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Institutional Fragility, Conflict and State Capabilities:

Learning from Edo State, Nigeria[1]

Preamble

Since the return to civilian rule in 1999, the politics associated with the distribution of Nigeria's oil wealth, so-called fiscal federalism, has been both contentious and violent. Political instability and endemic conflict reflects the changing nature of violence itself in the country and, in the oil producing Delta States region[2], the rise of 'youth' resistance movements animated by crime, ethnic identity, revenue extortion and state corruption, and popular protest over environmental harms inflicted by the oil and gas industry, deepening social inequality and perceived injustice in the distribution of oil wealth. Since 2003 the growing violence associated with the radical Islamism of Boko Haram seems on its face far removed from oil politics, but here too the complex relations between oil wealth and poverty in the north of Nigeria, and the rise of an alienated and disenfranchised youth population emerging from the ashes of economic recession, provide the backdrop to the insurgency that has engulfed the region.

While conflicts are endemic on and off of the Niger delta oilfields, they are heterogeneous in form and in their dynamics. The kinds of conflicts that have emerged, and proliferated, since the early 2000s, including extreme violence and what can only be termed armed insurgencies in both the north and south of the country, has occurred along several dimensions. In the Niger delta, which is the focus of this paper, the conflicts occur in direct relation to oil companies (attacking assets and oil theft, extorting payments, protesting spills); between and within communities (over revenue, royalty, land rights, and the favor of oil companies, political elites and donors), between youth groups deployed as part of the electoral cycle, and between citizens and the state, most

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[2] The Delta States region comprises comprised the 9 oil producing states in the south-south and south-eastern geo-political zones of the country: Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo, and Rivers, an area of 112,000 km2. The population of this zone, at 32 million, exceeds that of all but five Sub-Saharan African countries.

notably in relation to its egregiously coercive security forces (Peterside et al 2012). But, while the drivers of conflict are seemingly intransigent, there is a view that 'many of the pathways to sustainable development and peace already exist, or can be readily realised' (Francis et al., 2011, p.iv), and there exists a wide range of donor commitments.

The Bank's portfolio in the Delta states region, developed in the aftermath of an Amnesty in 2009, reflects the menu of interventions and modalities employed elsewhere – public finance management and decentralization, youth employment and vocational training, community driven development projects for economic activity and social outcomes - delivered through the typical range of instruments, including policy based budget support, technical assistance and capital investment projects. Each of these engagements is specifically concerned to 'open spaces' for citizen engagement with public authorities, including for instance through reform of laws, regulations and procedures that obligate the state to provide access to information, and enable organised elements of civil society to participate in policy and budget processes, and in procurement, through tracking and accountability systems that inform the ways in which public wealth is converted into services, employment and the provision of infrastructure.[3]

The Bank is attempting to reconfigure its support, and its own operating culture, to produce results that track back to the drivers of conflict and endemic poverty, insecurity and injustices - whether these conditions be sourced in public sector governance, access to services, urban and rural infrastructure or the capability of civil society organisations to seize opportunities provided by legislative reforms. Numerous challenges exist, not least of which include the Bank's risk averse culture, its internal incentives, and the constraints on its capacity to engage directly with the political economies that its analytic work brings into sharper focus. But it is to these commitments – to 'learn by doing', to adapt modalities, and to innovate and pilot new ways of operating – that the analytic and programmatic work reported in this working paper has aimed to contribute. As part of a broader effort to inform its engagements in the Niger Delta region, this work was oriented to three broad questions. Firstly, how does the political ecology and economy of the Niger delta's natural resources impact on the character and performance of public institutions responsible for development, security and justice as experienced by people in the region? Second, under what conditions is it more likely that elites will be inclined to build trust in and loyalties to, and also invest resources and capabilities in, institutions that can effectively and legitimately deliver the public goods typically associated with

[3] For instance, the SEEFOR program, underway in Edo, Delta, Rivers and Bayelsa states, includes unprecedented protocols on transparency, participation and accountability in public finance management, service delivery and youth employment. This project has been supported by a Bank-executed Niger Delta Social Accountability project that supported coalitions of civil society, specialised non-state accountability actors (e.g., the Niger Delta Citizens Budget Platform) and multi-stakeholder groups comprised of state/local governments, CSOs and oil industry reps to apply 'demand side' pressure on states to honor and carry forward the commitments made under programs like SEEFOR.

development, justice and security? And third, consequentially, in view of a clear-eyed assessments of such prospects, how can the World Bank's engagements positively impact on those conditions, by virtue of their scope and focus, sequencing and entry points and the modalities through which engagements are organized?

Introduction

After several decades of ambitious neoliberal reforms designed to foster lean, disciplined and market-friendly public sector institutions, four features of the current state of play are now widely acknowledged. One is that state apparatuses continue to occupy a dominant place in the political economies of Africa (IDS 2010). A second, is that systemic "governance failures"- a euphemism for the chronic crises of legitimacy confronting predatory and extractive public authorities largely unresponsive to the demands of full citizenship and incapable of fulfilling the most basic human and developmental needs - remain the norm rather than the exception (Acemoglu and Robinson 2012; Pritchett et al 2012; World Bank 2011). Third, there is scant evidence to suggest that the past twenty years of dedicated investments by international development institutions and OECD member states have helped countries overcome "deep-seated governance challenges" (Independent Evaluation Group, 2010, p. xiv), or facilitated "improved government" (Andrews 2013, p.1). And fourth, despite efforts to promote examples of innovative and flexible donor responses to this realisation – as most recently witnessed by groupings such as 'thinking and working politically' or 'doing development differently'[4] - there is much less real evidence that the mainstream operations of agencies like the World Bank are moving away from the conventions responsible for this mixed record.

Matt Andrews' (2013) innovative work, which elaborates and grapples with the latter two points, has begun to frame what one might call the 'new normal' in the field of institutional reform, particularly in contexts regarded as 'fragile' or 'conflicted'. He begins with the conclusion that the record of public sector reforms sponsored by the World Bank and other donors is mixed at best (e.g., World Bank 2015), noting that nowhere is this disconnect between promise and result starker than among the sub-set of oil dependent 'petro-states' crippled by the paradox of high incomes and low growth (Andrews 2013, pp. 120-124). Here, in contexts much like the Niger delta region, the prospects for reform appear especially bleak.

[4] See for example the efforts outlined by Adrian Leftwich in regard to the Development Leadership Program (http://www.gsdrc.org/go/display&type=Document&id=4191&utm_medium=rss&utm_campaign=gsdrc&utm_source=newsfeed) and the Doing Development Differently website, founded by Matt Andrews and colleagues (http://buildingstatecapability.com/the-ddd-manifesto/).

Much has been said to explain this record of systemic failure of institutional reform efforts. Fault is commonly found in the preoccupation with ‘policy signalling’, that is, the tendency for reform deals negotiated by donors and peak officials to focus on nominal, stroke-of-the-pen changes in the formal rules of the game that quickly garner global and some local legitimacy (eg., Independent Evaluation Group, 2013; OECD 2012; Porter et al., 2011). Others note the corollary, namely the tendency for donors to collude with local elites to systematically “evade” domains and functions of the state (for example, the regulation of natural asset transactions) where ‘reform’ might profoundly benefit the poor (Biddulph 2010). Signalling coupled with evasion can yield improved ratings at the level of institutional form, but they favor “isomorphic mimicry” – in other words, substantively shallow reforms that deliver ephemeral results, rather than more durable, socially embedded changes in institutions that impact positively on how states function. At worst, where ill-considered signals are institutionalised, they can further ensconce “capability traps” (Pritchett et al., 2012). Once sprung, these traps can destroy incentives or foreclose reform, short of crisis or violent rupture (Andrews et al., 2012, p.5).

Not surprisingly there is a renewed interest in the explanatory power of what one might call *real politik*: a readiness to look behind the masks and rituals of institutional reform to explore the political and economic landscapes in which institutional logics – incentives, norms, interests – are embedded in the “ordering of power” (Slater 2010) and to consider, in light of this, ways to craft adaptive, iterative and politically informed approaches to institutional reform (eg., Andrews 2012; Kelsall 2011; Unsworth 2010). In common, these approaches place great stead on diagnostically informed, network-savy authorizers, motivators, connectors and convenors, resource providers and problem identifiers (this is the heart of ‘problem driven iterative adaptation’ [PDIA] (see Andrews, Prichett and Woolcock 2012)). The putative powers of agency seem to fall short, however, when confronted by two clusters of circumstances. One cluster comprises the structural constraints – which can become over-bearing when attached to declensionist and apocalyptic narratives - most obviously associated with resource-dependency and the resource curse (Collier 2007; Ross 2012; Humphreys, Sachs and Stiglitz 2007). A trio of well-rehearsed pathologies - the Dutch Disease, boom-and-bust volatility, and the voracity effects of rentier governance - create a negative political force-field, a powerful vortex of state pathologies and deficits which profoundly constrain the range of prescriptive choice and crowd out the redemptive possibilities of political will and agency.

A similar crowding out of redemptive innovation and practical agency seems to confront efforts to embed knowledge of how institutional reform interacts with *real politik* in development agencies. For just as donors like DFID and the World Bank have sponsored illuminating analytic approaches - such as ‘drivers of change’, then political economy analysis – these seem to run aground on donor incentive cultures, which tend to be disbursement-driven, risk adverse and problem avoiding, rather than problem solving. In too few cases is it possible to rigorously trace the impact of political economy/institutional analysis or politically informed programming on aid outcomes (Roche and Kelly, 2012). At best, say observers, one may argue that a 'partial revolution' has occurred in practice, while routine bureaucratic practice remains largely intact (Carothers and de Gramont, 2013; Yanguas and Hulme, 2014) awaiting a completely different approach to 'thinking and working politically' (Fisher and Marquette 2014).

This paper places the corpus of analytic and programmatic work concerning institutional reform in conversation with a now substantial body of work on resource politics, and most especially the debate over the politico-institutional character (sometimes called political settlements or pacting arrangements associated with the order of power) and reform landscape of the petro-state. On the one side, recent 'institution reform' policy writing appears to have little to say about the political and economic conditions in which crises and institutional disjunctures might authorise, and thereby enable, agents to embark on institutional reforms. On the other side, the model of the resource curse has little to say about why patrimonial regimes deliver very different political and economic outcomes across institutionally varied landscapes (Lewis 2007; Booth 2012; Lewis and Watts 2015). A resource curse analysis often lacks an institutional granularity, and seems incapable of accounting for why some institutions and not others experience decay, or casting light on why pockets of competence and efficacy appear at some time and place, and not others. To wit, we are not well placed to understand the uneven institutional and governance capabilities and outcomes across a petro-state that is not monochrome in character (Watts 2012, 2007; Lewis and Watts 2015).

Edo State in the oil producing Niger delta of Nigeria is both an apposite and rather paradoxical site for exploring the politics of institutional reform. Nigeria after all is everyone's limit case, the textbook example of the resource curse *in extremis*. Edo is not a major oil-producing state, although it does depend to a significant extent upon the oil sector (59% of the 2013 state budget) and was seriously embroiled in the violent and massively disruptive insurgency in the Niger delta during the mid to late 2000s. It might be expected that Edo state has suffered from and depicts in a condensed form all the failures and deficits produced by Nigeria's cartel of political elites, and from the same history of state coercion and co-optation antithetical to serious reform. But we argue otherwise.

It is inevitable that a resource curse analysis covers over all manner of institutional variation and capability in Nigeria's vast and complex multi-ethnic federal system. That these capabilities are, as we will show, 'asymmetric', reflects the fact that the state has been informalised and made 'functional' for particular purposes. The fact that the Niger delta has stabilized – a certain sort of peace has been instituted - since the signing of an amnesty in 2009 is a case in point. No critic would suggest that the Amnesty is a model of transparent empowerment or rational, calculated reform initiatives. But inserting resources into the delta through all manner of networks, associations and institutions has purchased a form, albeit fragile, of sustained peace.[5]

We focus on Edo for two reasons: first, because it does not on its face appear to be obvious location to explore a reform experience, given its entanglement in the Niger delta conflict and the maladies typically associated with state fragility. Yet since 2009, the Governor has been applauded at home and abroad for his accomplishments in road construction and the capital sector more generally, internal revenue generation, and political succession. Edo is not 'representative' of states within the Nigerian federation as a whole (Bornu in the northeast or neighboring Bayelsa look like different universes). Furthermore it would be premature and foolhardy to suggest that Edo represents a full-on break from certain forms of path-dependency and structural constraint (rent-seeking), but there may be in the Edo story the beginnings of what Orihuela (2013) calls a "resource-curse escape". Second, Edo is of interest also because of the changes that its experience is contributing to a country team effort in the World Bank Nigeria to engage operationally across all its instruments with "the political economy of institutional reform" in Nigeria, its largest client country in Africa. As such, this innovation and the questions that it raises has broader implications for both researchers and development practitioners in Nigeria and beyond.

These two lines of interest are pursued through four sections. In the first, we locate our argument in the context of Nigeria and the Niger delta with respect to central debates about how institutional change is dialectically shaped (constrained and enabled) by, and in turn can impact upon, the nature of underlying political and material conditions. Building on earlier work (Peterside et al 2012) we argue that dialectical relations between institutions and the ordering of power explains the emergence of 'asymmetric capabilities' which may occur even in contexts otherwise condemned by the institutional traps of the resource curse. The second section explores the conditions under which a reformist governor emerged in Edo in 2008 and how these conditions shaped, if not compelled, an orientation to particular problems, and thus reforms. We follow this in section three with new empirical data on Edo's performance between 2009 and 2012 to foreground two questions: how did pre-existing conditions – structures, forces,

[5] The recent acknowledgement that Nigeria implemented a "world class response" in containing the ebola outbreaks in Lagos and Port Harcourt also points to the existence of capabilities of considerable scope.[5] (*New York Times*, October 20th 2014, http://www.nytimes.com/2014/10/21/world/africa/who-declares-nigeria-free-of-ebola.html?_r=0).

circumstances – impact on the institutional choices available to the new administration, and what kinds of institutional modalities and political pacting were required and made possible by pursuing reforms in a particular institutional arena? Many of the choices and institutional processes resonate with new conventions about how reforms occur, but while the political and other functions they served were familiar, the particular forms they took where substantially at odds with conventions about how public sector institutions should manage finances. Indeed, had the Governor whole heartedly adopted the reforms favored at the time by agencies like the World Bank, the achievements detailed here could, we suggest, have been stymied. In this light, section four steps back to reflect on how agencies like the World Bank could, and indeed have begun to engage with the political economy of reform. We recount, in the first instance, its engagements with Edo, and then summarise the Bank's broader, portfolio-wide attempt in Nigeria to bring more tailored approaches to a diversity of contexts through understanding of local political economies and iterative, adaptive approaches to the implementation of its Bank-financed projects. The section describes a number of instruments that have been applied across the Bank's country portfolio.

I. The Ordering of Power in A Petro-State

Nigeria customarily features in a showcase of the catastrophic failures of oil-led secular national development (Collier 2007). While annual economic growth appears to have averaged 7-8 percent in the past decade, the stark reality is that income and human developmental poverty rates remain chronically high, at more than 60 percent of the population, much higher than neighboring countries like Niger and Benin[6]. Whilst estimated rates of both economic growth and poverty since 2010 have recently been revised downwards, there remain glaring contrasts between fortunes in rural and urban areas (where growth in wealth is concentrated in the South West, Lagos agglomeration), and the divide between North and South appears to be even starker than earlier estimates (World Bank 2014, Table 8, pp. 18-20). As parsed in one IMF report, Nigeria's oil revenues have "not significantly added to the standard of living of the average Nigerian" (Sala-i-Martin and Subramanian 2003, p. 4). Inevitably these failures and seemingly

[6] We are aware that in the wake of the "rebasing" of the Nigeria national accounts data there is a debate over numbers, poverty rates, human development trends and so on (see World Bank 2014). The fact remains that unemployment is massively underestimated while the aggregate picture of income and human developmental indices of poverty during the period of oil led development has been disastrous. The total poverty headcount rose from 27.2 percent in 1980 to 65.6 percent in 1996 and recent figures from the Central Bank of Nigeria (CBN) show that, between 1980 and 2000, the share of the population subsisting on less than one dollar a day grew from 36 percent to more than 70 percent (from 19 million to a staggering 90 million people). In half of Nigeria's 36 states, the estimated poverty headcount (and indices of multi-dimensional poverty) increased between 2004 and 2010; in some northern states the figure is close to 80%.

intractable structural impediments cast a long shadow over the optimistic assessments of Nigeria's short-term future.

State capture of large hydrocarbon rents is typically seen to have over-determined Nigeria's litany of developmental failures, its political dynamics, and by implication the portfolio of available policy choices. The Dutch Disease, revenue volatility, and poor fiscal management produce a well-catalogued litany of endemic state deficits and dysfunctions. Many forms of public authority are seen to be illegitimate, unjust and display features that erode effective forms of fiscal accountability, bureaucratic competence, regulation, and service delivery (Lewis 2011; Adebanwi and Obadare 2010; Amundsen 2010; Humphreys et al. 2007, p. 265). Massive government outlays on global rebranding have not dented the pervasively bleak predictions about Nigeria's future.

As oil seeped indelibly into the country's political, economic, and social lifeblood, petro-rents severed public taxation from state revenue and fed what Slater (2010) in another setting calls a "provisioning pact". Just as struggles to control the accumulation of oil rents contributed to rapid centralizing of power, the ferocious battle over sharing oil revenues drove societal fragmentation, splintering, and dispersion in what was always a fractious and competitive multi-ethnic federal system. In the wake of the return to civilian rule in 1999, ethnic, religious and political violence escalated as Nigeria has succumbed to two home-grown insurgencies: one draped in the language of resource control emerging from the oilfields of the Niger delta, the other (still in train) speaking of true Islam and the restoration of the Caliphate. Nigeria became a poster-child of the 'fragile and conflicted state' condemned to embark up a 'post-conflict transition'.

A declensionist narrative of this sort is, of course, a quite familiar Nigerian story (Okonta 2008; Smith 2007). The varied terms used to account for Nigeria's political architecture – predatory, 'spoils politics', prebendalism, felonious etc., - almost always refer back to the vast neo-patrimonial edifice of a rentier state in which political networks are deeply imbricated with public office to provide vast opportunities for illicit gain (Oliveira 2007; Joseph 1987). The construction of Nigeria's elite cartel – perhaps the most durable feature of the country's state building in the petroleum era - is the product of an exclusionary political settlement which – while opting for redistribution rather than growth (Ajakaiye et al. 2011, 245, 249) - limited most gains to a narrow stratum of notables from specific regions and social class. The logic of the political order entails buying off powerful groups and individuals (co-optation or purchasing consent); permitting some benefits to trickle down to purchase consent and legitimacy; and building powerful 'despotic apparatuses' (Mann 1986) to ensure compliance (coercion) (Humphreys et al., 2007, p. 264).

In Nigeria, as elsewhere, exclusionary political settlements and extractive institutions are associated with high levels of violence and political conflict. The Niger delta is a particularly condensed and explosive concatenation of the sub-national pacting (the provisioning pact), socio-spatial fragmentation, state dysfunction, and the rise of a raft of non-state armed groups (Watts 2005, 2012; Obi and Rustaad 2011). From 1999, and especially after 2006, the region became a zone of conflicts operating at and across many social levels (the village, the chieftainship, the ethnic group, the corporation) - and with the rise of a militant group (the Movement for the Emancipation of the Niger Delta, MEND) in late 2005- capable of compromising the entire state formation.

The inventory of institutional failures – the fragile and conflicted state narrative - must not blind us to the fact that an amnesty was struck in 2009: 26,000 militants were drawn into the provisioning pact, oil output recovered and state coercion secured a stable (if fragile) peace. In other words, the operations of the provisioning pact in one of the federation's most contentious regions exhibit capabilities which, if volatile, unstable and limited, confer nonetheless a sort of political durability. The state *has* been informalised for particular purposes, vested with certain capabilities and made 'functional' (networks, pacts, coalitions) in particular ways. In other words, its institutional capabilities are asymmetric. Clearly the state *has not* been vested with the capabilities required for fully representational politics, to promote economically productive or socially equitable investments, or deliver public goods - justice, security, services, livelihoods – effectively and democratically. At the same time, the state has grown the capacity of security and control, through both public and private institutions, to co-opt elites while redirecting and patronising popular discontent, to secure oil installations and infrastructure, and to provide the political infrastructure for the system to reproduce itself and withstand shocks.

When placed on such a canvas, there is a grave danger of seeing Nigeria exclusively through the monochromatic and often deterministic lens of the resource curse. Revenue management, the boom and bust cycle, and countercyclical interventions have certainly challenged the Nigerian government. While the politics of oil analysis is prone to conclusions drawn in the aggregate (Ross 2012; Sala-i-Martin and Subramanian 2003), it is also reductive; in which agency is reduced to the 'survival of the fattest' and 'Big Men/Godfathers', or crowded out by the heavy structural hand of oil's political economy (Collier 2007). The model does not do well with institutional asymmetry; why do some institutions perform better than others, why there are some pockets of institutional competence and efficacy and not others, or the conditions under which elites will invest trust, loyalties and resources to create these patterns? In a capacious and complex multi-ethnic federal system held together by a contentious system of revenue allocation to federal, state and local levels, it is inevitable that a resource curse analysis covers over all manner of *sub-national* institutional variation and marked different forms of state capability.[7]

We underpin our account of contemporary events in Edo State not with a political economy condemned by the institutional traps of the resource curse, but rather from the viewpoint of Nigeria's petro-state as a political settlement through which there is a particular ordering of power (Slater 2010) that is dynamic over space and time. This ordering is certainly at odds with the authoritarian, but ultimately developmental, state-building protection pacts that feature in Dan Slater's account of postcolonial Southeast Asia. In Nigeria, a viable protection pact was undercut by the state capture of oil revenues, which instead produced a provisioning pact that, whilst exclusionary, obviated the need for elites to invest in forms of public authority that would garner legitimacy by delivering public goods. If the Biafran war posed an 'endemic' political threat that might have seen elites forge a protection pact, the ascendancy of abundant oil rents redirected political contest towards design of the patrimonial-distributive system through which oil wealth was to be distributed. Fiscal federalism became the principle and enduring site of elite contest (Watts 2014).

Nigeria's provisioning system redirected political contest to the subnational level, and fragmenting forms of public authority – secular, religious, chiefly, and so on. If these forces competed for near term spoils, and were unstable and always uncertain about their ability to contain the politics of dissent (the 'crises of authority'), or conflict (the conditions of 'ungovernability') they were nevertheless *in toto* durable because of the twin capabilities of centrally governed coercion (national police and military power) and patrimonialism (through fiscal federal arrangements).

Uneven capabilities are not best explained merely as artifacts of "low capacity" or insufficient commitment by policymakers. Nor are episodes of capability and efficacy merely the product of heroic leaders or serendipity. Rather, it is more promising to see asymmetries as the product of dynamic interaction between political settlements and the institutional arenas through which elites, economic and political combine, contest or make durable agreements. It follows that, even within so-called dysfunctional states, there are pockets of effectiveness amidst state deficits (see Leonard 2008; Roll 2011, 2011a). The conditions of possibility for moving beyond the "persistent failure" of

[7] Ajakaiye et al (2011, pp. 254-6) do acknowledge subnational variation and provide vignettes to contrast the key elements of fiscal governance in Cross Rivers and Akwa Ibom, two oil producing states in the delta region, and Kano and Lagos, both major city states in Nigeria over the 1970-2003 period. Their purpose is to show how in some cases decision-takers deviated from national patterns, where others reproduced practices that characterized the entire society. Our modest next step in this paper is to cast some light on the 'why' and 'how' deviation occurred in the Edo case. For a more general view on such sub-national and comparative capabilities in within and between oil-states see Heilbrunn (2014).

"capability traps" (Pritchett, Woolock and Andrews 2013) reside even in inhospitable climes of political conflict and natural resource dependency.

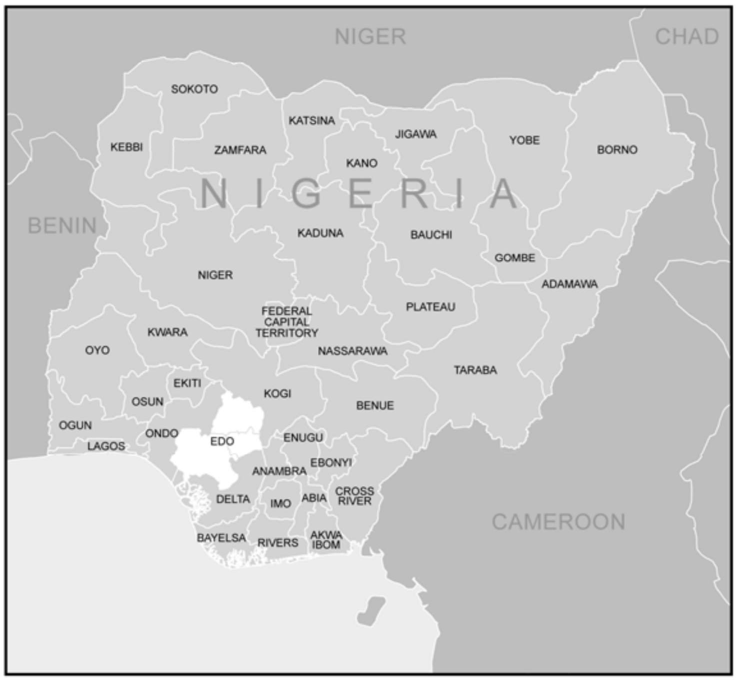
II. Edo State in the Nigerian Federal System

While not a major oil-producing state comparable to Bayelsa or Rivers States, Edo State (See Map 1) nevertheless was part of the contentious and corrupt system of fiscal federalism, contentious politics and insurgency that took shape after the return to civilian rule in 1999. Edo State is the product of the division of the former Midwestern State (renamed Bendel State in 1976) into two states in 1991. Edo retained the capital city of Benin and most of the physical and administrative infrastructure, but it lost substantial oil producing territory to its neighbor, Delta State. Historically, Edo's close association with dominant political factions in Western Nigeria socialized the Edo people into the culture of oppositional politics, and this relationship has historically made it possible for politicians and so-called political 'Godfathers' to draw support from the dominant political machine in the South West without incurring the wrath of Edo nationalists (Ukoha 2014). Relatively high levels of education and patterns of class and demography were more than incidental to the rise and election of Comrade Adams Oshiomhole, a charismatic and well-connected populist and trade union leader, in 2008. With a population of approximately 3.5 million people - close to the average population of a typical Nigerian State - Edo is part of the South-South regional zone of Nigeria (otherwise known as the Niger Delta region).

Historically Edo had been one of the best performing states in the country: the poverty rate, for instance, sits at around 20 percent less than the national average (Table 1), the product of the mass free education of the Action Group Government of the (prior) Western Region. Blessed with well-qualified human resources, it also was a beneficiary after the civil war (from which it did not directly suffer) of oil resources. Successive governments of the state - notably the long serving governments of Dr. Samuel Ogbemudia and Professor Ambrose Alli - were credited for pioneering several initiatives in the areas of human capital development and infrastructural developments. These pioneer administrations became the reference points – in effect the source of a 'golden age' narrative - for judging the performance of successive governments (Ukoha 2014). Any occupant of the Benin Government House was therefore likely to confront the litmus test of high public expectations.

The ability of Chief John Oyegun, the first elected governor of Edo State, to meet the high expectations was not tested – due to the return to military rule in 1993. Inevitably, the reference point for Chief Lucky Igbinedion - elected governor of Edo State in 1999 after the return to civilian rule - remained, then, the golden age of Ogbemudia and Alli. By the time he departed in 2007, Igbinedion had failed and indeed allegations of corruption levelled against him contributed to the protest vote against the ruling People's Democratic Party (PDP) which catapulted Oshiomhole into power. On this landscape, any Governor would need to confront not just popular opinion, but also much heralded performance of his predecessors who governed a larger and better resourced state if Edo was not to be dwarfed by its oil rich sister, Delta State.

Map 1 Edo State in the Nigerian Federation



Governor Adams Oshiomhole assumed office in November 2008 following a successful court appeal to retrieve the mandate given to him by the people of Edo. Eighteen months earlier, the Independent National Electoral Commission indicated that PDP's Oserhiemen Osunbor had won. Following protracted hearings, the Court of Appeal found in Oshiomhole's favour. Oshiomhole's legal challenge was endorsed by a constellation of quite powerful social forces buttressed by a variety of interest groups. His social class base – workers, peasants, small scale traders, unionists, and sections of the middle and technical classes - carved out a reform space capable of serving a range of purposes and constituencies. Arguably the most popular president of the Nigeria Labor Congress

Table 1 Edo State and Nigeria: Key Indicators

Indicators	Edo	Nigeria
Population	3,463,629	151,300,000
Per capital in US$	327.62	1,156.82
Population using improved water source (%)	60.7	49.1
Unemployment rate (%)	12.2	14.7
Life expectancy at birth (years)	47	50
Net primary school enrolment (%)	96.9	61
Adult literacy (%)	76.2	64.2
Incidence of poverty	33.1	54.4
Human development index	0.481	0.513
Inequality (measured by Gini index)	0.4585	0.4882

Source: UNDP (2010), National Bureau of Statitics (2009)

(NLC), Oshiomhole’s victory at Edo’s 2007 gubernatorial elections reflected a certain charisma, his national visibility, his leadership and unionist skills but also an unequivocal vote against the perceived poor governance in the state under PDP rule. If Oshiomhole rode a wave of popular support into office, at the same time he confronted the pressing and urgent legacy of two decades of deepening conflict on the oilfields. By the summer of 2009, 124 of 174 oilfields were shut-in, 200,000 people were displaced a national economy reliant on oil was in jeopardy. The Amnesty program required around 26,000 militants to surrender their weapons in return for a presidential pardon, and access to an education, training, and rehabilitation program. Many of them moved from the creeks into the urban areas of States like Edo, to escape their troubled pasts but with high expectations of economic fortunes.

III. The Edo Reforms: The Dialectics of Power, Institutions and Reform

> Movement within our cities and across the State will be progressively made less hazardous through the provision and maintenance of good road networks. […] We will accelerate the installation of enduring infrastructure which will support rapid industrialization of our State and provide massive employment opportunities.

—Edo State Governor Adams Oshiomhole, November 2008 inauguration speech

Why might a newly elected Governor, inheriting a quite particular set of political legacies and challenges of a volatile and contested oil-producing region, bet his immediate and longer term prospects on an unprecedented program of road construction?[8] In our view, it is worth reflecting upon what we will call the 'institutional political economy' of roads in responding to this question, in the Edo case. Understanding why executive priority was granted to this sector and not others will help to explain the manner in which the fiscal, political and technical capabilities were created to pursue this priority and delivered assets that would enable Oshiomole to gain resounding support for his second mandate through the polls in 2012.

Either side of the 2009 Amnesty, there was no shortage of far reaching commitments by federal and state governments, donors and civil society to "break with the past" and deliver something qualitatively new across a slew of policy priorities. Frenetic signalling by political elites on health, education, agriculture and food security, youth employment, good governance, urban crime and security, and infrastructure priorities was also promoted by vibrant public media and projected back on political aspirants as 'public expectations'. Oshiomole's inaugural speech paid due homage to these pent-up demands and expectations, but it was clear to the Governor and his executive team that not all options had equal political merit with the public, the business or donor community, nor did each carry the same institutional possibility (potential) of being implemented. In others words, the politico-institutional space of reform opportunity, potential resistance and support, technical competence and so on was heterogeneous, complex and uneven. Reform would demand considerable powers of navigation, alliance and coalition building, improvisation and a subtle reordering of power.

Other kinds of signalling paid significant dividends by garnering resources and legitimacy[9]. A promise to enact a new law on Public Procurement, benchmarked to OECD standards, along with commitments to transparency and public access of information, indicated to donors that the Governor shared their view of "what government should look like to facilitate development" (Andrews 2013, p. 12). Signalling delivered two immediate fiscal prizes, each carrying considerable political credibility and popular legitimacy. The World Bank approved budget support valued at US$225 million – along with Lagos State, Edo would be one of only two states in Nigeria to receive

[8] A lively scholarly literature is debating the impact of infrastructure spending on political competition and conflict (see the review by Voth and Voigtlander 2014).

[9] Whilst policy commitments "signalled" at this particular stage were concerned with raising funds and credibility, by the time the Bank's Board of Directors approved the second Edo budget support operation in April,2015 there was sufficient evidence by the Edo authorities of follow through on and embedding of policy commitments in reform institutions.

World Bank payments directly into the State's budget. As important would be the Bank's branding of Edo as a 'high performing reform state', it garnered credibility with the public at large, and with subscribers to a NGN25 billion bond successfully floated in 2010. The Governor's savvy team was able to secure World Bank funding for a big share of road construction spending, by signalling its commitment to enact a modern procurement law and make information on contracts publicly available as the beginning of a set of institutional reforms under a programmatic series of development policy loans. The attention to institution building under the first of the Edo budget support operations indicated the Bank's support as well as its desire to see institutional mechanisms strengthened so that progress became less dependent on personalities. While all this yielded resources that the Governor and his team would effectively harness, it was abundantly clear that local legitimacy (and thus, both regime stability in the short term and a positive result in the 2012 elections) hinged on actually delivering on commitments made during the fiercely fought electoral campaign. Here the Governor delivered in an unequivocally effective and dramatic way. A public commentator, assessing Oshiomhole's performance in 2012, noted that the "tales of woe" of Oshiomhole's predecessors had been replaced by a "success story….. felt in all parts of the state, from Benin City the state capital to Ososo in Akoko Edo; from Uromi in Esan North-East to Ozalla in Owa West the report is the same: Oshiomhole is working. The governor's magic wand is seen across the 18 local government areas in the three senatorial districts".[10]

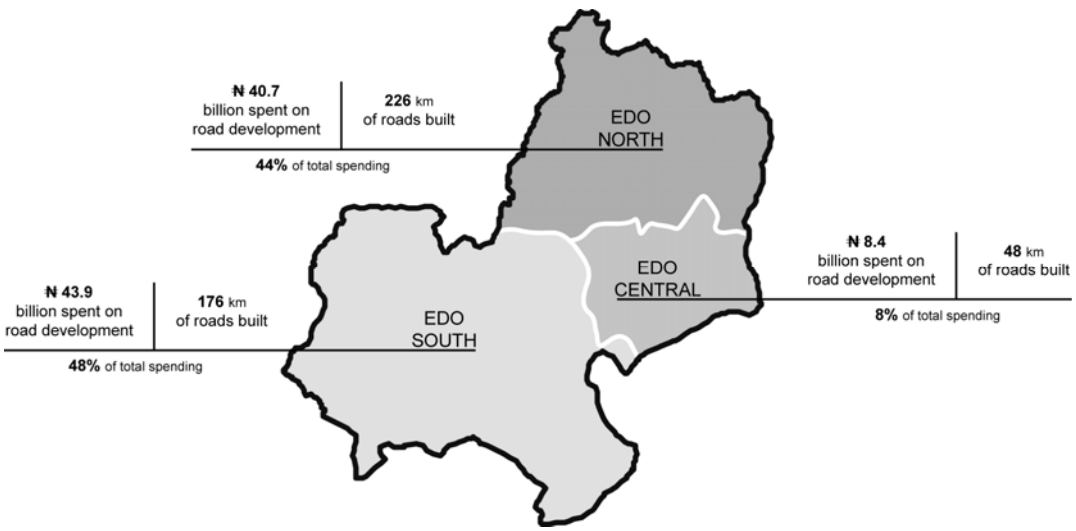
Compared with time-consuming and complex reforms of social services or creating job-friendly economic growth, road projects in particular offer a way to concentrate available resources into relatively few clientage relationships (Tilly 2005) that visibly and directly connect the highest office with on-ground results. Spending on roads (and associated drains, pathways, lighting) is a high profile, relatively quick way to deliver political assets that can appeal to a range of constituencies, generating jobs, facilitating commercial activity and private sector investment, access to markets and services, bringing order and tidiness to urban environments.

Oshiomhole moved quickly to assemble and deploy impressive fiscal, political and technical capabilities. The first of two batches of road construction contracts was commissioned in December 2009, and this amounted to 43% of the total outlays on roads to 2013 (the second batch occurred in October 2011, ahead of the 2012 elections). In the first term in office, 43 contracts were issued for more than 450km of roads, totalling NGN108.8 billion (see Map 2).[11] By end 2013, 85% had been completed, and

[10] See, http://www.thenationonlineng.net/2011/index.php/saturday-magazine/people-politics/26779-%E2%80%98why-edo-people-want-oshiomhole-to-return-in-2012%E2%80%99.html
[11] This section draws heavily for data and conclusions on Porter et al., (2015). This work – referred to locally as the 'fiscal ethnography' study - followed a series of workshops involving officials from the

independent engineering tests concluded that the quality of assets created were adequate or above par. The contrast with the previous administration of Governor Lucky Igbinedion was stark: allocations for the entire transport sector ranged from NGN4.4 billion in 2005 to NGN7.1 billion in the election year of 2008. Oshiomole's administration more than doubled this outlay in 2009; spending on road construction then climbed to NGN16.2 billion in 2012 and increased from 14 to 20 percent of total spending between 2008 and 2012. A key

Map 2   Regional Distribution of Road Spending



point we hope to convey is that the fiscal, political and technical capabilities needed to turn these contractual liabilities to political gain were not readily to hand in 2009. They required the deft crafting of elite pacts and specific institutional modalities to raise resources, attract trust and loyalties and project authority across multiple deconcentrated sites of investment activity. Alongside, the Governor's networking with traditional authorities, private financiers and banks, contractors and business actors delivered additional legitimacy, fiscal flexibility and talent. Such a strategy clearly demonstrates

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Governor's Economic and Strategy Team (EST), key State Ministries, Departments, and Agencies, and Edo civil society groups and was conducted during 2013 and the focus of consultations with state authorities and within the Bank during 2014. The study team included 13 members drawn from the Niger Delta Social Accountability (NDSA) project (World Bank, with DfID support), officials and consultants from Edo State agencies, and members of the Edo State Conference on NGOs (CONGO) and the Niger Delta Citizens and Budget Platform (NDCBP).

that if a talented leader can be pivotally important, she is more typically embedded in networks of social, economic and political power through which others are enrolled and rents and revenues mobilized and projected (Whitfield and Therkildsen 2011; Andrews 2013; Craig and Porter 2014). In what follows we provide an abridged account of a highly problem-focused and adaptive set of institutional modalities that were conditioned by, and in turn conditioned, the political economy.

The fiscal environment was highly uncertain and appeared to offer little room to move. Edo's capital spending, as in other Nigerian states, depends on federal transfers for around 90% of revenue, and 70% of the balance, internally generated revenue (IGR), depends on local taxation. Edo's revenue forecasts over this period were routinely twice actual receipts. The administration had no ability to influence the volume of transfers, but Oshiomole nonetheless dramatically increased IGR – in real terms, by an average of 20% each year between 2008 and 2012. A staggering 72% increase in IGR to NGN8.22 billion was achieved in 2009 through an adroit mix of political strategy and networking. Working class support was garnered by beginning with statutory personal income taxes – in the main contributed by civil servants on whom the Governor was not critically dependent – and deals with high income taxpayers and Benin City businesses. Both constituencies found appeal in the way the Governor personalized his commitments right from the start. He maintained an exhausting schedule of site visits to road project sites accompanied by TV cameras that would project him, often with hammer in hand, remonstrating with contractors against a back-drop of strategically placed billboards declaring "Your taxes at work!". Such political optics were used to leverage new property and consumption taxes - evident delivery on roads both weakened the capacity of privileged classes to resist the taxes and was attractive to business and finance houses.

While not immediately constrained by dependence on political 'Godfathers' or serious challenge by the opposition, the larger political context here was one of internal struggles within the elite pact and most especially within the ruling PDP party. Frictions between key PDP leaders- most dramatically the face-off between Obasanjo and Anenih over the chairmanship of the PDP Board of Trustees-provided the political space and autonomy Oshiomohole needed. Neither proved capable of marshalling forces against Oshiomhole after the 2008 inauguration. Crucial too was Oshiomhole's decision to forge an alliance with the State's preeminent traditional ruler. The Oba of Benin - reportedly incensed by the fact that the major PDP power brokers in the state, notably Anenih and Chief Gabriel Igbinedion, the Esama of Benin, did not accord him due respect and courtesies – joined hands with the Governor, adopting him as a grandson. Legitimated by the substantial cultural and social capital of the Oba (half of the Edo population belongs to his sphere of influence), Oshiomhole possessed a powerful vehicle for enrolling support for his administration and his reform initiatives (Ukoha 2014).

A substantial tranche of political capability was matched with technocratic expertise through parallel strategies by Oshiomhole to minimize risks that the civil service would hostage his plans. While his Commissioners – heads of agency – were hand-picked, below this, he inherited civil service functionaries whose loyalties were uncertain, reflecting long PDP incumbency. Moreover, its principal orientation – using public office to delay, gate-keep and extract rents – posed major risks to the Governor's project. It was incapable of attracting top people, rewarding good performance nor credibly sanctioning behaviors at odds with the Governor's agenda.

Quite swiftly, four kinds of political/technical capability were put in place. As we will later argue, understanding the 'how and why' of these capabilities, without judgement as to their merit in terms of 'best practice norms', is critical to assessments by agencies like the World Bank as to how best to sequence their support and to balance short term imperatives and long term institutional reforms. In hindsight, it is clear that the Edo team was acutely aware of the tension between these imperatives and proved variously successful in ensuring that World Bank support did not compel the adoption of overly ambitious practices, nor wholly setting aside a path to sustained institutional reform. Not surprisingly, the form these capabilities took did not always coincide with best practice principles from the get go. While functioning *de facto* prior to the elections, in March 2009, the Governor announced the formation of an Economic and Strategy Team – the EST – which is a textbook case of what Jessop (2008) refers to as state powers inscribed in institutional ensembles. The EST's political and technical capabilities would provide the administration with an institutional ensemble capable of serving as a "pivot", a fulcrum linking the state capacity to 'grasp' (ie., mobilise resources) and 'reach' (i.e. control over contracting, payments and so on) and therefore deliver specific institutional outcomes. EST exemplified, in short, the operations of infrastructural power (Mann 1988). By bringing political and technical modalities and capabilities to bear in superintending every aspect of planning, contracting, payments and so on, EST simultaneously mobilized resources while extending territorial delivery to key constituencies across the state. To play this role, the EST necessarily included not just technical experts, but individuals networked politically into key constituencies, including private sector finance. The chairman of the EST, Godwin Obaseki, is exemplar. A successful investment banker who has played a leading role in Nigeria's capital market, Obaseki also served on national initiatives at pension reform and knew how the public service worked. The EST also included the influential chairman of the Board of Internal Revenue, the Commissioners of Finance and of Budget and Economic Planning, and several other members with private sector experience and networks. Perhaps taking a cue from his ACN compatriot in Lagos State, Oshiomhole empowered this team by creating an authorising environment that encouraged freedom to operate and shielded them from corrosive political influences.

Second, it was necessary to 'reach around' the civil service. Road building is transaction intense: it requires centrally concentrated capabilities that can be reliably deployed at multiple sites. Here lies the classic challenge of bureaucratic reforms – typically they can be instituted at the top end, by fusing political and executive power, but are especially difficult to superintend across multiple, deconcentrated sites of action. The administration's capability to reach from the EST to the sites where projects were executed was created by several initiatives. Hand-picked Special Advisors (SAs) and Senior Special Assistants (SSAs) were placed in all strategically and politically important agencies. These individuals, technically proficient, but also connected back into private sector networks were made responsible to 'advise'; but this function coupled their expertise with the 'shadow of the Governor' in every agency they were deployed. For example, at the Ministry of Works, responsible for capital budget execution, an SSA checks on the progress of project revisions or certificates of progress and reports directly to the Governor and EST. Additionally, although Edo under Oshiomhole is not alone in this practice, the regime retained private sector engineering outfits as project consultants to a greater degree than in other States. Formally, these consultants were recruited to augment line ministry functions, but in practice they often displaced these functions. They could provide the EST with a direct source of intelligence, with lower entry and exit costs than are possible with more unwieldy civil service systems.

Third, it is significant that five large contractors accounted for 83% of all road construction. Contracts awarded to one of these, along with its subsidiaries, amounted to 49% of the total value of all State road contracts. This naturally exposed the Governor to allegations of favouritism and collusion, but it is important to understand the political and institutional assemblage these figures record. It is apparent that the concentration of contracts among a few contractors speaks to issues of market failure in such contexts – the Edo administration was at pains to point out that they were "open for business" with anyone who was willing to invest in Edo. But, given a history of tardy payments and arrears by previous State administrations, few were capable of delivering quality work and accommodating the fiscal environment the administration faced. Thus, reputational risks were perceived by the EST to be outweighed by the fact that these contractors had both financial depth and links with local Banks needed to absorb the impact of the State's uncertain cash flows. In other words, they could allow arrears in payments from the State that would inevitably arise to accumulate without interrupting implementation. Banks are important players in any construction business, but in this case they assumed a special prominence. As holders of government accounts and guarantors of contracts, banks provided financial services to both the government and its contractors. To be sure, these were lucrative arrangements, but they alleviated cash flow problems on both sides and, as a member of the EST noted, “any bank that was willing to take the risk was welcome to invest in Edo but there weren’t that many.”[12]. Banks would quantify risk in their contractual arrangements, and issue advance payment guarantees (APGs) based on their risk assessments. Such mechanisms created an informal and creative network accountability between the banks and contractors. By backing both parties, banks could lower their risk assessments; this increased profits, but created an enabling environment for uninterrupted project execution. Here, ‘signalling’ was important. Risk assessments relied less on formal record of a contractor’s financial and technical capacities, and more on informal norms, the principal’s reputation, future expectations and other information to reduce transaction costs. The Administration’s history of honouring contracts and its assurances of increased future capital spending encouraged banks to spread their risk over a number of contracts.

These tactics networked external political and commercial power into the administration at the same time as the executive ‘fused’ the powers of policy making (politics) and bureaucracy (execution). EST was not simply populated by loyal technocrats (it was) but it reflected too a specific political settlement between political and commercial elites in order for technocratic expertise to yield fruit. Like many reform efforts in Nigeria, the EST and the embedding of hand-picked advisors within the civil service are an illustration of an institutional ‘hybrid’ that introduces new skills and performance incentives from the private sector within the public sector setting. It was simultaneously necessary to craft what we call operational “modalities” that could consolidate these political agreements inside and around the executive whilst promoting efficiency in the face of high risks and uncertainties. At the same time, the institutional modalities used to deliver were unorthodox and ran counter to modern public finance management “best practice principles”. They included agreements that provided generous mobilization and allowed contactors to ‘design as you go’ and adapt their work to environmental and social conditions. The menu of modalities included frequent revisions to contracts, to allow modifications to budgets at several stages and for new ‘projects’ to be inserted into existing contracts, so as to reward high performing contractors and avoid transaction intensive re-bidding processes which would have slowed delivery. The latitude and premium placed on trust was further reinforced by arrangements that enabled contractors to directly negotiate ‘social settlements’ along the route of road construction, thus reducing delays as savvy local identities – custom leaders, retired officials, youth leaders and residents – negotiated compensation and rights of passage with the executive[13].

[12] Edo State official, personal communication, 18 June 2014

[13] The Governor was clear with contractors that he and his team owed their office to the good people of Edo, that he did not want their land rights to be abused and that if there were complaints, he would act as the ultimate enforcer of accountability. But, rather than elaborate risk mitigation mechanisms though formal consultation mechanisms, he allowed the contractors to do their job, engaging with local

The risks of similar contests, between contractors and certifying engineers, typically oriented to rent seeking, were mitigated by displacing the conventional triangle of accountability between the client, contractor and supervising engineer. Direct lines of accountability between the client and contractor were favored by arrangements that made engineers dependent on the contractor for transfer of their fees, while at the same time, the norms of trust and loyalty between the client and contractor were backed by the Governor's and EST's personalized supervision. By a mix of high mobilisation advances, allowing arrears in payments to periodically accumulate (sometimes up to six months after the milestone had been certified), issuing contract variations and high mobilization advances and variable progress payments, the administration set aside conventional norms and crafted an unorthodox system of reward and sanction. While in many contexts such arrangements serve personal gain rather than the public good, in the case of Edo these arrangements proved central to the story of delivery.

IV. Engaging the Political Economy of Reform from the World Bank

Mid-way through the process of research and dialogue that yielded the account summarised above, at a seminar convened in Abuja by the World Bank during 2012, a senior figure in Nigerian academe and politics remarked that "the World Bank is irrelevant". The Bank participants found intriguing the fact that his comment did not reflect hostility to the Bank on ideological or political grounds; quite the reverse. Rather, his point was that the Bank needed to provide more than astute analyses of Nigerian political economy, rather as important would be the complementary talents and resources, instruments and ways of working that would ensure that better appreciation of *real politik* was reflected in how Bank interventions were designed and implemented.

These remarks accorded directly with what was being realised in the Bank's relationship with Edo State, an issue to which we now turn. They also cameoed the critical reflection underway within the Bank's Nigeria country team, as well as the Bank-wide corporate reform process in part informed by introspection within the global 'community of practice' associated with governance and institutional reform, as indicated by informal coalitions such as 'Doing Development Differently', or 'Thinking and Acting Politically'. Following on the heels of the World Development Report 2011, *Conflict, Security and Development*, (World Bank 2011), which had challenged the Bank to overcome its risk averse corporate culture, take seriously issues of conflict, security and justice, and to embrace innovation, new senior management in Nigeria provided an authorising

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communities and their structures appropriately and, through frequent personal visits, carefully monitored that his wish to deliver infrastructure, while protecting individual's economic and social rights, was respected.

environment to break with tradition and develop new instruments and approaches to engage with clients. This was not simply belated recognition of the obvious and growing national salience of conflict, security and governance issues, but more a reflection of how donor agencies – including the World Bank - were complicit in mediocre development outcomes in Nigeria, including through policy signalling, isomorphic mimicry and a reluctance to deepen the discussion on how politics, institutions and conflict affect the Bank's business.

It was obvious that the implications went far beyond the decades' long mantra to "take context seriously". Rather, a complex of challenges would need to be faced by the Bank in order for it to be a useful partner to reform-minded Nigerians. Clearly, it needed to set aside as the preferred entry point, normative prejudices about the "preferred model of the form government should take" (Andrews 2013), for several reasons. First, because this lens would only reproduce the vista of institutional deficits and dysfunctions already breezily enumerated by conventional governance indexes[14] and thus routinely miss how "already existing governance" arrangements were mobilising and deploying institutional capabilities in inventive and effective ways. This fact had been starkly illustrated in the Edo case by a *Public Expenditure Management and Financial Accountability Review* conducted just as Oshiomole came to office (World Bank 2010). Contrary to the dynamic and adaptive reforming of institutions documented by the "fiscal ethnography" (Section III above), the conventional review painted a picture of an Edo state administration mired in a "capability trap" (Andrews et al., 2012) and seriously deficient in each of the core capabilities needed to competently run fiscal affairs, that is, the ability to mobilize revenues, match spending to policy priorities, or respond to the public interest in how resources are spent. Second, the lists of 'deficits and dysfunctions' yielded by these kinds of conventional public sector governance and public finance reviews generally make it difficult to promote a constructive dialogue. Rather, they tend to produce lengthy, proforma recommendations that lack any sense of sequencing, comparative marginal returns, risk or degrees of alignment with political incentives. One consequence is that they reproduce what are derisively known in the development industry as 'Christmas Tree' projects, that are then implemented under a box-ticking modality in which the incentives to "move the money" over-ride serious review of the fact that they are seldom "fit for context" or deliver results (See Grindle 2007, 2012. Cf. World Bank 2011). But, most importantly, they make it difficult to build lasting relationships with reform minded leaders – emerging, in particular, in state governments – because their palpable moralising and litanies of failure and inadequacy tend to corrode the trust needed for productive engagements.

[14] Virtually all major governance indicators/indexes, the Mo Ibrahim Index, World Governance Indicators, Corruption Perceptions Index, Global Integrity Indicators, and Open Budget Index, rank Nigeria very poorly.

Certainly, the Edo state executive found appealing the Bank team's commitment to examine how institutions actually functioned rather than simply measuring their departures from OECD conventions and norms. A key product of this process was an improved level of trust between the Bank and the Oshimhole administration. The Bank was originally perceived by the trade union leader-turned-Governor as a hostile external actor. In October 2013, immediately following a day-long briefing of the Governor on the fiscal ethnography team's findings and proposals, he addressed a crowded auditorium gathered at the launch of the Open Data Portal. At the end of his address, Governor Oshimhole set aside his notes, and then unexpectedly remarked "I want to say something about the help we've had from the World Bank." He reminded people of his earlier life as a civil society activist and union leader and his leading role in protests around the Bank's 50th anniversary and how he'd met with the World Bank President at the opulent World Bank headquarters in Washington, DC. Before presenting his protest, he had to go through metal detectors, have his bags scanned, have his photo taken, receive a visitor's badge, and be escorted through the office complex. "I told the World Bank President that there was no point in clearing out our pockets of knives, because the sharpest weapon we have against the World Bank is our anger about the global injustice and poverty that these international financial agencies were part of." As the chuckles died, the Governor then remarked, "But I've learned something about the World Bank: if we're serious, and if we know what we want and are clear about this…then there are people in the World Bank who will come and listen. And they'll think about what you say and what you're doing, and they'll offer the very best advice that you can get anywhere. I would like to say that I have changed my opinion and I am glad to have met them."

While these sentiments had immediate impacts on the Bank's relationship with the Edo state executive, the Governor's remarks perhaps also reflected an acute reading of the Bank and its internal political dynamics. For it was evident that the Edo fiscal ethnography was an outlier in how the Bank typically engaged with its clients: it had deployed a young and energetic team to work with his officials *in situ* over several months, augmented by senior Nigerian and expatriate experts on-call, without preconceived agendas or lending imperatives. These attributes were made possible by the Niger Delta Social Accountability program (NDSA) which was supported by an unusually flexible pot of money drawn from a Bank-managed trust fund to complement existing Bank projects and, explicitly, to help tailor them to the political circumstances of the Delta region states under the broad rubric of transparency, accountability, and participation.

Despite positive relations between the Edo executive and the Bank team, and the authorizing environment created by the Bank's country director, early exchanges *within* the Bank around the fiscal ethnography work showed the challenge, for a large international organization, in balancing the precepts of long term institutional reform with quick delivery, as well as building a consensus across, at times, quite deep doctrinal cleavages. On the one hand, some teams felt that the granular understanding of how context and institutional change interacted in Edo highlighted by the fiscal ethnography work could usefully be leveraged by both the SEEFOR investment operation and the Edo DPO Others, however, felt there were corporate risks to documenting deviations from international best practices and that the Bank should distance itself from such unorthodox practices. This internal discussion mirrored a growing debate in academic and development circles on how to move past policy signalling to implementation of good practice in settings of uneven capabilities (Andrews 2013, Seligman, 2015). The discussion also reiterated what many others have shown, namely that the Bank is heterogeneous and, much like Edo, there is a dynamic set of settlements that are continually being renegotiated as the institution adapts to find more effective ways to represent and support its diverse owners and clients. In these discussions, contestation can be strong and the power of agency and pacts are critical. In such instances, leadership and the authorizing environment provided by senior management are critical in order to override dominant incentives that prefer singular, risk free and hands-off approaches where practices deviate from international norms. In the same way that a political space had to be created, navigated and legitimated in Edo, a quite similar set of processes were required within the Bank.

The Bank's country management felt that the Edo State experience, as well as a stream of political economy work carried out under the *Programmatic Approach to Governance*, accompanied by an intensive debate within the Country Team on its implications for the Bank's business model, merited a new set of operating principles for the Bank in Nigeria. Ironically, the key elements of problem-driven iterative adaptation then being popularised by Matt Andrews in respect of developing country institutional reform were highlighted in a series of activities running in parallel to the Edo work which were already seeking to find practical ways to scale up more politically-embedded and adaptive learning strategies across Bank operations in Nigeria.

Fostering favourable conditions within the Bank's Nigeria country team became the purpose of the *Programmatic Approach to Governance*, launched in October 2012. This began with two pieces of analytical work commissioned from two renowned Nigeria scholars. The first piece aimed to acquaint the Country Team with three defining narratives of Nigerian political economy: (i) diversity, identity, and contentious politics; (ii) the structural forces associated with the petro-state and the provisioning pact; and (iii) democratic struggles, turbulent democracy, and crises of authority (see Lewis and Watts, 2015). As the Edo work had shown, the working paper showed how the traditional lens of weak governance and resource curse masked a much more complex reality of a country with strong entrepreneurial forces, pockets of efficacy, and capabilities that allow, under some conditions, reformist institutional change to occur. At the same time, the focus of the paper was synoptic and analytical rather than policy prescription or pointers for Bank programming, and hence was not intended to provide development practitioners with helpful suggestions as to how to build on capabilities and actual practice in order to effectively partner with the country.

The second paper drew on seven case studies by seasoned observers of Nigeria's reforms to provide insights into these asymmetric capabilities by analysing why and when some reforms move forward in Nigeria while others falter and fail (see second paper by Lewis and Watts, 2015a). The case studies reaffirmed much that had been learnt about successful reform elsewhere in contexts described as fragile or conflicted, albeit this knowledge was conveyed with a particular, though not exceptional Nigeria spin: for instance, the role of 'systemic shocks', how leaders respond to various kinds of threat, the importance of sequencing, establishing credibility early on, delegating to competent technocrats, creating a constituency for reform, and managing potential opponents are as elsewhere critical features of the reform processes in Nigeria. It also showed the more general currency and utility of many of the features of the Edo case, including the combination of strong commitment of the highest ranking politician along with a well-connected and strong technical team that can work, through hybrid mechanisms within the system while being protected from political interference. Finally, the case studies also underscored the temporal dimension to, or discontinuous nature of, asymmetric capability: namely that reforms in Nigeria are reversible, rarely considered complete or predictable – reform opponents regain relative strength, leadership transitions occur, reforms are unbundled and diluted.

These pieces fed a new level of candor in discussions with Nigerian officials, academics and activists because they were based on robust case studies and gave voice and legitimated a set of widely held feelings and beliefs. Open discussion also led Bank staff to critically review whether the Bank was equipped to: (i) respond to complex and diverse contexts through their operations managed through the Bank's counterpart and shareholder – the Federal Ministry of Finance and Economy - and (ii) identify reform opportunities, support them and adapt as contexts change. An internal note was prepared to push debate further by reviewing the country and corporate incentives and identified a number of obstacles – many of them within the Bank's control – which needed addressing. This reviewed "positive deviants" in the Bank's Nigeria portfolio, and served to articulate axioms and principles about good practice.

The country team then set about identifying what it could itself change. Recognizing that reform of many of the institutional incentives lay out of its reach and were, in fact, being approached as part of the new Bank President's reform agenda, it put forth a new set of principles that it could itself commit to and which, it was felt, were likely to provide a more enabling environment and support for teams wanting to improve their effectiveness and impact. The *Country Program Strategy* (FY14-FY17) was presented to the Board a few months later and incorporated a number of these "change principles," arguing that while the Bank is a relatively small player in Nigeria, its' effectiveness could be enhanced through: i) deepening engagements at the state level, ii) investing heavily to garner a nuanced understanding of history, political pacting and priorities, and iii) proactively building networks within Nigeria and with key learning institutions abroad (including groups within Harvard Kennedy School and Manchester University) to create a continuous body of knowledge on how institutional reforms in Nigeria go forward or fail.

Four new instruments were also developed to translate these principles into practice within the Nigeria program. First was formation of a *Governance Consultative Group (GCG)*, a group of high level Nigerian opinion leaders who meet quarterly with World Bank officials on a specific theme and provides a sounding board, allowing Bank teams to hear diverse opinions on past experiences and new proposals. Second was the *Governance, Conflict and Gender Filter* which is used to screen all new lending and knowledge work to ensure that the characteristics highlighted by the analytical work noted above as critical for effectiveness are incorporated at the design stage of each project or knowledge piece. Where attention to governance, conflict or gender is felt to be lacking, support is provided through a trust fund to enable additional analytical work. As a result, a number of operations have significantly adapted their design, content and implementation arrangements. The third new instrument is the *Program for Adaptive Learning (PAL).* Through a series of retrospective case studies as well as adaptive learning processes built into on-going projects (ranging from urban water, education reform, CDD approaches, to agriculture), PAL is beginning to produce some systematic "learning by doing" on what institutional reform processes seem to work in Nigeria. It thus draws on the country team's knowledge of the political economy of the country and sectors, and provides an opportunity for teams to discuss with clients why and how things did or did not succeed Feedback from client counterparts is a refreshing addition to the Bank's role. Finally, at state level, new initiatives to help deepen the Bank's knowledge of context, include a state benchmarking exercise to gauge state performance in service delivery, a third party monitoring effort, drawing on the academic community to provide candid commentary, a community of practice for states to exchange local know-how and experiences of successful PFM reforms and state level political economy work, all building and improving on the Edo experience.

While these developments suggest that the Bank can be a more flexible and innovative institution than some outsiders would give it credit for, the episode of change within Bank's Nigeria country program over the past three years remains vulnerable to transitions in precisely the conditions that have fostered the positive features of this period. As others have noted (eg., Yanguas and Hulme 2014), leadership and authorization frequently change in the Bank culture, networks of committed staff able to utilise funds that enabled high degrees of discretion in how they were deployed change quickly too, as does the mood of optimism and appetite for change that typically accompanies the early stages of organisation-wide reform. Thus, there remain serious questions about whether such experiences will ever be scaled up in the World Bank, given a broader disbursement oriented incentive culture and the underlying political settlement amongst the IDA donors about how the Bank shall conduct itself. In Nigeria, it remains to be seen how the Bank engages, post-2015 elections with a new set of Governors some of whom are also likely, echoing Edo state, to exhibit a "highly adaptive, personalized political executive system that selectively signals and appeals to multiple constituencies" to both manage turbulent daily realities and ensure the durability of their political regimes.

V. Conclusions

We offer four sets on conclusions for discussion. First, Edo State's recent institutional and political history runs against the grain of the largely structural and reductive accounts of Nigeria's putative resource curse. At the subnational level the possibility of new pacting arrangements even within a turbulent, differentiated and increasingly decentralized federal system, offers if not a radical upending of the prevailing order of power in a provisioning pact then at the very least the creation of a dynamic and significant reform space. These results, including the exceptional increases in internally generated revenue and capital expenditure, an unprecedented 85% of contracts producing assets at standards equal to or above par, would be significant – indeed an accomplishment - in any context. That such a reform space was created offers welcome respite from a resource curse scholarship that all too often tends to structure out such possibilities, or even worse deny them a priori. None of this is to suggest that these achievements are cast in stone and the recent electoral results suggest that such a record is not necessarily rewarded in the polls making the incentives for other political leaders to devote themselves so whole heartedly to delivery and reform less obvious. The recent history of other reform-oriented Governors in Nigeria – and the fickleness of the electorate including in the recent elections - might suggest that Edo's "escape from the curse" could be short-lived.[15] Time will tell. Analysis of possible scenarios would need

[15] The people of Edo State however voted overwhelmingly at all levels for Governor Oshiomhole's APC party, but the state gubernatorial elections are 'off cycle' and he will face re-election next year.

to consider the continuing dialectic between the underlying dynamics (of oppositional politics, federal-state relations, national and state elections among only the near term influences), how it plays out in elite positioning and pacting, and how the kinds of institutional modalities discussed here might influence the 'Edo pacts' as much as influence the fields of action available to the elites who form them. Such scenarios would demand and enrich a wider discussion of how the modalities might become "institutionalised" in routine executive and administrative practice, including the possibility that their character could morph, and be reconfigured, in quite unexpected ways. We have argued that this issue is not given sufficient attention in the 'aid effectiveness' policy literature which treats institution building largely in managerialist terms and is lost in the preoccupation with the intricacies of externally driven capacity building and signalling of reform implementation.

Second, there are challenges for institutions like the World Bank of undertaking the kinds of analysis recounted here and in balancing support to reform minded governments to deliver on immediate goals through unorthodox arrangements while, at the same time, helping to foster long term institutional capacity to counter the stop-start nature of reform in Nigeria. Analytic work that reveals how institutions actually work can, without question, prove useful ways to build mutual trust and respect. As a result the sorts of work of Andrews and his colleagues can mitigate the predilection for 'best practice' reform analogues to be routinely applied in ways that both thwart delivery by reform minded counterparts and wholly lack the possibility of follow-through. The point of garnering a more thorough understanding of the ordering of power at national, state and local levels is not however to divine more savvy ways of introducing global reform conventions to counterparts in contexts like Edo State. Rather, first and foremost its merit is to remind the practitioner community that reforms translated from elsewhere typically express and project sensibilities about the relationships between political leaders, the public administration and citizens that belies the logic of how power is ordered in contexts like Edo. For instance, the members of Edo's EST are fully acquainted with the merits of institutional arrangements that promote the principles of transparency, competitive contracting, and so on, and candidly note that without a more mainstreamed embedding of the modalities they have crafted within the civil service, their track record could well be rolled back. But, at the same time, it is apparent that had the Edo team not managed the timing and tailoring of such reforms so carefully, and indeed had they not adopted institutional arrangements that were substantially at odds with conventions about how public sector institutions should manage capital spending, they would have risked producing only global analogues of 'best practice' and the binding logic of 'capability traps' of the sort described by Pritchett et al (2012).

Thus, our third point of conclusions follows logically from the first two. Namely, there is growing evidence that many counter-doctrinal attributes of the modalities used, as in Edo for instance, to 'grasp' revenue (from local tax, through to global aid flows) and thereafter 'reach' from budget appropriations to create assets on the ground, to project authority out from the EST to multiple sites of contest along the geography of each road contract, run hard against the sensibility of much that passes as conventions of "good governance". But the short answer to questions about whether such arrangements will be sustained, continue to be dynamically modified, or beneficially 'upscaled' lies not in the intricate details of funding instruments, leadership or competent technical teams, or the pedagogies of 'adaptive learning' process. Rather, it lies in the first instance in political economy: it requires an acute understanding of ("context"), and then in light of the sorts of political spaces which exists as a result of such an understanding (how power is ordered), it requires a flexible and tailored set of programs not necessarily bound to fixed metrics and norms. And how development organizations like the World Bank structure themselves to do this more flexibly and adaptively in an array of contexts – both within Nigeria and beyond - seems to be at the heart of the debate. This is, in turn, stands at the heart of our final point.

Whether accounting for the reform experiences and prospects in Edo state or in the World Bank in Nigeria, there is no doubt that political and institutional agency is crucially important. But from the brief period of Edo's experience recounted here, it seems apparent that political choices were made on the basis of what proved to be a sophisticated analysis of 'institutional political economy' (the comparative merits of a focus on roads, versus teacher performance, or law and order, etc). This revealed that some options were constrained, but at the same time, identified feasible options within a narrowed set of possibilities. Exercising these choices hinged on investing in a well remunerated and networked expertise in the EST, and on deploying a political cover by the Governor, both at the centre and projected out to crucial points where authority might be contested. In sum, the Edo story reveals that a highly adaptive, personalised political-executive system was created that selectively signalled and appealed to multiple constituencies. While most attention was appropriately given to domestic constituencies, it is also clear that there was an astute reading of international constituencies, thus illustrating how sophisticated clients carefully weighed up and selected how to use the various Bank instruments to their full potential in order to balance short term delivery imperatives with long term institution building efforts.

It would be a radical misreading of the Edo experience to conclude that the necessary conditions of adaptive, iterative pedagogies can readily be contrived *ex ante* by donors and the like. To return to a point we made at the outset, PDIA requires an embedding in, and a responsiveness to, local orderings of power. There is encouraging evidence of an appetite for scaling up politically acute, adaptive iterative approaches from both Bank task teams and counterparts in Nigeria. The question is whether new norms and practices can be sustained in the context of regime changes within the Bank, that is to say, the nature of the 'institutional political economy' that will continue to structure the field of possibilities.

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