Abstract

The political conditions for reform are often summed-up in the phrase ‘Good Governance’. While the technical nature of Good Governance has been widely discussed, implementing it is an exercise of political power. To identify what constitutes the exercise of power in a Good Governance regime, I conduct a case-study of Nigeria’s debt-relief gains, secured in 2005. Having established a simultaneous oil windfall shock as a suitable counterfactual, and drawing on field theory as an analytical framework, the analysis highlights how Good Governance is effective at solving both principal-agent and collective-action problems. In resolving the former, reformists openly impose their interests in hierarchical relations (Lukes’ first-face of power), and in resolving the latter, reformists can avoid conflict by coordinating actions around mutual interests (the second-face of power). These exercises of power are complementary. The ability to exercise this power emerged over time, endogenously, from the unorganized social space that followed the debt-relief deal. Power accumulated through strategies including the import and export of resources between fields and the construction of joint social meaning. The analysis indicates that Good Governance has limited pre-conditions, develops on the basis of both existing social conditions and skilled agency, and consists of the exercise of multiple forms of political power rather than direct institutional change.
1 Introduction

Development is a process of sustained change. In some cases, the sources of change come from new techniques that support economic and social development. Yet, in many developing countries, the constraints to development are not technical, but political, rooted in the distribution of power and its application for the perpetuation of the status quo. ‘Reform’ occurs where power is distributed and applied in a way that supports specific processes of change. Certain power alignments are argued to constitute a regime of ‘Good Governance’ that can support developmental processes of change (World Bank 1994). The literature on the political economy of reform, and on the concept of Good Governance, faces two major areas of ambiguity.

First, the nature of the power applied in pursuit of reform - the content of Good Governance - remains contested. What is it that reformists are doing that allows them to implement new policies? What sustains their ability to do so? Fundamentally, what power are they exercising when they reform? This question is crucial since only by understanding the forms of power that sustain - indeed, constitute - reform can we hope to understand or support the conditions conducive to development. Since reform is about the redistribution of power, it provides the seeds of its own success and the content of reform is intimately tied to the conditions that allow its continuation.¹ Current theories of Good Governance stress two distinct frameworks for thinking about the power of reformists. One emphasizes the power to ‘solve’ hierarchical principal-agent problems, generating the capacity to get specific actors to take specific actions. The actor may be a President, held to account for the implementation of developmental policies by voters (the principal(s)), or a civil servant, induced to implement specific technical solutions by the incentives of their organization. The other paradigm emphasizes the power to ‘solve’ horizontal collective-action problems, realizing common interests by coordinating on mutually compatible actions that jointly promote development. Mobilizing diverse actors to form coalitions is at the heart of collective-action theory. Each approach proffers its own political and policy recommendations for the form of power that would most effectively induce developmental change. However, the essence of this disagreement is more serious; each suggests that only a specific form of power is able to sustain reform. However, neither theory investigates what attributes - the social relations, values, networks, incentives - distinguish the theories, or make their form of Good Governance uniquely effective for the purposes of reform. There is an urgent need to relate different forms of Good Governance capability to different concepts of power to understand what capacities reformists really need to succeed.

Second, if there has been no reform to date, then the distribution of power must already favour the

¹To ask “what sustains reform?” is often superfluous; successful reform is self-sustaining, not just in the sense that through the selection environment unsuccessful reform will by definition disappear, but through the active process of generating and reinforcing the power structures that facilitate reform.
status quo. Short of coercive intervention, the sources of reform are unclear, since power has the capacity
to reinforce the conditions for its own reproduction. Most accounts of reform focus on exogenous effects -
shifts in the terms of trade or existential threats - to induce a change in the distribution of power that is,
by chance, supportive of reform. In this account, reform is never intended and never in doubt since it is
always either futile or inevitable. While this may accurately characterize some cases of reform, it is not the
only account that can be provided. An alternative exists that emphasizes the constant latent potential and
endogenous nature of reform. Potential reformers exist in all contexts precisely because there are losers from
the status quo, and because there is the potential to (at least partially) capture the gains from economic
development. Reformers are typically characterized as technocrats, proposing technical solutions that may
introduce change. Of course, with no change in the power environment, these proposals are not expected
to go far. As Grindle (2005) emphasizes, however, reformers have two options; to change the content (the
technical), or to change the context. To change the context, reformers must become political actors seeking
to make an endogenous change to the distribution and application of power. Formal institutional accounts
of power provide little scope for small numbers of reformist agents to influence the distribution of power;
after all, those institutions were set up precisely to discourage and contain such actions (North 1990 ). More
nuanced accounts of power provide a number of entry points, arising from the inherent uncertainty in the
political system, the multi-dimensional nature of power, and the need for applications of power to ‘match’
their fluid environment if they are to be successful. While numerous accounts exist, few have succeeded in
identifying the (systematic or otherwise) conditions that support the endogenous accumulation of power by
reformists. It remains unclear, for instance, what minimum set of power resources reformers might need
before they stand a chance of upsetting the equilibrium distribution of power.

To address the fact that we know neither what kind of power reformists wield, nor where it might
come from, there is merit in examining specific cases in order to enhance our theory of Good Governance
and reform.\footnote{Since we do not really know what we are looking for yet, it is hard to begin with theory-testing. While the principal-agent and collective-action theories of Good Governance are arguably testable, I argue later that these both combine more fundamental forms of power which need to be disaggregated before they can be tested.} The complexity of political relations, and the volume of variables that change in a dynamic
account of reform create a risk that the analysis fails to isolate the concepts of interest. To mitigate this
concern, I apply Fligstein and McAdam’s (2012) field theory as a generic and flexible framework suited
to identifying both the type and distribution of power being applied. Field theory enables us to identify
different types of power by examining the organization of the field, the rules of the field, the identity of the
incumbents/challengers, and the institutionalization of the field over time. Importantly, by not privileging
any particular domain or set of social relations, it is neutral with regard to the types of power that may be in operation. In addition, the framework Fligstein and McAdam provide for examining the emergence of a field is a useful tool for identifying the endogenous evolution of power from a minimal ‘unorganized’ basis.

To provide insight on the two issues raised above, a suitable case needs to provide opportunities for the endogenous evolution of power, a genuine reformist outcome, and balanced opportunities for both forms of Good Governance to reveal themselves. Weakly institutionalized and low information environments are particularly suitable for these criteria since there is a persistent unorganized social space that provides the potential for new fields - and reform - to emerge. I examine specifically the Nigerian context where a partially-competitive federal system populated by a large and diverse elite provides natural opportunities for both principal-agent (voting, federal relations, etc.) and collective-action (coalition-building) dynamics to emerge. To create a stark potential for reform, I focus on social policy, which provides the sharpest contrast between elite and mass interests. A final criterion is that the case must rule out sharp changes in background conditions that might exogenously induce changes in the distribution of power. However, at the same time, our ability to trace the sources of power will rely on clear boundaries to actors’ influence and an identifiable starting point. I therefore focus on a relatively small but significant shock - Nigeria’s successful negotiation of debt-relief in 2005. Of course ruling out any other exogenous changes is an impossible task, and the fundamental challenge of analysing power is establishing the counterfactual - what policies would have been implemented in the absence of the exercise of power arising from debt-relief? I therefore exploit a concurrent shock - to Nigeria’s oil revenues - that illustrates an appropriate counterfactual and also highlights that if other exogenous changes occurred at this time they were unlikely to be sufficient to account for the location and depth of reform that took place.

Section 2 grounds theories of Good Governance in alternative conceptualisations of power. Section 3 provides background on Nigeria’s debt-relief and oil windfall shocks. Section 4 describes the basic setup of the DRG as a field and contrasts this to the broader field of budgetary politics which subsumed the oil windfall. Section 5 uses this framework and field theory to identify the forms of power being used by Nigerian reformers. Section 6 represents the sources of these powers - of reform - as an instance of the emergence of a new field, and describes the roots of the endogenous emergence of power.

3Most obviously, few members of the Nigerian political and economic elite make use of public education or healthcare. Other policy areas where there is stronger overlap in utilisation between social groups, such as road or energy infrastructure, might mask changes in power.
2 Good Governance and Types of Power

Good Governance is, in its loosest sense, the set of capabilities that support and enable reform. While there are extensive debates about what technical policies are most reformist, I consider all policies that support broad social and economic development as reforms. Reforms typically consist of allocating public resources more efficiently between projects, ensuring project implementation takes place to a high standard, and allocating resources more equitably across groups.

With only some vague notion of social welfare in mind, this description of reform already highlights that reform has a strong power dimension, altering the beneficiaries of public activities and the obligations of actors. It remains unclear, however, what kind of power is being exercised when reform takes place. Equivalently, what forms of power underpin regimes of Good Governance? In some senses, the question is an obvious and empirical one; if reform consists in securing property rights then the power to allocate teachers across schools is of little relevance. Good Governance must include the power to undertake whatever actions are essential to development. Yet, political elites cannot implement reform alone. They rely on the actions of other politicians, bureaucrats and citizens. Outside of coercive, dictatorial, settings (and often within them too), this entails inducing a voluntary change in behaviour. Typically this goes far beyond merely announcing specific policies to changing institutions, incentives and norms. This pushes us to look deeper to consider what power a Good Governance regime might have to induce others to change their behaviour. How a reformist manages to change others’ behaviour is the core question of good governance, and one that has received limited attention.

2.1 Good Governance as Solving Principal-Agent Problems

The literature on the political economy of reform provides two broad answers to this question. First, a large literature emphasizes the importance of being able to solve principal-agent problems if reform is to be executed. These principal-agent problems arise in hierarchical relationships where there is a need to induce others to take an action that would not normally be in their interests given the current environment. For instance, bureaucrats may have an incentive to shirk in their work, and the limited monitoring ability of politicians and citizens creates a moral hazard problem that leads to inefficient investment by bureaucrats in service delivery or innovation (World Bank, 2004). Alternatively, citizens may want to pick the most competent political leader available, but in the absence of good information on the relative capabilities of politicians they are unable to select the most competent leader, relying instead on simple cues such as
ethnicity or charisma (Keefer 2007, Posner 2004). The result is that the difficult actions which are required to push the development frontier are not taken: Schools are not built, resources are diverted through rent-seeking, and local investment and innovation is limited.

2.2 Good Governance as Solving Collective-Action Problems

The second answer emphasizes instead the importance of resolving collective-action problems. These arise in horizontal relationships where individuals may have potentially common interests but are unable to coordinate on the actions that maximize their joint interest. The most immediate barrier to coordination is that some individuals may free-ride on the efforts of others, particularly where there are first-movers and the benefits are non-excludable (Olson, 1965). Other barriers involve the inability of elites to credibly commit to a particular distribution of benefits in the future, which in turn produces an ex ante reluctance by other actors to invest, limiting the eventual size of the pie (Acemoglu and Robinson, 2008). African Power and Politics Programme (2012) describes the ‘winner-takes-all’ nature of political institutions, for example in Kenya and Nigeria, as one example of this problem. If elites could agree on a stable division of the gains from growth, each would be able to act on their common interest to invest in the economy and realize those benefits.

2.3 Connecting Governance Theories to Theories of Power

The limitation of these two theories, grounded in distinct sets of interest relationships, is that they do not go far enough in teasing out precisely what is different about power relations in each archetype of Good Governance. Each argues for specific strategies to induce other actors to take actions consistent with reform, but it is not immediately obvious what effect these strategies must have if they are to be successful. Lukes’ (2004) typology of the three faces of power provides a more behavioural categorization. The first face reflects the ability to prevail when decisions are made and openly contested; to impose a preferred outcome given the institutional setting in which decisions are being made. The second face reflects the ability to structure decision-making processes such that open contestation is only possible on issues where success is assured. Devices such as agenda-setting and cultural socialization, as well as side-payments (less emphasized by Lukes) can influence the structure of decision-making. Finally, the third face of power reflects the shaping of others’ preferences to be more aligned with the power-holder’s preferred outcomes.

How do principal-agent and collective-action problems appear through Lukes’ lens? Principal-agent problems are hierarchical, a situation already presupposing a minimum level of institutionalization. Crucially,
they involve an underlying conflict of interest between principal and agent. We therefore need three elements for the reformist’s principal-agent problem to be resolved. First, the principal (reformist) must have the ‘progressive’ interests (by focusing on reformists, we take this as given here). Second, the principal must be able to structure a contract with the agent that induces a change of behaviour by the agent. Third, this contract must be enforced. The last stage is the most straight-forward; given an institutional and contractual environment, a principal who successfully enforces a contract is exercising Lukes’ first-face of power to compel compliance from the agent, since the agent has a clear incentive to defect and pursue their own interest once the principal has fulfilled their side of the bargain. In the second-stage, establishing a workable contract may also involve the first-face of power - each side will use their bargaining power to get the best terms of the contract and this will lead to open contestation. The widely observed conflict surrounding constitutional conventions (setting electoral ‘contracts’) and public union wage negotiations suggests this is a common mode. However, it could also be possible that the dominance of the principal (perhaps in other spheres of interaction) is able to induce acceptance of an unfavourable contract by the agent. This conceptualization is tricky, however, since it is not clear to what extent this will resolve the principal-agent problem. Indeed, the origin of the principal-agent problem was the fact that the agent has information that the principal does not, and therefore has a unique source of bargaining power. Typically, then, the agent is in a strong position to block the principal and act on their own self-interest unless the principal prevails in open contestation in imposing and enforcing a contractual solution to the principal-agent problem. Regardless of the existing distribution of power, agents have the upper-hand and will fight to preserve whatever advantage they have while principals must solve principal-agent problems by mobilizing their resources to impose the desired outcome. Finally, the third-face of power could resolve the overall collective action problem by changing the (perceived) interests of the agent such that they were aligned with the principal and no contract is required.

Turning to collective action problems, the harmony of interests here should alert us to the fact that power must be being used to quite a different end - to induce someone to act in their own interest, rather than against it (as in the principal-agent case). Typical mitigations of collective-action problems include establishing institutions, norms, or incentives that overcome coordination challenges such as free-riding and non-credible commitments. The effect of these solutions is to enable individuals to act in ways that maximize joint gains, and hence individual interests. However, this does not mean that these solutions face no opposition; in the short-run, and before these institutions are in place, it is entirely rational (and the source of the collective action problem) that individuals will seek short-term defection to gain at the expense of others. Power, then, is being exercised to overcome these defections. The first-face of power may be evident
here; efforts to introduce Central Bank independence are openly resisted by rent-seeking politicians who rely on the revenues from seigniorage. The second-face of power also may be exercised. The existing distribution of power and institutional arrangements may make it so that a powerful actor can generate a focal point around a particular (reformist) action.\textsuperscript{4} Since this is ultimately in agents’ interests, once they are in this coordination equilibrium there may be no incentive to change their behaviour and the reformist outcome is sustained. As an example, if two equally-sized long-lived political parties anticipate that vibrant majoritarian democracy will persist, each has the potential to gain from the long-run potential to access power and will not be willing to sacrifice this by challenging democratic institutions. However, in a setting where power is more disbursed by the introduction of a number of smaller parties, the prospects for power may be so remote for small parties that they are willing to challenge the democratic (or at least majoritarian) system. One common mechanism for overcoming collective action problems is the provision of selective incentives (Olson 1965), often in the form of side-payments. Most obviously, the formation of coalitions for decision-making relies on such side-payments. An actor with resources to distribute can resolve a collective action problem quite simply. In form, these side-payments may look very similar to contractual principal-agent relations, perhaps offering a cash benefit in return for taking a particular action. In the context of collective-action problems, side-payments suppress open contestation, since - given the side-payments - the choice of reformist action is natural and the side-payment simply serves as a coordination device. By contrast, in principal-agent contexts the side-payment serves as a compensation device that leaves agents still eager to defect from whatever action is specified under the contract. Ultimately, then, the principal-agent contract relies on a degree of open enforcement that the collective-action problem does not. The third-face of power is not as relevant since collective actions are defined only for the case where individuals already face a common underlying interest, and so changing preferences is rarely the objective.

In summary, if Good Governance is about the resolution of principal-action problems, it is largely a matter of ‘first-face’ open conflict between groups with fundamentally contrasting interests. For reformists to prevail in this context, they would need resources that can help them frame effective contracts and enforce them continuously as other actors try to defect. On the other hand, if Good Governance is about the resolution of collective-action problems, there is a stronger-role for the exercise of ‘second-face’ power to leverage the existing power system into reformist focal points. If alliances can be made with powerful actors, the system is largely self-enforcing and open contestation is low.

\textsuperscript{4} Another way of viewing the distinction between principal-agent and collective-action problems is that the former are resolved within a given institutional setting, while collective action problems typically take place between actors or institutions and are resolved by the creation of institutions.
3 Nigeria’s 2005-06 Windfalls

3.1 The Debt-Relief Gains

In 2005, Nigeria secured debt-relief from the Paris Club of creditors. This released approximately $750m every year in additional funds for investment by the Federal Government. While negotiations over the $36bn of debt took many months, the granting of the deal came as something of a surprise, particularly as it was the second-largest debt-relief operation in history (after Iraq). While Nigeria’s improved international reputation and recent reforms such as the introduction of anti-corruption offices were part of the context of the deal, there were no explicit conditions to the debt-deal. In a final communication to the Paris Club, Nigeria pro-actively signalled its “pledge that monies saved from debt treatment will be invested in human and physical capital - mainly education, health and infrastructure - so that significant progress can be made towards the MDGs. In particular, Nigeria will invest monies saved from debt service in MDG enhancing activities” (Federal Government of Nigeria, 2005). The range of these investments is large, covering most of the federal capital budget outside of security, and no explicit deliverables or objectives (beyond the link to the MDGs) were given.

The savings of debt-relief - the debt-relief gains (DRG) - were committed by the Federal Government to investment in a Virtual Poverty Fund (VPF) that was intended to track the DRG in the federal budget. The fund started in 2006. This fund was very much ‘virtual’ - resource allocation was still the responsibility of the National Assembly as part of the same process for determining the overall annual budget; financial flows were still managed by the Ministry of Finance (indeed, since the DRG represented interest payments that no longer had to be made, these were not held in a separate account but were part of ordinary revenue flows); and expenditure was still to be carried out by Federal Ministries and Agencies.

3.2 The Oil Windfall

At the same time, in 2005-06, Nigeria benefited from a second windfall shock arising from the steady international rise in oil prices. This rise was driven principally by strong demand in Asia and constrained supply in many regions of the world (including in part, due to the conflict in the Niger Delta). As a result, the National Assembly raised Nigeria’s budget benchmark price for oil (the amount of the price of a barrel of oil to be spent and not saved) from $25 in 2005 to $33 in 2006 (Federal Government of Nigeria 2005, 2006). This added approximately $7.3bn (in nominal amounts) to the 2006 budget, much of which supported growth in capital expenditure. This is almost ten times the sum accruing from the DRG. The institutions
and processes through which these funds were spent in 2006 were almost identical to the DRG. The National Assembly approved the budget for use of these funds, and actual financial flows accrued to the Ministry of Finance through the national oil company (NNPC) and royalty/tax payments by international firms.

### 3.3 The Outcomes from Investing the Two Windfalls

This paper is an argument about the sources of reform, and to a large extent equates the DRG with reform. This section briefly establishes that this was the case. The DRG was reformist in two senses; the processes it put in place, and the tangible outcomes it achieved.

In terms of outcomes, the reports of independent private sector engineers and civil society representatives provide a compelling picture (OPEN Monitoring & Evaluation, 2006-10). The reports document higher implementation rates, greater community involvement and improved service delivery, concluding “In general, the expenditure of Debt Relief Gains on MDG-related projects and programmes has shown that, with more efficient planning, monitoring, and the will to learn from previous experience, Nigeria can have a significant impact on all goals in a relatively short time” (OPEN Monitoring & Evaluation, 2009).

A recent report by the Dutch and Belgian Governments emphasizes the prioritization of social investments in neglected sectors “The share of education within total capital expenditure has increased enormously after 2004 and for health especially between 2005 and 2006, with the establishment of the VPF” (IOB and SOE 2012, p.142 ). The report also emphasizes the improvement in processes the DRG has produced, ranging from new mechanisms to support fiscal federalism such as the CGS, to innovative processes of monitoring and evaluation.

By contrast, the outcome of the oil windfall shock was little different to the preceding years of investment. While it is not possible (conceptually, as well as practically) to separate out these funds from the overall budget, indicators of the overall budget’s performance are representative of the use to which these funds were put. Implementation rates of the federal capital budget have been low, with funds generally not released until the final quarter of the budget year (Budget Office of the Federation, 2006-11). Just as significantly, the allocation of funds has been strongly focused on infrastructure projects and security, with relatively small amounts allocated to human capital and social development.\(^5\)

\(^5\)This section will be expanded with additional evidence in the near future.
4 A Field Theory of the Debt-Relief Gains and Good Governance

If the DRG is an example of reform in action, what kind of Good Governance regime did it represent? More specifically, what kind of power was being exercised to execute and sustain reform through the DRG? The availability of the oil windfall expenditures as a contrasting background and continuation of the status quo provides a clear contrast that will support the identification of the forms of power. To facilitate this analysis, I first sketch the field of the DRG. The methodology used here combines participant observation with evidence from secondary sources.

4.1 A Description of the field of the Debt-Relief Gains

Prior to the debt-relief, four key fields had a powerful influence over the operation of social policy. These fields also managed the oil windfall funds which were invested through existing institutional channels. The four fields include the National Assembly, responsible for budgetary allocations; the Federal Ministries and Agencies, State and Local Governments responsible for budgetary implementation; civil society and private sector actors who are numerous but weak and fragmented; and international institutions, principally bilateral and multilateral donors.

That the DRG constituted a distinct field requires us to establish (following Fligstein and McAdam) that there are common stakes, actors, rules and frames. The resource pool of the debt-relief gains provides a clear focal point for the stakes and also defines potential beneficiaries (within government, in the private sector, and among service users in the general population). In addition to these potential resource recipients, resource allocators (the National Assembly, Federal, State and Local Governments) are also actors in the field. The scope of the field is therefore very extensive, incorporating everything from private contractors to individual teachers benefiting from expenditure, to international institutions with shared objectives such as poverty reduction.

Common rules were established over time, and some were eventually codified. However, at the broadest level, the norms of the field revolved around the diligent use of resources, and the prioritisation of investments for poverty reduction. In particular, the rationing of resources on the basis of performance was the guiding principle for decisions made by a host of actors in the field. These norms were embedded in documentation, media statements, resource allocation rules, and the recruitment and sanctioning of field members. These rules are perhaps the most important dimension on which the DRG field is distinguished from the broader field of budgeting and capital investment. Finally, common frames included the perception of the DRG as a
‘special’ and distinct source of funding that was contrasted with the profligate borrowing of the military era. The DRG was closely linked in communications materials and discussions to the Millennium Development Goals and the associated human development agenda.

The Internal Governance Unit is unequivocally the Office of the Senior Special Assistant to the President (OSSAP) on MDGs. This is despite the fact that the formal mandate of the SSAP is weak, specifying a largely advisory rule (“sensitizing”, “evolving a consultative process”, “provide quarterly reports” etc. (Federal Government of Nigeria, 2005b)) and no formal decision-making power. Beyond administrative functions, its strongest mandate is to ‘assist’ other Ministries in working towards the Millennium Development Goals. Yet, in practice the OSSAP-MDGs takes on many of the activities essential to field stability and reproduction. In practice, it sets the rules for resource access - once the National Assembly has determined a budget, large portions of this funding are subject to specific rules written by the OSSAP-MDGs. It is a major conduit of communications between actors in the field, and for liaising with other fields, through its participation on multiple committees. As the sole author and publisher of regular reports on the MDGs and the debt-relief, OSSAP-MDGs plays a strong role in regulating access to information, and in establishing common knowledge within the field. Finally, by framing the purpose of the DRG and retaining institutional memory about its history, the OSSAP-MDGs communicates within and beyond government to regulate the boundaries of the field.

Incumbents in the field are defined as those that have access to resources from the DRG. This includes the Ministries, States and Local Governments, and private contractors who successfully received allocations. Challengers, by contrast, are potential beneficiaries who did not receive resources. Since budget allocations vary across years, there are clear shifts over time in who the incumbents are. Among the Ministries, infrastructure Ministries (Works, Agriculture and Power) received much less over time, while social Ministries (Education, Health) receive considerably more. Certain State Governments consistently gain from 2007, while others receive much smaller and more variable allocations. While I do not analyze the thousands of contractors employed in these projects, the repeated allocation of contracts to those who delivered effectively in previous years suggests again that there are some incumbents and a larger pool of challengers.

What is critical to the functioning of the field is that these challengers operate within the field rather than to undermine the field. In particular, the prospect of accessing funds in future years limits combative actions by other actors in most cases. State Governments that receive low allocations, for example, have argued their case in writing to stress the merits of their application, and have even questioned the design of specific allocation rules, but they have not challenged the existence or legitimacy of the DRG itself. Poor
performance has led to internal readjustment, for example appointing a new project manager to improve the prospects of winning funds in the future. These actions indicate the field is really a coherent one in which contestation is managed quite effectively. This situation appears to arise mainly from the fact that resource allocation is performance-based, such that there is always a prospect of future gain.

4.2 Fields and the Oil Windfall Shock

In contrast to the DRG, the oil windfall shock did not generate a distinct field. Instead, competition over these resources was subsumed within the existing field of budgetary and implementation politics that had previously prevailed. As noted earlier, the four pre-DRG actors continued to decide how allocations were made and executed. The rules of the field were formally those of the government bureaucracy, but involved very weak and selective enforcement (Lewis, 2007). Informal rules about where resources should be allocated, entitlements, and the legitimacy of diverting funds to other purposes varied significantly across actors. There were few common frames to the broader budget, although analysis of budget speeches suggests that the emphasis was on infrastructure investment to boost the rate of growth and develop national democratic institutions.

The Internal Governance Unit in this field was arguably the Ministry of Finance, although coherence was considerably weaker than for the DRG field. The Ministry of Finance was responsible for making budget proposals, implementing the budget, and for monitoring its implementation. The significant powers of the National Assembly limited the autonomy of the Ministry in some respects.

Incumbents in the field were those Ministries receiving the bulk of resources, particularly the infrastructure and security Ministries. Certain contractors, including a number of international construction and energy firms, were regular recipients of contracts and could be described as incumbents. Challengers were those Ministries, State Governments and contractors seeking to get a larger slice of the budget.

5 Organization and Power in the DRG Field

In the context of the developed DRG field described above, power could be exercised in various ways, and my task here is to illustrate what form of power was in operation to sustain the DRG. To do so, I identify the organizational structures and actions that underpinned the field and assess whether they represented (i) solutions to principal-agent problems and exercises of the first-face or third-face of power, or (ii) solutions to collective action problems and exercises of the second-face of power. Two aspects of the field are examined
in turn; resource allocation and project implementation.

5.1 Resource Allocation

Consider first the allocation of resources on an annual basis. The budget process for the DRG involved the circulation of a ‘call circular’ by the OSSAP-MDGs and the Minister of Finance - this was an ad hoc arrangement introduced in 2006 to communicate and specify how resources would be allocated, but had no backing in law and no origins in the debt-relief deal itself. The call circular specified the process by which Ministries would apply for funds. An indicative resource envelope was also set for each Ministry. These applications were then rationalized by the Ministry of Finance and the OSSAP-MDGs in consultation with the President before being forwarded to the National Assembly. Here, Committees discussed the budget and, once agreed, forwarded it to the President for approval. Undoubtedly, strong conflicts of interest populated this process as each party battled for resources. Agencies in a hierarchical relationship would often appeal directly to the President for an increase in their budget. There was, then, significant open contestation, and to the extent the OSSAP-MDGs was able to achieve its own desired allocation of resources this was due to its ability to resolve the principal-agent problem of Ministerial compliance. The central agency problem was that Ministries had private knowledge over the quality of projects they were able to propose, and their capacity to implement them. This created a risk that the budget proposal would be ineffective at reaching its objectives. Efforts to establish authority over the Ministries took a number of forms. Ministerial Task Teams were formed and regular meetings held to exercise monitoring over the capacity of Ministries, reducing the asymmetry of information that created the principal-agent problem in the first place. Another method was a ‘screening’ mechanism that essentially offered technical support (in the form of consultants and international donor contacts) to Ministries. Since the acceptance of this technical support is more valuable to high-performing Ministries, and potentially costly to low-performing Ministries that may have bad practices they prefer to hide, this device enabled high-performing Ministries to distinguish themselves and to receive higher budgetary allocations. Evidence of relative performance further enabled the enforcement of these allocation decisions. These mechanisms all enable the OSSAP-MDGs to achieve its preferred allocation of resources at the expense of a number of Ministries that move from being incumbents to challengers. Since there was open resistance to many of these mechanisms by Ministries interested in expanding their own budget, this indicates that the OSSAP-MDGs was exercising the first-face of power in these budgeting processes.

However, the subsequent stage of budget negotiations relied on also acquiring the support of the National
Assembly. As equal veto players, the legislature and the executive were not in a Principal-Agent relationship. To pass the budget required forming a legislative coalition by making side-payments to legislators and appealing to a common interest in the objectives of the budget. Since legislators (for the vast majority of the budget) have no access to budgeted funds, there is less of a conflict of interest than within the executive; the challenge is primarily to agree on the investments that are jointly believed to maximize national development. The DRG field therefore needed to resolve a collective-action problem if it were to get the budget passed through the National Assembly. Since budgets were passed every year, this collective action problem was always solved; the real question is how much power the OSSAP-MDGs had to ensure that the field’s own interests were retained. One way of assessing the level of power that the OSSAP-MDGs was able to exercise is by comparing the proposal made by the executive to the National Assembly to the final budgetary appropriation. Tables 1 and 2 compare the proposed and appropriated budgets for 2009 and 2010 respectively. As a benchmark, the proposed and appropriated budgets for the overall Federal capital budget are also listed. One value of this benchmark is that the proposed amounts may not represent the ideal-point of the OSSAP-MDGs due to the manipulation of the proposal for strategic bargaining motives. Since the same motivation applies to the overall budget, this provides an appropriate comparator for assessing what ‘natural’ degree of variation we might expect in the overall budgetary politics field.

The analysis suggests large amounts of volatility between all of the proposed and appropriated budgets. This in itself indicates a considerable degree of power is held by the National Assembly to impose their own preferences over the budget. As examples, in the 2009 DRG the National Assembly fully expunged N6.5bn allocated to the power sector and introduced appropriations for the Police and Defence Ministries which were not priorities of the DRG incumbents. In 2010, the National Assembly quadrupled the Women Affairs budget while removing the allocation for previously uncompleted projects. However, the overall Federal capital budget featured even more volatility; the Women Affairs capital budget was multiplied by six in 2009, and the Police Affairs budget was multiplied by nearly 9000% in 2010. In part these changes reflect the growth in the size of the overall budget between proposal and appropriation, but the uneven nature of the changes illustrate the power wielded by the National Assembly. In comparison, the DRG budget exhibits a reasonable degree of stability. First, the overall amount is always higher than the benchmark DRG of N110bn from 2006, and given the uninstitutionalized nature of the DRG securing this amount was not automatically assured. Second, the most core interests of the field’s internal governance unit (OSSAP-

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6Note that this comparison is mainly at the sectoral level. A more detailed analysis would examine variation also between agencies within a sector, and within line items within an agency. The risk is that sectoral amounts could be unchanged while all line items might be changed.
MDGs) were largely protected between proposal and appropriation stage. The Conditional Grants Scheme, Quick Wins, Monitoring and Evaluation, and Communications line items are appropriated directly for the use of the OSSAP-MDGs, and these items are largely protected between proposal and appropriation. Overall, while the National Assembly clearly holds significant power, the OSSAP-MDGs is able to assert its core interests by forming a legislative coalition in support of specific programmes. This demonstrates a capacity to achieve collective action and indicates the operation of the second-face of power.

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7The fall in the CGS in 2010 is from a remarkably high proposal, probably as a bargaining tactic, and still secured a 7% increase on the previous year.
Table 1: Comparison of 2009 Proposed and Appropriated Budgets (Naira)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>22,500,000,000</td>
<td>11,900,000,000</td>
<td>-47%</td>
<td>39,643,000,000</td>
<td>50,803,276,901</td>
<td>28%</td>
</tr>
<tr>
<td>Education</td>
<td>10,062,477,562</td>
<td>11,937,884,062</td>
<td>19%</td>
<td>33,625,096,425</td>
<td>42,024,314,112</td>
<td>25%</td>
</tr>
<tr>
<td>Agriculture &amp; Water</td>
<td>10,000,000,000</td>
<td>4,879,665,980</td>
<td>-51%</td>
<td>91,767,613,804</td>
<td>138,928,699,319</td>
<td>51%</td>
</tr>
<tr>
<td>Power</td>
<td>6,500,000,000</td>
<td>-</td>
<td>-100%</td>
<td>88,471,515,074</td>
<td>94,624,210,011</td>
<td>7%</td>
</tr>
<tr>
<td>Youth</td>
<td>500,000,000</td>
<td>1,026,400,000</td>
<td>105%</td>
<td>1,204,766,671</td>
<td>6,066,166,671</td>
<td>404%</td>
</tr>
<tr>
<td>Capacity Building</td>
<td>6,300,000,000</td>
<td>6,300,000,000</td>
<td>0%</td>
<td>7,288,921,800</td>
<td>4,858,921,800</td>
<td>-33%</td>
</tr>
<tr>
<td>Police Affairs</td>
<td>-</td>
<td>1,000,000,000</td>
<td>0%</td>
<td>179,431,566</td>
<td>164,431,566</td>
<td>-8%</td>
</tr>
<tr>
<td>Women Affairs</td>
<td>1,742,200,000</td>
<td>-</td>
<td>0%</td>
<td>326,000,000</td>
<td>2,498,200,000</td>
<td>666%</td>
</tr>
<tr>
<td>Defence</td>
<td>1,000,000,000</td>
<td>-</td>
<td>0%</td>
<td>35,187,887,339</td>
<td>46,802,887,339</td>
<td>33%</td>
</tr>
<tr>
<td>Works &amp; Housing</td>
<td>4,496,706,923</td>
<td>-</td>
<td>0%</td>
<td>146,929,705,616</td>
<td>209,093,840,016</td>
<td>42%</td>
</tr>
<tr>
<td>Conditional Grants Scheme</td>
<td>32,600,000,000</td>
<td>32,600,000,000</td>
<td>0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quick Wins</td>
<td>19,700,000,000</td>
<td>37,200,000,000</td>
<td>89%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M&amp;E</td>
<td>2,000,000,000</td>
<td>2,000,000,000</td>
<td>0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>110,162,477,562</td>
<td>116,082,796,965</td>
<td>5%</td>
<td>444,623,938,295</td>
<td>595,864,947,734</td>
<td>34%</td>
</tr>
</tbody>
</table>

Source: Federal Government of Nigeria Budget and Capital Releases for 2009-10, OSSAP-MDGs, and author’s calculations
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<tbody>
<tr>
<td>Health</td>
<td>12,400,000,000</td>
<td>13,340,000,000</td>
<td>8%</td>
<td>49,990,000,000</td>
<td>57,105,776,930</td>
<td>14%</td>
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<tr>
<td>Education</td>
<td>9,000,000,000</td>
<td>14,435,334,017</td>
<td>60%</td>
<td>53,667,933,553</td>
<td>75,398,365,881</td>
<td>40%</td>
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<tr>
<td>Agriculture &amp; Water</td>
<td>-</td>
<td>-</td>
<td></td>
<td>117,131,713,104</td>
<td>159,959,506,023</td>
<td>37%</td>
</tr>
<tr>
<td>Power</td>
<td>-</td>
<td>-</td>
<td></td>
<td>153,207,074,322</td>
<td>147,682,574,384</td>
<td>-4%</td>
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<tr>
<td>Youth</td>
<td>750,000,000</td>
<td>2,050,000,000</td>
<td>173%</td>
<td>2,429,983,453</td>
<td>7,335,990,124</td>
<td>202%</td>
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<tr>
<td>Capacity Building</td>
<td>3,000,000,000</td>
<td>2,835,000,000</td>
<td>-6%</td>
<td>10,453,260,599</td>
<td>9,354,160,666</td>
<td>-11%</td>
</tr>
<tr>
<td>Police Affairs</td>
<td>-</td>
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<td></td>
<td>816,764,648</td>
<td>73,779,601,613</td>
<td>933%</td>
</tr>
<tr>
<td>Women Affairs</td>
<td>750,000,000</td>
<td>4,176,138,354</td>
<td>457%</td>
<td>164,288,881</td>
<td>4,827,794,751</td>
<td>2839%</td>
</tr>
<tr>
<td>Defence</td>
<td>-</td>
<td>1,350,000,000</td>
<td></td>
<td>39,450,000,000</td>
<td>47,384,701,983</td>
<td>20%</td>
</tr>
<tr>
<td>Works &amp; Housing</td>
<td>-</td>
<td>25,047,000,000</td>
<td></td>
<td>221,305,748,561</td>
<td>303,807,526,290</td>
<td>37%</td>
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<tr>
<td>Employment</td>
<td>1,500,000,000</td>
<td>3,140,000,000</td>
<td>109%</td>
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<tr>
<td>Uncompleted Projects</td>
<td>1,000,000,000</td>
<td>-</td>
<td>-100%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Projects</td>
<td>-</td>
<td>4,000,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communications</td>
<td>500,000,000</td>
<td>1,500,000,000</td>
<td>200%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conditional Grants Scheme</td>
<td>55,990,000,000</td>
<td>35,027,128,870</td>
<td>-37%</td>
<td>648,616,767,122</td>
<td>886,635,998,644</td>
<td>37%</td>
</tr>
<tr>
<td>Quick Wins</td>
<td>23,000,000,000</td>
<td>20,000,000,000</td>
<td>-13%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M&amp;E</td>
<td>2,509,000,000</td>
<td>4,509,000,000</td>
<td>80%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>110,399,000,000</strong></td>
<td><strong>131,409,601,241</strong></td>
<td><strong>19%</strong></td>
<td><strong>648,616,767,122</strong></td>
<td><strong>886,635,998,644</strong></td>
<td><strong>37%</strong></td>
</tr>
</tbody>
</table>

Source: Federal Government of Nigeria Budget and Capital Releases for 2009-10, OSSAP-MDGs, and author’s calculations
There are numerous ways in which this collective-action was generated and power exercised. The OSSAP-MDGs became an agenda-setter in making the budget proposal in the first instance. It did so by becoming a repository and clearing house for all information regarding the DRG. The Ministry of Finance therefore relied on the OSSAP-MDGs to coordinate the DRG budget with multiple Ministries, rather than have to take on this task itself. This agenda-setting role enabled the OSSAP-MDGs to mobilize a range of interests within the National Assembly in support of the proposal. In part this was achieved by opening lines of communication between the executive and legislature that simply had not existed before. It also involved significant side-payments. For example, the ‘Quick Wins’ projects provided legislators a direct role in selecting project locations that brought them significant local political capital, and as the implementing agency for these projects this brought the OSSAP-MDGs considerable bargaining power. Other opportunities, such as the financing of the African Parliamentarians on the MDGs engaged legislators with the DRG objectives and enabled their interests to be aligned with the overall success of the DRG.

5.2 Project Implementation

The above analysis of resource allocation patterns indicated that the DRG field relied on both principal-agent and collective-action forms of power; the first- and second-faces of power. Yet what mattered according to the rules of the field was performance in delivering projects that were effective at poverty reduction. While establishing the outcome-effectiveness of projects is difficult with the available data, I focus on output-effectiveness in terms of the success of project implementation.

In the most direct sense, project implementation is a classic principal-agent problem, with Ministries, States and Local Governments seeking to minimize their own effort and potentially divert resources, while politicians and the OSSAP-MDGs desired projects to be fully implemented. The unobservable actions of Ministries creates a moral hazard problem. In this respect, a number of devices were used to resolve the principal-agent problem and represented an exercise of the first-face of power. Most visibly, the OSSAP-MDGs financed extensive monitoring and evaluation activities by independent representatives of civil society and the private sector to establish the completeness and quality of work carried out. These were effective in raising implementation rates above those of the overall Federal capital budget, and producing higher quality infrastructure projects (OPEN M&E Reports 2006-10). In addition, future resource allocations were made contingent on performance in the previous year. This is most obvious in the rapid fall in funds proposed for the works, power and agriculture sectors after 2007 due to the low returns to project performance in the first two years of the DRG. Here, the influence over resource allocation is being converted into power to secure
Nevertheless, monitoring performance is a difficult task, with many possible reasons for poor performance beyond the efforts of the Ministry itself, and further difficulties in measuring the quality of monitoring information. Direct efforts to hold Ministries to account were therefore only part of the strategy for ensuring project implementation. They were complemented by strategies for ensuring collective action. Most ambitiously, this consisted of efforts to raise public awareness about the implementation of DRG projects and their value in reducing poverty. Not only did this generate pressure for better implementation, it also created an expectation and norm of project delivery which may have reduced the incentive for free-riding by bureaucrats and politicians. Separately, by actively sharing information about Ministry performance, the OSSAP-MDGs was not simply trying to force compliance from the Ministry, but to influence the narrative about the importance of low project delivery to developmental outcomes. The intention was to generate a common national interest in improved performance and switch bureaucratic and political behaviour to an equilibrium where project delivery is expected and rewarded.

The greatest success in this direction was achieved for the Conditional Grants Scheme (CGS), which transferred resources to States and Local Governments for project implementation. The success of the CGS lay in empowering State bureaucrats to implement projects to high standards. This was achieved not through resolving a principal-agent problem - monitoring was particularly difficult at this decentralized level - but by mobilizing through collective action towards a common interest that had previously been unachievable. This common interest was essentially the political value of delivering successful projects. The CGS represented a small percentage of funds for most States, but typically constituted a large percentage of actual projects delivered by the State. Indeed, many Governors seeking re-election in 2010 campaigned extensively on the basis of their delivery of CGS projects to the community. Large portions of the States’ budgets were used inefficiently, being distributed as rents or contracted out for projects that are never completed. I argue, however, that this state of affairs was not produced by a fundamental unwillingness by State politicians to deliver projects, but by the difficulties of (i) getting multiple parties all to coordinate on delivering projects and avoiding the short-run benefits of defection, and (ii) credibly committing to ensure projects would be completed. The DRG, and the CGS specifically, helped overcome these collective action problems, and gave State politicians an interest in ensuring project delivery. In short, the CGS provided an opportunity to actualize a joint interest in delivering projects, even where this interest was motivated by political objectives.

A number of the mechanisms by which the above was achieved can be highlighted. First, the CGS provided considerable flexibility to States in selecting and designing the projects they wanted to implement,
as long as these projects met a clear social need. State Governors were also encouraged to take significant credit for the projects implemented. This gave politicians a strong stake in the projects and an ability to claim political credit for their successful completion. Second, the broad publicization of the objectives and successes of the DRG and its link to the Millennium Development Goals enabled State politicians to associate themselves with a successful and international programme that enhanced their reputation and credibility. Third, State civil servants were also intimately involved in preparing the project application and its subsequent execution, creating a high-level of bureaucratic ownership and understanding that facilitated subsequent implementation. Fourth, the monitoring mechanism for the overall DRG also applied to the CGS and helped State politicians solve their own internal credibility problem with respect to project delivery - State politicians could now convincingly indicate to contractors that compliance was being mandated by an external organization and that they were willing to bear the costs of enforcing the contract. Fifth, the performance-based nature of resource allocation also created a strong interest among private contractors to deliver projects to a high standard, knowing that they would be likely to secure future contracts. Overall, States that participated in the CGS were able to coordinate politicians, bureaucrats and private sector contractors around an equilibrium of project delivery that delivered large mutual benefits. ‘Defection’ by not delivering a project was no longer in the interests of any of the participants, since the joint political and economic gains from project success outweighed the short-term benefits of cutting costs. It is in this sense that the CGS - and the DRG more broadly - resolved a collective action problem in project implementation and not simply a principal-agent problem. By structuring rules and institutions carefully, the DRG avoided open contestation while still exercising power to change the behaviour of a large number of actors. It therefore represented an exercise of the second-face of power.

5.3 Complementarities between Strategies

The DRG field was organized by a sophisticated set of organizations and rules that aimed to achieve both efficient resource allocation and project implementation. Some rules helped the OSSAP-MDGs prevail in open conflict, for example in budget negotiations between Ministries or in monitoring project delivery, by resolving the principal-agent problems inherent in hierarchical relationships. Other strategies helped the OSSAP-MDGs change other actors’ behaviour while avoiding conflict. They did so by building legislative coalitions, offering side-payments, and providing other actors with the incentives to coordinate on the mutual political benefits from project delivery. This evidence suggests that successful reformist actions represented a combination of the first-face of power and the second-face of power; of solutions to principal-agent and
collective action problems.

In fact, the argument can be pushed a step further. Success in resolving principal-agent problems was crucial to success in resolving collective-action problems. These strategies were complementary. While the interactions are many and complex, two examples demonstrate the importance of these complementarities.

The ability to resolve principal-agent problems by gathering more information, designing effective contracts, and enforcing them, was possible only due to the successful resolution of collective-action problems. In particular, information generated among networks and coalitions of collective action was pivotal in eliciting compliance from reluctant Ministries. As a repository of information from partners including legislators (who can complain about projects uncompleted in their constituency), international development partners (who work with the Ministry on other projects) and former civil servants in the Ministry (who rotate between offices), the OSSAP-MDGs was able to verify the accuracy of Ministries’ capabilities and reports to a degree that no other government agency was able to reproduce. Moreover, the ability to incentivize agent performance with the prospect of larger future resource allocations was only possible if a legislative coalition would be willing to support this future resource allocation, and this was known to be the case. Establishing a long-term relationship with the National Assembly was therefore vital and was achieved by the creation of a dedicated legislative Committee on the MDGs in each chamber which took over much of the responsibility for the DRG budget.

Just as collective-action was crucial to resolving principal-agent problems, solutions to principal-agent problems supported enhanced collective-action. The reputation of the DRG was critical to mobilizing public and political support, but went unchallenged only to the extent that it was able to deliver what it promised, and this relied on a high project delivery rate. As a concrete example, arguments for the expansion of the CGS to provide direct financing to Local (not State) Governments, relied on evidence of the success of the CGS to States. In the budgeting process, the ability of the OSSAP-MDGs to form a legislative coalition around the quality and political value of the projects relied on the ability to establish which Ministries had the greatest capacity and the best projects, and to ensure Ministerial compliance with the agreed proposal. The difficulties of forming legislative coalitions meant that a Minister could easily break a coalition by offering significant side-payments to a small group of legislators in return for a higher allocation to their Ministry. Preventing such challenges meant resolving a Principal-Agent relationship within the executive, but also had the effect of facilitating collective-action in the form of a stable legislative coalition.
6 The Sources of Power and Good Governance

Rules and organization enabled the resolution of principal-agent and collective-action problems for the DRG. These rules were detailed, complex and sophisticated, and were accompanied by a considerable allocation of investment resources to the OSSAP-MDGs itself. As noted earlier, however, these rules, resources and institutions were not present at the inception of the field. Indeed, the field itself did not exist and was in no sense inevitable; the DRG could readily have been subsumed in the overall Federal capital budget, as occurred with the oil windfall shock. The powers wielded by the OSSAP-MDGs were not formally allocated to it. Nor were they the product of a broader exogenous shift in power relations. As we have seen, the oil windfall continued to be allocated for the same investments as previously, with comparably poor results. Finally, the success of the DRG was not due to monitoring by international agencies following-up on the debt-relief deal. While many international agencies had an interest in the effective expenditure of the DRG, they had no formal monitoring mechanism and Nigeria had no obligations to spend the money in any specific way. Indeed, as I argue later, international actors did not impose themselves on the field, but were invited into the field as the OSSAP-MDGs grew in strength. The power of reformists was, then, endogenously created following the negotiation of the debt-relief gains.

6.1 The Role of Legacies in Organizing Unorganized Social Space

To identify the specific sources of power, and the trajectory along which they were developed, it is helpful to return to Fligstein and McAdam’s concept of ‘unorganized social space’ as the material from which fields are formed. In the months following the successful negotiation of debt-relief, the only formal action that was taken by the President was the appointment of the SSAP-MDGs with a weak and ambiguous mandate. The granting of debt-relief created unorganized social space in the sense that the purpose, rules and entitlements to these resources were initially undefined. Procedures for demarcating the resources, allocating them, and who was responsible for monitoring them, were simply non-existent.

The fate of the oil windfall demonstrates unequivocally that there were strong incumbent interests in retaining the status quo rules used for the overall budget for the DRG. What made it possible for a DRG field to form independently and to accumulate the range of rule-making powers that were able to implement reform by resolving principal-agent and collective-action problems? A number of elements, mostly stemming from the legacies of the debt-relief process, seem important. First, the inherent uncertainty regarding the

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8 This also occurred for the portion of the debt-relief accruing to States, approximately $250m.
9 Most SSAPs (there are dozens) play a very limited role in policy-making and have a very small set of resources; typically they serve as political liaisons with Ministries, and spokespeople.
use of DRG resources created opportunities that would not ordinarily have been available. While the funds accrued naturally as avoided interest payments in the Ministry of Finance, many perceived the DRG as a separate ‘flow’ of resources from outside the country that needed to be separately administered. The perceived ‘need’ to establish new rules and institutions therefore created opportunities that might not have existed in other contexts. By hoarding information about the DRG, the SSAP-MDGs also became a valuable ally for other politicians.

A second factor was the public expectation surrounding the debt-relief, which was distinguishable from the overall budget in a way that the oil windfall was not. The process of negotiating debt-relief had been framed in terms of the opportunities it would create for national development, even though the sums of money released were relatively small. The opportunity cost of the funds was also salient in politicians’ and the general public’s minds, since securing debt-relief had entailed a $12bn one-off payment by the Government. There was, therefore, public pressure for the DRG to be used effectively. On its own, this is not a sufficient explanation; this pressure has had few results when targeted to the overall budget.

Third, the process of debt-relief had entailed negotiation with international agencies. Securing debt-relief relied on projecting a competent, technocratic and trustworthy elite that would effectively manage the funds. This facilitated the selecting-in of elites with reformist and socially-oriented objectives and strong international reputations (Ngozi Okonjo-Iweala, Mansur Muhtar, Hajiya Amina Az-Zubair etc.). Due to their familiarity with the DRG, these became the leading candidates to be appointed as the SSAP-MDGs. Therefore, the process of debt-relief left an important legacy by implanting reformers into positions of potential authority.

Finally, in the initial stages of the DRG, formal authority was substituted for with informal and personal authority. In the absence of any rules or institutions, the SSAP-MDGs drew on her extensive experience with traditional, bureaucratic, political, and private sector elites to empower the internal governance unit with capacity. Moreover, familial and professional networks were reactivated to facilitate the accumulation of expertise and information. With knowledge of the budgetary process, for example, it was possible to identify the key points of leverage where decisions could be influenced and bargains made.

6.2 Stabilizing the Field through Imports

As a result of the above factors, the SSAP-MDGs was in a unique position of formal (if undefined) power and informal knowledge to begin to resolve the uncertainty surrounding the DRG. This in itself involved forming coalitions with other reformists and influencing the legislative agenda. A crucial aspect of field formation
was therefore the ability to ‘import’ resources from other fields to provide structure to the unorganized social space. These imports are made possible by intersections between fields, as described by Evans and Kay (2008). The SSAP-MDGs drew on public expectations as a legitimitating tool and frame for coalition-formation, emphasizing the “democratic dividends” and links to the MDGs as an international objective. International institutions, aware of the SSAP-MDGs reputation, provided credibility and capacity support that made it costly for other actors to challenge actions by the internal governance unit. Networks from other fields were, as described above, extended into the unorganized social space and provided valuable conduits of information. In the critical period of field formation, the independent wealth of actors to sustain their activities in the absence of any routinized government funding was also important. Perhaps most significantly, rules were imported from other fields in order to provide structure to the DRG before it even existed, and before other actors were able to mobilize and impose their own rules. The Virtual Poverty Fund itself was adapted from the Tanzanian context. Rules regarding the effective allocation of resources were taken from other national laws and strengthened, for example public procurement legislation and the Fiscal Responsibility Act. The CGS was modelled on the Universal Basic Education Fund established in 2004, but significantly improved. Interestingly, however, imports do not fully explain the initial organization of the DRG field. One of the earliest and most significant elements of the DRG is the operation of an independent monitoring and evaluation system that engages civil society and the private sector. This was a radical innovation that had no clear template and significantly threatened vested interests. This indicates that the OSSAP-MDGs was able to achieve significant autonomy at an early date, and was able to rapidly translate imports into organization within the field.

6.3 Generating Autonomous Power through Social Skills and Joint Social Meaning

One explanation for this is the role of what Fligstein and McAdam term ‘social skills’. In particular, the first SSAP-MDGs was a striking outlier in terms of her empathy, political astuteness and strategic foresight. In particular, she was able to establish new rules for the DRG and import resources without provoking open confrontation - in the first stages of field formation when the field was fragile, greater reliance was placed on the second-face of power. Of course, the second-face of power was not exercised through domination, but through careful agenda-setting and persuasion. For instance, ensuring the participation of key politicians in early meetings gave them a stake in the success of the field and a reluctance to attack something with which they were already associated. In project implementation, the role of social skills were also critical.
For example, Nigeria had struggled to control the polio epidemic. The SSAP-MDGs and partners advanced a strategy of convincing traditional rulers to endorse polio vaccinations, and once the public received this endorsement, polio cases fell 95% in a single year.

We may reasonably question whether an individual’s efforts can succeed in overcoming the core conflicts of interests in allocating large sums of money on an annual basis. Indeed, while the SSAP-MDGs was influential, the strategy was broader and relates specifically to the formation of the field. What is striking about the concept of a field is that members are distinguished from non-members not by whether they are beneficiaries, but by whether they are interested in the stakes of a field and broadly accept its rules. As described earlier, at any point in time, many Ministries, State Governments and contractors were not receiving allocations from the DRG. While they complained about their allocations, they did not openly revolt against the rules of the field. To provide a compelling account of how the DRG field stabilized, we must explain why this contestation was limited in scope and why challengers reconciled themselves within the field. Following Fligstein and McAdam, one explanation is that the DRG field succeeded in constructing a joint social meaning that tied challengers to the field. In particular, the DRG’s reputation and performance gave it a clear positive role, providing moral separation from the corruption and inefficiency of the former regime. This was valued by challengers as well as incumbents. A sense of joint social meaning was created through a number of tactics. New positions of authority were created within Ministries to stress the social importance of the DRG. Teams were formed across existing institutions that provided fora for engagement, interaction and mutual understanding. Rules were, wherever possible, participatory, so that actors had a stronger sense of ownership and commitment to the rules they were engaging in, even if they sometimes did not win under those rules. Investments were made by the OSSAP-MDGs in training for both incumbents and challengers, at least partly levelling the playing-field. Most importantly, the DRG was framed as a national effort to improve the performance of government, and this performance-logic gave challengers a clear expectation that they would be able to continue to benefit from the field in the future. In conjunction, these processes reinforced the legitimacy of the DRG and the integrity of the field by ensuring challengers did not openly contest allocations. Again, this points to the central importance of relying on the second-face of power; by relying on strategies that made joint interests more salient and facilitated collective action, conflict was avoided and actors’ behaviour was still influenced in a direction that supported reform.
6.4 Institutionalizing the DRG Field

The range of strategies described above generated power within the field, but required constant effort to maintain coalitions and resolve principal-agent problems. The effectiveness of the OSSAP-MDGs in regulating the field was greatly enhanced by the institutionalization of power advantages at an early stage. Particular funding mechanisms such as the CGS discussed above were institutionalized by the formal establishment of guidelines, ‘Project Support Units’ and committees at the state level, and oversight committees. In turn, the presence of these structures provided a vested interest that helped secure funding for the CGS in subsequent budgetary years. More broadly, legislative committees in each chamber were established that took over responsibility for the negotiation of the DRG budget and oversight of project implementation. By reducing the number of actors that needed to be dealt with, this further enhanced the ability of the OSSAP-MDGs to make side-payments and for coalitions with the legislature. This also succeeded in extending the framing of the DRG into the legislature. Finally, the Presidential Committee on the MDGs was established in 2006. With representatives from all of the field’s actors, this provided a unique forum in which principal-agent mechanisms could be resolved by leveraging the formal power of the Presidency to support the OSSAP-MDGs as internal governance unit, and as a forum for sharing information and establishing collective action. By requiring reports from representatives, the Committee was able to discourage free-riding and enforce the norm of performance.

6.5 Becoming the Engine of Reform: Exports from the DRG Field

This account provides an understanding of how the field was initially crafted, stabilized and institutionalized. However, it does not account for the magnitude and range of powers that the DRG field, and particularly the OSSAP-MDGs was able to wield. If the DRG field had merely drawn on elements of reform in other fields, we would expect it to, at best, match their level of reform. In practice, however, the DRG field became the engine of reform across large parts of the Federal Government. To account for this additional growth in power and reformism, it is necessary to look at how the field interacted with other fields in order to maximize its impact beyond the DRG. In particular, I examine the exports of the DRG field and how they served its own objectives. Exports are resources from within the field that are deployed outside of the field to support the field’s objectives.

With regard to rule-making, the same rules that stabilized the field were later used to develop other fields. Access to resources through the Conditional Grants Scheme, for instance, was made conditional on the passage of legislation regarding public procurement and fiscal responsibility. This was not simply a
normative attachment to these rules; better management of resources by States and Ministries was crucial to achieving the collective action and norm of effective resource management that the DRG field thrived upon. By incentivizing improved practices in other fields, the OSSAP-MDGs was changing the context in which it operated to make it more conducive to its own strategies and rules. In turn this enhanced the power exercised within the DRG field. Similarly, alliances were made available to other reformists to support their work, even though this was in the short-term costly to the DRG field in diluting the alliance. It remained an attractive strategy, however, due to the complementarities between reforms. As an example, the alliance with States and Local Governments was made available for the deployment of a conditional cash transfer scheme.

A different strategy was the export of resources to other actors. Again, this was a costly strategy, but by strengthening the capacity of other actors, the OSSAP-MDGs could reinforce the environment to its own strategic advantage. In particular, with rules based on performance and needing to overcome principal-agent problems, information was vital to the integrity and performance of the DRG field. Yet, key agencies that supplied that information - in particular, the National Bureau of Statistics and the National Population Commission were underfunded by the overall budget field. To mitigate this weakness, the OSSAP-MDGs transferred a portion of its own (limited) resources to these agencies in order to make available the information that it needed to resolve principal-agent and collective-action problems. Again, this served to change the political environment it was working in, undoing principal-agent problems by inverting the asymmetry of information between principal and agent. Finally, the OSSAP-MDGs exploited frame adaptation (Evans and Kay 2008) to extend the reputation and influence of the DRG field into other domains. The incongruence between the SSAP’s designation with regard to the Millennium Development Goals, and not just the DRG, provided sufficient ambiguity and logical proximity to enable the SSAP to use the same tools of endogenous power creation to shape broader poverty reduction policies and even macroeconomic policy.

These strategies ultimately enabled the OSSAP-MDGs to establish a broader scope of collective action and to manipulate the context in which its power was determined. In particular, by empowering allies and generating new sources of information, exports from the DRG field reinforced the conditions which supported the structural imperatives and power relations of the DRG field.

6.6 Summarizing the Sources of Power and Good Governance

The trajectory that power accumulation took in the DRG field was rapid and relied on a diverse range of strategies. In the early stages, the second-face of power was crucial in avoiding risky episodes of open
confrontation. Field intersections enabled vital resources to be imported from other fields to reinforce the limited formal authority of the OSSAP-MDGs with more extensive forms of informal power. The skillful use of social skills, and efforts to construct joint social meaning enabled key supporting coalitions and bound challengers to the field. Subsequently, the institutionalization of the field enabled it to become self-sustaining and reduced the risk of successful attacks from outside the field. Finally, by exporting resources generated within the field to change the political environment in which it operated, the DRG further strengthened its power and became a leading engine of reform.

Yet, as the contrasting trajectory of the oil windfall shows, this path could have been quite different. The legacies of the debt-relief process, particular in terms of public expectations, the uncertainty of key actors around how the DRG resources would be managed, and the alternative sources of power that the SSAP-MDGs could draw upon together provided an opening for a reformist spiral of endogenous power generation to take place. While it would be unwise to generalize from a single case-study, this analysis suggests that the minimum conditions necessary for a reformist path to emerge are closely linked to the conditions under which a new field is able to emerge. The presence of an unorganized social space, particularly around resource allocation, and historical legacies that position reformists from other fields in pivotal positions may provide an important set of conditions under which the potential for reformist trajectories to commence can occur.

7 Conclusion

Good Governance regimes are frustrating because their form varies considerably and their origins are elusive. The literature on the political economy of reform presents little in the way of agreement on either of these issues. To explore the possible ways in which Good Governance can emerge during a process of reform this paper documents a case study of Nigeria’s experience with the debt-relief gains secured in 2005. Since a much larger oil windfall at the same time did little to change the use or effectiveness of public resources, the challenge here is not to specify the counterfactual if power had not been exercised, but to provide an accurate account of that power.

First, to address what form of power was being exercised by Nigerian reformists, I contrast two conceptualisations of reform in the literature - solutions to principal-agent and collective-action problems - as two distinct faces of power. While principal-agent problems require imposing reformist interests, often through overt conflict, collective action problems entail realizing joint interests and can be achieved by coordinating actions and establishing credibility precisely to avoid conflict. The evidence suggests that both forms
of power were crucial to the success of reform. Indeed, solutions to principal-agent and collective-action problems were mutually reinforcing and complementary.

Second, to address the sources of this power in the absence of any exogenous changes in the distribution of power, I trace the evolution of the DRG field from its origins in the unorganized social space that trailed the debt-relief deal. Crucial to the existence of this opportunity for reform was uncertainty around how the debt-relief was managed and legacies from the debt-relief process that empowered reformers. However, it was only through the import of resources from other fields that the stability of the field was secured. Challengers were reconciled within the field on the basis of the social skills of key actors and the construction of joint social meaning around improving the performance of government. Subsequently, the field was institutionalized and gained additional strength by exporting key resources that actually changed the political context in which it operated, enhancing the field’s own power.

The findings of this analysis need to be critiqued and tested against other cases. Nevertheless, a relatively simple analytical exercise has illuminated a number of long-standing disputes. In particular, principal-agent problems and collective-action problems are not simply different forms of economic relationships that may be more problematic in one setting or another; they embody fundamentally different degrees of conflict of interest. Principal-agent relationships typically require the first- or third-faces of power to be exercised, while collective-action problems are more amenable to being resolved by the second-face of power. Moreover, these two problems are likely to both be present in any context of reform, and strategies that successfully resolve both will be needed to achieve a regime of Good Governance. We should expect Good Governance to encompass episodes of open conflict as performance is enforced, as well as more subtle strategic manoeuvring and coalition formation. Finally, the accumulation of power towards a Good Governance regime is largely a process of endogenous power formation and not a response to external changes in the distribution of power. Relatively minor changes that produce unorganized social space, uncertainty over rules, and new expectations can have a lasting effect if reformists are able to grasp them and are strategic in their exercise of power. The emergence and maturity of a reformist field relies critically on its intersection with other fields and its ability to import and export resources. This provides a potential link between structuralist theories of development and agency-centred theories; while reformists must be strategic and skilful to accumulate power, they must also draw on existing sources of power and networks if they are to succeed.
References


