

Chapter 1

Nigeria – the state that refuses to fail

Nigeria is an extraordinary country. Formed by combining 3 Protectorates from the British Colonial rule, located on the Bay of Bight in West Africa, Nigeria is home to over 200m people (officially), combines 3 major tribes and 250 smaller tribes, over 500 languages, immense physical beauty and topography that ranges from the lush tropical forests of the south, the Shebshi Mountains rising over 2,000m between the Taraba and Benue Rivers, and the majestic Sahara desert. The Niger River snakes over 4,000km through Guinea, Mali, on the Benin border before becoming truly awe-inspiring in Nigeria, emptying eventually into a vast delta (the Niger Delta of course), and subsequently into the Atlantic Ocean. The Niger River drains over 2 million square km of West Africa.

Nigeria gained its independence on Oct 1, 1960, amid tremendous optimism about the future of Nigeria and the future of Africa. The discovery of oil in 1951 was widely viewed as a great boon for Nigeria's economy and people. However, despite this optimism, the road since independence has been long and difficult. A coup in 1966 took Nigeria from democracy to military dictatorship. A brutal civil war from 1967-70 resulted in the deaths of up to 2 million people.

The 1970s gave some economic respite, as the Yom Kippur War of 1973 drove up the price of crude oil dramatically, and the so-called '7 Sisters' (the world's private international oil company titans) all pitched their tents in Nigeria. GDP per Nigerian was over USD 1,000. The military leader then Gen. Yakubu Gowon quipped "the problem is not money but how to spend it." There was massive investment in infrastructure – the so-called cement Armada had over 20 million tonnes of imported cement in the Lagos port at one time.

In 1976, Nigeria hosted one of the most lucrative tennis tournaments in the world at the Lagos Lawn Tennis Club, headlined by the remarkable Arthur Ashe, reigning Wimbledon Champion. Unfortunately, the tournament came to an abrupt end on the semi-final day during an Ashe match with an attempted coup.

Nigeria by the numbers

1976 perhaps marked the high-water mark for the economy, as oil prices never again attained their 1973 peak (in real terms). Until the mid-1980s, Nigeria's currency – the Naira – was worth more than the GBP. However, since then, the

Naira has continuously devalued – today over 600 Naira to the GBP – a powerful signal of the economic decline of Nigeria.

Overall, since 1966, Nigeria has had 5 successful coups, 3 unsuccessful coups, the horrific civil war, and a return to democracy only in 1999, a democracy that remains very much a work in progress.

Despite the painful post-colonial period, both Nigerians and those from outside the country agree on one thing: Nigeria has enormous potential. In addition to unrivalled natural resources (oil, but also, gas, every mineral known to humankind), enormous quantities of arable land, and scenery that could create many of the world's great future tourist destinations, the success of Nigeria's music and Nollywood on the global stage highlight the vibrancy and creativity of her people.

However, achieving this immense potential remains elusive and, on many dimensions, Nigeria is an outlier and not in a good way. On a strict GDP basis – using the Purchasing Power Parity approach, at USD 1,075.69 billion Nigeria does not appear to be doing too badly. This PPP GDP per capita of USD 5,363 is ahead of India, and most other African countries.

However, this seemingly reasonable PPP GDP per capita performance masks extremely worrying official numbers:

- GDP per capita has in fact been declining every year, with GDP growth since 2015 less than population growth.
- Official unemployment statistics from the NBS show 27.1%.¹
- Nigeria has the most people of any country in absolute poverty, approximately 100m.
- Nigeria has the most children out of school (13.5m United Nations).
- On the Human Development Index (HDI), Nigeria scores very poorly, with 0.539, behind African countries like Ghana (0.611) , Kenya (0.601), Cameroon (0.563).
- Embedded with the HDI, Nigeria has a very low life expectancy of 54.8, compared to India and 69.7 and China at 76.6 years.

¹https://www.google.com/url?q=https://www.nigerianstat.gov.ng/pdfuploads/Q2_2020_Unemployment_Report.pdf&sa=D&source=editors&ust=1614881139646000&usg=AOvVaw1uobdjHvLpV1SIFxLwAxsu

- Income inequality is extreme; while over 100m people are in absolute poverty, Nigeria was forecast to be Africa's largest importer of champagne when oil prices were rising. (It is the second highest importer of champagne in Africa behind South Africa).
- All of this is happening against a background of rapid population growth – estimated to be 3.2% pa by the Nigerian Population Commission. This means Nigeria will be the 3rd most populous nation in the world in 2050, and Lagos is projected to be the world's most populous city at 40m. The Lancet recently projected that Nigeria will be the world's second most populous country by 2100, surpassing China this century.

And Nigeria continues to be plagued by corruption and poor governance, at least according to the global surveys of such issues.

Transparency International's 2020 Corruption Transparency Index scored Nigeria 25 out of 100 (higher is better), 149th of 180 countries. In contrast, its English-speaking neighbour in West Africa, Ghana, scored 43/100 with a ranking of 75th. Ivory Coast was also one of the world's great improvers in the Corruption Perception Index in 2018, moving from 27 to 35/100 (that is, moving from equal to Nigeria to considerably better) and a ranking of 105th.

Despite the centrality of tackling corruption to the current government's agenda, Nigeria's score has sadly gone backwards from 28 in 2017 to 25/100 in 2020.²

On Governance, the World Bank Group has a long-standing Worldwide Governance Indicators project, which ranks countries on 6 key dimensions:

- Voice and accountability
- Political stability and Absence of Violence/Terrorism
- Government Effectiveness
- Regulatory Quality
- Rule of Law
- Control of Corruption

²https://www.google.com/url?q=https://www.transparency.org/en/cpi/2020/index/nga&sa=D&source=editors&ust=1614878231180000&usg=AOvVaw3BQysjgBcw_Qc5ZrnoNh7S

Not surprisingly, Nigeria is not doing very well on these. Specifically, Nigeria fares very poorly on the Political Stability and Absence of Violence/Terrorism and Control of Corruption dimensions. But on almost every dimension, Nigeria does worse than its SSA peers, and what is perhaps more worrying is from 2008-2018, Nigeria has gone backwards on 4 dimensions.

The one dimension where Nigeria performs better than SSA is on Voice and Accountability – reflecting Nigeria’s boisterous NGO, press, and the general public who are increasingly bringing sunlight to Nigeria’s challenges every day.³

Of course, that Nigeria scores the worst on the Political Stability and Absence of Violence/Terrorism dimension is not surprising. Both those inside and outside of Nigeria are aware of the challenges in the Northeast of the country related to Boko Haram. Beyond these, we have the increasing number and severity of clashes between pastoralists (Fulani herdsman) and farmers. This conflict is moving further and further south in Nigeria as climate change means that the Sahara is moving further and further south, increasing pressure on the lifestyle and livelihoods of the Fulanis.⁴

Kidnappings also seem to be on the rise. While in the past, kidnappings might have been primarily concentrated in the South-South, it appears to be moving to become more of a nationwide phenomenon, though as always it is difficult to gather accurate statistics.

Overlaid on the Boko Haram, Fulani herdsman, and kidnapping security concerns is the general level of crime – ranging from petty theft to rape and murder – throughout the country. Of course, again, it is difficult to know whether Nigeria is making progress on any of these security issues. A free press that reports incidents, a vibrant NGO sector that often assists victims and the speed of light of the internet means that we are increasingly aware of insecurity incidents from all these sources.

In 2020, a new movement rose up, End SARS. Extra-judicial killings by security forces – including many by the infamous Special Anti-Robbery Squad – finally brought Nigerians – especially young Nigerians – out on the streets. Both the Federal and many State Governments acknowledged legitimate grievances and a painful and unknown process of examination of these issues has begun. The telling of history – and the way forward – was made much more difficult by the

³ <https://info.worldbank.org/governance/wqi/Home/Reports>

⁴ Shrinking lake chad

events of Oct 20, 2020, where security forces and unarmed civilians clashed at the Lekki toll gate. What exactly transpired is disputed by official parties to the events, but there is no question that the path to building trust between the government and its citizens has been made harder.

Beyond all these issues – high levels of poverty, low HDI outcomes, low life expectancy, security challenges, and poor scores on corruption and governance - there is a unique aspect to Nigeria that is critical to understanding how Nigeria functions: the almost complete absence of the state sector.

Mathematics of the Nigerian economy

Both those inside and outside Nigeria often assert that Nigeria is an oil economy, producing 2m barrels per day, making Nigeria the 11th largest oil producer in the world. And because the oil sector is largely state-owned (and controlled) through the Nigeria National Petroleum Company (NNPC), the assumption is that Nigeria's oil wealth provides significant resources to the public sector.

But this is in fact not true. Very roughly, in 2018, NNPC only sent USD12Bn revenue (put in USD) to the Federation Account.⁵ Looking at the expenditure side, the total spending of all 3 levels of government was only N14Tr. This is in the context of an economy (in 2018) with a total GDP of approximately N140Tr, so the public sector spending is roughly 10% of GDP. Again, very roughly, about N2Tr of the public sector's N14tr spending in 2018 went on interest payment on government debt, leaving only N12tr to spend on services for the public, including the very high cost of governance.

The N12tr public sector expenditure at the official population figure of 200m+ implies that spending per Nigerian is less than N60,000 per person. Or less than USD150 per Nigerian per year at the rate of N450 to 1 USD (the parallel market rate in 2018).⁶

So how can the public sector deliver what it is supposed to – infrastructure, healthcare (at least primary), education (including 44 public universities),⁷ security (as highlighted above), subsidies and interventions to various sectors (fuel, power, agriculture, SME lending, Ajaokuta Steel, the (non-functioning) NNPC refineries, for example) with N60,000 per Nigerian?

⁵ About USD60 per Nigerian

⁶ It has been reported in the press that a Federal Senator in Nigeria receives N13m per month, or about USD35,000 – the highest in the world; and we strongly suspect the Senator is not paying tax on what she/he receives!

⁷ <https://www.nuc.edu.ng/nigerian-univerisities/federal-univeristies/>

The answer is: the public sector cannot and does not deliver the services expected of the public sector. It simply is too small and has too few resources.

So far, based on the official numbers, we have painted a pretty bleak picture. Nigeria has the most people in absolute poverty in the world, the most children out of school, faces numerous security challenges, performs very poorly on the official grading of corruption and governance and the public sector simply does not have the resources to do what the public sector is supposed to do according to the orthodoxy.

Add to this that the country seems to be making little progress. Nigeria is a big, messy proto-democracy with numerous cleavages across geography, religion, tribe, language, and it is simply not easy to effect meaningful reforms in institutions or indeed the constitution. Numerous political rivals spend their energy on how to capture more of the vanishing national cake (Nigeria basically produces the same amount of oil today as when it had 1/3 the population, meaning that the oil rents per person have shrunk by 2/3) rather than advancing the public interests, and the 2 main political parties have no distinctive ideology except to be in power (which is a life or death endeavour because politicians need the power to be able to extract the rents to pay back the costs of getting into power).

When looked at through the lens we have described – official statistics, press headlines about insecurities, global rankings putting Nigeria at the bottom of the table – you would very likely conclude that **Nigeria should be a failed state ... or that even if not a failed state, it is highly likely to become a failed state in the near future.**

This conclusion – as argued by the authors of this book – would in fact be wrong. Every day millions of Nigerians go about their daily business (not in easy circumstances to be sure, but Nigerians are resilient). Nigerians are trying to build a business, earn their living, get an education, find a spouse, raise their children, and – certainly world-class in this dimension – party.

And this is the central question of this book: **why is Nigeria not a failed state?**

Our hypothesis – which the rest of this book tries to support – is that Nigeria is not a failed state because **Nigerians have self-organised in the absence of a functioning public sector. That is, Nigerians organise their own security, their own power, their own education, their own healthcare, their own**

infrastructure, their own future. And they self-organise at every scale – individual, group, State, National – and in every sphere of human life.

An excellent example of this self-organising capacity is the Lagos Business School (LBS). From the minute one sets foot into Lagos Business School it seems as though one has entered an oasis. As the gates open into the compound of the school, one leaves the chaos and hecticness of the daily hustle and bustle of Lagos. LBS was established in 1991 initially to offer management training courses to executives of larger companies. In 2002, the Federal Government of Nigeria approved the establishment of the Pan African University and Lagos Business School (LBS) became the first school of the university. LBS has also been internationally recognized for being at the frontier in providing a world-class business management learning environment.⁸

LBS programs have been accredited by the Association of Advance Collegiate Schools of Business, an accreditation that less than 5% of business schools achieve globally. In fact, LBS is the first business school in sub-Saharan Africa to be accredited by the Association of MBAs; this puts LBS amongst the 2% group of business schools to achieve this. The school also belongs to the Global Business Schools Network, the European Foundation for Management Development, and other global organisations. It is partnered with business schools around the world such as IESE Business School in Spain and Nanyang Business School in Singapore. LBS has also been recognized by premier industry-leaders for its world-class standards. The Economist magazine listed LBS among the top 50 business schools for Executive MBA. Since 2007, it has also been ranked by the Financial Times for being among the top global providers of open enrolment executive education and in custom executive education since 2015.

How was LBS founded? Well, the people driving the establishment were not asked to do this. No public sector entity was driving – or even asking – for LBS to be set up. The many people who contributed to the founding and development of LBS simply took the decision to create something that was needed in Nigeria.

On a smaller scale, the same thing happened with the NGO Man Up. Founded by the brilliant young Nigerian Temidayo Seriki, Man Up is an organisation that is designed to help challenge and changed the value systems of young men. The

⁸ (<https://www.psychologytoday.com/intl/blog/finding-the-next-einstein/201803/how-education-can-impactthe-well-being-nation>, n.d.)

vision for Man Up Initiative is to create a world where all men, young and old, know and take their places as true leaders of society. The Man Up initiative is a solution to the problem of a discouraging narrative that surrounds men today and aims to change that narrative by helping men to identify who they are and why they are, believing that this will help them to be the best version of themselves.

This is a critical and worthwhile endeavour. But how did it come about? No one asked Temidayo to do this. No one organised this from the public sector, despite being an incredibly important need. Temidayo literally Man-Uped to do this to fill in the white space in Nigeria's civil society.

And this story of creating what is needed is repeated over and over in Nigeria. Here is a (very partial) list of the type of organisations Nigerians create:

- Organised private sector
- Market associations and agricultural co-op
- Private schools and universities
- Health care institutions
- Professional bodies
- Informal financial services, including self-help groups like lending circles
- NGOs in every field of human endeavour

In all of these examples, the collectives have rules and structure that allow them to accomplish an objective (even the area boys are organised). No one asked them to organise it. No public sector entity really supervises how it functions. But these self-organising units have emerged and are an integral part of how Nigeria survives. These self-organising units happen in every sector, and in every community in Nigeria and instil a level of discipline in the Nigerian society that would otherwise be lacking. And they are at the heart of whatever degree of success Nigerians are having today.

The authors believe that this is the unique strength of Nigeria and Nigerians in the world – **Nigeria is the self-organising nation.**⁹

⁹ We have not done a cross-nation comparison of self-organising capabilities, so it is a conjecture at this stage that Nigeria is uniquely capable in this area. We look forward to advancing this research in the future to be able to explore how different nations approach this issue.

Of course, Nigeria could and should certainly do better. It is not optimal to have such a weak public sector and the self-organising ability of Nigerians can only compensate so far for the failings of the public sector.

But the authors are convinced that as Nigerian attempts to strengthen her public institutions, the approach needs to take account of the self-organising units, and the vast informal economic and social activity. **That is, Nigeria cannot move forward unless we embrace the strength of the self-organising nation.**

We also want to take the self-organising concept further. Outsiders (and Nigerians) look at the weak central institutions and conclude that Nigeria has little to offer the world with respect to how to organise a successful society. We humbly disagree.

Nigeria shows how Self-Organising can work

The Covid-19 Pandemic has taught all of us the importance of resilience, of the value of systems that can cope with stress. Any system that functions only in benign conditions is not fit-for-purpose in a world with constant and accelerating (and uncertain) change. And many institutions that we believed were robust and successful have proved brittle faced with the Covid19 challenges. Public health systems in developed nations were not ready. Long supply chains were shown to be exceedingly efficient, but not resilient. Social structures in wealthy countries underscored the high degree of isolation inherent in many western nations, and these countries will be dealing with the fallout of mental challenges for a long time to come.

Nigeria's Covid19 response itself is a testament to the self-organising principle. The Nigerian public authorities were obviously going to be severely challenged to provide a robust response to the Covid19 pandemic. In addition to the health challenges, the economic fallout is catastrophic in an environment where so many people earn a daily wage. Lockdowns mean economic activity ceases, and we have all learned now that one person's spending is another person's income. So, when lockdown means those with resources stop spending, it means an immediate stop to the fragile income daily wage earners need.

Nigeria recognized this need very early – in March 2020 in fact. And the response was what you would expect from the self-organising society. The FGN - to its credit - reacted extremely quickly to the Covid-19 pandemic and allocated about 2-3 percent of GDP to various programs to help alleviate the income losses from the pandemic - this fiscal expenditure is pretty much at the limit of what Nigeria

could afford given the fiscal pressure. However, this is just a fraction of what we saw in wealthy countries (with support programs in the 10-30 percent of GDP range), and well short of the need, particularly for the bottom-of-the-pyramid.

How did this shortfall get addressed? Like other successful structures in Nigeria, a collection of non-state actors (including the organised private sector, churches, mosques, NGOs, and individuals) came together to prevent the worst of the Covid19 pandemic, offering palliatives and support for the bottom-of-the-pyramid. The response was not ideal; but it was much more than the public sector could offer, and again was delivered in a decentralized, self-organising manner. People and organisations simply stepped up to do what they could to help the situation.

As we enter the post-Covid19 world, how we organise to be resilient needs to be on the top of the agenda. And history shows us we have a wide way of organising societies. The overall trend (at least for 500 years in the west) has been towards increasingly large agglomerations and increasing control from a centralized authority. There are of course lots of benefits from larger political units. The European Union in particular has been at the forefront of creating common standards, particularly around workers and the environment, that have led to immense benefits. And while the EU project has been criticised severely in light of the Great Financial Crisis due to the interminable economic crises of the PIIGS (and of course the United Kingdom's exit), European countries continue to lead the world on key indicators like quality of life, well-being, and the HDI.

However, we are certainly in a world where the pace of change is unprecedented. In addition to the multitude of technologies that will transform our lives in unpredictable ways (artificial intelligence, blockchain, Internet of Things, personalized medicine from advances in DNA science, 3D printing, to name just a few), we also have a climate emergency which will trigger a massive change in our energy systems (think renewables, green hydrogen, the end of internal combustion engines). Added to this are new instabilities in geopolitical power. The increasing China-USA rivalry is obvious. But overlaid on this are efforts by other major actors to be globally relevant, including Russia, India, Turkey, Iran among others. For all of our lives, we have lived in a bipolar world (USSR-USA), and then a unipolar world (USA). But we are rapidly heading to a multipolar world, with unpredictable consequences.

And this is against a backdrop of dramatic demographic change. Outside of sub-Saharan Africa, the number of children has peaked and will start to decline soon. The number of working-age adults has peaked and will also start to decline soon. All of our economic models are based on the idea of constant GDP growth. But in a world with a declining working-age population, this is no longer possible.

Given this unprecedented pace of change, and the immense challenges we face (including the climate emergency), it is a legitimate question to ask what types of social structures are most suited for successfully navigating the future. In some cases – particularly the climate emergency, we suspect – the required response will be centrally coordinated, driven by governments prepared to cooperate when faced with no other choice.

But we suspect for many of our global challenges, the fit-for-purpose social structures will be those that self-organise, and adapt themselves rapidly in light of changing conditions, without the need for a centralized plan or guidance.

A good example of this is the transformation to remote working as a result of Covid-19. If you predicted that hundreds of millions of people would be able to fundamentally change how they work in a matter of weeks or months, you could be forgiven for believing this was simply impossible.

But this is in fact what happened. And no one imposed the solution. Each organisation and individual essentially self-organised, adapted, and responded as best they could in the circumstances. And this was not confined to just how businesses ran: artists found new ways to do art; people found new ways to interact and support each other. Educators surprised themselves in how much they could change and still be able to teach (at least the older students). People stayed fit in new and creative ways. Technology companies upgraded and repurposed technology for new ways of doing things.

If you were asked what type of social structures would be the most resilient in the face of accelerating change, you would probably conclude that a system that self-organised rapidly at a local level across many sectors and institutions. To put this another way, a system that required direction from the top in light of rapid changes in the environment will likely be brittle, as the pace of change driven in a centralized way lags the pace of change in the outside world.¹⁰

¹⁰ Of course, the market – as understood by economists – is a powerful self-organising system. And used in the right way in the right place, the market is an extremely resilient tool for organising society. Here, however, we are looking for more complex self-organising mechanisms, particularly where the

When considered in this way, Nigeria's self-organising capabilities need to be celebrated. We think there are at least two critical implications:

- Nigerian policy-makers need to understand and reflect on this self-organising strength; policies that fight the self-organising drive are likely to fail, and the best way to a prosperous Nigeria is to embrace self-organisation and use it as a powerful tool of social and economic advancement. Policymakers can simply assume that Nigerians will self-organise, so in this context, the policymaking objective should be the simplest interventions that allow the self-organising impulse to take over and arrive at a positive social and economic result. Policymakers should not be doing any more than this. In the Nigerian context, less is more in the policy-making arena.
- Outside of Nigeria, this self-organising capability should be shared and celebrated. In this post-Covid19 world – where we all must think about what building back better actually means – the Nigerian self-organising capability should be a source of inspiration and, possibly, emulation. We tend to think that Nigeria has little to offer the world with respect to how things should be organised.¹¹ The authors disagree.

market is limited in effectiveness by lack of information, social justice, externalities (such as pollution), and over-simplicity in the face of complex coordinating needs.

¹¹ This book only focuses on Nigeria, and just makes a guess that Nigeria is uniquely gifted in the self-organising dimension. A logical next step following this work would be a cross-country study of the self-organising principle