

State Capacity and Development Performance in Nigeria: A Comparative Analysis of Subnational Governments

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ABSTRACT

Objective: This paper has discussed how state capacity affects the performance of development in the subnational governments in Nigeria based on the Weberian Bureaucratic Theory and the Institutional Theory by North. **Method:** Based on a descriptive qualitative research design and content analysis, the study examined the influence of administrative, fiscal, and regulatory capabilities on socio-economic outcomes in a selected set of states. **Results:** The results showed that those states that had integrated administrative professionalism, fiscal autonomy and effective regulatory enforcement continued to record better development outcomes in education, healthcare, infrastructure and human development. Conversely, states with weak bureaucracies, financial reliance and ineffective regulatory frameworks had low performance even when they had the same endowments of resources. The research also determined that the relationship between state capacity and development performance is mediated by leadership quality, strategic planning and institutional coordination. The paper has found that the effectiveness, coherence, and integration of state capacities rather than availability of resources are the key determinants of development performance in Nigeria. It underlined that the key drivers of sustainable development at the subnational level are strong institutions, not the availability of resources. **Novelty:** The study based on these findings suggested that subnational governments ought to focus on merit-based recruitment and on-going capacity-building in the civil service, to build internally generated revenue sources to promote fiscal independence, and to strengthen regulatory frameworks to implement policies effectively. It also emphasised the importance of steady leadership, strategic planning over the long term and increased intergovernmental cooperation to maximize the governance performance and decrease development inequalities among the states in Nigeria.

INTRODUCTION

For many years, development administration and comparative political analysis have placed a strong emphasis on the topic of why some governments are able to achieve development results while others are stuck in cycles of underdevelopment. This discussion is centered on the concept of state capacity which in most cases can be described as the capacity of the public institution to effectively design, implement and maintain policies that facilitate socioeconomic transition. This idea has intellectual roots in the classical works of Max Weber who saw the contemporary state as the rational-legal power founded on the hierarchy of bureaucracy, meritocratic recruitment, specialisation, and compliance with formal norms and procedures [1]. The formulation by Weber emphasizes the importance of administrative efficiency and institutional predictability in the provision of effective governance. The classical view has been extended to the present-day scholarship, with theorists like Francis Fukuyama defining state capacity as the capacity of governments to execute decisions and provide public goods effectively, and that the quality of institutions is more important than institutional presence [2].

On the same note, Joel Migdal develops a state-in-society approach where he suggests that the capacity of the state is determined not only by the internal bureaucratic systems, but also by the type of relations between the state and the actors in society [3]. Simultaneously, these theoretical positions suggest that the concept of state capacity is dynamic, multifaceted, and varies over time and varies based on the context. Thus, the institutional capacities of the state should be carefully studied to understand what factors affect the performance of development, particularly in developing countries where structural constraints are more entrenched and the problems of governance are more acute.

When applied to the situation in Nigeria, the question of state capacity gains even more importance because of the paradoxical nature of the country that has both a lot of resources and underdevelopment at the same time. Nigeria is abundant in natural resources, and especially oil and gas, and has a big and young population with a great potential in economic development and innovation. Nevertheless, even in spite of these benefits, the nation still experiences deep-rooted development issues such as poverty, inappropriate infrastructure, poor healthcare facilities, and unemployment. These have been aggravated by the lack of governance, institutional weaknesses, and inconsistency of policies that have compromised the efficacy of development programs over the years. Notably, these developmental issues are not evenly spread throughout the nation, but instead, they are reflected in different proportions in the subnational units of Nigeria, indicating that there are a lot of differences in governance capacity and institutional performance. Some states have shown relative improvement in terms of revenue collection, urbanization and service delivery but there are those that are still bound by poor administrative systems, fiscal reliance and ineffective regulations [4]; [5]. This unequal development trend poses important questions concerning the role of state capacity in developing development outcomes and the necessity of a more context-sensitive and fine-grained analysis of subnational governance.

The federal system of Nigeria offers a very interesting model to study the subnational differences in the capacity of states and their performance in terms of development. In this system, the 36 states that make up the federation have the constitutional power to execute important governance roles such as provision of education, healthcare, infrastructure, and other essential developmental services. Nevertheless, although these states have a similar constitutional and institutional structure, their capacity to execute these functions is very diverse. This difference can be explained by various factors, such as the administrative competence, fiscal capacity, political leadership, institutional history, and socio-economic conditions. According to scholars like Douglass North, institutions are an important factor in determining the economic and political results through the organization of incentives and minimization of uncertainty, thus affecting the actions of individuals and organizations in the system [6]. Thus, instead of traditional variables such as resource endowment or geographic position, institutional quality change across states in Nigeria might provide a more persuasive answer to differences in development performance. Also, the multifaceted nature of state capacity, encompassing administrative, budgetary, and regulatory aspects, enables a more comprehensive analysis of the dynamics of governance and their impact on the outcome of development [7]; [8]. By focusing on these qualities, this research will offer a more in-depth insight into the institutional factors that contribute to the development disparity between the states of Nigeria.

The analytical methodology of the study is also supported by the descriptive qualitative research design and content analysis that will provide an opportunity to analyze the state capacity and the performance of development in a comprehensive and context-sensitive manner. The qualitative research allows a more in-depth study of the institutional processes, the dynamics of policies, and the practices of governance than the quantitative one, which primarily relies on the numerical data and statistical models. Content analysis, specifically, offers a structured approach to studying textual data, such as policy documents, government reports, and academic literature, to detect patterns, themes, and relationships that cannot be seen at a glance, using quantitative approaches [9]. This paper discusses articulation, operationalisation, and expression of state capacity in different subnational settings in Nigeria using content analysis. The paper provides a comprehensive and empirically validated review of the relationship between state capacity and development performance based on a range of sources, such as publications by the National Bureau of Statistics, reports by international organizations, such as the World Bank, and scholarly literature. This methodological approach is particularly appropriate to the complexity and diversity of governance processes in a federal system where institutional arrangements and policy outcomes can be highly different across states.

Problem Statement.

Nigeria still experiences significant disparities in development performance of its subnational units despite decades of policy intervention, development planning and institutional reforms. This brings up important doubts regarding the effectiveness of systems of governance and the capacity of state institutions to deliver public goods. These interventions have had mixed effects and in most instances have been limited even though various governments have been rolling out several programs that seek to improve economic growth, reduce poverty and improve service delivery. Whereas there are states that have achieved a lot in terms of reforms in the public sector, development of infrastructure and internally generated revenue, there are still states that are characterized by poor institutional performance, low service delivery and persistent socioeconomic challenges. This disproportional trend in development implies that there are other forces at work than policy design and resource distribution and therefore the need to look at the underlying institutional capabilities that determine the outcome of governance. Most of the content currently on the Nigerian development has focused on issues such as political instability, corruption, and failures in leadership, often as the primary reason behind poor development performance. As important as these factors may be, they fail to encompass the institutional and structural factors of governance that influence the ability of subnational governments to implement policies and deliver services. The literature is especially lacking when it comes to the role of state capacity as a complex construct that includes administrative efficiency, regulatory efficacy, and fiscal strength.

This is especially the case in the federal system of Nigeria where the subnational governments are at the center of development administration but with different institutional conditions. Unless there is an in-depth knowledge of how variations in state capacity affect the performance of development, the policy interventions would tend to be disjointed, reactive and inadequately focused. Furthermore, the absence of systematic research on subnational capacity restricts the capacity of scholars and policymakers to find the best practices, formulate efficient reforms, and facilitate equitable development within the nation. What makes the situation worse is the fact that states that are endowed

with similar levels of resources often demonstrate varying levels of development meaning that the capacity of institutions to effectively utilize resources as opposed to their availability is what actually drives the performance. Thus, this study addresses a gap in the literature by exploring the relationship between variations in administrative, fiscal, and regulatory capacity and development performance in the Nigerian states. It does this by employing a qualitative and content-analytical approach that captures the complexity of institutional dynamics and governance processes.

Research Questions

- a) How does state capacity influence development performance across subnational governments in Nigeria?
- b) What are the key dimensions of state capacity (administrative, fiscal, and regulatory) at the subnational level, and how are they manifested in Nigerian states?
- c) Why do variations in state capacity result in differing development outcomes among Nigerian states with similar resource endowments?

Objectives of the Study

The general objective of this study is to examine the influence of state capacity on development performance across subnational governments in Nigeria, with a focus on administrative, fiscal, and regulatory dimensions.

Specific Objectives

- a) To conceptualize and operationalize state capacity within the context of subnational governance in Nigeria.
- b) To examine the relationship between the dimensions of state capacity (administrative, fiscal, and regulatory) and development performance across selected Nigerian states.
- c) To investigate the disparities in development outcomes among Nigerian states based on variations in state capacity.

Theoretical Framework

Weberian Bureaucratic Theory and the Institutional Theory by North inform this research and collectively offer a strong framework through which to study the correlation between the state capacity and the performance of development at the subnational governments in Nigeria. According to Weber [1], effective governance requires a professional and rule-bound bureaucracy. Policy implementation and service delivery focus on administrative competence, recruitment based on merit, and systematic training, which underscores the role of administrative capacity in development outcomes.

North [6] has pointed out that formal rules, procedures, and informal norms in institutions define development by influencing incentives, lessening uncertainty, and facilitating coordinated action. The difference in institutional quality in the Nigerian context is reflected in the differences in fiscal capacity and enforcement of regulations across states, which in turn affect the mobilisation of resources, enforcement of laws, and the implementation of development programmes. Collectively, the two theories offer a clear guide on how administrative and institutional capabilities interrelate to give rise to

differences in subnational development performance. They support the operationalisation of the key variables administrative competence, fiscal autonomy, regulatory enforcement, and development indicators and connect empirical observations to the general theory of governance.

METHODOLOGY

This research takes on a qualitative comparative research design to explore the relationship between state capacity and development outcomes in the context of selected subnational governments in Nigeria. Methodological approach This paper adopts an interpretivist approach situated in an institutional analysis perspective, allowing detailed exploration of how administrative, fiscal and regulatory capacities influence governance performance. Data were obtained through secondary sources of data available including government various policy documents, state development plans, National Bureau of Statistics, statements and publications including that of the World Bank, United Nations Development Programme and various peer-reviewed academic literature which report on this topic. Purposely selected, they provide credible and relevant information on high-performing and low-performing states.

The comparative case selection strategy will choose states (Lagos, Ogun, Rivers, Bayelsa, Yobe and Zamfara) that vary in administrative efficiency, revenue generation capacity, and strength of regulatory enforcement. The main analytical method used in this study was content analysis, which allowed for the systematic coding and categorization of textual data (i.e., the 113 development plans) to examine how capacities were addressed and how this performance is likely to change as institutions continue to develop. Analysing data on dimensions of state capacity – hierarchical bureaucratic professionalism, self-governing fiscal autonomy, and rule-based extractive effectiveness – and state performance indicators like access to education, health service provision, infrastructural delivery, and poverty alleviation.

To improve validity and reduce bias, triangulation was used through comparison of the results obtained from different sources of data. It also draws on theoretical avenues from Weberian bureaucracy, institutional economics, and governance theory as interpretative frameworks. The methodology thus provides a strong basis for accounting for the differences in subnational development outcomes in Nigeria, by connecting empirical evidence with theory.

RESULTS AND DISCUSSION

Conceptualization and Operationalization of State capacity within the context of subnational governance in Nigeria

To conceptualise state capacity, there is a need to interact with both old and new theoretical debates on the structure of states, the functioning of institutions, and the outcomes of governance. The classical basis of the concept is the work of Max Weber who stressed that the modern state is defined by rational legal power, formal rules, hierarchical structure, and a bureaucratic ethos that promotes merit, competence, and predictability in governance [1]. According to the formulation of Weber, the capacity of a state is illustrated by the fact that it can exercise authority by providing effective bureaucratic processes that execute judgements in a uniform and impartial way. This theoretical framework continues to be fundamental to contemporary conceptions of administrative competence and offers a basic structure to the analysis of the real workings of subnational government in Nigeria.

Modern research has extended this Weberian perspective to recognize that state capacity is multidimensional, and includes not just formal administrative institutions but also the ability of states to enjoy budgetary autonomy and impose social norms. Fukuyama [2] defines State capacity as the ability of the public institutions to make and implement decisions that are reliable and efficient in delivering the public goods. In the Nigerian case, this implies the existence of ministries and agencies, as well as the capacity of these organisations to develop policy, mobilise resources, coordinate programmes, monitor outcomes and respond to the needs of citizens. Like this, the institutional economics perspective of Douglass North focuses on the consideration of how the capacity of the state is incorporated into a bigger system of formal and informal regulations that impact incentives, reduce uncertainty, and allow the smooth functioning of social and economic interaction [6]. In the formulation of North, state capacity is relational and it operates via systemic norms, enforcement and compliance with regulations. It is not just organisational.

These theoretical constructs demonstrate strong explanatory strengths with reference to the realities of subnational government in Nigeria. The capacity of states in Nigeria varies widely across states based on a study of policy texts, state finances, institutions of the public service, and reform results. An example of this is Lagos State, which has a relatively high degree of administrative competence and is often cited in development reports and governance assessments. Merit-based hiring, ongoing professional development, and performance-linked evaluation systems have all been institutionalised by the Lagos State Civil Service and related training organisations like the Lagos State Public Service Training Institute [5]. These institutional practices are in line with Weberian requirements of efficient bureaucracy and have been associated with enhanced administrative efficiency in sectors like urban planning, managing public health, revenue administration and service delivery. Conversely, in places like Yobe and Zamfara, content analysis of government reports and scholarly literature shows that there are continued administrative competence weaknesses, high rates of political interference in appointments, frequent restructuring without continuity mechanisms, and low rates of policy monitoring and evaluations [7]; [8]. These institutional weaknesses are indicative of weak administrative capacity and contribute to the explanation of why some states have a problem with policy implementation even when the constitution requires them to provide public goods.

The three dimensions of operationalisation of state capacity are administrative, fiscal, and regulatory capacity, which have been widely tested in the literature. Presence of professionalised civil service systems, recorded training of public officials, systematic performance appraisal systems and presence of policy continuity between political cycles are examples of identifiable markers that were operationalised to define administrative capacity. State human resource reports and reform assessments indicate that there are many of these indicators in Lagos and Ogun States, yet many of the northern states have no sign of organized administrative procedures beyond constitutional form. Fiscal capacity was the second dimension that was operationalised using the following indicators; the level of internally generated revenue (IGR), the rate of budget execution, transparency of expenditure and the performance of local tax administration. Subnational fiscal analysis shows that there is a high degree of heterogeneity in revenue performance, as states such as Lagos are able to generate significant IGR to fund major development projects, whereas states such as Bayelsa and Taraba continue to rely heavily

on federal transfers and have little ability to raise local revenues [5]. This empirical trend is in line with the fact that fiscal capacity increases policy responsiveness and flexibility to allow higher capacity states to finance development priorities without necessarily depending on unstable federal allocations.

The third dimension, regulatory capacity, was operationalised by observing evidence of regulatory enforcement, compliance systems, institutional monitoring structures, and record keeping of regulatory enforcement actions. The regulatory capacity is especially relevant in fields like the regulation of the environment, urban planning, and business regulation. An example of this is the enforcement of building codes and urban planning laws in Lagos and Ogun States, which have been reported in official planning authority reports and attributed to better infrastructure performance and investor trust [10]. Conversely, the long-term ecological degradation and social unrest associated with regulatory failures in environmental compliance in the Niger Delta have been attributed to weak regulatory capacity, which not only compromises the developmental outcomes but also erodes the trust of the people in the state institutions [10]; [11].

Also, the research demonstrates that the state capacity in Nigeria cannot be fully understood through the prism of one measure; instead, the performance of governance is determined by the interplay of administrative, budgetary, and regulatory processes. The ability of a state to translate bureaucratic competence into development outcomes can be constrained when the state does not have fiscal autonomy even when its administrative institutions are relatively strong. Conversely, a state might be earning enough revenue but lacks effective regulatory systems, thus resulting in bad policy and resource management. As an example, Rivers State has a fairly good fiscal capacity due to oil revenue, yet its regulatory and environmental enforcement capacity has been lagging, which has led to the conflict of equality in development and the control of resources [12]. This example highlights the fact that operationalising state capacity in the Nigerian context needs a systemic approach that takes into account the interdependence of various functions of governance.

The academics of subnational government in Africa support this multifaceted view. Hanson and Sigman [8] highlight that rather than using crude proxies, state capacity is better assessed using latent variables that include administrative competence, revenue mobilisation, and enforcement authority. In a similar vein, Grindle [13] contends that organisations' actual accomplishments rather than just their official existence must be used to determine their capacity. Based on the study of Nigerian data, the states that have an integrated capacity in terms of administrative systems, local revenue mobilisation, and regulatory enforcement are always at the top in development indicators such as literacy rates, access to healthcare, availability of infrastructure and poverty reduction. These theoretical insights are supported by the data.

Finally, the concept of Nigerian state capacity is complex and multidimensional and can be effectively conceptualised through the prism of fiscal, administrative and regulatory factors. Significant subnational heterogeneity caused by institutional structures, resource endowments, governance reforms, and enforcement strategies is shown when these components are operationalised.

Key Dimensions of State Capacity (Administrative, Fiscal, And Regulatory) at the Subnational Level, and how are they Manifested in Nigerian States

The premise that capacity does not merely play a role in establishing the reality of institutions, but also realistic outputs and results of institutions as far as service provision is concerned, policy implementation and social economic development is the basis of the proposed study. Operationalisation of development performance in this study is through literacy and education outcomes, access to and quality of healthcare, the provision of infrastructure, poverty reduction and the general human development indices. Documentary evidence from state development plans, National Bureau of Statistics reports, academic assessments and evaluations carried out by foreign organisations like the World Bank and the United Nations Development Programme, and scholarly publications are all used in the analysis. This section shows that state capacity is not just a theoretical concept, but a practical predictor of subnational performance by examining the relationship between different administrative, fiscal, and regulatory capacities and measurable development outcomes.

In several states in Nigeria, it has been clearly shown that performance in development is usually better in areas where the administrative capacity is good. Long-term administrative reforms in Lagos State have enhanced the civil service by institutionalising the performance review, professional development systems and merit-based appointment systems. This has made the bureaucracy responsive and capable of formulating and enacting policies that address key demands of the people. To illustrate, the education sector performance indicators in the state of Lagos have dramatically grown over the past decade, with the teacher training indices and the index of primary school completion being the main ones, since the administrative control and policy implementation were a consistent practice during the period (World Bank).

Equally, the examples of the public health administration in Lagos, especially during the aftermath of the public health crisis, like the 2014 Ebola outbreak, and the COVID 19 pandemic, showed the ability to organize multi sectoral action, implement directives in the domain of public health, and sustain the necessary services. This responsiveness of administration is in sharp contrast to those states which do not have such administrative fortification. In other states like Benue and Akwa Ibom, it has been found that there has always been a gap in the quality and continuity of the policy implementation, poor monitoring systems, and constant shortages of manpower in the key ministries which are associated with poor performance in the education and health indicators (Eme & Onwuka; Nwankwo & Elechi). When this occurs, the administrative incapacity is expressed in policy response slowness, programmes lack of coordination, and inability to turn planning into practice. This development resonates with the thesis by Weber that bureaucratic competence is a prerequisite to successful governance and it is the same as the recent works by Grindle (2004), who postulates that the ability to administer policies is a predictor of whether the policies will actually be delivered to the beneficiaries or not.

Similarly, there is a strong correlation between fiscal capacity and development performance. The states in the Nigerian federal system, which have high levels of internally generated income (IGR), such as Lagos, Rivers, and Ogun, perform better than those states with low fiscal independence on several development indices. Lagos State has consistently topped IGR performance and regularly makes more money than some entire regions of the country. This will enable it to aid in educational growth, enhance road systems, fund infrastructure developments, and enhance availability of potable water without necessarily depending on federal funding [5]. These are financial resources that enable the state to be strategic in planning and carrying out long term development

interventions. In the case of Lagos State Job Creation and Employment Policy, which is a policy that is financed by the state revenue, the policy has helped in supporting the small and medium enterprises (SMEs), youth skills development programmes, and urban employment schemes, which have led to better local economic performance.

On the other hand, other states like Bayelsa and Taraba have been characterised by chronic fiscal reliance on federal payments and little IGR potential, limiting their investment in basic infrastructure and public services. Budget implementation reports in these states show that more often than not, education and health sectors are underfunded, which results in the poor state of school facilities, insufficient medical supplies, and poorly paid employees, which are linked to poor literacy and health outcomes [14]. The fiscal capacity and development performance relationship in Nigeria therefore echoes extended arguments by Besley and Persson [7] that financial autonomy and strong revenue structures empower governments to finance priorities that are in tune with the needs of citizens.

Regulatory capacity is also strongly related to development outcomes, and is the ability of state institutions to maintain normative order, enforce laws, and control compliance. Proper regulation ensures that people are safe, that there is a fair distribution of services, and a conducive environment, which is favourable to economic growth. In Lagos and Ogun States, there are regulatory frameworks that govern the urban planning, environmental protection and conduct of business, which are continuously monitored and enforced, which allows market development and enhancement of infrastructure. To illustrate this, the building code enforcement and urban development policies of Lagos State have minimized informal settlements in high risk areas, enhanced drainage facilities, and enhanced public safety outcomes which have been reported in state planning authority reports and are supported by independent research [10].

By contrast, lax regulation in other states like Plateau and the North East has been attributed to frequent communal conflicts, environmental degradation, and informal economic activities that erode the fruits of development. Such regulatory failures are usually caused by insufficient enforcement officers, politicized law enforcement agencies, and minimal institutional surveillance systems as reported in field reports and governance assessments [11]. The influence of the regulatory aspect on development is consistent with the statement by Tilly [15] that state capacity is also concerned with coercive and normative power – the capacity to impose rules and norms when there is complexity and contestation.

The interactions of administrative, fiscal, and regulatory capacities are reflected in composite indicators of development performance. Strong revenue systems, professional bureaucracy, and enforceable rules that demonstrate synergy in these capacity dimensions are characterised by states that perform better than other states in a range of industries. Examples include the Lagos and Ogun States that have regulatory frameworks, which enhance compliance and institutional legitimacy besides creating more revenues and sustaining effective administrative systems. These strengths have been demonstrated in various development outcome indicators including the increased life expectancy, decreased child mortality, rising school enrolment ratios, better infrastructure indices, and decreased poverty levels.

On the other hand, the results of the states with unbalanced capabilities where fiscal resources are present, but administrative systems are weak, or the enforcement of regulations is different demonstrate mixed or poor results. An example of this is Rivers State, which experiences significant oil revenues, but suffers in terms of regulatory

implementation regarding environmental conservation and fair distribution of resources leading to disputed development results in some local governments [12]. This tricky interaction points out that capacity needs to be examined not in solitude but as a complex set of institutional potentials that jointly form the capacity of the state to provide development.

The findings of this analysis support key theoretical hypotheses on the capacity of the state and development. The differences between states with and without an organized administrative system support the argument by Weber regarding the need to have an effective bureaucracy in order to govern. The institutional perspective of North in which the performance of the economies is determined by the formal and informal rules is also present in the manner in which the revenue systems, enforcement of the rules, and mechanisms of compliance determine the outcomes of the development. The importance that Tilly gives to extractive and enforcement capabilities is vindicated on the connection between regulatory performance and citizen security and normative order. Moreover, the Nigerian experience confirms the modern governance literature that capacity is latent and multi-dimensional as developed by Hanson and Sigman [8] and that the operationalisation of this conceptual diversity generates analytically useful information about the processes of development.

The Disparities in Development Outcomes Among Nigerian States Based on Variations in State Capacity

This paper highlights the complexity of variations in the performance of development, as both structural capacities and contextual dynamics, by examining the fiscal, administrative, socio-political and environmental aspects.

Experience shows that reforms in administration and civil service professionalisation are major factors that can determine development outcomes. An example is Lagos and Ogun States which have maintained bureaucratic reforms across several political regimes, through well-articulated procedures, meritocratic appointments, and personnel training. The reforms have resulted in more efficient policy implementation, delivery of services on time, and proactive response to new challenges, including the congestion in urban areas, healthcare crises, and the growth of education. The relationship between the administrative professionalism and the outcomes is also backed by the fact that Grindle [16] says that institutional functionality and not the mere presence is the driving force in governance effectiveness. Conversely, politicised administrative systems, like some North-Eastern and South-South states, have to endure policy changes, understaffed ministries, and ineffective enforcement mechanisms, which leads to poor education, health, and infrastructural sectors [12]; [13]. These trends reveal that the development of human capital in the bureaucracy is a decisive factor in the way a state develops.

Another outstanding factor that accounts for the differences in development performance is fiscal capacity. The capacity to plan, fund and implement development projects in a state is pegged on internally generated revenue (IGR) and financial management efficiency. Lagos State, which has consistently had the highest IGR, can afford to finance large-scale infrastructural projects, increase access to healthcare, and run educational programmes without federal funding, leading to a statistically significant improvement in human development indicators [5]; [14]. On the other hand, low-fiscal autonomy states like Bayelsa, Taraba, and Yobe are highly reliant on federal allocations which are usually tardy or inadequate. As a result, they find it hard to sustain

the health facilities, salaries of teachers, and invest in roads and utility. According to a study by Besley and Persson [7], fiscal autonomy helps governments to focus on development needs in an effective way and this is consistent with the differences in revenue-strong and revenue-weak Nigerian states. Fiscal prudence and open financial management is also a factor; mismanagement or loopholes in revenue distribution can erode even large amounts of resources endowed to development, defeating the development results.

The regulatory capacity also has a strong effect on performance in development. Efficient implementation of laws and regulations, be it in urban planning, environmental management, or business control, provide environments favorable to economic growth and social stability. In Lagos and Ogun, rigorous application of building codes, environmental policies, and business licensing policies have minimized informal settlements, enhanced citizen security, and increased investor confidence, enabling infrastructure development and the creation of local jobs [10]. In comparison, states like Rivers, Delta, and Plateau have weak regulatory systems that promote environmental degradation, internal conflicts, and informal economic processes that undermine the effectiveness of the state in providing services and achieving equitable development results [11]. These observations affirm the claim that Tilly [15] made that the ability of the state to elicit compliance and enforce norms is critical in the upholding of order and facilitation of development.

In addition to formal capabilities, political stability and the quality of leadership play a vital role in explanations. States with stable leadership, strategic planning over long periods of time, and comparatively reduced political interference of bureaucracy, e.g., Lagos, Ogun, and Ekiti, demonstrate better development performance. In other states, political instability, high turnover of governments and executive encroachment on bureaucratic activities undermine the continuity of policies, erode institutional memory, and make proper implementation of development programmes difficult [4]. Empirical research also indicates that political commitment to development agendas coupled with participatory governance practices increases policy legitimacy and citizen participation, which subsequently increases efficiency of service delivery and infrastructure projects [2]. Thus, the quality of leadership and the culture of governance becomes significant factors of subnational performance.

Development outcomes are also influenced by socio-economic and environmental contexts. States with varied economic foundations, including Lagos with commerce, industry, and ports, will be in a better position to transform administrative and fiscal potentials into concrete development outcomes. On the other hand, states that are resource constrained and have little industrial or agricultural potential tend to experience structural bottlenecks that hinder development despite institutional potential. Development performance is also mediated by the environmental factors such as exposure to natural disasters, war, or the effects of climate change. An example is flooding in the coastal states like Lagos and Rivers which require more investments in infrastructures and adjustive policies, which the states with less capacity are unable to handle effectively [10]. These results show that the structural endowments, environmental risk, and socio-economic context should be combined with the capacity factor in assessing the performance of development.

Also, intergovernmental relations and external support are also of great importance. States that have good relations with federal agencies, international development partners, and non-governmental organisations are likely to use the external resources,

technical assistance, and knowledge transfer to improve development outcomes. The partnership between Lagos State and the World Bank and UNDP on urban development, public health, and digital governance projects exemplifies the fact that the city increased its ability to execute complex development projects [10][14]. Conversely, states that have less intergovernmental coordination tend to experience disintegration in project implementation and ineffective allocation of resources, which hinders development.

Overall, institutional, fiscal, regulatory, political, socio-economic, and environmental factors combine to cause the differences in the performance of Nigerian subnational governments in terms of development. The key determinants of performance are administrative professionalism, fiscal autonomy, and regulatory enforcement, whereas the quality of leadership, political stability, socio-economic situation, and external collaboration are mediating or amplifying variables. States that perform well in these areas in terms of integration, as the example of Lagos, Ogun, and Ekiti, can be characterized by better literacy, healthcare, infrastructure, and human development indices. On the other hand, those states who have institutional deficits, weak fiscal base, political instability and unfavorable environmental factors are lagging behind.

Discussion of Findings

This section of the study considers a discussion of the research findings based on the research questions or Objectives earlier posed for the study;

To address research question one (1) of the study, it was asserted that state capacity is multidimensional, which includes administrative, fiscal, and regulatory capacity. Administrative capacity, which is typified by professionalised bureaucracies, merit-based recruiting, training programmes and performance evaluation systems, was observed to vary considerably across states. The administrative effectiveness of Lagos and Ogun States is always high and this conforms to Weber [1] comment that effective bureaucracy is the key to governance. Conversely, poor institutionalisation, politicised appointments and fragmented bureaucracies such as Yobe and Zamfara have low policy implementation capacity, and these findings support the results of Grindle [16] that institutional functionality and not existence alone drives development.

In answering research question two (2) of the study, it revealed that those states that had integrated administrative, fiscal and regulatory capabilities perform better than their counterparts in various sectors. Fiscal autonomy proved to be an important catalyst, and high-revenue states like Lagos were able to raise internally adequate funds to support infrastructure, education, and health projects, but low-revenue states are still reliant on federal funds, restricting their ability to address the needs of citizens [5]. Enforcement of regulations was also critical as states that had strong regulatory frameworks especially in urban planning and environmental protection exhibited greater compliance and safer places and confidence among investors, which supported the argument by Tilly [15] on enforcement and normative power.

As an answer to research question three (3), the research found that the interaction of institutional, political, socio-economic, and environmental factors influences the performance disparities. The quality of leadership, political stability, and strategic planning of governance became important factors in increasing development outcomes, whereas states that experienced frequent administrative disruption, poor intergovernmental coordination, as well as poor socio-economic status performed poorly [2][4]. In addition, the states that were able to utilize their partnerships with international organizations and federal institutions improved their development performance by

providing technical assistance, capacity-building programmes, and focused funding [10][14].

The overall findings of the study indicate that resource endowment is not the only factor that determines development performance but the effectiveness and integration of the state capacities are critical in mediating such performance. High-performing states are characterised by a combination of professionalised administrative system, fiscal autonomy and efficient regulatory mechanisms with stable leadership, strategic planning, and environmental and socio-economic adaptation. On the other hand, states that lag in these respects have continued development problems even with constitutional requirements or distribution of resources. These findings confirm the hypothetical claims of Weber [1], North [6], and Fukuyama [2], as well as give empirical support to the subnational governance in Nigeria, with its subtle aspects of capacity and performance in the federal setting.

CONCLUSION

Fundamental Finding: This paper has shown that state capacity is a focal variable of determination of development performance among the subnational governments in Nigeria. The discussion shows that the difference in administrative professionalism, fiscal autonomy, and enforcement of the rules can be used to explain the major differences in outcomes among states. States that incorporate robust bureaucratic systems, good revenue collection, and enforceable policies always record better development outcomes in education, health, infrastructure and human development. On the other hand, states that have poor institutional structures, have low financial abilities and also have weak regulatory implementation perform poorly despite the endowment of resources, political requirements or federal transfer. The quality of leadership, political stability and planning of strategic governance intensifies or limits the development outcomes further, highlighting that capacity is not enough to make development sustainable but rather needed. **Implication:** Subnational governments should implement merit-based recruitment, structured training programmes, and performance management systems to strengthen administrative efficiency and policy implementation. States should diversify internally generated revenue, improve financial management, and reduce reliance on federal allocations to ensure sustainable funding for development initiatives. Institutional mechanisms should be developed to monitor and enforce compliance in urban planning, environmental protection, and business regulation, ensuring stability, equity, and service delivery. Consistent leadership, long-term strategic planning, and effective intergovernmental collaboration should be prioritised to leverage domestic and international resources and enhance the effectiveness of state capacities. **Limitation:** This paper has shown that state capacity is a focal variable of determination of development performance among the subnational governments in Nigeria. **Future Research:** The quality of leadership, political stability and planning of strategic governance intensifies or limits the development outcomes further, highlighting that capacity is not enough to make development sustainable but rather needed.

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