

The Socio-Economic Implications of Construction of Lagos-Calabar Coastal Highway in Nigeria

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Introduction

Since the construction of the iconic eleven-kilometer Third Mainland Bridge in Lagos in the 1990s, which connects Lagos island to the mainland and is one of the longest bridges in the world, the Lagos-Calabar Coastal Highway marks the beginning of a new era of ambitious road infrastructure development projects in Nigeria (The Cable, 2024). The first phase of the new 700km highway that will run through nine coastal states in Nigeria, is the 47.47km section beginning from Victoria Island, Lagos.

The highway contract, valued at 15 trillion naira (\$13 billion), has been awarded to Hitech Construction Company, owned by Gilbert Chagoury, a Lebanese-Nigerian business associate of Nigeria's President Bola Ahmed Tinubu. Initially planned to be fully funded by the contractor, the contract approved by the Tinubu administration commits the government to finance its first phase, covering 27.27 kilometres from Victoria Island to Lekki areas of Lagos (Alli, 2024). This decision was made after the contractor delayed in securing funding for the project. The government believes that this phase, which runs through upscale areas of Lagos (Nigeria's commercial hub), has the potential to spur development and recoup the funds through tolls.

The Lagos-Calabar coastal highway is expected to play a pivotal role in the economic development of Nigeria by facilitating trade, improving transportation, and fostering regional integration. The government claims that the project will open up the entire coastal stretch of Nigeria to investments in tourism, housing, and other business that will in turn usher in prosperity to the country (TheCable, 2024). While the Lagos-Calabar coastal highway promises significant economic benefits, it has also been embroiled in several controversies. These controversies include allegations of contract inflation, the demolition of businesses and homes along the proposed route, and concerns regarding the Environmental Impact Assessment (EIA) report. This article explores the economic implications of the Lagos-Calabar coastal highway, examining its potential impact on trade, employment, regional development, as well as the contentious issues, exploring the various dimensions and perspectives involved.

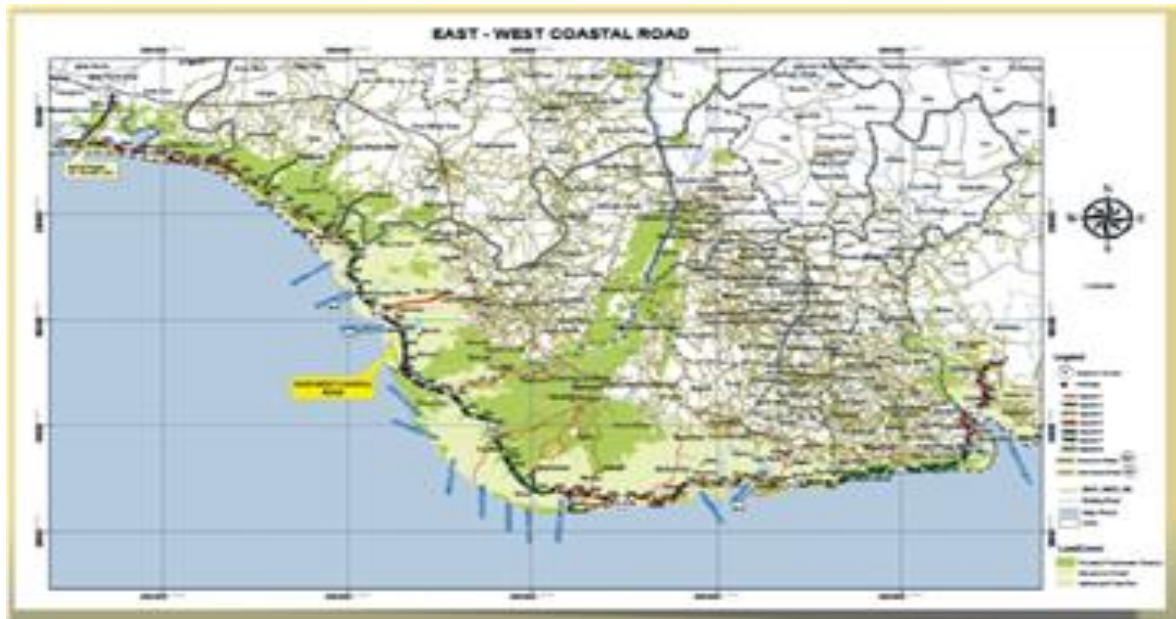


Figure 1: Lagos-Calabar Coastal Highway (Source: TellmeastoryNairaland, March 8, 2024)

The Need for Coastal Highway

Adequate road infrastructure has always been central to Nigeria's economic growth; and has been identified as the core of good governance and public welfare (Haastrup, 2024). Therefore, successive governments of the country recognise that improvement in road infrastructure will positively impact on the nation's development aspiration. At present, the country has a total road length of 193,200 kilometres, comprising 34,123 km federal roads, 30,500 km state roads, and 129,577 km local government roads (NGFRE, 2023).

Government recognises that the majority of roads require rehabilitation and upgrade but also that construction of new ones is necessary. The Lagos-Calabar coastal highway is included in the National Integrated Infrastructure Masterplan (NIIMP), a 23-year plan aimed at enhancing Nigeria's infrastructure (NGFRE, 2023). The project was first designed as a railway under President Goodluck Jonathan (2010-2015) and awarded to the China Civil Engineering Construction Corp. for \$12 billion, but fell apart after President Jonathan left office in 2015. The plan was then revived under the Mohammed Buhari administration with a budget of \$11 billion and given a timeline of three years, which expired without significant progress. Under President Bola Ahmed Tinubu, Minister of Works Dave Umahi announced that the project had been revived once more, this time as a coastal highway with some rail. The contract was awarded to Gilbert Chagoury's Hitech (Businessday, 2024).

The urgency to construct this particular road arises despite the government's awareness, as indicated in the NIIMP plan, that 40.0% of the Federal Road network is in poor condition and requires rehabilitation, 30.0% is in fair condition needing periodic maintenance, and 27.0% is in good condition necessitating routine maintenance. Additionally, the remaining 3.0% consists of unpaved trunk roads that require paving. In the case of State roads, constructed and maintained by sub-national governments in Nigeria, about 78.0 per cent are in poor condition, with only 22.0 per cent in fair-to-good condition. Finally, the local government roads are the roads that connect streets within localities are worse off - with 87.0 per cent of the roads in poor condition (NGFRE, 2023). Therefore, critics, including the presidential candidate of the Labour Party in the 2023 Presidential election Peter Obi, argue that the coastal highway is not a priority, especially considering the significant number of existing roads in urgent need of attention (Arisenews, 2024).

The Award of the Contract to Hitech Construction African Company Limited

The award of the contract of about 1 trillion naira for the construction of the first phase of the Lagos-Calabar coastal highway was announced by the Minister of works, Dave Umahi, after the Cabinet meeting of October 30, 2023 (Obiowo, 2023). This phase is part of a larger 700-kilometre road project spanning nine states, with two additional links connecting to northern states. The first phase, covering 47.47 kilometres, will feature a dual carriageway with five lanes on each side and a train track in the middle (Nda-Isaiah, 2023).

The Minister of Works announced that the Nigerian Cabinet has approved the construction of 700 kilometres of coastal routes, spanning from Lagos through nine coastal states up to Cross River. This route will extend from Lagos to include the Lekki Deep Seaport, Ogun State, Ondo State, Delta State, Bayelsa State, Rivers State, and Akwa Ibom State. Additionally, there will be two spurs leading to the north: one from the ongoing Badagry-Sokoto route and another from Ogoja in Cross River State connecting to the trans-Sahara route into Cameroon.



Figure 2: Construction of Lagos-Calabar Coastal Highway by Hitech (Source: Hitech Construction)

The Minister also announced that the project will be procured under EPC+ (Engineering, Procurement, Construction, and Financing). This means the contractor is responsible for securing funding, a process they have already begun. However, the contractor's efforts to secure funding are facing obstacles and delays. Given the importance of this section of the road project, the Ministry approached the President on January 18, 2024, to request fast-tracking the project. They proposed that the federal government fund the 47.47-kilometre first phase, running from Ahmadu Bello in Lagos to Lekki Deep Seaport. The President approved this request, leading to the project's commencement (Obiowo, 2023).

The awarding of the Lagos-Calabar highway contract to Hitech Construction has been embroiled in several controversies. Critics argue that the contract award lacked transparency because the contract did not go through competitive bidding which failed short of due process and adherence to public procurement regulations (Businessday, 2024). The presidential candidate of the People's Democratic Party, Atiku Abubakar, accused the Tinubu administration of making the contract award based on political considerations. He pointed out that Seyi Tinubu, son of President Tinubu, serves as a director on the board of CDK Integrated Industries, a subsidiary of the Chagoury Group, which is the parent company of Hitech Constructions, the contractor for the project. The government confirmed this association but emphasized that Seyi Tinubu has the right to choose his business associates (Balogun, 2024). Atiku Abubakar and other critics also raised alarm on the high cost of the contract, expressing fears of potential cost overruns and financial mismanagement. In fact, the government

countered the claim of critics that the cost per kilometre is \$8 billion, insisting that the cost per kilometre is \$4 billion. However, critics argue that even \$4 billion is excessively high. The government justifies the high cost due to the challenging terrain in the area (Alli, 2024). Questions have also been raised about why the government abandoned the initial Public-Private Partnership (PPP) plan, where the contractor would fund the project directly and toll the road for a specified period to recover the investment before handing it back to the government. Critics are sceptical about the sustainability of the new funding plan, in which the government has decided to finance the first phase. They fear it might increase Nigeria's debt burden, especially since the Tinubu administration intends to borrow money to execute the project (Babalola, 2024).

Another issue raised regarding the contract is potential ecological impact of the highway, especially in sensitive coastal regions. There are fears that construction might disrupt local ecosystems and communities. Also, the inability to make the Environmental Impact Assessment (EIA) report public has also raised concerns as it is a major requirement for a project of that magnitude (Dasho, 2024).

The displacement of businesses and ancestral communities along the proposed route was a major issue that dominated the media space and sparked up the loudest public outcry. The demolition of part of Landmark Beach, a multi-million dollar investment, and other businesses along the Victoria Island coastline, despite the original highway alignment that would have spared them, has sparked speculation about the motives behind the action. Some believe the intention of rerouting the road and quickly demolishing businesses was to expand Eko Atlantic City, which is owned by Gilbert Chagoury and President Tinubu. This view was validated by the haste with which the government is executing the project in spite of the outcry. Some communities along the coast in Ajah area of Lagos protested (Sahara Reporter, 2024). Even telecommunication companies warned of the impending dangers to undersea cables before the government announced that they are reverting to the original alignment along that axis (Vanguardnews, 2024). As a result, the highway was reduced from 10 lanes to six lanes (Wahab, 2024).

The government claims that compensation about 2.7 billion naira has so far been paid for demolitions of properties along the right of way of the road (Nwankwo, 2024). However, the compensation scheme and resettlement plan for affected businesses and populations remain a concern. Landmark beach alone is seeking for 42 billion for the demolition of its properties (Eze, 2024). Some critics point to Hitech's performance in previous projects, questioning whether the company has the capability to handle a project of this magnitude. Concerns have

been raised about the quality and timeliness of Hitech's past constructions. The background of Gilbert Chagoury raises concerns about his competence to handle such a monumental project. He was investigated for money laundering by Switzerland in 2000, linked to the late Nigerian dictator, and he also confessed to making illegal campaign contributions in the United States (Obiowo, 2024)



Figure 3: Landmark Beach, Lagos before demolition (Source: WithinNigeria 2024)

For a project in the magnitude of the Lagos-Calabar Coastal Highway, an approval of Environmental Impact Assessment (EIA) is imperative. The Tinubu administration's responses to media questions regarding the assessment progress are unconvincing, which negatively impacts the administration's reputation. An Environmental Impact Assessment (EIA) report for a project is not just a procedural formality; it is essential for ensuring the project's sustainability, social responsibility, and long-term economic viability.

Government Response and Defense

The Tinubu administration has defended the decision to finance the project through appearances on television by cabinet ministers and press releases to explain the government position and has forged ahead with the project notwithstanding the criticism and opposition (NAN, 2024). Government has also defended the selection of Hitech Construction through president Bola Tinubu, who stated that it was based on the company's proven capability and experience in handling large infrastructure projects. The government has argued that Hitech's previous projects demonstrate their ability to deliver on such ambitious endeavours (NAN,

2024). The government also claims that the project will bring significant economic benefits and help in regional integration.

The highway is expected to boost economic activities, facilitate trade, and create jobs, which the government argues will outweigh the initial costs (ADB, 2020). The project is seen as crucial for national development, improving connectivity between major economic hubs and enhancing regional integration as two major spurs on the road in the west and east of the country will be constructed (Wahab, 2024). The government assures that environmental and social impact assessments have been conducted, and appropriate measures will be taken to mitigate adverse effects. However, the government has not yet made the EIA report public, raising doubts about whether such an assessment was conducted.

Conclusion

The Lagos-Calabar coastal highway holds immense potential for transforming Nigeria's economic landscape. By enhancing trade, creating employment opportunities, promoting regional development, stimulating the tourism industry, and supporting the oil and gas sector, the highway is poised to be a catalyst for economic growth and development. However, to fully realize these benefits, it is essential to ensure the project is implemented efficiently, with attention to environmental sustainability and social inclusivity. The Lagos-Calabar coastal highway represents a significant step towards a more connected and prosperous Nigeria.

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