

The Pioneer Route Group

A Treatise on the First Mile, Last Mile Transport Franchise in West Africa. Lessons from the Field: Operational Realities, Systemic Failures, and Policy Imperatives

Disclaimer: *This document is an independent operational analysis and social commentary based on the author's experience in a First Mile, Last Mile (FMLM) public transport franchise operation. All names of organisations, routes, financial metrics, and locations have been intentionally fictionalised, stylised, and aggregated to maintain strict compliance with non-disclosure obligations. This document focuses exclusively on systemic challenges, operational lessons, and policy recommendations for public benefit.*

1. Introduction: A Vision Born of Optimism

We were not just investors—we were believers. Believers in the power of infrastructure to transform lives, in the promise of public-private partnerships to deliver efficient services, and in the idea that commercial success could coexist with social impact.

Our team was no greenhorn; collectively, we had over 120 years of combined experience working in the economy, with 75% of our team having worked professionally internationally. Additionally, we have complementary skill sets - Accounting, Business Development, Operations and more. Looking at our work experiences, skill sets and network, we were well-equipped to navigate complexity. We saw the First Mile, Last Mile (FMLM) transport franchise as a compelling opportunity to contribute to urban mobility in a major West African metropolis (MWAM), while building a sustainable business.

The concept was elegant: connect underserved neighbourhoods to the city's Bus Rapid Transit (BRT) system through short-haul routes operated by private franchisees. The FMLM would serve as the connective tissue between local communities and high-capacity transit corridors. It promised formalisation, safety, and convenience in a sector long dominated by informal, chaotic, and often dangerous transport options.

But what unfolded was a sobering lesson in the limits of vision when divorced from operational reality. This treatise is our attempt to document that journey—not as a lament, but as a public service. We hope it serves as a guide for future investors in public-private partnerships and policymakers.

2. The Franchise Model—Promise and Pitfalls

The Urban Mobility Corporation (UMC), a government-backed entity, was the architect of the FMLM scheme. It offered franchisees exclusive rights to operate designated routes,

access to new vehicles through an authorised vendor, and the promise of infrastructure support, including bus stops, shelters, and monitoring technologies. On paper, it was a textbook example of structured public-private engagement.

We were assigned over two dozen routes originating from five pickup points. However, less than 18% of the routes were motorable. The rest were unpaved, flood-prone, and riddled with potholes. Even in dry seasons, the terrain posed serious challenges to vehicle integrity and trip completion rates.

Fares were fixed by UMC, and operators had no pricing autonomy. This rigidity became a critical flaw, especially when juxtaposed against informal competitors—motorbikes, tricycles, and minibuses—who operated freely, charged market rates, and adapted quickly to fuel shortages and peak-hour demand.

The franchise model, while noble in intent, was structurally misaligned with the realities of MWAM's transport ecosystem.

3. Operational Realities—A Catalogue of Challenges

3.1 Asset Quality and Utilisation

The vehicles provided by UMC's authorised vendor were locally assembled from completely knocked down (CKD) kits imported from Asia. While marketed as new and reliable, they quickly proved unsuitable for the rigours of daily operation.

- **Mechanical Failures:** Within days of receipt, we encountered a cascade of issues: fuel tanks (with fuel in them) detaching and falling on the road, leaking radiators, persistent battery drainage, and air conditioning systems failing. During the rainy season, water seeped into the cabins and electrical compartments.
- **Systemic Flaw:** These issues reflected a **systemic flaw in the fleet's build quality and durability**. As a result, our fleet utilisation was severely low, with about **one in four buses out of service** at any given time due to maintenance issues. This persistent downtime slashed revenue potential and undermined service commitment, undermining both operational efficiency and public trust.

3.2 Infrastructure Deficiency

- **Missing Shelters:** Despite assurances, the promised bus shelters—critical for passenger comfort and protection—**were never constructed**. This omission diminished the commuter experience and the visibility of the service. This also accounted for loss of significant revenues from billboard advertisements.
- **Depot Inefficiency:** The requirement to maintain a dedicated depot, given the geographic spread of our routes, forced us to operate from a single, centrally

located facility **far removed from service areas**. This created daily inefficiency, as each bus's first and last trip consumed fuel and driver hours **without generating revenue**, effectively adding a hidden operational tax to our business.

- **Security Costs:** Following two break-ins that resulted in stolen vehicle components, we were forced to make unplanned investments in physical security (guards, surveillance, fencing), expenses not anticipated in our original projections.

3.3 Human Capital and Labour Relations

- **Driver Revolt:** We introduced a shift-based, performance-rewarding compensation plan that was alien to the drivers. This quickly ended in a **rebellion** that curtailed operations for days, forcing us to switch to fixed wages, which further strained our margins.
- **Revenue Leakage:** We uncovered serious **revenue leakage** when we got undercover investigators who used hidden cameras to reveal drivers sabotaging the transport card system, collecting cash fares, and pocketing them.
- **Inconsistent Service:** Despite training and mandatory driver certification, service quality remained inconsistent, and accident rates were high.

4. The Profitability Paradox

We entered the franchise with a clear-eyed understanding of our cost structure—fuel, wages, and maintenance were always expected to be our primary operational expenses. However, the actual figures quickly spiralled beyond anything we had projected. Fuel consumption alone was a staggering 300% higher than the estimates provided by UMC, a discrepancy that immediately destabilised our financial model. Maintenance costs surged as our fleet struggled against poor road conditions and the inherent flaws of substandard vehicle construction. Labour expenses climbed further when we were forced to abandon our performance-based wage system in favour of guaranteed salaries following a driver revolt.

Beyond these direct costs, the administrative burdens imposed by the franchise agreement—mandatory driver training programs, health and safety compliance, and frequent reporting obligations—consumed additional resources. These overheads might have been manageable in a more flexible or supportive environment, but under the rigid structure of the FMLM scheme, they became yet another drain on profitability.

UMC's financial demands compounded the pressure. In addition to a steep franchise fee, they claimed 3% of our gross daily revenue, leaving us with a negative return on investment. We sought dialogue, transparency, and reform. We opened our books for audit, hoping that the data would speak for itself. We proposed dynamic pricing to reflect

real-time conditions, route restructuring to improve efficiency, and a cost-plus model to ensure sustainability. Each suggestion was met with resistance.

Institutional inertia, coupled with the political sensitivities surrounding the scheme, rendered the system impervious to change. UMC's financial advisers, perhaps fearing reputational damage, refused to acknowledge the flawed cost assumptions embedded in the original model. Their reluctance to admit error became a barrier to progress and, ultimately, a contributor to the scheme's unravelling.

5. Regulatory Ambiguity and Social License

The transport union, notorious for its aggressive tactics, was supposed to be managed by UMC. It wasn't. Our drivers were assaulted; our buses vandalised. Eventually, we began paying union fees—an unbudgeted expense that bought us a fragile social license to operate.

The government's plan to formalise informal operators by integrating them into the FMLM scheme failed spectacularly. Instead of clearing the field, it allowed unregulated competition to flourish, undermining the franchise's core value proposition.

6. Lessons Learned

Lesson 1: Subsidies Are Non-Negotiable

Public transport is a public good. It cannot be sustained on commercial margins alone. Fuel rebates, tax breaks, and per-kilometre subsidies must be institutionalised. UMC must stop extracting revenue from operators and instead support them.

Lesson 2: Enforcement Precedes Expansion

Inviting private capital into a chaotic ecosystem without first enforcing regulatory order is a recipe for failure. The government must clear informal operators and manage unions before scaling the franchise model.

Lesson 3: Dynamic Pricing Is Essential

Fixed fares are incompatible with volatile operating conditions. Pricing must reflect traffic, weather, and demand. Operators must be allowed to adjust fares within regulated bands to remain viable.

Lesson 4: Infrastructure Is Foundational

Designated bus stops with shelters and bus parks are not optional—they are essential. Without them, operators are exposed to competition, conflict with unions, and inefficiency.

Lesson 5: Be Aware of Political Patronage

We later learned that other operators were assigned contracts as **political compensation** and successfully lobbied for the suspension of capital deduction and the waiver of interest repayment after our exit. We, as professionals, could not secure these concessions before exiting.

Lesson 6 : Focus on Financial Projections

Our financial projections showed the project was loss-making at the outset, yet we allowed the UMC and our ‘gut feelings’ to convince us otherwise⁴⁸. Get assurances for financial projections in writing.

Lesson 7: Get in the Lawyers

At the onset of contract non-performance—misleading statement of vehicle fuel consumption, vehicle quality, infrastructure, unavailability of transport cards, non-provision of local repair centres, and unjust farebox revenue withholding—we should have immediately sued for specific performance or compensation instead of attempting to "massage the ego" of the UMC in false hope.

Lesson 8: Exit Speedily

Where all else fails, exit speedily to contain your losses. Exiting was the best **“stop loss” strategy** to cap our loss at **43% of our investment**. Without this, we would have bled more.

7. A Call to Action

Our failure was not one of execution—it was one of systemic design, an unrealistic economic model placed in a hostile operating environment. The FMLM model, as currently structured, is economically unsustainable and operationally hostile. We urge policymakers, transport authorities, and urban planners to revisit the framework with urgency.

Hold vendors accountable for vehicle quality. Reimburse operators for downtime not caused by them. Redesign the franchise agreement to reflect real-world conditions. Introduce subsidies, enforce regulations, and deliver promised infrastructure.

Let this treatise serve as both a cautionary tale and a blueprint for reform. The potential of FMLM to transform urban mobility remains intact—but only if the model is rebuilt on a foundation of realism, equity, and collaboration.

8. Epilogue: Beyond the Numbers

Since our exit, we've watched another operator suffer similar fates. Buses have been grounded for months. Routes abandoned. Investments lost. We still believe in the vision. But belief alone is not enough. It must be matched by policy courage, operational integrity, and a genuine commitment to public service.

This is our story. May it guide the next chapter.

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(The author is available for consultation regarding the detailed operational lessons and the dos and don'ts of public-private relationships.)