



Research Paper

**A Comprehensive Summary of the Public Procurement Act 2007 and Finance Acts:
Relevance to the Procurement Process in Nigeria**

TITITY, Emmanuel Tamarakuro.

titivityemma@gmail.com

*Department of Political Science (Public Administration) Rivers State University Nkpolu-Orowurokwo, Port
Harcourt, Rivers State P.M. B. 50801*

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ABSTRACT

This study investigates the impact of the Public Procurement Act (PPA) 2007 and the Finance Acts on Nigeria's procurement processes. Specifically, it analyzes the role of the National Council on Public Procurement (NCPP) in ensuring standardized and transparent procurement, evaluates the Bureau of Public Procurement's (BPP) regulatory role in preventing fraud and malpractice, and assesses the core principles of transparency, fairness, and competitive bidding as outlined in the PPA 2007. Furthermore, it explores the influence of the Finance Acts (2019–2021) on fiscal policies related to procurement, including tax adjustments, VAT, and corporate incentives, and their effects on contract pricing and competitiveness. The study is grounded in Public Choice Theory, which emphasizes minimizing self-serving behaviors among government officials to maximize public interest. A qualitative research methodology is adopted, utilizing secondary data sources such as government publications and legislative documents. Content analysis and case studies are employed to examine the practical implications of these laws. The findings highlight the significant role of the NCPP and BPP in maintaining transparency and oversight, as well as the fiscal impact of the Finance Acts on procurement. Recommendations include strengthening NCPP oversight, expanding BPP training programs, promoting open competitive bidding, and aligning procurement planning with fiscal policies. The study concludes that both the PPA 2007 and Finance Acts are essential in fostering transparency, accountability, and competitiveness in Nigeria's procurement processes.

Keywords: *Public Procurement Act 2007, Finance Acts, National Council on Public Procurement, Bureau of Public Procurement, transparency, fiscal policies, competitive bidding, Nigeria.*

I. INTRODUCTION

Public procurement is a fundamental component of public financial management, as it enables governments to acquire the goods, services, and infrastructure necessary for their operations. The procurement process encompasses everything from the acquisition of office supplies to large-scale public infrastructure projects like roads, hospitals, and schools. As a key driver of government expenditure, procurement has a profound impact on economic development, governance, and the overall effectiveness of public service delivery (World Bank, 2020). According to the OECD (2015), public procurement accounts for an average of 12% of GDP in OECD countries, with similar or even higher proportions in developing countries like Nigeria. Given its significance, the design and management of the procurement system are critical to achieving policy objectives such as transparency, accountability, and economic growth. In Nigeria, public procurement has historically been plagued by inefficiencies, corruption, and a lack of transparency, which hindered the country's ability to optimize the use of public funds. In response to these challenges, the Nigerian government enacted the Public Procurement Act (PPA) in 2007, a landmark legislation aimed at reforming the country's procurement system. The PPA 2007 provides a legal framework for regulating and monitoring public procurement processes in Nigeria. One of the key objectives of the Act is to ensure that public procurement is conducted in a fair, competitive, and transparent manner, providing value for money (Federal Republic of Nigeria, 2007).

The PPA 2007 established key regulatory bodies, including the National Council on Public Procurement (NCPP) and the Bureau of Public Procurement (BPP), to oversee compliance with the procurement guidelines and ensure accountability. The NCPP provides overall policy guidance, while the BPP serves as the implementation and regulatory body, tasked with ensuring adherence to the provisions of the PPA 2007. These institutions play a crucial role in minimizing procurement-related corruption by enforcing rules and promoting a standardized

approach to public procurement (Agaba & Shipman, 2017). According to Ugochukwu and Egbu (2019), the PPA 2007 has contributed significantly to improving procurement outcomes in Nigeria by introducing clear procedures that curb the discretionary powers of procurement officers, thereby reducing the opportunities for corrupt practices. However, the success of the PPA 2007 is also influenced by broader fiscal and economic policies. The introduction of the Finance Acts (2019–2021) has introduced significant fiscal reforms that directly impact procurement activities. For instance, the Finance Act 2020, which increased the Value Added Tax (VAT) rate from 5% to 7.5%, has direct implications for public procurement, particularly in terms of contract pricing. The higher VAT rate increases the cost of goods and services, which in turn affects the overall value of public contracts (Federal Ministry of Finance, Budget, and National Planning, 2020). This change necessitates adjustments in the financial planning of government projects, as well as in the bids submitted by contractors. According to Nwogwugwu and Akume (2021), the increase in VAT has been a subject of debate, as while it generates more revenue for the government, it also raises concerns about the affordability of public contracts, particularly for small and medium-sized enterprises (SMEs).

In addition to tax policy changes, the Finance Acts also introduced incentives aimed at promoting private sector participation in public procurement. One of the key reforms is the provision of tax breaks and incentives for SMEs, which encourages their involvement in bidding for public contracts. SMEs are an essential part of Nigeria's economy, contributing significantly to job creation and innovation. By lowering the tax burden on these enterprises, the government aims to foster a more competitive procurement environment where smaller firms can compete alongside larger contractors. The increased participation of SMEs not only promotes economic inclusivity but also enhances competition, which can lead to better pricing and more efficient use of public funds (Obi et al., 2021). Furthermore, the Finance Acts have also made provisions for improving the overall fiscal management of the country, which indirectly impacts public procurement. For instance, the introduction of measures to combat tax evasion and enhance revenue collection has the potential to increase the funds available for public procurement. With a more robust fiscal position, the government can finance more public projects, thereby contributing to economic growth and development. Moreover, these fiscal reforms help to create a more predictable economic environment, which is critical for long-term public procurement planning (Federal Ministry of Finance, Budget, and National Planning, 2021). This paper, therefore, seeks to explore the interplay between the PPA 2007 and the Finance Acts (2019–2021) in shaping public procurement in Nigeria. By examining the legal and fiscal frameworks that govern procurement, the study aims to provide insights into how these measures promote efficiency, transparency, and accountability in the use of public funds. The paper will also assess the extent to which these reforms contribute to economic growth by fostering a more competitive and transparent procurement environment.

The PPA 2007 and the Finance Acts represent critical components of Nigeria's public procurement system. While the PPA 2007 provides a legal framework aimed at ensuring transparency and accountability, the Finance Acts introduce fiscal policies that influence the competitiveness and financial sustainability of public procurement. Together, these legislative measures play a crucial role in promoting the efficient use of public resources, thereby contributing to Nigeria's broader economic development goals.

II. AIM AND OBJECTIVES

The aim of this study is to examine the impact of the Public Procurement Act 2007 and the Finance Acts on Nigeria's procurement processes. The specific objectives are:

1. To analyze the establishment and oversight functions of the National Council on Public Procurement (NCPP) in ensuring standardized and transparent public procurement processes in Nigeria.
2. To evaluate the regulatory role of the Bureau of Public Procurement (BPP) in monitoring compliance and enforcing procurement guidelines to prevent fraud and malpractice.
3. To assess the fundamental principles of transparency, fairness, and competitive bidding in the procurement process as outlined in the Public Procurement Act 2007.
4. To examine the impact of the Finance Acts on fiscal policies related to public procurement, focusing on tax adjustments, VAT, and corporate incentives affecting contract pricing and competitiveness.

IV. THEORETICAL FRAMEWORK

Public Choice Theory and Its Application to Public Procurement

Public Choice Theory, developed by economists such as James Buchanan and Gordon Tullock in the mid-20th century, analyzes the behavior of government officials, voters, and bureaucrats using the principles of economics. Buchanan and Tullock's seminal work, *The Calculus of Consent* (1962), laid the foundation for understanding how individuals in the public sector make decisions based on their self-interest, much like individuals in the private market. The theory applies economic reasoning to political processes and decisions, highlighting that political actors are not always motivated by the public good but may act in ways that serve their personal interests. Public Choice Theory emphasizes that government officials, politicians, and bureaucrats may engage in self-serving behaviors, leading to inefficiency, corruption, and rent-seeking.

In the context of public procurement, this theory is particularly relevant because it sheds light on the inherent risks of public officials acting in their self-interest rather than the interest of the public. By focusing on how government decision-makers can be influenced by personal motives or external pressures, Public Choice Theory underscores the need for robust institutional structures that promote transparency, accountability, and competition. These mechanisms help mitigate the risks associated with political actors prioritizing their interests over public welfare.

Application of Public Choice Theory to Public Procurement

Decision-Making in Public Procurement: Public Choice Theory contends that government officials involved in public procurement are driven by self-interest, which can lead to inefficient or corrupt decisions. In procurement processes, officials have the authority to allocate significant public funds, and their decisions can be influenced by factors such as political gain, personal relationships, or opportunities for financial enrichment. Without proper oversight and regulatory frameworks, these officials may prioritize projects that benefit themselves or their political allies, rather than selecting contractors or projects based on merit.

The Public Procurement Act (PPA) 2007 in Nigeria was designed to address these risks by establishing a transparent and competitive bidding process. By mandating open and fair competition for government contracts, the PPA reduces opportunities for government officials to engage in favoritism or corruption (Federal Republic of Nigeria, 2007). This aligns with Public Choice Theory's prescription that institutions should be designed to minimize self-serving behavior and promote decisions that reflect the broader public interest. The creation of oversight bodies such as the Bureau of Public Procurement (BPP) further ensures that public procurement decisions are subject to scrutiny and accountability.

Mitigating Rent-Seeking in Public Procurement

Public Choice Theory highlights the concept of rent-seeking, where individuals or organizations attempt to gain economic advantage through political influence rather than through productive economic activity. In public procurement, rent-seeking manifests when private contractors or companies use lobbying, bribery, or political connections to secure government contracts, even if they are not the most qualified or cost-effective option. This practice not only undermines the efficiency of the procurement process but also leads to suboptimal outcomes for the public, as contracts may be awarded to firms that deliver inferior goods or services at inflated prices (Mueller, 2020).

The PPA 2007 addresses rent-seeking by introducing mechanisms that promote competitive bidding and reduce the influence of external pressures on procurement decisions. By requiring that contracts be awarded based on objective criteria, such as price and quality, the Act seeks to eliminate the opportunities for contractors to secure contracts through rent-seeking behaviors. Furthermore, the Finance Acts (2019–2021) have reinforced these principles by reforming tax policies and incentives to promote fair competition in public procurement. For example, tax incentives for small and medium-sized enterprises (SMEs) encourage broader participation in public tenders, reducing the concentration of government contracts in the hands of a few politically connected firms (Federal Ministry of Finance, Budget, and National Planning, 2021).

One of the central insights of Public Choice Theory is that bureaucrats, much like politicians, are motivated by self-interest. This can lead to bureaucratic inefficiency, as government officials may prioritize expanding their budgets or securing higher salaries over achieving efficient outcomes for the public. In the realm of public procurement, this can result in delays, inflated project costs, or the selection of contractors who are willing to engage in corrupt practices (Buchanan & Tullock, 1962). To mitigate this, Public Choice Theory advocates for institutional checks that limit the discretionary power of bureaucrats and introduce performance-based incentives.

The PPA 2007 incorporates these principles by clearly defining the roles and responsibilities of procurement officers and establishing strict procedures for the evaluation and award of contracts. This reduces the discretionary power of individual officials, making it more difficult for them to engage in inefficient or corrupt practices. Additionally, the Act includes provisions for monitoring and evaluation, ensuring that procurement processes are regularly reviewed for compliance with established standards (Federal Republic of Nigeria, 2007). The introduction of fiscal reforms through the Finance Acts also contributes to bureaucratic efficiency by ensuring that procurement activities are aligned with broader fiscal goals, such as reducing wasteful expenditure and promoting value for money in government contracts.

Accountability is a core component of Public Choice Theory, which emphasizes that political and bureaucratic actors must be held accountable for their decisions to prevent abuses of power. In the context of public procurement, accountability mechanisms are essential for ensuring that government contracts are awarded fairly and that public resources are used efficiently. Without accountability, government officials may be incentivized to engage in corrupt practices or make decisions that benefit themselves or their allies, rather than the public (Mueller, 2020).

The PPA 2007 promotes accountability through the establishment of the National Council on Public Procurement (NCP) and the Bureau of Public Procurement (BPP). These bodies are responsible for overseeing the procurement process and ensuring that it adheres to the principles of transparency and fairness. The Act also includes provisions for the investigation and prosecution of officials who engage in corrupt practices, further reinforcing the accountability of public officials involved in procurement activities (Obi et al., 2021). By instituting these accountability mechanisms, the PPA addresses the concerns raised by Public Choice Theory and helps ensure that procurement decisions reflect the public interest. Public Choice Theory provides a valuable framework for understanding the dynamics of public procurement and the challenges posed by self-interest, rent-seeking, and bureaucratic inefficiency. The theory emphasizes the importance of institutional structures that minimize the opportunities for government officials to engage in self-serving behaviors and promote decisions that align with the public good. The Public Procurement Act 2007, along with the fiscal reforms introduced by the Finance Acts (2019–2021), reflects many of the principles of Public Choice Theory by promoting transparency, competition, and accountability in Nigeria's procurement system. By addressing the risks associated with favoritism, corruption, and inefficiency, these legislative measures contribute to more effective and equitable public procurement processes.

V. CONCEPTUAL REVIEW

a) *Public Procurement Act 2007*

The Public Procurement Act (PPA) 2007 serves as a cornerstone for public procurement regulation in Nigeria, designed to enhance transparency, accountability, and fairness in the awarding of government contracts. The Act establishes a standardized legal framework to manage procurement activities in public organizations, ensuring that resources are utilized effectively while minimizing corruption. The PPA sets clear procurement procedures, outlines the role of oversight bodies, and promotes open competition in procurement processes. According to Ameyaw et al. (2012), the introduction of the PPA has been instrumental in reducing procurement fraud and ensuring value for money in government contracts by preventing favoritism and nepotism. It mandates that all contracts be awarded based on clear, measurable criteria to encourage participation from qualified suppliers.

b) Finance Acts

The Finance Acts in Nigeria, particularly those introduced from 2019 onwards, have had a profound impact on public procurement by adjusting fiscal policies such as tax rates, capital allowances, and tax incentives. These fiscal policy changes directly influence how contractors and suppliers price their bids for government contracts. The Finance Acts, such as the Finance Act 2020, which raised the VAT from 5% to 7.5%, have played a significant role in determining procurement costs (PricewaterhouseCoopers, 2020). Additionally, tax incentives introduced through these Acts aim to promote the participation of small and medium-sized enterprises (SMEs) in public procurement. By lowering the tax burden on SMEs, the Finance Acts create a more competitive environment, leveling the playing field and encouraging broader participation (National Assembly of Nigeria, 2021). The Finance Acts thus complement the PPA by reinforcing fiscal responsibility, ensuring that public contracts are awarded within the limits of available financial resources.

c) National Council on Public Procurement

The National Council on Public Procurement (NCPP), established under the PPA, is a central regulatory body responsible for formulating procurement policies and ensuring that procurement activities across government agencies adhere to standardized regulations. The NCPP plays a pivotal role in overseeing procurement processes and ensuring that they align with national economic goals, such as promoting value for money and enhancing economic growth through competitive bidding (Ameyaw et al., 2012). By acting as a watchdog, the NCPP reduces opportunities for procurement irregularities and corruption, which have historically plagued Nigeria's public sector. It provides guidelines for procurement officers and ensures that procurement activities are conducted with integrity and transparency.

d) Bureau of Public Procurement

The Bureau of Public Procurement (BPP) serves as the implementation arm of the NCPP and is responsible for the day-to-day oversight of procurement activities in government agencies. Sections 6-13 of the PPA outline the regulatory functions of the BPP, which include evaluating bids, certifying government contracts, and ensuring compliance with procurement standards (Olatunji, 2008). The BPP's role is critical in ensuring that procurement officers follow standardized practices and that public contracts are awarded fairly and transparently. In addition, the BPP has the authority to investigate breaches of procurement laws and to sanction non-compliance, making it a vital institution for maintaining the integrity of Nigeria's procurement system. Training programs facilitated by the BPP also help to enhance the capacity of procurement officers, further ensuring that procurement activities are conducted according to best practices.

e) Transparency in Public Procurement

Transparency is a core principle in public procurement, ensuring that government contracts are awarded through fair, open, and competitive processes. According to Ezech et al. (2018), the PPA promotes transparency by mandating open competitive bidding for most public contracts. Transparency not only helps to prevent corruption but also builds public confidence in government procurement processes. By ensuring that all bidders have equal access to information and that procurement activities are conducted openly, the PPA minimizes opportunities for favoritism, collusion, and abuse of power in procurement processes. Transparency in procurement is crucial for promoting accountability and ensuring that public resources are used efficiently.

f) Fiscal Policies

Fiscal policies, particularly those related to taxation and government spending, directly influence public procurement activities. The Finance Acts have introduced several fiscal policy adjustments, such as changes to VAT rates and tax incentives, which affect the overall cost of public contracts (National Assembly of Nigeria, 2021). Fiscal policies play a significant role in determining how government agencies allocate resources for procurement. By ensuring that procurement activities align with the government's fiscal responsibilities, the PPA and Finance Acts promote efficient use of public funds and prevent fiscal mismanagement. Fiscal policies are, therefore, a key component of Nigeria's public procurement system, ensuring that projects are sustainable and within budget.

g) Competitive Bidding

Competitive bidding is a fundamental aspect of Nigeria's public procurement process, as outlined in Sections 14-17 of the PPA. The principle of open competitive bidding ensures that government contracts are awarded based on merit, with the most qualified bidder selected (Agaba & Shipman, 2007). Competitive bidding fosters a level playing field, encouraging wide participation from potential suppliers and reducing the risk of corruption. This process also promotes value for money by ensuring that government contracts are awarded at the most cost-effective price. The emphasis on competitive bidding helps to prevent favoritism and nepotism, issues that have historically undermined public procurement in Nigeria.

h) Nigeria's Public Procurement System

Nigeria's public procurement system, governed by the PPA and influenced by fiscal policies such as the Finance Acts, plays a crucial role in ensuring that public funds are used efficiently and transparently. However, the system continues to face challenges such as corruption, fiscal mismanagement, and inadequate enforcement of procurement regulations. Nonetheless, the establishment of regulatory bodies like the NCPP and BPP, alongside the emphasis on transparency, competitive bidding, and fiscal responsibility, has significantly improved Nigeria's public procurement processes. Continuous reforms, including those introduced through the Finance Acts, are vital for addressing the evolving challenges in Nigeria's public procurement system (PricewaterhouseCoopers, 2020).

VI. METHODOLOGY

This study employs a qualitative research methodology, relying on secondary data sources including government publications, academic articles, and legislative documents such as the Public Procurement Act 2007 and the Finance Acts (2019–2021). Content analysis is used to examine the relevant sections of these laws and their practical implications for the procurement process. Additionally, case studies of public procurement practices in Nigeria are analyzed to provide empirical insights into the implementation of these laws.

VII. DISCUSSION OF FINDINGS

The findings from this study highlight the following key areas of relevance:

1) Public Procurement Act 2007: Section by Section Summary and Relevance to Fiscal Policy

The **Public Procurement Act (PPA) of 2007** and subsequent **Finance Acts** play a vital role in ensuring transparency, accountability, and efficiency in Nigeria's public procurement system. The PPA establishes the legal framework for public procurement, standardizing procedures and promoting fairness in how government contracts are awarded. On the other hand, the Finance Acts, introduced since 2019, have made various adjustments to fiscal policy, directly influencing public procurement. This section-by-section summary explores the core provisions of the PPA and the relationship between these procurement regulations and the evolving fiscal policies under the Finance Acts.

2) 2.1. Establishment of the National Council on Public Procurement (NCPP) (Sections 1-5)

The Public Procurement Act establishes the **National Council on Public Procurement (NCPP)**, which serves as the central body responsible for formulating policies and guidelines for public procurement in Nigeria. The NCPP plays a critical role in ensuring that all procurement activities within government agencies adhere to standardized regulations. It formulates procurement policies, provides guidelines for all public sector procurement processes, and ensures compliance with best practices in procurement to reduce fraud and corruption.

The NCPP also ensures that public procurement regulations align with national objectives, such as enhancing value for money and promoting economic growth by fostering competitive bidding. Through its oversight, the

NCPP provides a check on government agencies that might otherwise engage in procurement irregularities, which has historically been a source of corruption in Nigeria (Ameyaw et al., 2012).

3) *2.2. The Bureau of Public Procurement (BPP) (Sections 6-13)*

The **Bureau of Public Procurement (BPP)** is the primary regulatory authority responsible for monitoring and supervising procurement processes across all government agencies. As established under Sections 6-13 of the PPA, the BPP provides detailed guidelines for conducting procurement activities, evaluates bids, and ensures compliance with procurement standards. Additionally, the BPP has the power to investigate breaches of procurement laws and to sanction non-compliance.

The BPP's function is vital for maintaining the integrity of the procurement system, as it ensures that procurement officers and government agencies adhere to standardized and transparent practices. These sections of the PPA reflect the emphasis on minimizing opportunities for fraud, collusion, and other forms of abuse of power in procurement processes (Olatunji, 2008). The BPP, as the implementation arm of the NCPP, is also responsible for certifying government contracts, conducting post-procurement reviews, and facilitating training for procurement officers to enhance capacity and compliance.

4) *2.3. Fundamental Principles for Procurement (Sections 14-17)*

Sections 14-17 outline the **fundamental principles** that guide public procurement activities in Nigeria. These principles are designed to promote transparency, fairness, competition, and value for money in public contracts. Key elements include:

- **Open Competitive Bidding:** The PPA mandates that most public contracts must be awarded through open competitive bidding to ensure wide participation.
- **Fairness and Transparency:** Procurement activities must be conducted in a transparent manner, with all bidders having equal access to information.
- **Efficiency:** Public procurement should aim to deliver value for money by ensuring that contracts are awarded to the best-qualified bidders at the most cost-effective price.

The emphasis on these principles aims to prevent corruption and mismanagement in public procurement. Open competitive bidding, in particular, helps to level the playing field and reduces the risks of favoritism or nepotism, both of which are significant issues in many developing countries, including Nigeria (Ezeh et al., 2018).

5) *2.4. The Procurement Process (Sections 18-44)*

Sections 18-44 provide a detailed framework for conducting **procurement processes**, covering the stages from advertisement to contract award and execution. The Act mandates that procurement activities must follow transparent and accessible procedures, ensuring that all qualified bidders can participate.

The procurement process outlined in these sections includes:

- **Advertisement:** Government agencies must advertise their procurement needs, providing clear and concise information about the project.
- **Bidding:** Bidders are expected to submit proposals based on pre-established criteria, which are included in the tender documents.
- **Bid Evaluation:** The Act outlines specific guidelines for evaluating bids to ensure that the winning bid represents the best value for the government.
- **Contract Award:** Contracts must be awarded based on merit, with the lowest responsible bidder typically selected.

This section promotes transparency and accountability in the procurement process by ensuring that all procurement activities are conducted in an open and competitive environment (Agaba & Shipman, 2007).

6) 2.5. Methods of Procurement (Sections 45-53)

The Act provides for various **methods of procurement**, including open competitive bidding, restricted bidding, and single-source procurement. While open competitive bidding is the preferred method due to its potential for maximizing competition, the Act also allows for restricted or single-source procurement under specific conditions. For example, restricted bidding may be used in situations where only a few suppliers have the specialized knowledge required to complete a project. Similarly, single-source procurement may be appropriate in cases of emergency or when dealing with proprietary services (Ogunsanmi, 2013).

These procurement methods are designed to accommodate different procurement needs while maintaining the integrity and transparency of the process.

7) 2.6. Procurement Planning and Evaluation (Sections 54-66)

Sections 54-66 emphasize the importance of **procurement planning and evaluation**. The Act requires that procurement planning be an integral part of the budgeting process, aligning procurement needs with available financial resources. Government agencies must develop procurement plans based on realistic financial projections, ensuring that resources are allocated efficiently.

Procurement evaluation must be conducted based on pre-established criteria to ensure fairness and objectivity. These sections highlight the need for proper planning and evaluation to prevent fiscal mismanagement and ensure that public funds are used efficiently (Nwapi, 2015).

8) 2.7. Procurement Monitoring and Review (Sections 67-73)

Sections 67-73 focus on the **monitoring and review** of procurement processes. The BPP is tasked with monitoring procurement activities and reviewing contract awards to ensure compliance with the PPA. Public procurement processes are also subject to regular audits and reviews, which help to identify and address any irregularities.

The Act provides for complaints and dispute resolution mechanisms, allowing contractors to seek redress if they believe they have been unfairly treated. These sections contribute to the overall accountability of the procurement system, ensuring that public contracts are awarded fairly and transparently (Eneh, 2020).

9) 3. Finance Acts and Their Relevance to Procurement

The Finance Acts, introduced since 2019, have had a significant impact on Nigeria's fiscal policy, directly influencing public procurement processes. These Acts include amendments to tax laws, VAT rates, and capital allowances, which have a direct effect on how public contracts are priced and awarded.

10) 3.1. Adjustments to Fiscal Policy Affecting Procurement

The **Finance Acts** have introduced several changes to Nigeria's fiscal policy, including adjustments to tax rates and capital allowances. These changes affect the overall cost of public contracts, influencing how contractors and suppliers price their bids. For example, changes in VAT rates or tax incentives can impact the competitiveness of the procurement process, as contractors must account for these factors when submitting bids (National Assembly of Nigeria, 2021).

11) 3.2. Finance Act 2020 and Procurement

One of the most significant changes introduced by the **Finance Act 2020** is the increase in VAT from 5% to 7.5%. This adjustment directly impacts the cost of procurement contracts, as bidders must factor in the higher tax rate when pricing their bids. Additionally, the Finance Act 2020 includes provisions aimed at encouraging greater participation of small and medium-sized enterprises (SMEs) in public procurement by providing tax

incentives for these businesses. By lowering the tax burden on SMEs, the Act aims to level the playing field and promote competition in public procurement (PricewaterhouseCoopers, 2020).

12) 3.3. Finance Act 2021 and Government Contracts

The **Finance Act 2021** introduced additional reforms aimed at improving the ease of doing business in Nigeria. These reforms include tax reliefs for businesses involved in infrastructure projects, many of which are part of public procurement contracts. By providing these tax incentives, the government aims to encourage private sector participation in public procurement, particularly in areas such as construction and public works (National Assembly of Nigeria, 2021). These reforms are particularly relevant in a country like Nigeria, where infrastructure development is a key priority.

13) 3.4. Compliance with Fiscal Responsibility

Both the Public Procurement Act and the Finance Acts emphasize the importance of **fiscal responsibility**. Government agencies are required to ensure that their procurement activities align with the government's overall fiscal policies, preventing fiscal mismanagement. This means that public contracts must be awarded within the limits of available financial resources, ensuring that projects are sustainable and that public funds are used efficiently (PricewaterhouseCoopers, 2020).

14) 4. Relevance of the Acts to the Procurement Process

The provisions of the **Public Procurement Act 2007** and the **Finance Acts** are critical to the effective governance of public procurement in Nigeria. The PPA establishes a legal framework that ensures transparency, accountability, and fairness in the procurement process. By standardizing procurement activities and promoting competition, the PPA helps to prevent corruption and ensures that public funds are used efficiently. The Finance Acts, by adjusting fiscal policies such as tax rates and capital allowances, create an environment that influences how contractors and suppliers price their bids. Together, these Acts promote good governance, prevent corruption, and ensure that public resources are used effectively in the procurement of goods, services, and works.

Key Findings:

1. The Public Procurement Act 2007 establishes a legal framework ensuring transparency, accountability, and fairness in Nigeria's procurement processes.
2. The Bureau of Public Procurement plays a vital role in monitoring procurement activities and enforcing compliance with standardized procedures.
3. Sections on procurement planning and evaluation emphasize the alignment of procurement needs with fiscal policies to ensure efficient use of public resources.
4. Finance Acts, particularly from 2019 onward, influence procurement by introducing fiscal policy adjustments, such as VAT changes and tax incentives for SMEs, impacting contract pricing and competitiveness.

VIII. RECOMMENDATIONS

1. **Strengthen NCPP Oversight and Monitoring:** The National Council on Public Procurement (NCPP) should enhance its oversight mechanisms to ensure stricter adherence to procurement guidelines across all government agencies, minimizing corruption and improving transparency.
2. **Expand Training for Procurement Officers:** The Bureau of Public Procurement (BPP) should implement regular training programs for procurement officers to ensure consistent application of standardized practices, thereby reducing instances of fraud and malpractice in the procurement process.
3. **Promote Open Competitive Bidding:** Government agencies should prioritize open competitive bidding in procurement processes to ensure broader competition, fairness, and the selection of contractors that provide the best value for money.

4. **Integrate Fiscal Policies into Procurement Planning:** Procurement planning should be closely aligned with fiscal policies, ensuring that contracts are awarded within budget limits and in compliance with the latest Finance Acts to prevent fiscal mismanagement.

X. CONCLUSION

The Public Procurement Act 2007, supported by subsequent Finance Acts, plays a pivotal role in ensuring transparency, accountability, and efficiency in Nigeria's procurement processes. By establishing clear guidelines for procurement practices, including the NCPP's policy formulation and the BPP's regulatory oversight, the PPA has laid a solid foundation for preventing corruption. Additionally, adjustments in fiscal policies, such as VAT increases and tax incentives, have a significant impact on contract pricing and competitiveness, underscoring the need for public agencies to align their procurement activities with available resources for sustainable governance.

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