

# **The Legitimacy of the State and Basic Goods Provision on the Sub-National Level**

Survey Evidence from Nigeria

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## **Abstract**

The virtuous cycle argument posits that greater empirical legitimacy of governance actors increases the effectiveness of governance provision, which in turn increases the empirical legitimacy of the governance actors. This paper tests the virtuous cycle for Nigeria as an area of limited statehood, looking at security, health, and basic subsistence as different governance dimensions. So far the argument has received limited attention in quantitative studies, particularly for areas of limited statehood. The analysis here applies multilevel ordered logistic regressions to an empirical foundation of Afrobarometer data for 2005 and 2008. Thereby the paper is able to contribute empirical evidence to a largely theoretical debate and shed light on several open questions. The results show that in Nigeria, a virtuous cycle seems to exist between basic subsistence governance and state legitimacy. For the governance dimensions of security and health, this is not the case. These findings caution against simplified assumptions about establishing virtuous cycles in Nigeria and call instead for a more differentiated approach. In addition, other factors such as education or procedural justice also seem to contribute to establishing a virtuous cycle. Macro factors such as foreign aid and religious divisions within the country deserve closer attention as well.

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## 1. Introduction<sup>1</sup>

As the most populous state in Sub-Saharan Africa, Nigeria has struggled to achieve effective and legitimate governance since its independence in 1960 (Ogundiya, 2009a; Osaghae, 1999). One strategy of the international community to help solve this problem was to donate significant amounts of foreign aid to Nigeria in order to promote effective and legitimate governance (Abidemi, I, & Olawale, 2011; Fasanya & Onakoya, 2012). The hope for Nigeria, as for many countries in Sub-Saharan Africa, was to establish a virtuous cycle between effective and legitimate governance (Ogundiya, 2009a; Osaghae, 1999).

The virtuous cycle argument posits that greater empirical legitimacy of governance actors increases the effectiveness of governance provision, which in turn increases the empirical legitimacy of the governance actors (see e.g. Levi & Sacks, 2009; Levi, Sacks, & Tyler, 2009). However, recent studies have questioned the straight-forward idea of a virtuous cycle (McLoughlin, 2014; Schmelzle, 2011) and raised new theoretical and empirical issues that demand exploration. This is particularly true for states like Nigeria that contain many areas of limited statehood.

This paper focuses on empirical state legitimacy, understood as the acceptance/approval the state receives from the respective population. Effective governance refers to the effectiveness of public goods provision as perceived by the population. Hence, the goal is to test a subjective virtuous cycle between empirical state legitimacy and perceived governance effectiveness in Nigeria. Since security, health, and basic subsistence are among the core tasks of governance actors (Lee, Walter-Drop, & Wiesel, 2014; Levi & Sacks, 2009; Rotberg, 2004), a deeper understanding of whether and how the state's legitimacy influences the provision of these collective goods and vice versa is of major scientific interest, but it can also carry important policy implications.

This paper seeks to critically test and shed light on the virtuous cycle argument for Nigeria using quantitative data from the 2005 and 2008 Afrobarometer survey. At the core of the study lie two questions:

*Does the empirical legitimacy attributed to the state affect the perceived provision of collective goods in Nigeria? Does the perceived provision of collective goods affect the empirical legitimacy attributed to the state in Nigeria?*

The legitimacy of the state and the effective provision of collective goods are particularly relevant for Nigeria as an area of limited statehood. In areas of limited statehood, a multitude of governance

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actors depend on legitimacy, and collective goods provision is often problematic (Atack, 1999; Risse, 2011). Nigeria faces many governance challenges (see e.g. Englebert, 2002; Johnson & Hutchison, 2012; Yahya, 2007) and therefore provides a fruitful context for this analysis. According to different studies and rankings, Nigeria scores weakly not only on measurements of state legitimacy but also on governance provision (Bertelsmann Foundation, 2003-2014; Englebert, 2002; Lee et al., 2014; Ogundiya, 2009a). At the same time, Nigeria displays widely varying degrees of both governance provision and state legitimacy on the sub-national level (see Figure 1 and 2). All of these factors might compromise the workings of a virtuous cycle.

This paper will contribute to the understanding of virtuous cycles in areas of limited statehood. By testing theoretical claims about the mutual influence of state legitimacy and governance effectiveness, it will shed light on the validity of a subjective virtuous cycle. The examination of different collective goods will allow for an assessment of varying conditions that facilitate or restrain a possible cycle. Furthermore, this project will take a quantitative approach, adding a new perspective to a discussion largely dominated by theoretical considerations and qualitative research. The study will also combine new theoretical insights on governance in areas of limited statehood with instrumental arguments to investigate the virtuous cycle. Lastly, as the virtuous cycle argument gains prominence in politics, especially in the development community (see e.g. NORAD Norwegian Agency for Development Cooperation, 2009; OECD, 2010), assessing its likelihood for success and failure can provide guidance on how to improve policy tools that affect millions of people.

The paper is structured as follows. Section 2 will present a brief summary of recent literature on the virtuous cycle. The following section will lay out the theoretical background of the project. Next, section 4 will explain the project's data sources and methodological approach. This will lead to the main analysis, followed by the paper's conclusion. The results show that in Nigeria, a virtuous cycle seems to exist between basic subsistence governance and state legitimacy. For the governance dimensions of security and health, this is not the case. These findings caution against simplified assumptions about establishing virtuous cycles in Nigeria and call instead for a more differentiated approach. In addition, other factors such as education or procedural justice also seem to contribute to establishing a virtuous cycle. Macro factors such as foreign aid and religious divisions within the country deserve closer attention as well.

## **2. The Virtuous Cycle, Its Evolution, and Nigeria**

Many scholars agree that governance actors, particularly the state, depend on a certain degree of empirical legitimacy in order to fulfill their tasks as governors (Gilley, 2009; Krasner & Risse, 2014;

Levi & Sacks, 2009; Schmelzle, 2011). Some assume a circular relationship between the legitimacy of a governance actor and the effective provision of collective goods (Levi & Sacks, 2009; Schmelzle, 2011; Sedgwick, 2010). This so-called virtuous cycle argument has gained prominence not only in political science in recent years but also in policy and development communities (see e.g. McLoughlin, 2014; NORAD Norwegian Agency for Development Cooperation, 2009; OECD, 2010; Schmelzle, 2011). Therefore, the argument is relevant far beyond academic discourses; it also carries important policy implications.

Scholars often assume that greater legitimacy of the governance actor leads to compliance by the governed and allows for more effective provision of goods and services, which in turn increases the legitimacy of the governance actors (Krasner & Risse, 2014; Levi et al., 2009; McLoughlin, 2014; Schmelzle, 2011). However, these assumptions are mainly based on theoretical grounds and acknowledge that empirical evidence of the virtuous cycle is rare and hard to generate (see e.g. McLoughlin, 2014).

The few empirical studies that explicitly generated results on the virtuous cycle or parts of it found evidence pointing to functioning cycles (Brinkerhoff, Wetterberg, & Dunn, 2012; Englebert, 2002; Gilley, 2009; Levi & Sacks, 2009; Levi et al., 2009); nevertheless, they leave several questions unanswered and caution against jumping to premature conclusions. One problem is that these studies strictly focus on the impact of governance effectiveness on legitimacy. None of them looks at the reverse impact of governance legitimacy on effective governance. Thus, one half of the virtuous cycle has been largely left out. Additionally, since only a few studies produced results on Sub-Saharan Africa (Levi & Sacks, 2009; Levi et al., 2009), other projects have explicitly called for further research on this highly relevant region (Brinkerhoff et al., 2012; Gilley, 2006, 2009, 2012). Further, it remains unclear whether the virtuous cycle might function differently for different collective goods. And while Levi et al. (2009) analyzed Sub-Saharan Africa as a region, national and sub-national studies on the virtuous cycle in Sub-Saharan Africa remain scant. Finally, Levi et al. (2009) found that effective basic subsistence governance in the food sector increases state legitimacy. However, they did not look at the reverse effect of state legitimacy on governance provision. Furthermore, since their analysis focused on basic subsistence only, it remains open whether the results can be generalized to other governance dimensions as well.

As for Nigeria, it is hard to find empirical studies on the virtuous cycle argument. While some studies have analyzed the effect of foreign aid on governance and economic growth claiming that aid has had a positive effect in Nigeria (Abidemi et al., 2011), other studies focus on state legitimacy (Johnson & Hutchison, 2012; Osaghae, 1999) and governance effectiveness (Ogundiya, 2010) separately. Nevertheless, empirical studies on the virtuous cycle argument trying to explain effective and legitimate governance in Nigeria remain rare. This is particularly the case for quantitative studies.

Additionally, further theoretical arguments have come forward in recent research challenging the notion of a straight-forward virtuous cycle. McLoughlin (2014) argued that factors such as impartiality or a lack thereof on the part of the state or governance actors in general might interrupt the straight-forward working of a virtuous cycle. Similarly, Schmelzle (2011) criticized the virtuous cycle as being oversimplified and called for more complex theoretical considerations when researching the issue.

Against this backdrop, one can observe that the virtuous cycle argument has gradually become more complex. Following initial, cautiously optimistic approaches describing the straight-forward workings of a virtuous cycle (Brinkerhoff, 2011; Brinkerhoff et al., 2012; Levi & Sacks, 2009; Levi et al., 2009), more skeptical perspectives have emerged. This is particularly the case for areas of limited statehood (McLoughlin, 2014; Schmelzle, 2011). Still lacking, however, are explicit, empirical specifications for whether and how to best measure and assess the virtuous cycle, and which approach might be most fruitful on what level of analysis.

Since many assumptions underlying the virtuous cycle argument posit that the state is the main and legitimate provider of governance, transferring these assumptions to Nigeria as an area of limited statehood questions the argument at its core. First, the ideal of a democratic Western welfare state is largely absent in Sub-Saharan Africa and Nigeria (Johnson & Hutchison, 2012; Osaghae, 1999; Risse, 2011). Second, since the state is, by definition, weak in areas of limited statehood (Risse, 2011), its ability to provide effective governance might be severely restricted in countries such as Nigeria (Ogundiya, 2009a; Osaghae, 1999). Third, since the legitimacy of many states in Sub-Saharan Africa has been questioned in past research (see Englebert, 2002) and particularly in Nigeria (Ogundiya, 2009a; Osaghae, 1999), it is not clear whether virtuous cycles can exist in such an environment at all. Fourth, the variation of state legitimacy and governance effectiveness within Nigeria make it necessary to study the virtuous cycle argument at an individual and sub-national level. Considering these factors, the study of virtuous cycles in Nigeria will generate important knowledge about the possible workings of virtuous cycles in Sub-Saharan Africa. Where virtuous cycles cannot function, vicious cycles of ineffective and illegitimate governance might evolve.

In sum, three major research gaps exist when analyzing the virtuous cycle argument for Nigeria. First, more theoretical and conceptual work is needed to elaborate on and clarify the two-way relationship between state legitimacy and the effective provision of collective goods—that is, to clarify the theoretical underpinnings of the virtuous cycle argument, particularly for areas of limited statehood. Second, the virtuous cycle argument has not received significant attention in quantitative research, particularly in Nigeria. Third, empirical studies focusing explicitly on Nigeria and different governance dimensions have been largely absent from the virtuous cycle discussion, despite the country's relevance for Sub-Saharan Africa.

### 3. Theoretical Framework

This analysis understands governance as the “various institutionalized modes of social coordination to produce and implement collectively binding rules, or to provide collective goods” (Risse, 2012, p. 7). The focus here will be the provision of collective goods, since this is at the core of the virtuous cycle argument and allows for adequate data and measurements. Drawing on Max Weber, who defines statehood as the ability to rule authoritatively (Herrschaftsverband) and legitimately control the means of violence (Weber, 1921/ 1980), statehood here refers to a monopoly on the use of force and effective administrative capacity. Administrative capacity includes the ability to pass, implement, and enforce regulations (Krasner, 1999). Thus, statehood is separate from the state as a hierarchical structure and political authority (Börzel, 2012). Statehood is a feature that a state, but also any other governance actor, may possess (Börzel, 2012).

Collective goods are characterized by non-exclusive access and/or non-rivalry in consumption. At least one of these conditions must be present for a good to qualify as collective or common (see Héritier, 2002). Security is often seen as one of the most basic and important collective goods, since it allows other collective goods and services, such as health and basic subsistence, to be established and delivered (Levi & Sacks, 2009; Rotberg, 2004). Furthermore, security in areas of limited statehood is often lacking or contested (Chojnacki & Branović, 2007, 2011), making it a major interest not only for the respective population but also for neighboring areas or countries and the international community. Health and basic subsistence are two further collective goods of great significance both for academia and for international politics, development agencies, INGOs and NGOs. Improving global health and people’s basic subsistence is part of the UN Millennium Development Goals (MDG) and numerous political initiatives (e.g. Bill & Melinda Gates Foundation, 2012; GAVI Alliance, 2012; UNESCO, 2012; United Nations, 2013), but it is also at the center of current academic debates on areas of limited statehood (see e.g. Lee et al., 2014; Liese & Beisheim, 2011; Schäferhoff, 2014). These three goods display varying degrees of task complexity (on task complexity see Krasner & Risse, 2014): security represents the most complex good, health is a good with medium task complexity, and basic subsistence a good with the least task complexity. Therefore, one could expect that the less complex it is to provide a collective good, the better the virtuous cycle will work.

This study focuses on empirical state legitimacy. The underlying understanding of legitimacy is concerned with the state as one political actor among many within a social and political order and the acceptance/approval it experiences from the respective population. Drawing on past empirical research on political legitimacy, this paper views state legitimacy as value-based legitimacy, a sense of obligation or willingness to obey state authorities (see Levi & Sacks, 2009). In this framework, state legitimacy is considered to be a broader and more abstract concept than the legitimacy of specific

leaders or governments; it refers to diffuse support rather than specific support (see Easton, 1975). This article will focus on value-based legitimacy rather than compliance as a possible outcome of legitimacy, since compliance is conceptually too close to effective governance, and satisfying data on actual compliance is not yet available (see Levi et al., 2009). This paper will explicitly analyze a subjective virtuous cycle, focusing on subjective perceptions of governance and legitimacy.

Previous work bringing together notions of legitimacy and effective governance (Krasner & Risse, 2014; McLoughlin, 2014; Scharpf, 1999, 2004; Schmelzle, 2011) claim that the legitimacy of governance actors influences governance effectiveness, especially the effective provision of collective goods. A governance actor that possesses high empirical legitimacy is potentially more able to provide governance (i.e., collective goods), since legitimacy generates compliance due to a logic of appropriateness (March & Olsen, 1998) and thereby enables the governance actor to effectively provide collective goods (see e.g. Levi & Sacks, 2009). Without legitimacy, effective governance might hardly be possible—especially in areas of limited statehood, since the state here mostly lacks the ability to implement sanctions (Levi & Sacks, 2009; Schmelzle, 2011). At the same time, one cannot guarantee a priori that a state with high legitimacy will use this legitimacy to provide effective governance (Levi et al., 2009). However, viewing the state as a rational actor and following the logic of the virtuous cycle argument, the provision of effective governance is in the interest of the state: it constitutes the state's basis for upholding its legitimacy in the long run. By providing effective governance, the state reassures its citizens that it is upholding its part of a social contract in which state and citizens both expect to benefit. This leads to the paper's first hypothesis (H1):

*The higher the empirical legitimacy attributed to the state, the higher the likelihood that people will perceive the provision of collective goods as effective.*

Conversely, effective governance (i.e., the provision of collective goods) might influence the legitimacy of the state. According to instrumental theories, effective governance increases state legitimacy because the governed population feels that its (basic) needs and expectations vis-à-vis the state are met. This, in turn, increases cooperation and the legitimacy of the governors (Levi & Sacks, 2009; Levi et al., 2009; Mishler & Rose, 2001). People seeking to secure their personal well-being should attribute legitimacy to a state as long as it is providing effective governance. This is what Scharpf has called output legitimacy (Scharpf, 1999). Thus, the second hypothesis (H2) states:

*The more effective the perceived provision of collective goods, the higher the likelihood of empirical legitimacy attributed to the state.*

#### **4. Methods and Data**

In order to test the main hypotheses, this paper applies multilevel ordered logistic regressions with random intercepts in all models. Level one units are the individuals; level two units are the different Nigerian states. The different sets of models can be divided into two groups: One group consists of models with state legitimacy as the dependent variable and collective goods provision (security, health, basic subsistence) as the different main independent variables, with several control variables included. For this group of models, the interclass correlation (IC) is 0.10 each, meaning that about 10% of the variation is due to differences across the states. Therefore, one could expect the level two variables to play a significant role. The second group consists of models with collective goods provision (security, health, basic subsistence) as the different dependent variables and state legitimacy as the main independent variable, with several control variables included. For this group of models, the IC varies between 0.10 and 0.04. Here the effect of level two variables is more uncertain, as only 4–10% of the variation is due to differences among Nigerian states.

The dataset generated for Nigeria uses Afrobarometer data for 2005 and 2008, as well as AidData and individually coded data. The unit of analysis is the individual, and data is in an individual–year format. Afrobarometer uses national probability samples designed as a representative cross section of all citizens of voting age (normally 18) in a given country. The data is acquired by using random selection methods at each stage of sampling. At all sampling stages, the selection aims to sample with probability proportionate to population size (PPPS), trying to ensure that more populated areas have a proportionally higher probability of being chosen. Sample size mostly includes either 1200 or 2400 cases. A randomly selected sample of  $n=1200$  cases allows for inferences about the national adult population with a margin of sampling error of no more than  $\pm 2.8$  percent with a confidence level of 95 percent. For sample sizes of  $n=2400$ , the margin of error decreases to  $\pm 2.0$  percent at the 95 percent confidence level. The sample design is a clustered, stratified, multi-stage, area probability sample. Specifically, the sample has been stratified according to the main sub-national unit of government (state, province, region, etc.) and by urban or rural location (see Afrobarometer, 2015 for further details).

##### **4.1. Measuring State Legitimacy and Effective Governance**

Building on recent work on empirical legitimacy (Levi & Sacks, 2009; Levi et al., 2009), state legitimacy is operationalized through a proxy by asking the subject to agree or disagree on a five point scale with the following statement: “The department of taxes always has the right to make people pay taxes” (Afrobarometer, 2010, p. 23). Higher agreement signals higher state legitimacy. Since modern

states are heavily dependent on tax revenue in order to function, raising and collecting taxes is one of the state's main tasks (Taylor & Botea, 2008; Tilly, 1985). Rejecting the principle of tax collection and denying the state the right to do so would severely restrict a state's ability to function. It would represent a deep refusal to grant that state legitimacy.

Service provision in the security sector will be operationalized through a negative proxy as the perceived level of security absence. Security provision is operationalized through the question: "Over the past year, how often (if ever) have you or anyone in your family: Feared crime in your own home?" (Afrobarometer, 2010, p. 10). Higher rankings signal lower security provision. Service provision in the health sector will also be measured through a negative proxy by asking the question: "Over the past year, how often, if ever, have you or your family gone without: Medicines or medical treatment?" (Afrobarometer, 2010, p. 10). Higher values signal lower health service provision. Service provision in the basic subsistence sector will be measured through a third negative proxy, asking the question: "Over the past year, how often, if ever, have you or anyone in your family gone without: Enough food to eat?" (Afrobarometer, 2008, p. 9). Higher values signal a lower measure of basic subsistence governance.

#### **4.2. Control Variables**

Additionally, the analysis has integrated a number of control variables identified in the literature as being of theoretical relevance when explaining effective and/or legitimate governance. The control variables for level one are as follows: A measure assessing whether elections are judged as free and fair. Several authors underline the positive effect on state legitimacy of a democratic regime type and input mechanisms for citizens' political participation. This connects to what Scharpf calls input legitimacy (Scharpf, 1999). The more a state allows its citizens to participate in political processes, the more they view the state as legitimate. The provision of collective goods might also be positively affected by free and fair elections, since such elections—as part of democratic procedures—allow citizens to articulate their needs, to which the state can then respond accordingly and be held accountable for its actions (Besley & Kudamatsu, 2006; Franco, Alvarez-Dardet, & Ruiz, 2004; Halperin, Siegle, & Weinstein, 2005; Iqbal, 2006; Lake & Baum, 2001; Lee et al., 2014; Zweifel & Navia, 2000).

Arguments of procedural justice have frequently been brought forward when researching state legitimacy and effective governance (Levi et al., 2009; Tyler, 1990). The more fairly people feel treated by the state, the more they view the state as legitimate (Levi et al., 2009). The fairer the state treats its citizens, the more effective people should perceive the governance provision to be, since they perceive goods and services to be shared equally within society.

Another control variable is corruption. It is argued to negatively affect state legitimacy, since people expect the state and its institutions to function in a non-corrupt, fair, and objective way (Dix, Hussmann, & Walton, 2012). If people are asked to pay taxes, they expect the taxes to be spent in their interest and not for the individual benefit of government employees or their patronage networks. Corruption could negatively affect the perception of effective governance provision, since high levels of corruption can cause goods and services to be delivered and available only to a select number of people and denied to others in need (Dix et al., 2012).

Previous research has argued that educated people in established democracies are more trusting of the state and its institutions, since they have been taught and socialized in political systems that paint a positive picture of the state (Mishler & Rose, 2001). This assumption shall also be tested for Nigeria. Additionally, since a higher level of education is often a prerequisite for higher income (Perna, 2003) and can shape social networks in later life (Fuhse, 2008), one can expect people with more education to more easily access governance services than people with less education. If the state fails to provide governance, people with more education might be able to substitute for the lack of governance better than people with a lower educational status, due to their higher salaries and established networks.

Recent research has emphasized the important role of gender for governance (Lee et al., 2014). For Nigeria, the expectation is that women perceive governance as less effective and attribute less legitimacy to the state than men. Women are systematically seen as second-class citizens in Nigeria by large parts of the male population and face barriers to many governance services such as health and education (British Council Nigeria, 2012; Makama, 2013). Since this gender gap is upheld in part by the state (Makama, 2013), women's attribution of legitimacy to the state should be lower than men's.

Age is another relevant factor for state legitimacy. According to Mishler & Rose (2001), one might expect older people to be more trusting of the state since they have longer established relationships with the state, thereby affecting state legitimacy positively. Espinal et al. (2006) also found that older people tend to be more trusting of the state. The impact of age on governance effectiveness is less clear, but it shall also be considered here as an important socioeconomic factor. One possible outcome for health, for example, could be that age has a negative impact on perceived effectiveness; other things being equal, it might be more difficult to provide proper health governance to older compared to younger persons.

A dummy variable for a possible urban/rural divide will be included to analyze if systematic differences in state legitimacy and governance effectiveness exists. Here the assumption is that state legitimacy might be lower in rural areas since state institutions are less present and tangible compared to urban areas (Bierschenk & de Sardan, 1997). For governance effectiveness, one could expect a posi-

tive effect for health and basic subsistence in urban areas, since the general infrastructural advantages there might make these services easier to acquire (Bogetic & Sanogo, 2005). Security, on the contrary, might be higher in rural areas due to high crime rates in urban areas (Landmann & Schönreich, 2002) and the relevance of urban areas during periods of (civil) war (Graham, 2004).

Finally, a year dummy will allow for an assessment of whether the effects observed seem relatively stable over time.

One control variable has been included on level two due to its high relevance both in academia and in policy circles: the number of foreign aid projects present in a Nigerian state. This number shall be included as a proxy for foreign aid activities in the individual states. Discussions surrounding the impact of foreign aid on both state legitimacy and governance effectiveness have produced different results. While some authors claim that foreign aid has a positive effect on state legitimacy and/or governance (Andrimihaja, Cinyabuguma, & Devarajan, 2011; Böhnke & Zürcher, 2013; Sacks, 2012; Young & Findley, 2011), others claim that it affects both negatively (Bräutigam, 2000; Milner, Nielson, & Findley, 2013; Moss, Pettersson, & van de Walle, 2006). Positive effects are attributed to the impact of foreign aid fostering development as well as goods and service provision in case the state is not able to do so (Böhnke & Zürcher, 2013), whereby the state increases its legitimacy since it is seen as fulfilling its core tasks and successfully managing inflows of foreign aid (Sacks, 2012). The negative consequences of foreign aid are assumed to lower governance effectiveness, since the state's capacity for effective governance decreases due to its dependence and reliance on foreign aid (Bräutigam, 2000). State legitimacy is thought to suffer from foreign aid because people attribute possible improvements in governance effectiveness to actors other than the state (Milner et al., 2013). The data covers projects by the World Bank, the African Development Bank, and the United Nations Office for Project Services (UNOPS). However, it should be noted that this only represents a part of the projects in Nigeria, as better data on the sub-national level is currently not available. Since aid projects might take time to have an effect and gain public recognition, this variable has been introduced with a one-year lag. Data comes from the AidData project.

Apart from these control variables included for both state legitimacy and governance effectiveness, the analysis will add two additional variables only when looking at governance effectiveness as the dependent variable. This is because these factors should be relevant for governance effectiveness only. First, subjective perceptions of governance effectiveness might be influenced by objective factors indicating governance effectiveness. Thus, the analysis has included a dummy variable for the physical presence of facilities in the primary sampling unit (PSU)/enumeration area (EA) that are potentially able to provide governance. This variable asks for the presence of a police station for the security dimension, a clinic for the health dimension, and market stalls for the basic subsistence dimension. The presence of these facilities should have a positive impact on perceived governance

effectiveness, since, all things being equal, they increase the likelihood that the goods and services will be provided and thus potentially increase effectiveness.

The variable for interpersonal trust, measuring the trust people have in their relatives, should have a positive effect on governance effectiveness. Under conditions of limited statehood, interpersonal trust might help to overcome problems of coordination, to lower transaction costs, and to increase cooperation allowing for effective governance (Ostrom, Burger, Field, Norgaard, & Policansky, 1999).

Additionally, a dummy variable on level two that identifies states with a majority Muslim population has been included for the models with state legitimacy as the dependent variable only. This variable should affect state legitimacy negatively: at present and historically, Nigerian states with a Muslim majority have struggled with lower state legitimacy and more resistance toward the formally secular and Western-style state apparatus (Sampson, 2014). Data has been coded according to Sampson (2014).

Due to the limited number of years of measurement available, this study is not able to draw detailed conclusions about causal directions. Instead, it focuses on observing strong correlations. The existence of these correlations and their reflection of the theoretical assumptions will determine whether to interpret the results as pointing to a virtuous cycle. However, by including control variables deemed relevant as alternative explanations and by using data from two Afrobarometer rounds, the paper is able to make first steps in a causal direction by minimizing spurious correlations.

## **5. Analysis and Results**

The results will be presented in two main tables. Table 1 displays three models where state legitimacy is the dependent variable and different governance dimensions (security, health, basic subsistence) are the main independent variables. This will make it possible to assess whether perceptions of governance effectiveness have different impacts on state legitimacy depending on the governance dimension. Table 2 shows the results for governance effectiveness as the dependent variable for the dimensions security, health, and basic subsistence. Here state legitimacy is the main independent variable, allowing for conclusions about whether the impact of state legitimacy differs across these governance dimensions.

The results provide mixed evidence regarding a virtuous cycle. Table 1 shows a statistically significant and positive effect of basic subsistence governance on state legitimacy. The better people perceive basic subsistence governance to be, the more legitimacy they attribute to the state. This supports hypothesis 2 and arguments for a virtuous cycle.

**Table 1: Analyzing State Legitimacy**

	State Legitimacy	State Legitimacy	State Legitimacy
Security Governance	-0.070*		
	(0.030)		
Free and fair elections	-0.001	-0.006	-0.009
	(0.032)	(0.032)	(0.032)
Ethnic group treated fairly	-0.046	-0.052	-0.060
	(0.033)	(0.033)	(0.033)
Corruption: tax officials	0.046	0.055	0.048
	(0.039)	(0.039)	(0.039)
Education of respondent	0.064***	0.064***	0.060***
	(0.017)	(0.017)	(0.017)
Female (Ref. male)	-0.012	-0.010	-0.014
	(0.061)	(0.061)	(0.061)
Age	0.004	0.004	0.004
	(0.003)	(0.003)	(0.003)
Rural (Ref. urban)	0.124	0.123	0.141*
	(0.067)	(0.068)	(0.068)
Year 2008 (Ref. 2005)	0.231**	0.225**	0.229**
	(0.072)	(0.072)	(0.072)
Number of aid projects per state	-0.021***	-0.020***	-0.021***
	(0.005)	(0.005)	(0.005)
Muslim State (Ref. non-Muslim state)	-0.736***	-0.746***	-0.739***
	(0.196)	(0.195)	(0.194)
Health Governance		-0.013	
		(0.027)	
Basic Subsistence Governance			0.062*
			(0.028)
<hr/>			
cut1			
Constant	-3.007***	-2.810***	-2.631***
	(0.232)	(0.221)	(0.219)
<hr/>			
cut2			
Constant	-1.426***	-1.225***	-1.039***
	(0.223)	(0.212)	(0.211)
<hr/>			
cut3			
Constant	-0.593**	-0.396	-0.207
	(0.222)	(0.211)	(0.210)
<hr/>			
cut4			
Constant	1.527***	1.722***	1.913***
	(0.224)	(0.213)	(0.212)
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var(_cons[region1])			
Constant	0.252***	0.247***	0.246***
	(0.074)	(0.072)	(0.072)
<hr/>			
N	3.862	3.868	3.876
chi2	59.300	55.683	60.153

Robust standard errors in parentheses

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1

For the security dimension, however, one can observe the reverse effect. The saver people feel, the less likely they are to attribute legitimacy to the state. This could reflect the historical experienc-

es of the Nigerian people, where the state has not been a source of security and stability but rather of insecurity and instability (Kraxberger, 2004; Ogundiya, 2009b). Additionally, since other actors such as private military companies (PMCs) or warlords are often relevant to security provision in areas of limited statehood (Chojnacki & Branović, 2011), people's perceptions of security might increase these actors' legitimacy but not the state's. For health governance, the effect of increased health services on state legitimacy is also negative, but not significant. Therefore, these models only partly support hypothesis 2. Although the results support the virtuous cycle argument for basic subsistence governance, at least one half of the virtuous cycle seems to work differently than instrumental arguments would assume for the other two governance dimensions. It appears that in Nigeria, where the state has historically played a negative role and often failed at its core tasks, it is hard to establish a virtuous cycle for governance dimensions with higher task complexity. Nevertheless, improved governance provision of basic subsistence as a governance dimension with low task complexity does improve state legitimacy.

People with a higher level of education are more likely to attribute more legitimacy to the state than people with lower or no education. This could imply that people with higher education have internalized the tasks and responsibilities of the state through their education and support state institutions because they hope to benefit from them in return. An additional interpretation of these findings could be that highly educated elites attribute more legitimacy to the state, since they benefit from state practices and seek to secure these advantages.

The variable for rural living area is positively significant for the basic subsistence dimension. In other words, for this governance dimension, people in rural areas attribute more legitimacy to the state than people in urban areas. However, the variable is not significant for the other governance dimensions.

The year dummy is positively correlated with state legitimacy across all dimensions. This indicates that people in 2008 attributed more legitimacy to the state than in 2005. Whether this represents a positive, long-term trend cannot be determined here, since longer time series data is required.

The level two variables both significantly and negatively affect state legitimacy. This implies that people living in states with a Muslim majority show a weaker level of state legitimacy. Historically established religious differences and tensions vis-à-vis state legitimacy in Nigeria seem responsible for this and continue to play an important role. In addition, people living in states with a higher number of foreign aid projects also attribute less legitimacy to the state. This negative effect of foreign aid strengthens assumptions that foreign aid can undermine states' legitimacy if, for example, foreign aid is seen as a sign that the state is unable to provide effective governance by itself.

The results further show that some factors—namely, free and fair elections, fair treatment of one’s own ethnic group, corruption, age, and gender—do not seem to significantly affect state legitimacy in Nigeria.

In sum, one half of the virtuous cycle between effective governance and state legitimacy finds partial support in Nigeria. The data supports a virtuous cycle in which improved governance in the basic subsistence dimension does improve state legitimacy. For security governance, the analysis shows a negative effect, implying a vicious cycle between increased perceptions of security and lower levels of state legitimacy. Foreign aid also seems to have a negative effect on state legitimacy, supporting critical voices regarding the effect of foreign aid. States with a Muslim majority also display lower levels of state legitimacy.

For the reverse effect of state legitimacy on effective governance, one can also observe differing results (see Table 2). While greater state legitimacy does not correlate with more security or health governance, it seems to have an effect on people’s perception of basic subsistence governance. This effect strengthens the notion of a virtuous cycle between state legitimacy and basic subsistence governance, indicating that if people grant the Nigerian state legitimacy, it improves the basic subsistence perception of its population. These findings lend support to hypothesis 1. However, for the governance dimensions with higher task complexity—that is, health and security—there is no significant effect. This could imply that the Nigerian state is unable or unwilling to convert legitimacy into effective governance where tasks are more complex than providing basic goods and services such as food.

The indicators for governance facilities in the PSU show mixed results. While the presence of a police station and a medical clinic improve perceptions of security and health governance, no such effect is visible for basic subsistence. The presence of market stalls in the PSU does not affect the perception of governance effectiveness.

If people feel that their own ethnic group is experiencing fair treatment by the state compared to other ethnic groups, their perception of security, health, and basic subsistence governance strongly improves. This underlines the argument that fair state behavior is a major predictor of effective governance and supports theoretical procedural justice arguments.

Corruption, or rather a lack thereof, has a positive effect on health governance, as expected. People who perceive state officials as less corrupt are more likely to experience health governance as effective. This underlines the positive effect of low corruption on effective governance. However, for the security and basic subsistence dimensions, no significant effect could be observed.

**Table 2: Analyzing Governance Effectiveness**

	Security Governance	Health Governance	Basic Subsistence Governance
State Legitimacy	-0.064 (0.033)	-0.016 (0.028)	0.057* (0.028)
Police station in the PSU/EA	0.164* (0.078)		
Free and fair elections	0.000 (0.038)	0.023 (0.033)	0.022 (0.033)
Ethnic group treated fairly	0.099** (0.038)	0.170*** (0.034)	0.229*** (0.033)
Corruption: tax officials	0.062 (0.045)	0.112** (0.039)	0.062 (0.040)
Trust relatives	0.136*** (0.038)	-0.023 (0.034)	0.029 (0.033)
Education of respondent	0.008 (0.020)	0.111*** (0.017)	0.113*** (0.017)
Female (Ref. male)	-0.046 (0.071)	-0.025 (0.062)	0.083 (0.062)
Age	-0.001 (0.003)	-0.008** (0.003)	0.000 (0.003)
Rural (Ref. urban)	-0.029 (0.078)	-0.550*** (0.069)	-0.386*** (0.068)
Year 2008 (Ref. 2005)	-0.187* (0.085)	0.104 (0.074)	0.046 (0.072)
Number of aid projects per state	-0.010 (0.006)	-0.007 (0.005)	0.015** (0.005)
Health clinic in the PSU/EA		0.235*** (0.070)	
Market stalls in the PSU/EA			0.041 (0.077)
<hr/>			
cut1			
Constant	-3.311*** (0.267)	-2.830*** (0.226)	-2.219*** (0.228)
<hr/>			
cut2			
Constant	-2.499*** (0.259)	-1.590*** (0.216)	-1.097*** (0.218)
<hr/>			
cut3			
Constant	-1.513*** (0.255)	-0.229 (0.214)	0.356 (0.216)
<hr/>			
cut4			
Constant	-0.516* (0.253)	0.886*** (0.214)	1.425*** (0.217)
<hr/>			
var(_cons[region1])			
Constant	0.416*** (0.114)	0.193*** (0.058)	0.144** (0.046)
<hr/>			
N	3.818	3.781	3.852
chi2	42.894	209.429	169.397

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Interpersonal trust correlates positively with security governance but not with any other governance dimension. If people can trust their relatives, they also feel much safer at home. However, interpersonal trust does not affect whether people consider health governance or basic subsistence governance to be effectively provided. This partially casts doubt on assumptions that trust can help generate effective governance under conditions of limited statehood.

The higher peoples' education, the more likely they are to experience health and basic subsistence governance as effective. Education—and indirectly higher income and social networks achieved through higher education—seem to be helpful in improving one's health and basic subsistence, but not security.

As expected, older people perceive health governance to be worse than younger people. This could reflect the increased difficulty of keeping older people healthy, since they suffer from more numerous and intense illnesses than younger people. Security and basic subsistence are not affected by age.

People living in rural areas experience health and basic subsistence governance to be worse than people in urban areas. This could be due to rural disadvantages regarding infrastructure and necessary expertise. Security does not seem to be affected by urban–rural differences.

The year dummy has a significant and negative effect on security. This signals that people felt more secure in 2005 than in 2008. For health and basic subsistence, no effect could be observed. Since only 2005 and 2008 are included, more data and analyses would be necessary to conclude whether the downturn is a long-term pattern.

The higher the number of foreign aid projects in a Nigerian state, the higher the likelihood that people there perceive basic subsistence governance as effective and do not have to go without enough food to eat. This lends support to arguments highlighting the positive effect of foreign aid on governance. For security and health, foreign aid has no significant effect.

Free and fair elections as well as the gender variable have no significant effect in any of the three governance dimensions.

To conclude, the second half of the virtuous cycle between state legitimacy and effective governance also finds partial support in Nigeria. The analysis supports a virtuous cycle in which greater state legitimacy has a positive effect on basic subsistence governance. For health and security, there is no significant effect. Fair treatment of one's ethnic group has a strong and positive effect on effective governance across all three dimensions. This underlines procedural justice arguments in addition to instrumental arguments. Lastly, foreign aid seems to have a positive effect on basic subsistence governance, supporting positive voices regarding foreign aid's impact on governance.

Looking at these results offers new insight for an empirical assessment of the virtuous cycle argument in Nigeria. First, the findings suggest that it is important to differentiate between several cycles. State legitimacy positively affects basic subsistence governance, and basic subsistence positively affects state legitimacy. Here the support for a virtuous cycle is strongest. Thus, the main hypotheses 1 and 2 find support with regard to basic subsistence governance. No virtuous cycle seems to exist between state legitimacy and health governance. Effective security governance drives down state legitimacy, but no effect exists in the other direction. This partly lends support to a vicious cycle between security governance and state legitimacy, implying that for Nigeria, effective governance is no guarantee for greater state legitimacy and vice versa. Depending on the governance task at hand, state legitimacy and effective governance can even form part of a vicious cycle. The findings only partly support arguments that view states and individuals as part of a rational social contract. While this social contract may exist for some governance dimensions, it has been broken and disappointed too often in other dimensions and does not currently seem to exist in Nigeria.

## **6. Conclusion**

The results presented in this study provide a differentiated answer to the research questions at hand. The empirical legitimacy attributed to the state does not always affect perceived governance effectiveness, nor does perceived governance effectiveness always affect state legitimacy. In fact, the data analyzed only lends support to the virtuous cycle argument for state legitimacy and basic subsistence governance in Nigeria. At the same time, the perceived effectiveness of security governance actually decreases state legitimacy, but not vice versa, forming one half of a vicious cycle. For health governance, no support for a virtuous or vicious cycle emerged. These findings partially support the existence and establishment of virtuous cycles for Nigeria.

Additionally, the study found that one individual characteristic and two state-level characteristics seem to be central in understanding state legitimacy. People with higher educational levels perceive the state as more legitimate than people with lower educational levels across all governance dimensions. This underlines assumptions that broader education helps to increase state legitimacy. Furthermore, a high number of foreign aid projects in a given state decreases state legitimacy there. According to critics of foreign aid, this occurs because foreign aid undermines state legitimacy in the long run, since other actors are seen as caring for peoples' well-being. Lastly, in states where a majority of the population is Muslim, one can observe negative effects on state legitimacy. This could derive from the historical aversion of many Muslim groups and political actors to a secular, Western-style state in Nigeria.

In analyzing governance effectiveness, the study found fairly mixed results. The existence of governance institutions potentially able to provide governance seems to increase perceived effectiveness in two cases: the presence of a police station increases feelings of security, while the presence of a health clinic increases the perceived provision of health governance. No effect has been found for basic subsistence governance. The procedural justice has a positive and strong effect across all governance dimensions, underlining that fair political treatment and procedures are highly relevant for effective governance provision.

This study helps to close several research gaps. First, by integrating the key variables seen as relevant in rational choice approaches as well as additional variables from the literature, it helped assess the relevance of instrumental arguments when researching the virtuous cycle. Since instrumental arguments do not find consistent support in the results, a wider combination of factors seems most fruitful in explaining governance effectiveness and legitimacy. Second, the results for Nigeria indicate that it is possible to establish a virtuous cycle for some governance dimensions with low task complexity. However, it seems harder to establish a virtuous cycle for other governance dimensions in a country like Nigeria that has long suffered from a lack of governance provision and where the legitimacy of the state is highly contested. Third, since quantitative studies on this subject are rare, this study contributes empirical results to a debate largely dominated by theoretical assumptions. In doing so, it offers an additional perspective to assess the virtuous cycle argument. The multilevel approach is fruitful in its ability to take individual as well as sub-state macro factors into account. Analyzing the data partly on a sub-national level has added a new perspective to the analysis of virtuous cycles.

The findings presented also carry important policy relevance. As the virtuous cycle argument has gained prominence in the development community, this study can help cultivate a more differentiated view on the issue. While improving governance effectiveness and legitimacy might establish a virtuous cycle for governance tasks with low task complexity, this may not be the case for more complex tasks. Over-simplified efforts to establish virtuous cycles in Nigeria might take a long time and require vast resources, if they are successful at all. Education seems to be a key factor here, as well as adjusting foreign aid practices in the country. Additionally, establishing a productive dialogue between religious and ethnic groups in order to improve feelings of fair treatment and decrease resentment toward the state might also be helpful in changing Nigeria's situation for the good. A one-size-fits-all solution for Sub-Saharan Africa and Nigeria seems to miss the target. Nigeria needs a tailored approach that differentiates between different governance dimensions and the role the state can play.

Despite the valuable results this study has generated, several limitations remain. First, as the data analyzed is restricted to 2005 and 2008, additional data is needed to underline the robustness and

verify possible long-term trends of these results. This would also help in researching the causal arguments in greater detail. Second, since this study has focused on Nigeria, the conclusions could be tested for other areas of limited statehood, where different factors might be at play. Third, since the aim of this study was to present a more detailed picture of Nigeria and to consider factors on the sub-national level, additional data is needed to further develop this multilevel approach. Data on foreign aid or statehood, for example, would be particularly beneficial.

These limitations do not undermine the value of the results but rather open possibilities for future research. Future rounds of the Afrobarometer survey should be added to these findings and supplement the analysis. This would enable a better assessment of the long-term workings and causal assumptions of virtuous cycles. Additionally, further countries in Sub-Saharan Africa—but also in Latin America or South East Asia—with large areas of limited statehood could provide the focus for future research. Virtuous cycles might function differently in different world regions. Such studies would carry not only great theoretical value but also important policy implications. Since this was a first step toward examining virtuous cycles on a sub-national level, further data collection efforts would be a worthwhile addition and improve possibilities for more detailed sub-state analyses.

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## Appendix

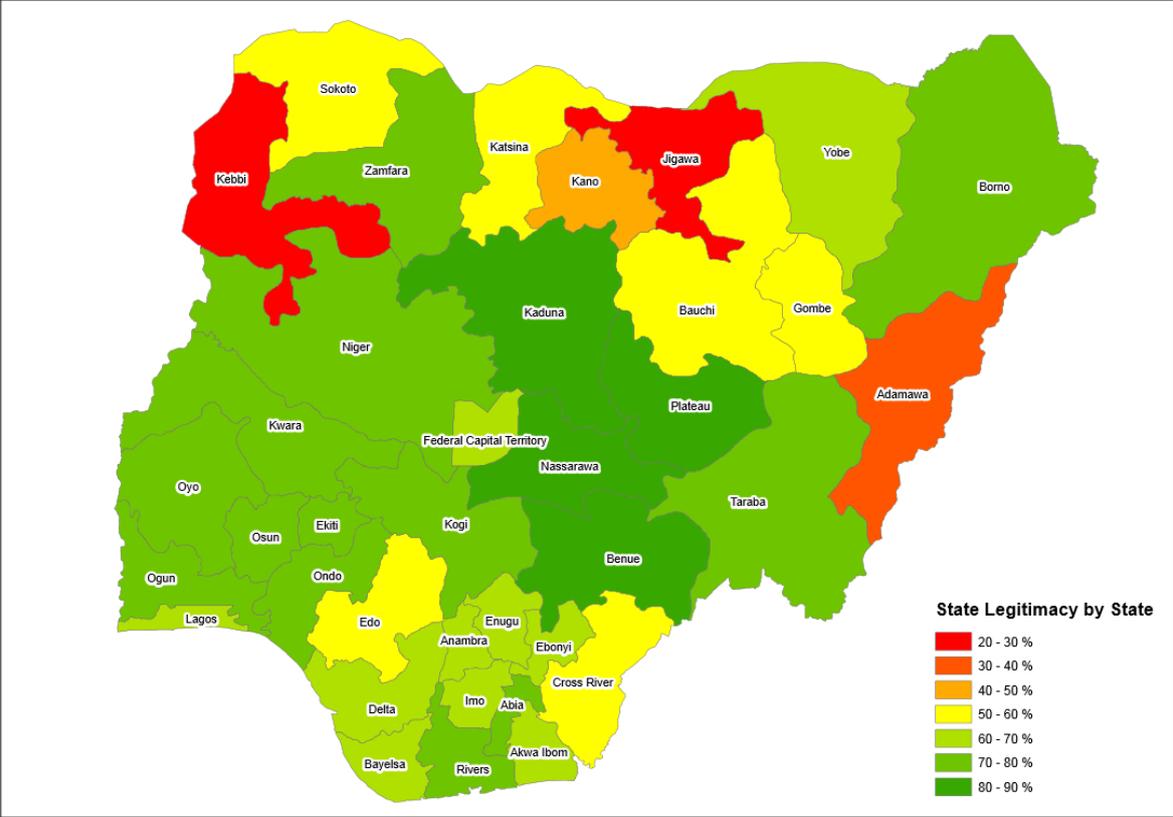
### Sample included in the Analysis

Country	Year	N
Nigeria	2005	2.363
Nigeria	2008	2.324

### Descriptive Statistics

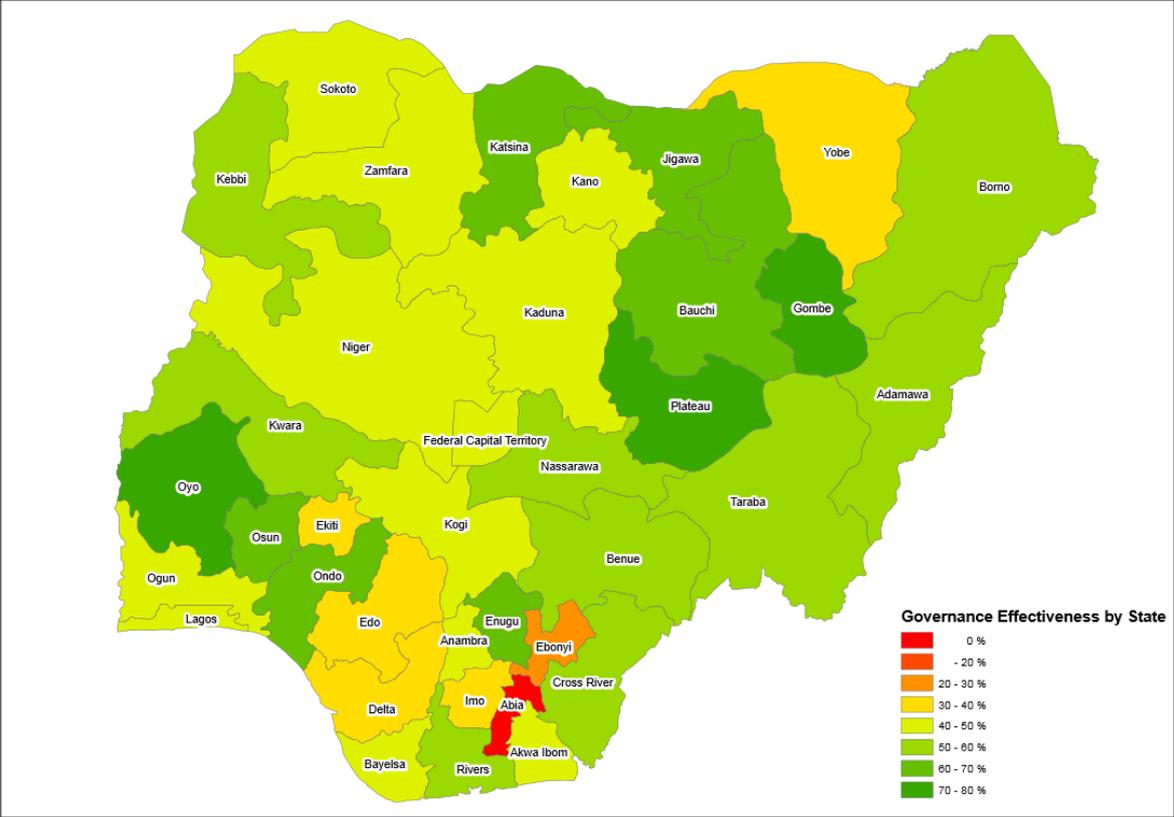
VARIABLES	N	mean	sd	min	max
Year 2008 (Ref. 2005)	4.687	2.006	1.500	2005	2008
Number of aid projects per state	4.687	3.902	9.620	0	42
Age	4.665	31.28	11.92	18	95
Female (Ref. male)	4.687	0.499	0.500	0	1
Education of respondent	4.676	4.241	2.124	0	9
Corruption: tax officials	4.371	1.249	0.792	0	3
Ethnic group treated fairly	4.445	1.545	0.964	0	3
Free and fair elections	4.398	1.997	1.002	1	4
Security Governance	4.656	3.365	1.060	0	4
Police station in the PSU/EA	4.641	0.426	0.495	0	1
State Legitimacy	4.504	3.612	1.113	1	5
Health Governance	4.657	2.892	1.165	0	4
Health clinic in the PSU/EA	4.585	0.668	0.471	0	1
Rural (Ref. urban)	4.687	0.510	0.500	0	1
Basic Subsistence Gover- nance	4.669	1.023	1.134	0	4
Market stalls in the PSU/EA	4.655	0.756	0.429	0	1
Trust relatives	4.662	2.023	0.999	0	3
Muslim State (Ref. non-Muslim state)	4.687	0.283	0.451	0	1
Number of groups	37	37	37	37	37

**Figure1: State Legitimacy in Nigeria (% of population attributing legitimacy to the state)**



Author’s illustration based on own calculations using 2005 & 2008 Afrobarometer data

**Figure 2: Governance Effectiveness in Nigeria (% of population perceiving governance as effective)**



Author’s illustration based on own calculations using 2005 & 2008 Afrobarometer data