



Golborne Road Advisory

An analysis of recent trends in the Lagos Bike Hailing Industry.

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Bike hailing companies have become more ubiquitous in Lagos; and as such, gotten the attention of Government and the Transport Unions alike.

In July, TechCabal [reported that the Lagos State Government is considering a N25 million license fee for bike hailing startups](#). There is also a tug by the road transport unions for their own pound of flesh. Max, Oride and other bike hailing startups operating in Lagos have encountered resistance by law enforcement agencies, as well as union enforcers on the roads, often resulting in [fisticuffs](#), arrests, and [impoundments](#).

While the Government has not officially announced a licensing regime for bike hailing in Lagos State, it was recently [reported that operators had reached an agreement with the Lagos chapters of two of the most recognizable road transport unions in Nigeria](#), the National Union of Road Transport Workers (NURTW) and Road Transport Employers' Association of Nigeria (RTEAN).

The consensus reached is that bike riders will purchase a daily ticket worth N500 that allows them to work anywhere in Lagos without fear of intimidation by transport unions and their agents in the state. The unions had originally requested that riders pay N1000 per day to operate across Lagos, a proposition rejected by bike-hailing startups. Per the agreement reached, NURTW and RTEAN will receive N200 each while the local government where a ticket sale is made receives N100.

An operator with 1,000 bikes will be paying a cumulative levy of around \$500,000 per year; and for an operator with 4,000 bikes, about \$2,000,000. For context, two of the smaller operators raised Series A rounds of less than \$10,000,000. While there seems to be little resistance by the operators, this levy could have far-reaching impacts on the industry and environment.

It will be interesting to watch and see what becomes of the bike hailing industry in Lagos - could this cause operators to begin to reduce their activities in Lagos, while increasing activities in others? Bearing in mind that a precedent has been set by the Unions in Lagos, which could potentially influence comrades in other States.

Will this levy bring an end to months of harassment and assault of riders who work with bike hailing companies? But more importantly, to what extent will it affect the sustainability of these companies?

It is our considered view that State Governments should consider regulating the bike hailing industry for the things that matter the most: Safety, Security, and Quality of Service; while working with private sector operators to digitize the two-wheeler transportation system.

This is a publication of Golborne Road Advisory intended for information purposes only. For more information, please contact us at info@gra.africa

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