



Fiscal laws and fiscal responsibility: Instrumentality of fiscal responsibility act (FRA), 2007 on public expenditure in Nigeria

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Abstract

The financial crisis had significant implications for the fiscal positions of nations. As nations seek to cope with the economic contraction, budget deficits and debt have risen to near record postwar levels. Fiscal responsibility and Fiscal Responsibility Laws (FRLs) are invoked in the process of managing public finances and related institutional mechanisms, with the aim of increasing the transparency in the management of financial resources and assuring the correction of the public deficit and debt. The study aims to assess the instrumentality of the Fiscal Responsibility Act (FRA), 2007 on public expenditure in Nigeria. The public choice theory of fiscal responsibility was used as a theoretical basis for the study. The study adopted a mixed methodology comprising of both quantitative and qualitative approaches to carry out investigation. Documentary sources were used for data collection, while descriptive statistics and content analysis were used for the data analysis. Findings of the study showed that the FRA has not served as a potent control mechanism of public expenditure in Nigeria. The study also revealed that shortfalls of the FRA in Nigeria are evidenced by poor fiscal outcomes such as revenue shortages, bloated expenditures, fiscal deficits and public debt accumulation. The study recommends that review of the FRA and strict application of economic principles in financial management are critical measures that should be adopted to improve fiscal responsibility in Nigeria's public expenditure.

Keywords: accountability, fiscal laws, fiscal responsibility act, fiscal responsibility, public expenditure, transparency

Introduction

The financial crisis had significant implications for the fiscal positions of nations. As nations seek to cope with the economic contraction, budget deficits and debt have risen to near record postwar levels. As nations cope with the resulting fiscal imbalances, they will also be dealing with longer term fiscal pressures stemming from the aging of populations and rising welfare costs. In contrast to previous recessions, the return of strong growth will not end the fiscal gaps facing these nations but will serve as the prelude for even more difficult and wrenching choices (Posner & Blondal, 2012) [33].

Fiscal responsibility is invoked in the process of managing public finances and related institutional mechanisms, with the aim of increasing the transparency in the management of financial resources and assuring the correction of the public deficit and debt. The quintessence of "fiscal and budgetary responsibility" lays not only around the research on transparency and accountability of long and medium term budgetary objectives but also in the efficiency provided by the well defined legal framework. This need for accountability was felt during the economic crisis, which has made the issues that were previously incorporated into ordinary law to migrate to the constitutional level of regulation, eventually generating implications for international organizations' activity (Tofan, Onofrei & Vatamanu, 2020) [39].

Fiscal Responsibility Laws (FRLs) are designed to address various kinds of political behavior: myopia of policymakers that limits their vision, selfish behavior of free riders among government units, and principal-agent problem between the national and sub-national governments. A common trait of

successful FRLs for sub-national governments is the commitment of the federal government to its own fiscal prudence, which is usually reinforced by the application of the law at the national as well as the sub-national level (Karnik & Lalvani, 2018; Liu & Web, 2011) [23, 28]

Since the late 1990s, at least 10 Emerging Market Economies (EMEs) have opted to anchor their fiscal frameworks to FRLs (Corbacho & Schwartz, 2007) [14]. Proponents of rigid fiscal frameworks typically argue that they guarantee that governments will not run excessive deficits and pile up unsustainable levels of debt and that restrictions on policy will eliminate or at least reduce the possibility that fiscal policy itself is a source of macroeconomic volatility (Fatas & Mihov, 2003, 2006; Thornton, 2010) [17, 18, 38]. In contrast, their opponents stress that fiscal policy is a powerful tool to control business cycles and that tying government's hands may make output more volatile (Levinson, 1998; Wyplosz, 2005) [25, 46]. In practice, experience with FRLs has been too recent for there to be any robust evidence either way (Thornton, 2010) [38].

Objectives of the study

The study aims to assess the instrumentality of the Fiscal Responsibility Act (FRA), 2007 on public expenditure in Nigeria. In specific terms, the study aims to:

1. Appraise the potency of the FRA as a control mechanism of public expenditure in Nigeria.
2. Examine the shortfalls of the FRA in the management of public expenditure in Nigeria.
3. Determine corrective measures to be adopted to improve the efficacy of the FRA in guiding public expenditure in Nigeria.

Conceptual review

Fiscal responsibility

Fiscal responsibility refers to a broad set of measures that have the objective of achieving long-run fiscal sustainability. These include the setting up of independent fiscal institutions, transparency standards, and surveillance and enforcement mechanisms, among others (Carabotta, Paluzie & Ramos, 2017) ^[9]. Fiscal responsibility underpins the political commitment to fiscal discipline. The rationale is to oblige all players in the process to overcome the common pool problem by internalizing fiscal effects of their actions. In many cases, fiscal responsibility components have the goal of limiting the choices of democratic leaders, tying their hands to the proverbial mast to save them and their nations from their own hyper-responsive tendencies. Whether it be delegating choices to a commission or providing for automatic formulas that trigger fiscal actions on cue from certain indicators, the not-so-hidden agendas of fiscal responsibility is to compensate for what are perceived to be the fiscal ambivalence of democratic leaders (Posner & Blondal, 2012) ^[33].

Fiscal Responsibility Laws (FRLs)

FRLs belong to the family of budgetary rules aimed at enhancing the credibility, predictability and transparency of fiscal policy. Concretely, FRLs are laws intended to provide a comprehensive framework based on rules and procedures related to the budget system, including budget authority, common pooling of revenues, the specificity of spending, budget unity and performance (Gordin, 2016; Lienert & Fainboim, 2010) ^[20, 26]. Alike stand-alone fiscal rules, FRLs contain procedural rules that typically require the government to commit up front to a monitorable fiscal policy strategy, usually for a multi-year period, and to routinely report and publish fiscal outcomes and strategy changes. Beyond stand-alone fiscal rules, FRLs include numerical rules related to quantitative targets such as ceiling for debts and debt ratios. However, FRLs vary across countries and optional features abound (Carabotta, Paluzie & Ramos, 2017; Cervik, 2019; Gordin, 2016; Karnik & Lalvani, 2018) ^[9, 20, 23].

Public expenditure

Public expenditure is the expenditure incurred by the public authorities to satisfy those common wants which the people in their individual capacity are unable to satisfy efficiently. In modern times, there has been enormous increase in public expenditure in all countries of the world. The modern state is a welfare state. It aims at promoting the well-being of its citizens. For this, it has to undertake many functions. Hence, more and more public expenditure is spent to perform these activities (Mwakibete, 2014 Toppr, 2022) ^[30, 40]. Public expenditure remains an important instrument utilized in the process of development. It plays a pivotal role in the functioning of any economy at almost all stages of growth and development. Most countries today use public expenditure to improve income distribution, direct the allocation of resources in desired areas, and influence the composition of national income (Aluthge, Jibir & Abdu, 2021; Assi, Dimson, Goodman & Anderson, 2019; Chenge, Oigbochie & Udoh, 2022; Vtyurina, 2020; World Bank, 2008) ^[5, 7, 11, 43, 45].

Review of related literature

Exploring the nature of fiscal laws in modern economies

There has been a growing interest in recent years on the role fiscal rules play in strengthening the conduct of fiscal

policy. The key idea is that, in countries with a weak reputation for fiscal prudence, the introduction of fiscal rules effectively binding the government to a certain preannounced fiscal conduct may provide a more credible policy framework that over time will contribute to stability and growth. Naturally, fiscal rules will only play a positive role if they are backed by firm political will and complemented by other administrative reforms strengthening the budget process and improving the quality of spending (Baunsgaard, 2003) ^[8].

The main rationale for fiscal rules is to constrain the policymaker in order to reduce or eliminate a tendency toward generating budget deficits (Drazen, 2002) ^[15]. Rules can take the form of either legal restrictions or more implicit codes or norms. The key requirement for the effectiveness of a rule is that there are penalties or costs of deviating from it. If so, fiscal rules enhance the credibility of a preannounced fiscal policy if they raise the costs and lower the benefits to policymakers from deviating from this. Effective fiscal rules can then be used by policymakers as a signaling device to make commitment to a certain fiscal policy credible. They may also increase the public awareness of deviations from fiscally responsible behavior (Baunsgaard, 2003) ^[8].

More than 90 countries across the world are now operating under fiscal rules, compared with only five in 1990. Many countries have put in place permanent constraints on key fiscal aggregates through numerical limits on budget deficits, debt, expenditures, or revenue. These numerical fiscal rules, supported by procedural rules guiding the budgetary process, are designed to anchor policymaking, contain pressures to overspend, and ensure public debt sustainability (Cevik, 2019; Koptis and Symansky 1998; Ter-Minassian, 2007) ^[10, 24, 35].

Different fiscal rules trade off the extent of debt stabilization with the degree of countercyclical properties. Operational fiscal rules differ according to the type of budgetary aggregate that they seek to constrain and have different advantages and drawbacks. Accordingly, the design of a rule based fiscal policy framework should address the need for short-term economic stabilization and ensure fiscal sustainability over the long term (Aasoven & Wiese, 2019; Cevik, 2019; IMF, 2014; Karnik & Lalvini, 2018; Wyplosz, 2005) ^[1, 10, 22, 23, 46].

Emergence of Fiscal Responsibility Laws (FRLs)

Since the late 1990s, many emerging market economies have adopted FRLs with the objective of improving fiscal outcomes (Corbacho & Schwartz, 2007; Thornton, 2009) ^[14, 37]. Proponents of FRLs see them as helping individual governments to make a time consistent commitment to fiscal prudence and/or help resolve coordination and 'free rider' problems in federal systems (Thornton, 2009; Webb, 2004) ^[37, 44].

The first pioneering experience with an FRL had not taken place in a fiscally collapsing developing country but, rather, in least-likely New Zealand, which adopted in 1994 a FRL that set the tone for subsequent experiences. In this country, short-term political motivations led fiscal policy to support the stabilization of aggregate demand, bolstering excessive pro-cyclical spending and concomitant fiscal distress. In less than 10 years, and despite an electoral reform that fostered coalitional, clientelistic-ridden, rather single-party rule, New Zealand succeeded in limiting deficits (Gordin, 2016; Lienert, 2010) ^[20, 27].

While celebrated and replicated in OECD federal countries such as Australia and Canada, this FRL had no numeric rules thus it is hardly a useful case for developing countries with very loose fiscal restraints. What is more, as the emphasis in New Zealand was on deficits rather spending discipline, savvy governments can use increased revenue from economic growth for pork-barrelling spending without being punished by such FRL (Gordin, 2016) [20].

In the 1980s and 1990s, soaring consolidated public expenditure by the union and states in India pushed the overall fiscal deficit to 11% of GDP, while combined debt levels stood at around 80% of GDP (Alok, 2008; Ushie, 2010) [4, 42]. To put an end to this, the union government passed the Fiscal Responsibility and Budget Management Act [FRBMA] (2003) which set a target to eliminate the revenue deficit by 2008, and limit the overall deficit to 3% of GDP. This helped to push down the overall fiscal deficit to under 3% of GDP since 2004 (Ushie, 2010) [42].

In Brazil, the adoption of FRAs is linked to states' accumulation of public debt, resulting in sub-national debt defaults in 1989, 1993 and 1997. Brazil passed a FRL in 2000 which applies uniformly to the federal, states and municipal governments. The FRL sets out borrowing criteria and penalties for default of this rule. It places limits on public spending, the size of the fiscal deficit, and public debt, and disallows debt refinancing between the state and central governments (Afonso, 2008; Alok, 2008; Serra & Afonso, 2007) [34, 4, 9].

Argentina has also strengthened its fiscal rules, resulting from a decade of high public sector deficits and growing debts. Argentina adopted the FRA in 2004, which formalized the prior fiscal adjustment strategies adopted in the wake of the country's financial crisis. The FRA places limits on public spending and establishes anti-cyclical funds to reduce fiscal imbalances, sets requirements for debt servicing by provinces (15% of current revenues), and creates a Federal Council for Fiscal Responsibility (Arlia, 2005; Ushie, 2010) [6, 42].

FRAs have also been adopted in many oil producing countries like Ecuador, Equatorial Guinea, Venezuela, Azerbaijan, among others, as a means of addressing the problems caused by macroeconomic volatility and pro-cyclical fiscal policy. While FRAs can play an effective role in managing oil revenues and reducing macroeconomic volatility in oil producing countries, it is recognized that the implementation of the rules is constrained by political economy and technical factors relating to the design of the legislation (IMF, 2007; Ushie, 2010) [42].

Theoretical framework

The Public choice theory of fiscal responsibility is used as a theoretical basis for the study. The behavioral assumption behind this theory is that public officials are motivated by their self-interest to pursue private gain at the expense of the public interest. Buchanan (cited in Posner & Blondal, 2012) [33] attempted to demonstrate how bureaucrats and politicians alike will force government budgets to be higher

than they should be to increase their own "political incomes".

Agents use their superior information as well as their superior political organization and intensity over principals, that is, the electorate, to push up spending and perpetuate a larger public sector. Government is a monopolist and not a neutral responder to demands from public (Mitchell, 1995). Buchanan and Tullock (cited in Posner & Blondal, 2012) [33] argued that politicians are incapable of fixing the deficit. Elections make them shortsighted and irresponsible, and only a major crisis or constitutional amendment will force fiscally responsible actions.

The study maintains that FRLs serve as the most effective corrective forms of legal and institutional mechanisms to check the excesses of public officials that reflect self-interest against social benefit in management of public funds.

Methodology

The study adopted a mixed methodological approach to carry out investigation. Documentary sources were used for data collection. Thus, data was derived from quarterly, bi-annual and annual reports of government agencies such as the Federal Ministry of Finance (FMF), Central Bank of Nigeria (CBN) and Office of the Accountant General of the Federation (OAGF), as well as books, journal articles and internet documents. Data analysis was done using descriptive statistics and content analysis.

Discussions and findings

Fiscal Responsibility Act (FRA) 2007 and public expenditure in Nigeria.

The Fiscal Responsibility Act 2007 is a crucial piece of legislation as it supports the economic prosperity of the country. As contained in section 16 of the 1999 Constitution (as amended), the key objective of the law is to enshrine greater efficiency in the allocation and management of public expenditure, revenue collection, debt control and transparency in fiscal matters. The implementation of the FRA has however revealed some weaknesses and defects which have hindered the Act from achieving its objectives.

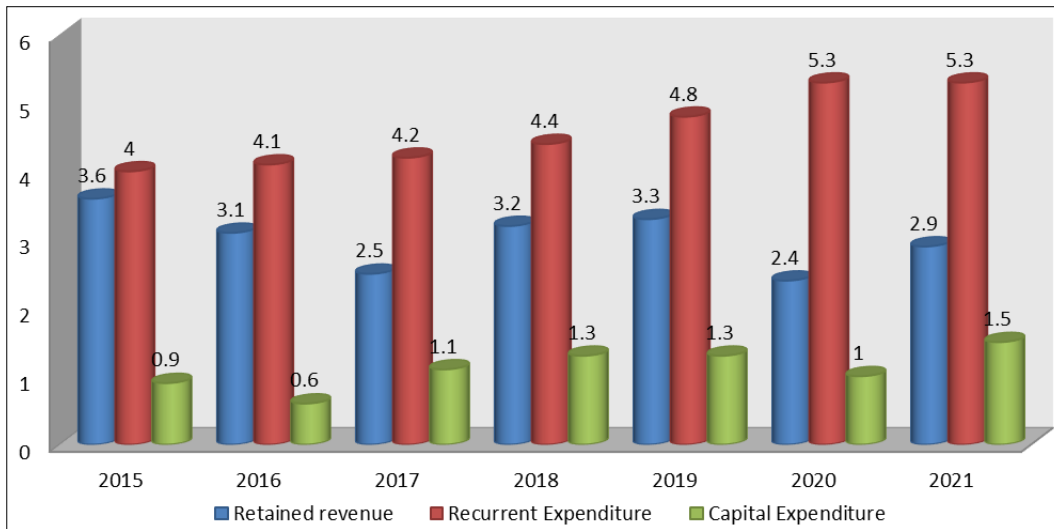
The Act (in Section 12 [1] & [2]) states that "aggregate expenditure and the aggregate amount appropriated by the National Assembly for each financial year shall not be more than the estimated aggregate revenue plus a deficit, not exceeding 3% of the estimated GDP or any sustainable percentage as may be determined by the National Assembly for each financial year." The law only allows a violation if the nation faces national security threats.

However, the gap between public revenues and expenditures, within the period under consideration (2015 – 2021) [Data for 2022 not yet published], was N27.5 trillion for total retained revenue and N57.2 trillion for total expenditure (Table 1 and Figure 1). The mismatch between the revenue and expenditure assignment has led to severe stress in the public finances of the government.

Table 1: Federal Government Revenue and Expenditure (2015 – 2021) [N' Billion]

ITEM(S)	2015	2016	2017	2018	2019	2020	2021	TOTAL
Total Federally Collected Revenue	6,912.5	5,616.4	7,444.8	9,551.7	10,262.3	9,276.1	10,755.4	59,819.20
Federation Account	5,845.8	4,523.4	2,119.9	3,179.0	3,078.5	2,534.1	2,647.3	23,928.00
Federal Government Retained Revenue	3,431.0	3,184.7	2,847.3	4,185.6	4,894.0	3,983.1	5,045.4	27,571.10
Total Expenditure	4,988.9	5,858.6	6,456.7	7,813.7	9,714.6	10,231.7	12,164.1	57,228.30

Source: FMF & OAGF, 2021; CBN Annual Statistics Bulletin, 2021



Source: FMF & OAGF, 2021; CBN Annual Statistics Bulletin, 2021

Fig 1: Comparison of Federal Government Retained Revenue and Expenditure (2015 – 2021) [% of GDP]

The Federal Government revenue is anchored on two main components which are oil and non oil revenues. Oil revenues refer to the income earned from both sales and taxation of oil and gas products. Non oil revenues are derived from other taxes outside the oil and gas sector (CBN Annual Report, 2015-2021; NEITI Audit Reports, 2015-2021). However, revenues from these streams have their

peculiar intricacies and shortfalls as the two components are faced with serious headwinds (Ojetunde, 2022) [31]. Shortfalls in revenues have negatively affected expenditure outcomes, with recurrent expenditures (N42.7 trillion) exceeding capital expenditures (N10.8 trillion) as shown in Table 2.

Table 2: Composition of Federal Government Expenditure (2015 – 2021) [N' Billion]

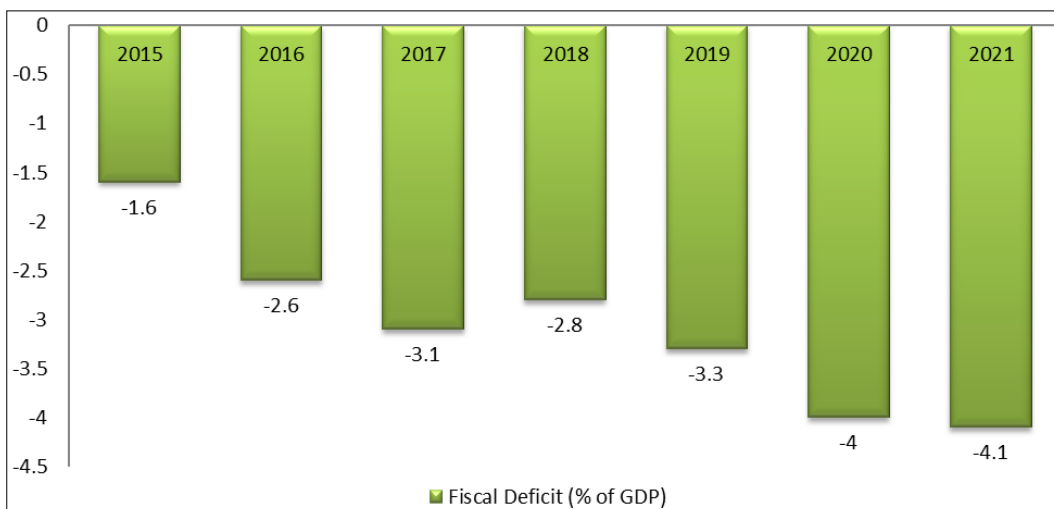
ITEM(S)	2015	2016	2017	2018	2019	2020	2021	TOTAL
Recurrent Expenditure	3,831.9	4,160.1	4,780.0	5,675.2	6,997.2	8,188.8	9,145.2	42,778.40
Capital Expenditure	818.4	653.6	1,242.3	1,682.1	2,289.0	1,614.9	2,522.5	10,822.8
Transfers	338.6	1,044.8	434.4	456.5	428.5	428	496.5	3,627.3

Source: FMF & OAGF, 2021; CBN Annual Statistics Bulletin, 2021

The mismatch between revenues and expenditures has resulted to deficits in the overall fiscal balancing and financing. As earlier stated, the total fiscal operations of the Federal Government from 2015 to 2021 resulted in a deficit of N29.7 trillion. A detailed breakdown of fiscal deficits on annual basis reveals that Nigeria's had a fiscal deficit of N1.5 trillion in 2015 (-1.6% of GDP), N2.6 trillion in 2016 (-2.6% of GDP), N3.6 trillion in 2017 (-3.1% of GDP), N3.6 trillion in 2018 (-2.8% of GDP), N4.8 trillion in 2019 (-

3.3% of GDP), N6.2 trillion in 2020 (-4.0% of GDP) and N7.1 trillion in 2021 (-7.1% of GDP) (Figure 2).

From the above analysis, it can be seen that the deficit spending rose from 2015 (-1.6%) to 2017 (-3.1%); dropped slightly in 2018 (-2.8%) and continued to rise from 2019 (-3.3%) to 2021 (-4.1%). It could also be noted that for most of the years under consideration (specifically in the years 2017, 2019, 2020 and 2021), the recorded deficit spending exceeded the 3% threshold set by the FRA (Figure 2).



Source: FMF & OAGF, 2021; CBN Annual Statistics Bulletin, 2021

Fig 2: Federal Government Fiscal Deficit (-) (2015 – 2021) [% of GDP]

In recent years, the government has invoked “national security”, in line with Section 12 [2] of the FRA, to shoot up the nation’s budget deficit. Speaking in July 2021, the Minister of Finance, Budget and National Planning, Zainab Ahmed, announced that the nation’s budget deficit would rise to N5.62 trillion in 2022, up from N5.60 trillion in 2021 (Olawoyin, 2022) [32].

Over time, the Federal Government has resorted to borrowing to finance fiscal gaps. Loans are taken to fund

development projects that drive the economy and boost public service delivery. The debt profile of the Federal Government is noted to have been on the increase within the period of study.

It was N10.9 trillion in 2015, N14.5 trillion in 2016, N18.3 trillion in 2017, N20.5 trillion in 2018, N23.2 trillion in 2019, N28.7 trillion in 2020 and N35 trillion in 2021 (Table 3).

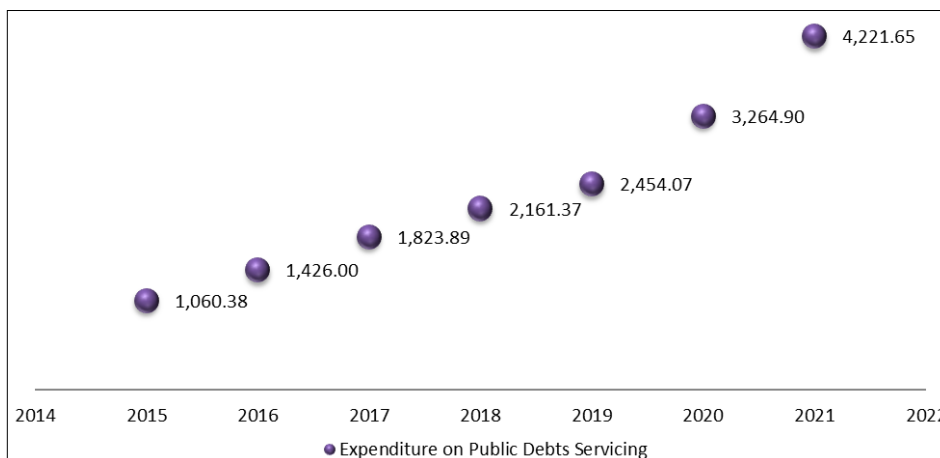
Table 3: Federal Government Debt Outstanding (2015 – 2021) [N’ Billion]

ITEM(S)	2015	2016	2017	2018	2019	2020	2021	TOTAL
Domestic Debts	8,837.00	11,058.20	12,589.49	12,774.41	14,272.64	16,023.89	19,242.56	94,798.19
Foreign Debts	2,111.51	3,478.92	5,787.51	7,759.23	9,022.42	12,705.62	15,855.23	56,720.44
Total	10,948.51	14,537.12	18,377.00	20,533.64	23,295.06	28,729.51	35,097.79	151,518.63

Source: FMF & OAGF, 2021; CBN Annual Statistics Bulletin, 2021

There is no doubt that as long as borrowing is for infrastructure projects and within the borrowing limits, it is not a bad economic decision. However, in the case of Nigeria, it is difficult to link the effects of the sums borrowed to progress attained in social economic indicators. Borrowing for infrastructure is expected to create jobs and reduce the infrastructure deficit in Nigeria. It is also expected that infrastructure provided through debts generates the profits to repay the loans. On the contrary, despite the debts, the socio-economic indicators in Nigeria remain negative (Emejuiwe, 2021) [16].

In recent years, Nigeria’s deficit financing has been a source of worry for policy experts and international ratings agencies. Fitch Ratings, a global provider of credit ratings, (cited in Adejokun, 2021) [2], maintained that Nigeria’s repeated recourse to its Ways and Means facility with the Central Bank of Nigeria raises risks to macroeconomic stability. In light of the nation’s weak institutional safeguards, it maintained that sustained use of direct monetary financing to bridge deficit highlights weaknesses in public finance management.



Source: FMF & OAGF, 2021; CBN Annual Statistics Bulletin, 2021

Fig 3: Expenditure on Public Debt Servicing (2015 – 2021) [N’ Billion]

Since the government had to spend its way out of recession, this led to higher public debt (Table 3) with resultant debt service increment (Figure 3). But a high debt profile has severe repercussions. A direct result of increased debts in Nigeria is the significant decline in revenue generating capacity. The government has remained trapped in a consistent effort to service debts from limited financial resources. Data from records on public debt servicing shows that payments have continually increased from N1 trillion in 2015, up to N2.1 trillion in 2018, up to N3.2 trillion in 2020 and up to N4.2 trillion in 2021 (Figure 3).

Corrective measures for improved efficacy of Fiscal Responsibility Act (FRA) 2007 in public expenditure in Nigeria.

It is evident from the discussions above that the FRA has not served as a potent instrument of public expenditure in

Nigeria. Given the poor fiscal outcomes in management of public finance, it is imperative that the government takes measures to address problems of revenue shortages, bloated expenditures, fiscal deficits and public debt accumulation. A major focus of government in this regard should be on the enhancement of revenues. The reported huge loss of about 700,000 barrels of oil per day to oil theft is quite alarming and a great loss to the national treasury. Government should focus on this in particular, instead of resorting to more borrowing. It is sad that Nigeria has not been able to gain maximally from the current high price of crude oil in the global market due to this high level of oil theft. Officially, Nigeria is thus exporting far less than its OPEC quota by this extent of oil theft (The Guardian, 2022) [36].

Another area government should focus on is the enhancement of non-oil tax revenue. The rentier characteristic of the Nigerian state, evidenced by the

dominant role of oil in the economy, has adversely affected revenue in the non-oil sectors (Chinery & George-Ikoli, 2022; Uduu, 2021) ^[12, 41]. A strategy to increase non-oil tax revenue is making the tax institutions more efficient in tax administration. Tax remittance by government agencies should also be another area of concern, as it is important that revenue collected ends up in the national treasury instead of private pockets. A combination of these strategies will surely boost the size of government revenue.

There is also need to set a debt limit in view of the fact that public debt accumulation has intergenerational implications. Policy makers have severally claimed that, because the country's debt to GDP ratio is within the globally acceptable range of below 40%, Nigeria has largely under borrowed and thus has more room for debt accumulation. This has, however, been faulted severally by economic experts that though the country's debt to GDP ratio may seem healthy, GDP does not pay debt and that the very important factor in this critical time in the country's history should be its ability to service debt from current revenue. Doing this alongside the focus on reducing the cost of governance will be value adding in managing the current level of the country's public debt (The Guardian, 2022) ^[36].

Finally, there is urgent need for the amendment of the FRA to it more effective in the management of public finances in the country. Such amendment should correct gaps in the law that provide opportunity for corruption to thrive in the public sector, thus creating leakages for funds meant for development purposes. The area of enforcement is also critical as there is currently lack of sanctions for violation of the Act. Even though the Act identified about 50 offences, it does not adequately make provisions for procedures on how to deal with perpetrators of corruption in public agencies. Revisions should be done to address these limitations.

Summary of findings

1. The FRA has not served as a potent control mechanism of public expenditure in Nigeria.
2. The shortfalls of the FRA in Nigeria are evidenced by poor fiscal outcomes such as revenue shortages, bloated expenditures, fiscal deficits and public debt accumulation.
3. Review of the FRA and strict application of economic principles in financial management are critical measures that should be adopted to improve fiscal responsibility in Nigeria's public expenditure.

Conclusion

FRLs have become increasingly common tools to enhance fiscal prudence and public expenditure transparency in many countries. Nigeria enacted its FRA in 2007 to ensure that the Federal Government carries out expenditure within formally specified and reasonable limits, given a sound revenue base. The law also places strict limits on the accumulation of public debts. In spite of the introduction of the FRA in Nigeria, data shows that the fiscal health of the country has continued to decline. The FRA has not translated into substantial policy gains, by way of improved transparency, better fiscal prudence and macroeconomic stability due to the constraining institutional and policy environment. Reforms in the Act and improved conformity with economic tenets of financial management can serve as great game changers for Nigeria.

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