over-arching policy strategy that lays out both short-term and long-term policy needs.
- i. As such, any policy agreement must be subject to ongoing review. For example, the Lagos State Transportation Masterplan is vital for Lagos, but it and the policies enacted under it must be subject to ongoing review, with policy reforms enacted where appropriate to respond to the dynamic reality on ground.
- j. The state and local governments must work together to ensure consistent and coherent policies and impacts. In a situation, as currently, where the State criminalises economic activities from which the local government collects fees, or sells tickets, the result is conflict between different levels of government, with the revenues of the local authority impacted.

## Background

### 1. Introduction

Lagos State, one of 36 states in Nigeria, contributes one-third of Nigeria's GDP. Within it, Lagos 'metropolitan area' is the largest city in Africa and contains 16 of Lagos State's 20 Local Government Areas. Most jobs are in the informal economy, providing economic opportunities for the many people unable to access employment and income in the formal economy. The informal economy contributes just over half of total GDP [1]. Three-quarters of Lagos State's eleven million microenterprises operate in the informal economy as street vendors [2,3], making it the single most visible informal economic activity. To change the appearance of the city's streets as part of a megacity project, in 2016 the authorities criminalised both street vending and buying from vendors. In February 2020, the authorities banned specific types of informal mobility, notably motorcycle taxis, on safety grounds and because they too conflicted with megacity ambitions. This ban extended earlier restrictions and was widened in 2022, with outright bans imposed in 10 of the 20 LGAs.

These two informal activities that form the empirical focus of this project stand out, literally, as a highly visible presence in urban Lagos. They represent a challenge for the authority's efforts to promote a megacity project via control of access to, and uses of, urban space in Lagos. They are also a vital source of basic income for those involved and provide essential services for members of the public.

These bans have threatened the economic security of many citizens, with women more likely than men to be affected since they engage more in informal economic activities for reasons of economic need (see Table 1, below). Further, the context of the ban matters. Although improvements are being made to the transport system in Lagos, people routinely spend 30 hours a week in traffic jams – a situation that the banning of okada riders from large parts of the state does not appear to have improved. This, of itself, creates unusual opportunities for street vending and need for okadas [3].

Despite the foregoing, Lagos state policymakers have shown strong appetite for 'workable solutions'. On 4 April 2023, stakeholders underscored the need for 'government policies to be research-driven'; and that findings from our research 'will be considered in the next transportation policy review'. We now provide further details of the research that underpins the recommendations presented above.

### 2. Research methods

To obtain a large and robust set of data on which to base our analysis, we employed a number of innovative research methods. First, we conducted interviews with officials from 6 government ministries (with a total of 14 top officials present - at least 2 per meeting), 15 okada riders and their union leaders, 5 street hawkers, and FIWON, in late 2021. This was followed by a survey in early 2022, carried out across all 20 local government areas of Lagos, which yielded over 1700 usable responses. We also sought views from the public via Radio Phone-In programmes on Wazobia FM in August 2022.

We presented the data and initial findings at two stakeholders' workshops, held in July 2022 and April 2023. Participants across the two workshops totalled 105, with several key stakeholders in attendance. This was advantageous as it ensured continuity of perspective from some, whilst allowing new perspectives to be brought into the discussion by those attending just the April 2023 Workshop. Participants represented the organisations interviewed previously, but also included representatives from the Nigerian police force and members of the public.

### 3. Selected Data and Findings

Table 1, below, presents a summary of key socio-demographic data for the three groups in our survey. The three groups in the survey, okada riders, street hawkers, and users/customers, are similar in terms of their average age, marital status, and Christian majority. Similarities between okada riders and street hawkers include level of education, average declared income, and having fewer than 10% give Lagos as their State of Origin. Hawkers and end-users have been in Lagos for a similar period of time. We see also a lot of immigration from the South-West across all three categories, with significant proportions coming from the North-East (okada riders) and North-Central (hawkers). Only a tiny minority come from outside of Nigeria. A greater share of okada riders have been in Lagos for a longer period; a notable share of okada riders also being from the north, contributing to the largest minority being Muslim across the three groups. Okada riders exhibit the widest range of levels of education, perhaps attracted by a potential level of earnings well above that from street hawking.

Despite restrictions and bans being in place for several years, a significant proportion of the populace were still dependent on okada riding and street trading for livelihood (i.e., working as okada riders or street hawkers) and for accessing transportation and goods needs at the time of the survey. Figure 1 summarises the main reasons why the okada riders and street hawkers were continuing to ply their trade. The most important factors relate to trying to earn an honest living, although the participants expressed this in different ways.

Table 2 focuses on the views of our research participants towards okada riders, street hawkers and the restrictions and bans imposed on them. There is a great deal of opposition to outright bans, but an almost equal degree of support for their activities to be regulated – a view held by okada riders and street hawkers as well as end-users.

Figure 2 summarises responses to the open-ended survey question on what policymakers should do about street hawking and okada riding in Lagos. It is important to note that these views were supported by the stakeholders who participated in the second Project Workshop, held in Lagos in April 2023. For okada riders, whilst participants disagreed between permitting free or regulated operation, support for upholding the current ban was almost zero. The other principal responses all reflect the idea that those who were working as okada riders should be helped, either by creating alternative earning opportunities, or in specific ways of working as okada riders in a regulated environment.

For street hawking, the main recommendation is for the government to provide them with affordable shops/operating spaces, including support with finance. Other widely-held views were to help them with alternative employment opportunities. As with okada riders, a number of respondents argued for the regulation of street hawkers, with only a meagre 0.41 percent of all respondents supporting the current ban.

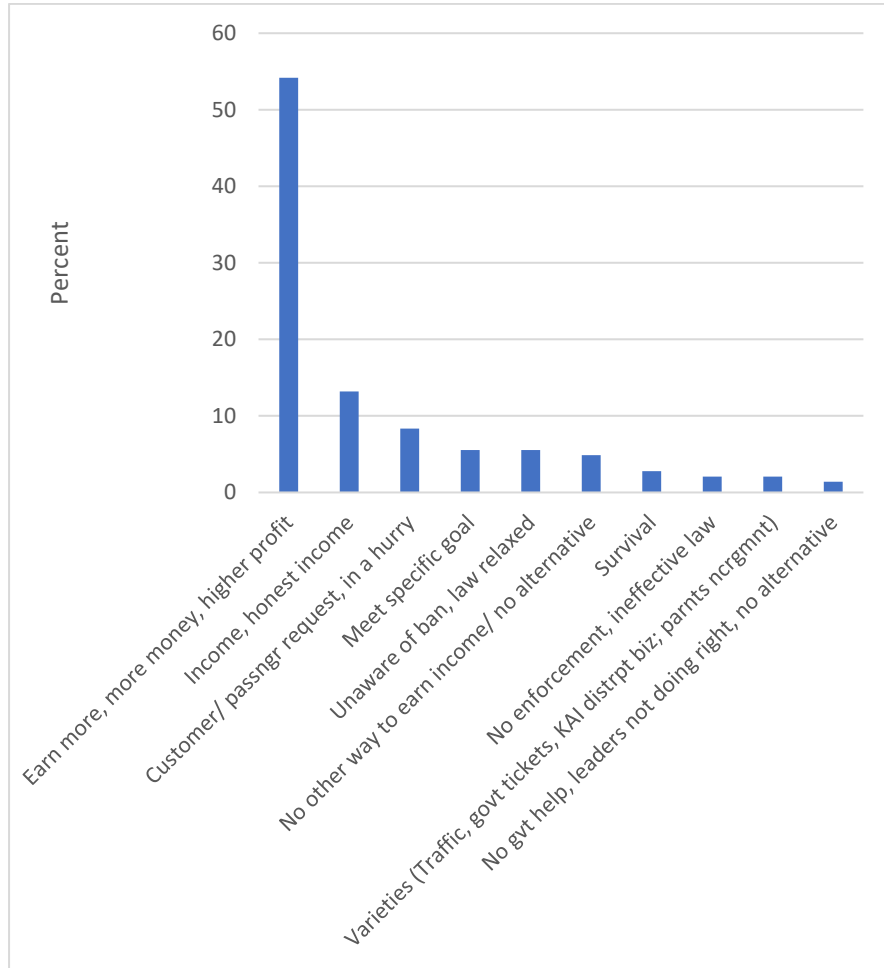
Corroborating the survey results, stakeholders at the second Project Workshop strongly supported the view that fewer citizens would want to work as okada riders or street hawkers, the more and better the alternative opportunities for earning an income that were provided. That said, considering results show that citizens do not support the ban, there is urgent need for policy re-consideration. Thus, providing a re-negotiated, inclusive alternative to all stakeholders will be a step in the right direction.

**Table 1: Key Socio-Demographic Data for Survey Respondents**

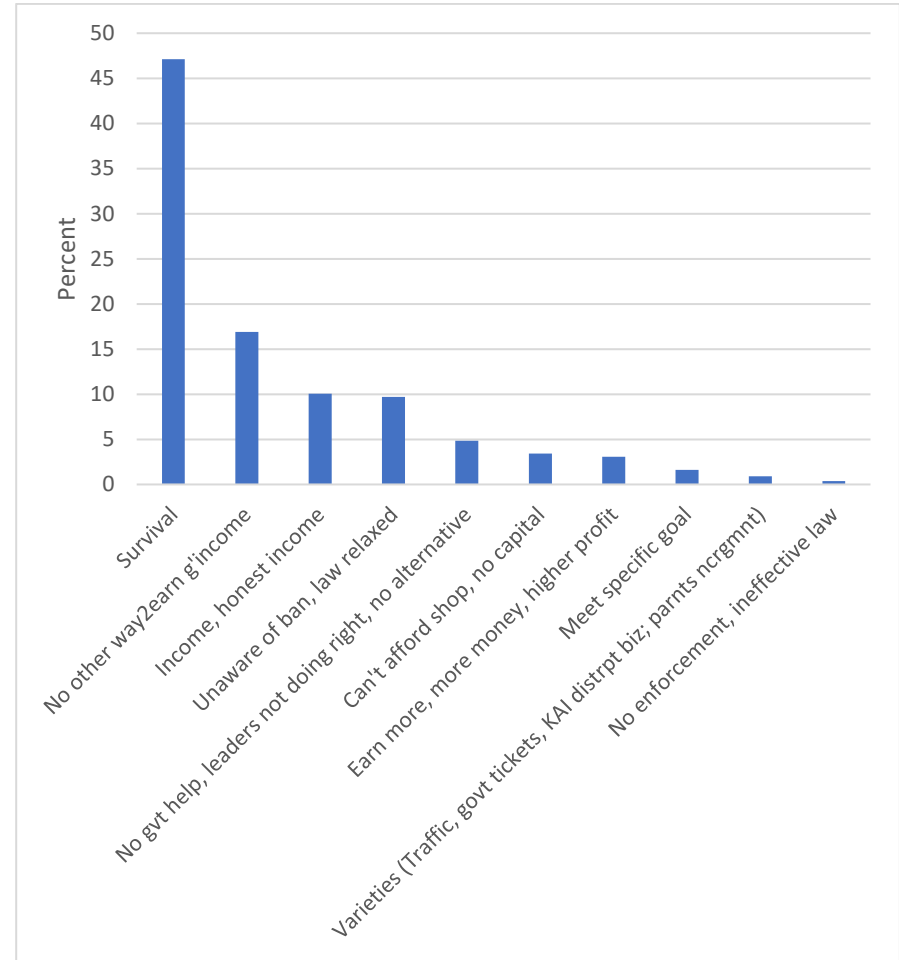
	<b>Okada Riders</b>	<b>Street Hawkers</b>	<b>Users of Services</b>
<b>Age: Mean (Median)</b>	33 years (32 years). But 1 in 3 is under 30.	34.4 years (34 years)	34.8years (32years)
<b>Gender: (larger category)</b>	Male 100%	Female (71.1%)	Male (56.9%)
<b>Marital Status: Largest Category and % of Total</b>	Married (68.7%)	Married (64.5%)	Married (56.1%)
<b>Religion:</b>	Christians (53.5%); Muslims (46.5%)	Christians (62.2%); Muslims (37.8%)	Christians (69.8%); Muslims (30.2%)
<b>Level of Education: Largest Category (and selected other)</b>	Secondary/SSCE (61.2%); HND/FD: 5.2%; Master/PhD: 0.2%	Secondary/SSCE (56.2%); HND/FD: 5%	Undergrad (SSCE: 46.3%)
<b>When they moved to Lagos: Average (highest proportion)</b>	9-13 years ago; Born in Lagos: 20.2%, but 25% came to Lagos in the last 6 years	21-29 years; (Born in Lagos: 32%)	21-29 years (born in Lagos: 53.7%)
<b>State of Origin: Lagos; Highest %; Selected Other</b>	7.5% (SW: 28.8%; NE: 16.8%; F: 0.3%)	6.3% (SW: 40%); SE: 17.8%; NC: 15.5%; F: 1.6%	14.5% (SW: 39.7%; SE: 21.5%)
<b>Reported income: Average (highest proportion)</b>	4k-5k a day (5k-10k a day)	4k-5k a day (2k-4k a day)	
<b>Total number of respondents</b>	585	574	572

**Figure 1: Motives for workers continuing to operate as okada riders or street hawkers, despite restrictions and bans**

**Okada Riders: Why do you continue to carry passengers on banned routes?**



**Street Hawkers: Why do you continue to hawk when government has banned hawking?**



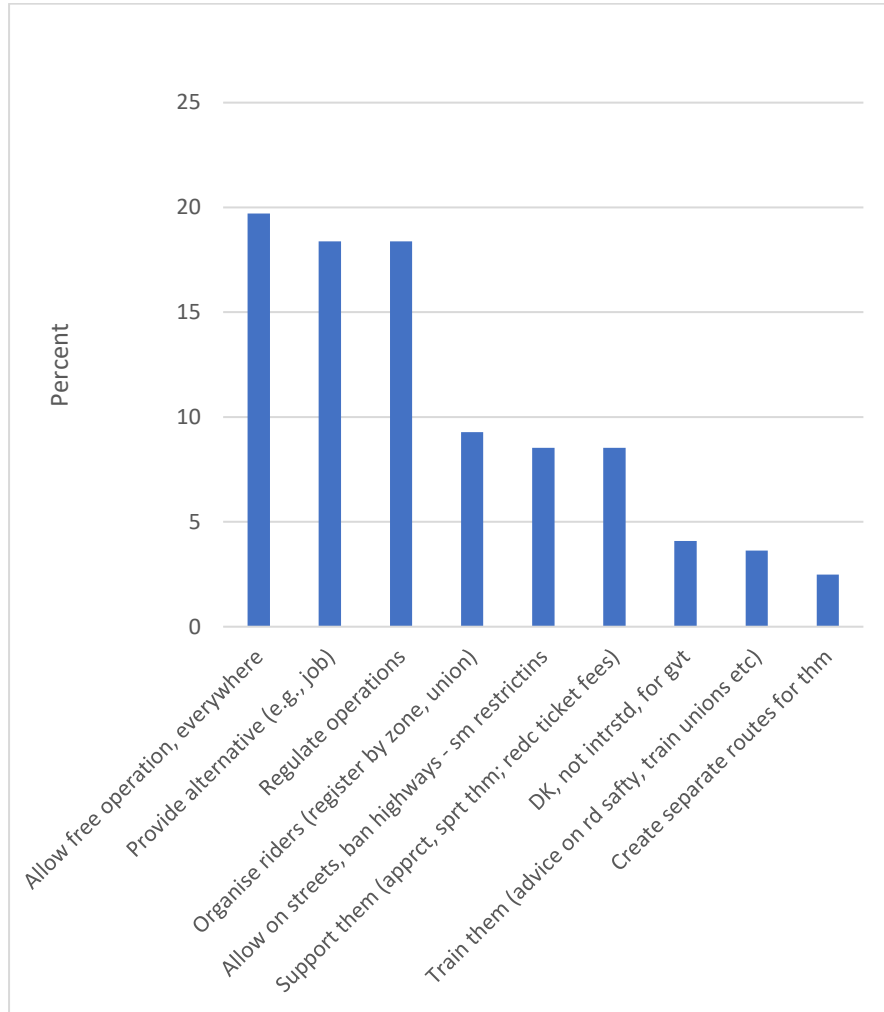


**Table 2: Survey Respondents' Views on Okada Riders and Street Hawkers**

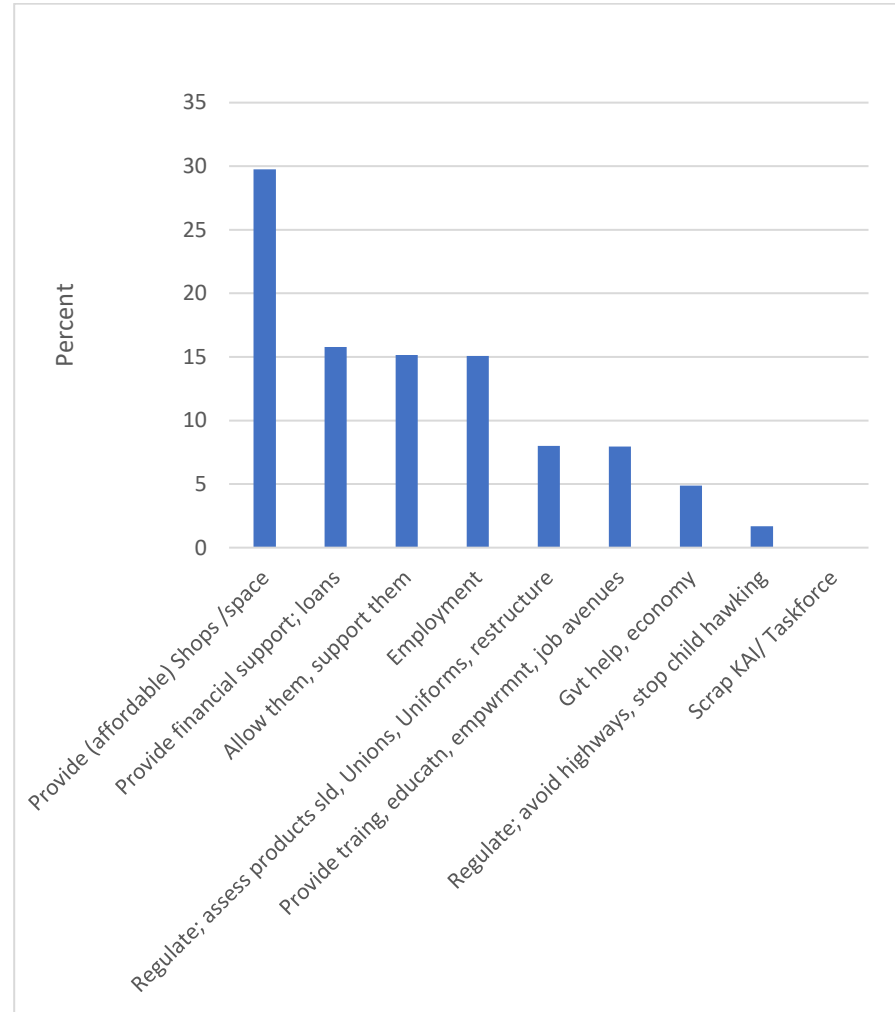
	All	%
Are you aware that Lagos state government has banned street hawking and buying from hawkers?	Yes	69.1%
Have you continued to buy things from street hawkers?	Yes	89.2%
Are you aware Lagos state government has banned Okada from plying some routes?	Yes	89.2%
Street hawkers are very important in Lagos, DON'T ban them	Agree	92.4%
Okada riders provide essential services to customers	Agree	96.4%
Do you think 'ban street hawking was the right' policy?	No	86.6%
It is in the public interest to 'ban Okada' in Lagos	Disagree	71.4%
It is in the public interest to regulate (and NOT ban) okada in Lagos)	Agree	82.2%
Street hawkers & Okada riders are trying to Survive	Agree	96.2%
Street hawkers & Okada riders pay multiple fees for tickets to operate daily	Agree	95%
Total number of responses	1,732	1,732

**Figure 2: Options for Policies to Support Okada Riders and Street Hawkers**

**Policy Options for Okada Riders**



**Policy Options for Street Hawkers**



## Conclusions and Perspectives on the Future for Lagos

It is clear from our research that different stakeholders and stakeholder groups have different priorities and agendas. These have been identified in the academic literature as ‘conflicting rationalities’ [5]. The significance of this term is that not only do different stakeholders disagree; they disagree because they differ in terms of underlying rationales, motives and perspectives.

To give an example, there are widely differing perspectives on what the views are of residents concerning the bans imposed on okada riders and street hawkers. In mid-late 2022, as the outright bans were being imposed on okada riders operating in 4, then 10 of the LGAs in Lagos, the government spoke about the scale of support for this measure amongst residents. Contrasting this, the data obtained from our survey, conducted prior to these bans, show a very large majority opposing the bans, but a very large majority also being in favour of regulation short of a ban.

The success of the research project’s stakeholder workshops, held in July 2022 and April 2023, shows that different perspectives can be reconciled, and an alternative approach proposed by those present, to the question of regulating informal economic activities in Lagos, and how those policy measures can best be determined. When stakeholders can meet, to discuss, to reflect, and to respect each other, in a spirit of openness and equality, the spirit of *ubuntu and Eko ile* - which enables individuals to come together as a community and find solutions to challenges that can benefit all in that community. The work undertaken through this research project fills us with hope for the future of Lagos.

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## Notes to Figures 1 and 2

2 – to;

apprct – appreciate;

biz – business;

disstrpt – disrupt;

dk – don’t know;

g’income – genuine income.

govt – government;

intrstd – interested;

ncrgmnt – not concerned about government;

parnts – parents;

passnggr – passenger;

redc – reduce;

rd – road;

sld – sold;

sm – some;

sprt – support;

thm - them;

traing – training.