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Evaluation of Fiscal Responsibility Legislation in Sub-Saharan Africa: Issues and Challenges on the Nigerian Economic Growth

Miftahu Idris[1], Rosni Bakar[2], Tunku Salha Tunku Ahmad[3]

[1]Postgraduate Student, School of Business Innovation and Technopreneurship, Universiti Malaysia Perlis; (UniMAP) Malaysia.

[2]Director, Centre for entrepreneurship development, commercialisation and intellectual property management, Universiti Malaysia Perlis; (UniMAP) Malaysia.

[3]Dean, School of Business Innovation and Technopreneurship, Universiti Malaysia Perlis; (UniMAP) Malaysia.

****Corresponding Author: Miftahu Idris***

Postgraduate Student, School of Business Innovation and Technopreneurship, Universiti Malaysia Perlis; (UniMAP) Malaysia.

Abstract: Fiscal responsibility and public procurement reforms have been part of the broader public sector reform strategies in Nigeria seeking to improve public sector effectiveness in service delivery and ensure fiscal discipline. This paper evaluates the impact of fiscal responsibility legislations on the economic growth of Nigeria, and further analysed its existing challenges towards attaining sustainable macroeconomic performance within the context of fiscal framework. Various literature on the impact of fiscal responsibility and public procurement legislations are extensively reviewed but with the majority of these studies focusing more on the developed countries. Hence, the existing literature shows the growing need for investigating the phenomenon in developing countries. Analytical and descriptive approach are employed to show whether the challenges of fiscal responsibility legislation are responsible for the fluctuating macroeconomic growth. The study argued that the benefit of fiscal responsibility legislation cannot be realised by merely passing laws or statutory amendments to that effects, but strict compliance with the legislation is necessary in order to achieve fiscal discipline. As such, legislative functions need to be concentrated towards developing the fiscal transparency and the promotion of independent analysis on fiscal framework. Nigeria must accept the challenges to sustainable development by restructuring its fiscal practices towards attaining higher macroeconomic growth and performance in the long-run.

Keywords: Fiscal responsibility, public procurement, economic growth, public sector reforms.

1. Introduction

Several countries across the globe have realise the need and adopted an established fiscal responsibility legislations as a mechanism for coordinating and implementing the fiscal framework, improving the ability to control expenditure of the public sector, and ensure aggregate stability of public finance in the country. The scope of this legislation differs across countries and coverage, hence depends on the size and status of development. In many sub-Saharan countries, the issue of fiscal responsibility legislations has relatively attracted the attention of policy makers. Several debates have been put forward on the political and economic relevance for the practice of fiscal responsibility legislations. While the economic arguments are based on the growing need to enhance efficiency in the public finance and the aggregate use of national resources, the political point of view is mainly based on the diverse characteristics of the various regions making up the country. This is of the believed that open and transparent leadership by the public sector will create confidence and produce reliance among various stakeholders as well as introduce suitable measures to stimulate balance among the various macroeconomic indicators; reducing inequality and distribution of wealth, and favourably encourage the public investment through fiscal policy while generating an impact on private investment.

In the last decade, a number of African countries have embraced and implemented fiscal responsibility and public procurement reforms aimed at strengthening the public procurement and fiscal systems, including Nigerian, Kenya, Ghana, Sierra Leone, Liberia etc. The government of these respective countries believed that sound public procurement and fiscal discipline as well as fiscal practices are among the essential elements of good governance and it tends to reduce costs and produce timely results, whereas poor practices result to waste and delays and most often produce allegations of corruption and public sector inefficiency (Familoye, Ogunsemi, &Awodele, 2015; Ezeh, 2013).

In Nigeria, fiscal legislation has been undertaken under the rule-based framework through the enactment of Fiscal Responsibility Act (2007) and Public Procurement Act (2007) by the federal government and became applicable to all tiers of government regardless of economic condition. The implementation of these responsible fiscal structures and platforms requires the use of standard measures such as budgetary procedures and independent fiscal institutions. These tools of fiscal governance are projected to encourage efforts to stabilise and sustain public finance with the view to ensuring adequate transparency and accountability in the public sector administration. The relevance of this fiscal legislation became pronounced during the global financial crisis of 2008 which shows several African countries within the sub-Saharan region to have problems in maintaining fiscal discipline and instability in aggregate macroeconomic performance. Part of the recommendations by the various civil society organisations and the International Financial Institutions (IFIs) to enhance growth potentials and developmental aspirations is the need to restructure the public sector with the view to becoming more responsive towards efficient and equitable provision of public services to ensure stable macroeconomic performance in the long-run (Ogunlana, Lawal, Bello & Kolawole; 2014). The essential believe is that fiscal and economic performance of a country can be influenced by certain factors including the capability of public sector administrators, the functional characteristics of public expenditure and the fiscal framework through which the government activities are financed.

However, the fiscal legislation has recorded success and positive outcomes in the management of public resources despite a number of criticisms and shortcomings experienced during its implementation process. The current economic crisis in Nigeria may not be distant with the neglect of this legislation by the government. There is absence of sincere commitment and pledge to comply with the constitutional provision of the fiscal responsibility legislations towards greater budget transparency and accountability within the public governance. The persistent occurrence of higher spending expenditure

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corresponding to lower revenue mobilisation is a remiss fiscal practices and a clear indication that fiscal responsibility legislation is yet to achieve it statutory objectives. This scenario has prompted to formulate questions guiding this study: What are the challenges facing the fiscal responsibility legislations? Are these challenges responsible for lower macroeconomic growth? It is in view of these deficiencies and the growing attention given to the role of fiscal governance in budgetary procedures that this study intends to provide an overview of the fiscal responsibility legislations in Nigeria with the aim of examining it challenges on national development and analysed the impact of fiscal practices within the context of governance.

The study adopted an analytical and descriptive approach to present the argument and show how the dismal performance of this legislation affected the functional and developmental status of the economy. In the literature, considerable number of studies on fiscal responsibility legislations have concentrated on policy and institutional issues that arise in the developed countries, hence little attention is given to the challenges of fiscal legislation in developing countries within sub-Saharan Africa. The reminder of this paper is organised and presented as follows: section2 provides the highlight on fiscal responsibility legislations consisting of both the Fiscal Responsibility Act (2007) and the Public Procurement Act (2007) taking into consideration its origin and functional characteristics within the fiscal framework; section 3 provides a comprehensive and broad review of empirical literature on fiscal responsibility and public procurement legislations in both developed and developing countries; section 4 identifies the challenges of fiscal responsibility legislation as it affects the macroeconomic growth and fiscal discipline within the public sector finance; and finally, section 5 provides the conclusion and offer some policy suggestions towards realising the full potential of these legislations in Nigeria.

2. Fiscal Responsibility Legislations in Nigeria

The idea of having a policy reforms which will improve the economy in accordance with international best practices was formerly considered by the previous administration in 2007. In other words, the need for suitable fiscal strategies including the Fiscal Responsibility Act (FRA) and the Public Procurement Act (PPA) in Nigeria started as a response to demands by various civil society organisations and international financial institutions for a more transparent and effective development policy to steer the economy within the context of Poverty Reduction Strategy Papers (PRSPs) towards achieving sustainable development.

2.1 Fiscal Responsibility Act (FRA)

In order to improve economic reform measures in Nigeria, there are growing needs for fiscal responsibility and public procurement legislations to be enacted in the economy (Usman, 2007). This is because, fiscal responsibility legislation strengthens fiscal policy design and implementation, and changes from the tradition of short term fiscal perspective to medium and long term fiscal sustainability and improve budgetary process. While the public procurement legislation, on the other hand, improves government expenditure behaviour, value for money, curtail corrupt practices and inefficiencies, and enhance government expenditure on investment activities. The FRA is designed to improve inter-governmental fiscal coordination in the pursuit of greater macroeconomic stability, promote fiscal prudence and sound financial management of public resources. In addition, the law provides legal backing for ensuring compliance with agreed fiscal benchmarks, enabling environment for accelerating economic growth, and strive to curtail excessive public sector expenditure and hence limit the vulnerability of unsustainable deficits by the different tiers of government (Chris & Amujiri, 2015; Ezeabasili & Herbert, 2013).

In the FRA 2007, it is clearly mentioned that the law was enacted "to provide for prudent management of the nation's resources, ensure long-term macroeconomic stability of the national economy, secure greater accountability and transparency in fiscal operations within a medium term fiscal policy framework, and the establishment of the fiscal responsibility commission to ensure the promotion and enforcement of the nation's economic objectives; and for other related matters" (Fiscal Responsibility Act, 2007). The FRA contains a mixture of procedural and quantitative rules – procedural rules on one hand relate to adherence to Medium Term Expenditure Framework (MTEF), governance of the budget process, savings and asset management, provision for audits and reporting requirements for government, and transparency and accountability standards. While the quantitative rules, on the other hand, outline the oil price-based rule, the size of the fiscal deficit, and the limits for accumulating public debt, as well as the reservation of public borrowing exclusively for capital expenditure.

The concept of fiscal responsibility within the context of the Act covers a wide spectrum of fiscal policies, processes and actions including programming, planning and budgeting. Also included in the concept are public expenditure management within the MTEF, the Fiscal Strategy Paper (FSP), revenue and expenditure estimates and consolidated debt statement (FRC, 2016). The FRA 2007 provides for the establishment of the Fiscal Responsibility Commission (FRC). The mandates of the commission as contained in FRA (2007) are as follows:

i. To monitor and enforce the provisions of this Act and by so doing, promote the economic objectives contained in section 16 of the Constitution;
ii. To disseminate standard practices, including international good practice that will result in greater efficiency in the allocation and management of public expenditure, revenue collection, debt control and transparency in fiscal matters;
iii. To undertake fiscal and financial studies, analysis and diagnosis, and disseminate the result to the general public;
iv. To make rules for carrying out its functions under the Act; and,
v. To perform any other function consistent with the promotion of the objectives of this Act.

Furthermore, the Fiscal Responsibility Act (2007) ensures that the federal government carries out expenditure within formally specified and reasonable limits, given a sound revenue base. The new law also places strict limits on the accumulation of public debts. The FRA is designed to institutionalise transparency in the budgeting process in Nigeria, provide guidelines for public expenditure management and revenue forecasting, and limit the level of national debt (SPARC report, 2014). Collectively, these reforms should improve fiscal transparency on one hand, and the efficiency of public expenditure, on the other.

Given the level of corruption and mismanagement in Nigeria, the introduction of the FRA is a laudable step. However, the institutional and policy environment presents constraints for the effectiveness of the legislation, and there is the knotty issue of the fiscal and political privileges enjoyed by sub-national units in the Nigerian federation, and how the national political economy influences fiscal discipline (Ushie, 2010; Lienert, 2010). Reforms that target fiscal prudence and effective public financial management in the federation would be incomplete without an extension to the sub-national levels of government, given their substantial claims on the public exchequer, and the explosion in corruption and mismanagement of public finances that has accompanied fiscal federalism in Nigeria (Ushie, 2010).

With the introduction of this reform programme in 2007, progress has been made in improving fiscal policy management in the country, particularly with the adoption of an oil-price based fiscal rule as well as the introduction of a medium-term expenditure framework and medium-term sector strategies to guide the planning and execution of government budgets. These fiscal policy developments constitute a subset of a larger reform programme, the National Economic Empowerment and Development Strategy (NEEDS), adopted since 2003 which was formerly incorporated into vision 20:20 to chart a future course for sustainable development in Nigeria.

2.2 Public Procurement Act (PPA)

As in most developing countries, the World Bank was the driver behind public procurement reform in Nigeria. In 1999, the bank conducted what is known as a country procurement assessment of the Nigerian public procurement system and found a number of deficiencies (Williams-Elegbe, 2016). These included that Nigeria did not have a public procurement law, there was no institution with the responsibility for issuing policy direction on public procurement, and there were no defined standards for conducting procurement. The public procurement system then was characterised by irregularities, fraud, corruption and mismanagement (Olusola, Oluwatosin & Agboola, 2016).

In response to these challenges, the Nigerian government in collaboration with the World Bank and other private sectors took a giant step to review the country's public sector procurement structure, including the existing legal framework, organisational responsibilities and capabilities, and present procedures and practices. Rather than enacting a statutory legislation to regulate public contracts, the government also made another efforts to check the abuse in the system by establishing the Budget Monitoring and Price Intelligence Unit (BMPIU) in the Presidency with an objective among others, to ensure that merit and due diligence are adhered to in the award and execution of contracts, procurement of products and services (Omagbon, 2016; Jacob, 2010).

However, as part of the recommendations from the World Bank, on the 4th of June 2007, the then president of Nigeria signed into law the Public Procurement Act (PPA) becoming the first procurement law in the history of the country (Olusola et.al, 2016; Jacob, 2010). The purpose of the Act as contained in the Public Procurement Bill (2007) is to ensure transparency, competitiveness, value for money and professionalism in the public sector procurement system. The Act provides for the establishment of the National Council on Public Procurement (NCPP) and the Bureau of Public Procurement (BPP) as regulatory authorities responsible for oversight, management and monitoring of public procurement practices and system in Nigeria.

In addition, the public procurement bill is responsible for the monitoring and oversight of public procurement, and harmonising the existing government policies on procurement. The Act outlined in greater detailthe procedures in government procurement and disposal of property, including the need to install due process, monitor and track down investment in public goods, as well as maintain strict compliance to budget provisions by Ministries, Departments and Agencies (MDAs). Largely, the Act is aimed at ensuring fiscal sustainability and quality of public sector expenditure for economic growth (Usman, 2007).

3. Empirical Review of the Literature

In the literature, there are enormous number of studies that discussthe effects of fiscal responsibility legislations in both developed and developing countries with diverse findings and inconsistent conclusions. This fiscal responsibility legislation consist of the Fiscal Responsibility Act (FRA) and the Public Procurement Act (PPA) as implemented by several countries across the globe. While some studies indicate a positive effects of fiscal responsibility on public sector administration, others show a negative impact between the existing phenomena. As such, this study provides a comprehensive review of the related literature on both the fiscal responsibility legislation and the public procurement reforms with the view to identifying the gaps and further understand the global perspectives on the examined phenomena.

3.1 Review on the Fiscal Responsibility Legislation

In the literature, studies on the impact of fiscal responsibility in public sector growth are divided over conceptual and empirical findings. While others indicate a positive relationship, some show a negative relationship. Literature in support of the positive impacts includes the followings: Badaik (2017) examines the impact of fiscal responsibility legislation on the state finances in India using panel data for 28 states covering the period of 2000 to 2010. The study employed the use of fixed-effect and generalised least square for the random-effect model as the techniques of analysis, and are utilised to obtain the regression coefficients for the model. The estimated results indicate that fiscal responsibility legislation has positive effects on revenue receipt and is effective in reducing the aggregate fiscal deficit. In addition, Ogunlana, Lawal, Bello and Kolawole (2014) investigate the flow of fiscal responsibility among layers of government and further explore the effects of fiscal decentralisation on macroeconomic performance in Nigeria. The authors adopted the three measures of fiscal decentralisation including the expenditure, revenue and simultaneity measures, respectively to ascertain the extent of the effects of fiscal decentralisation in Nigeria covering the period of 1980 to 2010. To provide some analytical support, a Vector Auto regression (VAR) technique is utilised to showcase the estimated findings. The results indicate that the fiscal decentralisation in Nigeria improves the status of macroeconomic performance over the sample periods.

Likewise, de Mello and Callegari (2017) examine the changes of state management in Brazil as designed by the Fiscal Responsibility Law (FRL) and analyse its effects and practical results in the stabilisation of the economy within the sample period of 1998 to 2007. The study adopted an analytical and descriptive approach to explore the restructuring measures and FRL as part of the international context towards achieving fiscal balance and sustainable development. The study concludes that fiscaladjustments established by the FRL have demonstrated to be effective in producing changes within the culture of public management in the country, and this outcome has

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improved the position of the law as a successful legal instrument capable of creating integrated effects in all kinds of public sector administration.

In addition, Bodman, Campbell, Heaton, and Hodge (2009) examine the impact of fiscal decentralisation on the economy of Australia at boththe federal and state levels, respectively. The objective is not only to explore the effects on economic growth but also extended to other macroeconomic variables that may encourage output growth. The study employs the ordinary least square estimation technique and perform some diagnostic tests in order to conduct the analysis and provide the empirical estimation. The overall result shows that decentralisation tends to enhancemacroeconomic stability and increase the size of the Australian public sector. In other words, decentralisation of expenditure and centralisation of revenue collection are found to improve the Australia'svertical fiscal imbalance and stabilise the government budget.

Furthermore, Abdul Jalil, Harun and Mat (2012) examine the effectsof decentralization on the macroeconomic stability. The study employs a panel of 62 countries spanning the period of 1972 to 2001 consisting an average of 5-years for each country under investigation. The overall result indicates a negative relationship between certain variable of macroeconomic stability and decentralization. In other words, decentralization may lead to a decrease in inflation rate, but no any correlation between decentralization and the level of fiscal deficit. The paper concludes that decentralizationis not dreadful for macroeconomic stability. Though, it has a negative impact on inflation butit does not deteriorate nor ameliorate the fiscal balance of a country.

Moreover, Ezeabasili and Herbert (2013) examine the relationship between the fiscal responsibility laws, fiscal discipline and macroeconomic stability using the experience of Brazil and Nigeria. It further analyse and highlight the instrumental imperatives of the fiscal responsibility Act in Nigeria since it is statutorily designed for strengthening and improving accountability, transparency, fiscal discipline in public sector resource management and macroeconomic stability. Analytical and descriptive approach is employed to evaluate the possible linkage among the variables. The study establish that proper compliance to the new fiscal policy law is guaranteed to promote fiscal discipline, transparency, accountability, and macroeconomic stability in Nigeria.

In another similar development, Ushie (2010) examines the policy framework for implementing the Fiscal Responsibility Act (FRA) within the Nigerian economy, and identifies the underlying macroeconomic principles required for the FRA to be effective at the state level, and the political economy challenges facing the states in entrenching fiscal discipline. Using descriptive and analytical approach to evaluate the policy, technical and wider institutional factors relevant to the implementation of fiscal responsibility in Nigeria, the study concludes that laudable achievement has been recorded among various states within the country with regards to the implementation of FRA in the public sector administration. However, considerable efforts has to be in place in order to improve the impacts of FRA on public financial management, transparency and accountability efforts of the public sector.

With respect to benefits of decentralisation among regions, Olofin, Olubusoye, Bello, Salisu and Olalekan (2013) examine the revenue allocations both statutorily and Value Added Tax (VAT) shared among the various tiers of government in Nigeria covering the period of 1999 to 2008. The study adopted a cluster analytical framework as an approach to explore the distribution pattern among states and local governments. The results from cluster analysis reveal that a small number of states are receiving highest and lowest allocations. In other words, the south-east zone is found to be the least beneficiary of statutory allocation among other region-political zones. While in the case of VAT, the north-west benefited more than the other zones while the north-central dominates the cluster of least beneficiary states. The oil producing region received the highest statutorily allocation above the industrialised state (Lagos) in the country due to allocation of derivation fund enjoyed only the states within the region.

Furthermore, Liu and Webb (2011) examine the characteristics and effects of fiscal responsibility laws in seven countries across the globe including Argentina, Australia, Brazil, Canada, Colombia, India, and Peru. Analytical and descriptive approach are utilised to demonstrates howthe laws differ in the strength of sanctions, the specificity of quantitative targets, the methods for increasing transparency, and the level of government passing the law. Result shows that fiscal responsibility laws can only assist to coordinate and sustain commitments to fiscal prudence, but not as an end to them selves. However, the laws can make apositive impacts by integrating the collection of othermeasures tobuildup a combination of states with the centralgovernment in support of fiscal prudence.

In addition, Tu, Tao and Guo (2017) evaluates the impact of government spending on public services in China and further examine the fiscal decentralization factors that affect government spending on public culture services in two main points; namely: imbalance in revenuepower and spending responsibility and promotion tournament using a panel data covering the period of 1997 to 2015. Result indicates that fiscal decentralization in spending responsibility significantly reduced the proportion of government spending and transfer payment on public culturalservices to government spending.

On the other hand, literature in support of the negative effect of fiscal responsibility on public sector management includes: Dziemianowicz and Kargol-Wasiluk, A. (2015) examine the effects of fiscal responsibility laws in stabilising the public sector finance among the European Union (EU) member states. The paper further explore and investigates the institutional efficiency of applied solutions within the national and EU levels. Appropriate data required for this study are collected and the structure of public finance within the EU member states are examined using the approaches of descriptive statistics and comparative analysis. Findings indicate the difficulties in assessing the effectiveness of EU fiscal responsibilities particularly in its effort to stabilise the public finance. This is largely due to the short-time period of the regulations introduced during 2011 to 2013, and the different geopolitical conditions of each member nations within the EU region.

In supportive to this argument, de Durand, Aldea, de León, Arzola, Sobrino, González, and Morales (2015) provide the overview of summary findings on the study of fiscal responsibility in Puerto Rico as conducted by the Centre for Public andCorporate Governance (CPCG). The study is aimed at analysing the fiscal and economic practices of the government of Puerto Rico within the context of governance taking into cognisance the economic and fiscal policy, results of budget, public debt and GDP. The study establishes that overthe past four decades public trustin Puerto Rico's government has fallen dramatically due to some contributing factors. The paper adopts a descriptive approach to explore the capabilities of public institutions; the transparency and accountability of publicaffairs; the legal and regulatoryframework; proper alignment between strategic planning, budget formulationand evaluation; and the economic development of Puerto Rico. Findings among various sectors of the economy indicate inadequate goodgovernance, absence of processes and systems that set the standardfor economic competitiveness and sustainable development.

Similarly, Folscher (2006) examine the fiscal responsibility,accountability and the power of the purse with the aim of balancing the affairs within the context of budgetary process in African continent. The aim is to explore the experience of African countries towards increasing the legislative roles and functions of parliaments in the preparatory stage and execution of the budget process. The study adopts a descriptive approach and investigates the countries under study with the view to arrange options for designing a role of parliament that allows it sufficient oversight while managing the risks of ill-disciplined parliamentary actionleading to excess spending. The study finally establishes that there are risks in allowing greater parliamentary activism, but thata greater risk is associated with marginalising the role of parliament in the budget process.

Furthermore, Yagboyaju (2013) examines the impacts of democratic consolidation, fiscal responsibility and the national development in Nigeria. Analytical and descriptive approach is utilised in this study to justify some prominent explanations on the impact of an effective public financemanagement and administration on the overall development of Nigeria as a country. The paper tries to examine the comprehensive legislative and statutory provisions of the public resources and by whom these resources are to be obtained and used within the Nigerian environment. The study concludes that the fourth republic in Nigeria has indicated that the structure and platform of democracy now exist in the economy. Although, there is lack of appropriate consolidation of democratic principles and rules within the system, hence the needs for mindful effort to develop such principles towards achieving accountability and transparency in the public sector.

Likewise, Ibbih and Idiagi (2015) examine the impact of resource allocation, fiscal federalism and fiscal balanceon economic growth and national development in Nigeria using data from the archive of the Central Bank of Nigeria (CBN) spanning 1986 to 2010. The multiple regression modeland several diagnostic tests are employed to estimate the empirical model. The study establishes that fiscal framework inNigeria has not made significant contribution toeconomic growth and development. In other words, there exists a negative relationship between national development and capitalexpenditure, and fiscal balance in Nigeria. Within the estimated period, only recurrent expenditure has a positive relationship with national development.

3.2 Review on the Public Procurement Reform

In the case of public procurement, the literature is divided over its impacts. Literature that indicates a positive impact include the followings: Ndubi and Okello (2015) examine the effect of staff training on compliance to Public Procurement and Disposal Act 2005 (PPDA, 2005) in Kenya. Structured questionnaires are designed to collect the required data from the sample population who have information on the compliance level within the context of public procurement and disposal act. Descriptive research design and correlation research design are employed to provide the needed framework required for analysis.

Estimated result using inferential and descriptive statistics show a positive and significant relationship between staff training and the level of compliance to PPDA in Kenya.

In addition, Chang (2017) examines the effects of public procurement onsmall and medium-sized enterprises (SMEs) in the Republic of Koreausing firm-level data, and further uses the establishment -level panel data of the miningand manufacturing sectors from the Korean National Bureau of Statistics (Statistics Korea) and procurement history from the Korean Public Procurement Service to empirically estimate the effects of public procurement on firms' productivity (total factor productivity)and survivability. Using a propensity score matching estimation method, the study reveal that participating firms show higher productivitythan non-participating ones for the year 2009. However, they demonstrated lower productivity in the year of 2011; which may be pronounced due to the negative effects of government intervention.

Further evidence by Sarfo and Baah-Mintah (2013) evaluate the extent to which the Public Procurement Act (PPA) can achieve transparency in the use of state resources, causes of delays in the procurement process and effects of the procurement act on government expenditure in the Ashanti region. The study utilised an explanatory and descriptive research designs, respectively to provide the platform for analysis. It establishes that procurement activities and procedures are transparent because decisions on procurement activities followed the rules and regulations of the act. It further concludes that the procurement act has significantly reducesthe government expenditure through decrease in wastage and leakage of financial resources, effective auditing, expenditure monitoring and cost effectiveness and competition which has brought value for money.

Moreover, Aschhoff and Sofka (2010) examine and conceptually explore the specific features of public procurement as aninstrument of innovation policy in Germany and incorporate public procurement into the broader context ofstimulating innovation in enterprises by public policy. The study further identifies shared anddistinctive features of public procurement compared to other major policy instruments, and translate this analytical framework into a comparative assessment of how public procurement performs relative to these other policy options, as well as measure performancein terms of the market success of firms' innovations. A sample of 1, 100 i0nnovative firms are utilised for the analysis, and the result shows public procurement to have a significant positive effects on innovation success.

Likewise, Leiser and Wolter (2016) assess the effectiveness of a social public procurement policy in Switzerland firms that gives train-apprentices a preferential treatment, and further estimate the effectiveness of this social procurement policy on a firm's training participation, training intensity, andtraining quality using information from a representative and large firm survey. The paper usesa representative firm-level cross-sectional dataset which is collected in 2009 to analyse the costsand benefits of apprenticeship training in Switzerland using analytical and descriptive approach. The result shows that the procurement policy increases the number of training firms, and does not affect the trainingquality negatively. However, the effect is limited in size, as only small firms and firms operating in sectors where public procurement represents a large share of the business, areaffected positively.

In another development, Odhiambo and Theuri (2015) analyse the effects of public procurement

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processes on organization performance and determine the gaps in public procurement in county assemblies using county assembly of Mombasa; Kenya, as a case study. A stratified random sampling technique is utilised to select the sample from the various categories of stakeholders who are involved in the public procurement process. Questionnaire is designed and administered among 111 respondents while descriptive statistics including mean and standard deviation are used for the estimation. Result shows high correlation between human resource skill level, stake holder integration and organizational performance, but the relationship between suppliers' management andorganizational performance reveal a weak correlation.

In a similar experience, Onyango (2014) examines the effects of procurement planning on public institutions performance with aim of identifying the cost estimation, need assessmentand quality specifications in Mombasa law court; Kenya. Questionnaire is designed and administered among 60 respondents, while descriptive research design is adopted to provide detail description of the existing situation. Result indicates that need assessment, cost estimation and quality specification are considered by the respondents to be the factors affecting the procurement planning. The study establish the existence of significant statistical relationship between procurement planning and performance in Kenya.

On the other hand, literature that shows evidence in favour of a negative impact includes the followings: Oppong, D. (2013) examines the impact ofthe implementation of the Public Procurement Act 2003 on the timely delivery of goods and services in Ghana, and further seeks to determine which aspects of the implementation of the Public Procurement Act 2003 significantly impacts on the timely delivery of goods and services, and aims to identify some practical suggestions that may assist to ease any identified menace. Sample questionnaires are designed and administered to the target population, while analytical and descriptive statistics are used to support the estimation. Results indicate that the implementation of the Public Procurement Act has negative impact on the timely delivery of goods andservices at Ghana Water Company Limited.

In addition, Thou and Njeru (2014) examine the effects of public procurement reforms on service delivery at national spinal injury referral hospital, Nairobi; Kenya. The study adopted descriptive research design in order to provide a framework to examine current conditions, trends and status of events. A sample questionnaire is designed and distributed to 67 respondents drawn from the sample framework using simple stratified random sampling technique. To attain to the study objectives, descriptive statistics and analytical approach are both utilised to present the estimated findings. Despite various efforts on the need for public procurement reforms to improve service delivery to the public, the policy reform is yet to be translated in to quality and efficient service delivery. It further reveal that non-involvement of HODs on contract management and prolonged procurement cycle also contributed to the negative impact of the policy reforms on service delivery.

In supportive to this, Osei-Afoakwa (2012) examines the effects of corruption in the public procurement process using two complementary theories namely; the consequentialist and deontological positions. The paper argued undoubtedly as to whether or not corruption retards economic growth and development considering the importance of public procurement to the societal good, although corruption can produce some benefits which in certain cases may dominate the costs, but it is a menace and must

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corrected in all affairs. Descriptive approach is used to present the argument within the context of corruption scenarios. The study therefore concludes that corruption is a menace to the public procurement system irrespective of its consequences, hence it is unacceptable in the public management and administration.

Furthermore, Mathew, Patrick and Denise (2013) conceptually evaluate the effects of fraudulent procurement practices on public procurement performance in Uganda. The paper provides a theoretically supported link that attempts toexplain the relationship between fraudulent procurement practices and public procurement performance, and further provides a good basis for the development of a conceptual framework which can be used to conduct empirical investigations on the existing phenomenon. Despite the aims of the public procurementreforms in Uganda targeted towards the transformation of the public procurement process, the fraudand corruption scenarios have been intensified by internal factors within the public sector, hence fraudulent and corrupt procurementpractices are more pronounced and evident.

4. Challenges and Effects of Fiscal Responsibility Legislations in Nigeria

Fiscal responsibility and public procurement legislations are certainly the hallmark of democratic administration than can encourage economic growth and development. However, the imperfect leadership and poor recruitment process, unclear power transition and the inadequate spirit of patriotism in relation to other similar dynamics have established a significant obstacle to the democratic process in the country. Furthermore, the fiscal system in Nigeria allows for minimal fiscal autonomy to the sub-national government with respect to revenue assignment as all the major taxes are assigned to the federal government, hence the state and local government levels remain deficient on financial autonomy most especially the local government. Over dependence and high degree of financial autonomy by the central government suppress the proper operation of federalism, though appropriate federal system does not require the sub-national governments to have complete financial autonomy.

Historically, the establishment of federal system in Nigeria was based on the constitutional conference organised prior to the award of independence by the British government. As such, the functions and responsibilities of each tier of government is define by the established constitution. One of the significant elements of this constitutional process is to ensure that the statutory fiscal functions and financial resources which are expected to be use for operational performance among each tier of government are explicitly specified under the constitution. However, the statutory allocation and the share of both the state and local government are decreased continuously through temporary fiscal measures such as upfront deductions on external debt obligation, stabilisation fund, among other factors. The aggregate effects of this scenario on the nation's economy is the camouflaged movement towards an ineffective unitary system and a gradual decrease in output growth. During the military regimes, the issueof statutory function which is expected to be carried out by each tier of government and the revenue allocation in support of effective delivery of public goods and services are avoided. This approach has continued up to the present democratic regime and lead to excess federal budget while the fiscal operations for many years resulted to overall deficits. This measure has tended to weaken and undermine the true fiscal federalism and grossly affects the general macroeconomic stance of the country. The growing effects of this scenario includes the inappropriate government expenditure, large fiscal deficit and public debt, lower capacity utilisation, fluctuation in exchange rate, and decrease in aggregate output growth.

Other challenges include the limited range of fiscal sustainability from medium to long-term, poor diversification and raising of tax collection as well as dependence on oil revenue, and inappropriate macroeconomic and structural reforms. Despite all odds, there is abundant prospects for significant improvement in fiscal responsibility and public administration in the country. In addition to operating tighter budget balance and reducing external/internal debts, there is need for fiscal flexibility. Nigeria will benefit from the wider revenue base and diversification to support the widespread pressure for an ever-increasing efficient public sector spending on productive services such as human and physical capital accumulation. In addition, reducing expenditure rigidities through politically difficult pension reforms, restrictions on payroll, and elimination of general allocation can support the ability to adjust spending as desirable under any unanticipated situations. The introductionof judicious fiscal rules and transparent decision making processes through the enactment of well-designed fiscal responsibility legislation can increase the policy forecast. Given the pattern of devolution of fiscal responsibilities, establishing a realistic fiscal behaviour is essential not only to the federal government but also to the entire public sector framework.

In addition, the sustainability of public finance incorporating an independent fiscal institutions, fiscal responsibility laws, fiscal rules and the management of risk remains another major challenge of fiscal responsibility legislations in the economy. The independent fiscal institutions are mainly financed using the public deposits and are functionally independent of fiscal authorities. They can provide macroeconomic predictions for the budget preparation that is not affected by the optimistic biases regularly found in official government forecasts, monitor the implementation of budget plans and the budgetary objectives, evaluate whether the fiscal measures are appropriate in terms of rules and sustainability of government finances. Another area of concern is the management of fiscal risk, which is the deviation of fiscal outcome from what is planned during the budget forecast and fiscal projection, hence mostly occurs due to the macroeconomic shocks such as abnormality in output growth, business cycle fluctuations and the exchange rate variabilities, etc. Failure to forecast and prepare against these outcomes by the public sector has grossly resulted to increased government responsibilities and high public debt accumulation.

In the procurement framework, the operations of procurement processes are conducted through the set of regulations as controlled by the federal government. This central control has proven to be challenging to other sub-national government particularly the state-owned enterprises and the local government in creating its own procurement system. There is always minimal participation of private sector. This is because, most tenders advertised locally and internationally are of large value and the local suppliers and traders, engineers as well as contractors do not possess adequate capacity to participate in such bids. Due to high interest rate from the borrowing institutions, local contractors often do not have adequate collateral to raise the required loans from these financial institutions. In addition to unfamiliar procedures, most suppliers find the

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procurement process as cumbersome and irrational. There is no clear measure on how the procurement process functions, absence of easy-to-follow procedures, hence increasing the cost and hinder business growth. This however, affects the tempo of economic activities among various individuals resulting to lower household income, lower saving and investment, and the decline in macroeconomic growth.

Furthermore, there are enormous evidence of malpractice and abuse that affects the public sector procurement hence, serve as a challenge to the public sector administration. Over invoicing in import and local procurements are among the common malpractices. This mostly arise when the contractors are expecting delays and time lag by the government to settle their claims. Therefore, the need for government to address this situation through mindful engagement of experts from various background within the public sector management. Similarly, there are cases where public officeholders award contracts either to themselves through a third party or to non-existing companies. However, all companies that are found guilty for violating the procurement regulations are not banned or blacklisted but rather continue to participate in the procurement tenders. This is absolutely undesirable and against the international best practices on procurement regulations. Hence the need for appropriate measures with the view to sanitising the process and encourage companies to use the recommended procurement guidelines in order to lessen the risks associated with corrupt procurement practices.

Additional challenges include the limited resources to attract and retained skilled personnel who can support the capacity and delivery of the process and continue to encourage private sector participation in the biddings. Others includes; lack of adequate training programmes in procurement practices and laws to the personnel involved in the procurement related functions, deficiency in contract management, inadequate coordination of responsibilities and poor procurement planning and implementation. Although Nigeria has a modern and statutory public procurement regulations, other political officials who occupies position in the procurement process are lacking the required knowledge of good procurement practices and procedures. These procurement personnel often pretend to comply with the procurement procedures while in actual sense compromising the standard and rules. The political bureaucrats and their collaborators rigorously compromise the system without any fear of detention due to political impunity and godfatherism. A common practiceis the advertisement of tenders for a short period of time so that only few prospective bidders get the opportunity to participate, and this approach reduces the competitive drive of this legislation and discourage other potential bidders who might have participated in the bidding process.In conclusion, these lingering challenges of both the fiscal responsibility legislation and the public procurement reform show that the potential benefits of these legislations in Nigeria are yet to be exploited. Therefore, the need for the public sector to improves the condition of fiscal framework in Nigeria towards attaining sustainable growth and development.

5. Conclusion and Policy Implications

The global financial crisis that manifested over the last decade indicate some imperfections in the management of public policies. During that period, a good number of developed and developing countries have adopted the fiscal responsibility legislations as a mechanism for

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coordinating and implementing the fiscal framework towards ensuring aggregate stability inmacroeconomic growth. In Nigeria, fiscal responsibility and public procurement reforms have been part of the broader public sector reform strategies seeking to improve public sector effectiveness in service delivery. There was a clear understanding by the government that weaknesses in the previous fiscal responsibility and procurement system contributed to the menace of corruption.It is in view of this phenomenon that this study evaluates the impact of fiscal responsibility legislations and further identify its existing challenges on the macroeconomic growth of Nigeria While there are considerable efforts of fiscal responsibility in ensuring accountability within the public governance, the capacity and institutional requirement to effectively implement the phenomenon are burdensome. The extent to which Nigeria is positioned to imitate this global fiscal innovation depends largely on the quality budget procedures and the practice of financial managementin the economy. This study has established that, it is difficult to realise the benefit of fiscal responsibility by merely passing laws or statutory amendments to that effects, but strict compliance with the legislation is necessary in order to achieve fiscal discipline and greater output growth. As such, legislative functions need to be concentrated towards developing the fiscal transparency and the promotion of independent analysis on fiscal framework. Nigeria must accept the challenges to sustainable development by restructuring its fiscal practices towards attaining higher macroeconomic growth and performance in the long-run. There is need for fiscal framework to focus more on decentralisation with the view to enhancing capital investment. In the fiscal framework, strict compliance system within the budgetary procedures should be established in order to avoid the inconsistency in public expenditure.

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