

## Public Sector Reforms and Debt Management in Nigeria

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Article History	Abstract
<b>Original Research Article</b>	<p><i>This study examined the relationship between public sector reforms and debt management in Nigeria. debt relief, debt restructuring, and debt servicing were modeled as the function of economic reform, financial management reforms and administrative reform. Ordinary Least Squares (OLS) was used as data analysis method. The study formulated three regression models. Model one found that 82.7 percent variation in debt relief in Nigeria was explained by public sector reforms. The results of model found that financial management reforms have negative effect on debt relief while administrative reforms and economic reforms have positive effect on debt relief. Model two found that 76.1 percent variation in debt restructuring in Nigeria was explained by public sector reforms. The results of model found that financial management reforms have negative effect on debt restructuring while administrative reforms and economic reforms have positive effect on debt relief. Model three found that 91.5 percent variation in debt servicing in Nigeria was explained by variation in public sector reforms while results of model found that financial management reforms have negative effect on debt servicing while administrative reforms and economic reforms have positive effect on debt servicing. The study suggests that the public sector financial management reform agenda should primarily concentrate on enhancing efficiency and accountability within government entities. The reformists thought that better management of the economy or the market would make the government's units more efficient and accountable, which has been a concern for a while.</i></p> <p><b>Keywords:</b> Public Sector Reforms, Economic Reform, Financial Management Reform, administrative reform, Debt Management, Debt Relief, Debt Servicing, Debt Restructuring.</p>
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### INTRODUCTION

The public sector is essential for supporting socio-economic development and is usually the same as the government sector, which is in charge of managing national resources and providing public goods and services (Owolabi et al., 2022). The public sector in Nigeria includes the work of the federal government, state governments, local government authorities, and a number of government agencies (Samokhvalov & Strelkov, 2020). These organizations are in charge of building important infrastructure and providing basic services like education, health care, transportation, and public utilities. In an ideal world, everyone, no matter how much money they have, should be able to use these services (Otunla, 2014). Most of the time, public sector organizations pay for these services

using money that is set aside for them based on expected income and anticipated spending. However, rising public debt—often linked to projects that don't bring in much money—has put a lot of stress on public finances and made the budget less effective. This has led to more calls for big changes in the public sector and stricter compliance with the Fiscal Responsibility Act 2007 (Adedotun et al., 2023).

The Debt Management Office says that Nigeria's total public debt, which includes debts owed by the federal government, state governments, and the Federal Capital Territory, was at ₦33.107 trillion (about \$87.239 billion) as of March 2021 (Ola & Adelakun, 2021). This number was higher than the ₦32.916 trillion recorded in December

2020, which means it went up by around 0.58 percent. The debt stock also comprises promissory notes of ₦940.220 billion that were given to pay off the federal government's debts to state governments, oil marketing corporations, exporters, and local contractors. A closer look at Nigeria's debt structure shows that most of the money it borrows from other countries is in the form of bonds, such as Federal Government of Nigeria (FGN) bonds, Sukuk bonds, and Green bonds. These bonds are meant to pay for projects that improve infrastructure and capital development. The country's external debt was about \$32.86 billion (Ojeifo & Ilesanmi, 2015). Treasury bills, bank loans, and other securitized financial products are also ways for the government to borrow money.

The Debt Management Office, the Fiscal Responsibility Commission, the Federal Ministry of Finance, and the National Assembly of Nigeria are all involved in managing Nigeria's public debt. They work together to make sure that the country's laws and institutions are in sync. These institutions together decide if the country's fiscal management has changed from a system where decisions are made on a case-by-case basis to one where rules are followed, as the Fiscal Responsibility Act of 2007 calls for. Still, the current institutional structures and policy choices have often not been enough to make sure that the public debt system is stable. This is mainly because different entities are in charge of managing debt, which makes it hard to coordinate, leads to overlapping duties, and makes it harder to put debt management strategies into action. So, for Nigeria to better manage its public debt and make sure that its finances are stable in the long run, it is still important to improve institutional coordination and use more consistent fiscal governance methods.

The idea of public sector reform in Nigeria includes both looking back and looking forward. On one hand, reform efforts want to keep and improve the professional and efficient civil service structure that was in place when the country became independent. On the other hand, they want to change the public sector so that it can better deal with new governance problems and future development needs. Public sector reform can be defined as the reorganization of public service institutions, systems, and procedures—including both human and material resources—to ensure their alignment with government policies, development objectives, and strategic plans (Obara Lawrence; Nangih Emmanuel; Agba Agba, 2021). The policy goals and development plans that public sector organizations are set up to carry out are what really determine how they are set up and how well they work. Policymakers, scholars, and practitioners from all around the world are now very interested in public sector reform. Many reform efforts have come from developed countries like the US, UK, New

Zealand, and Australia. These countries' governments made changes to try to boost the economy by lowering costs while keeping or improving the quality and efficiency of public services. These reforms usually mean making changes to the way public organizations are set up and run. These changes can include corporatization, commercialization, privatization, performance-based contracts, better financial management systems, using private-sector management practices, outsourcing services, and giving more power to lower-level managers (Boboye & Ojo, 2012). These kinds of changes are generally linked to the New Public Management governance paradigm (ECA, 2009).

Scholars assert that public sector reform constitutes a thorough reorganization of governmental administrative frameworks designed to enhance effectiveness, efficiency, accountability, and budgetary discipline within public administration (Obara et al., 2021). The United Nations Economic and Social Council (2006) also talks about public sector reform as a planned process that includes adjustments to institutions and procedures that are meant to make public sector organizations work better. Structural reforms might involve reorganizing, merging, or splitting up government agencies. Procedural reforms, on the other hand, generally involve reforming administrative procedures, setting quality standards, and making institutions stronger. In a broader sense, public sector reform includes efforts to make governance better, make services better, and make sure that public resources are used in a way that is efficient, cost-effective, and open. These changes are mostly about making government institutions more accountable and better able to make and carry out policies (ECA, 2009). In Nigeria, these kinds of reforms have usually been part of a bigger plan to change the role of the state in managing the economy and providing public services. This has often included things like reforms to the civil service, changes to how money is handled, policies to give more power to local governments, changes to the legal and judicial systems, better systems for holding people accountable, and better rules for businesses.

Even though there have been many attempts to improve the public sector in Nigeria, the results have often not lived up to expectations. This is shown by multiple socio-economic indicators that have continuously failed to fulfill their goals. The public sector has continued to be less successful because of problems that keep coming up, like unstable electricity supply, poor service delivery, pervasive corruption, mismanagement of public resources, and inadequate institutional commitment. In light of these problems, policy discussions have increasingly centered on formulating strategic guidelines that might steer and bolster future reform initiatives. There have been a number of reasons for public sector reforms in Nigeria. These include

the need to change the role of government in society, make the public sector work better, and support the ideals of good governance, such as accountability, transparency, and citizen participation. Political scandals, corruption trials, and bad economic management that happen over and over again have also made calls for reform stronger. Ajayi Adewale (2015) says that the main goal of reform policies was to make the administration of public resources better by fixing systemic problems such as financial leakages, theft, and inadequate accountability mechanisms in government organizations.

Reforms in the public sector have tried to make the budget process stronger at all phases of government financial management, from making the budget to carrying it out, keeping an eye on it, and reviewing it. Different governments have made changes to the public sector over the years to make it more open, accountable, efficient, professional, and based on merit. The goal of these programs was to improve the ability of institutions, boost economic growth, and speed up national development. A lot of these changes were based on international governance models linked to the New Public Management, which focuses on efficiency, measuring performance, decentralization, and management methods from the private sector. International organizations like the World Bank and the International Monetary Fund were very important in pushing for these changes in poor nations. They did this by giving policy advice, making loans with conditions, and running programs like the Structural Adjustment Programme. In Nigeria, the implementation of structural adjustment programs included various New Public Management principles designed to enhance public sector efficiency and fiscal discipline. So, the Nigerian government made a number of changes to the way it runs things and the economy, often with the help of international consultants, in order to improve governance, make institutions work better, and make public services better (Ijeoma Edwin & Oghoghomeh Oghoghomeh, 2014). In this backdrop, the current study aims to investigate the correlation between public sector reforms and debt management in Nigeria.

The public sector in Nigeria and how it works have been the focus of a lot of scholarly debate and policy analysis for a long time. This emphasis comes mostly from worries that the sector has always done worse than expected, often providing services that people think are useless, inefficient, or even nonexistent, even though a lot of money has been set aside for them. Similar to many public sectors across the African continent, Nigeria's public administration faces several structural and institutional challenges, including bureaucratic inefficiencies, excessive centralization, institutional fragmentation, weak leadership, limited

administrative capacity, patrimonial governance practices, rent-seeking behavior, corruption, and weak systems of accountability and legitimacy (Ezeocha, 2020). The sector has also been marked by old colonial administrative systems, some civil servants not having the right skills, cases of falsifying credentials and changing ages in the civil service, inconsistent policies, and the influence of primordial factors like ethnic ties over merit-based hiring and promotion (Eliassen & From, 2017).

However, current public sector reform efforts are very different from those that were put into place right after independence. The main goal of earlier reforms was to create a strong public administration that could lead national development efforts. More recent reforms, on the other hand, focus on cutting government expenditures, making public services more efficient, changing how institutions work, and giving market forces and non-governmental organizations a bigger role in managing the economy and providing services. These changes have been shaped by various reasons, including economic crises, pressures for structural adjustment, domestic political demands for institutional change linked to rising political pluralism, and the imitation of reform patterns implemented in other nations (Chukwuemeka, 2008). The World Bank and the International Monetary Fund are two examples of international financial institutions that have helped push for reform in underdeveloped countries by making policy recommendations and starting economic reform programs. Some studies indicate that these changes have yielded favorable results in enhancing governance and administrative efficiency, but others contend that their effects have been constrained or even detrimental in some settings. The precise correlation between public sector reforms and public debt management in Nigeria has garnered insufficient scholarly scrutiny. Consequently, this study aims to fill this gap by analyzing the several public sector reform measures executed in Nigeria and assessing their ramifications for efficient debt management.

## LITERATURE REVIEW

### Public Choice and Public Budget Efficiency Theory

Public Choice Theory is a field of economics that started in the 1950s and became well-known around the world in 1986 when James Buchanan, its most famous supporter, won the Nobel Prize in Economic Sciences. The theory utilizes economic principles often employed to examine market behavior in the analysis of political and governmental decision-making processes. In essence, it investigates the decision-making processes of individuals—such as politicians, bureaucrats, and voters—within collective institutions. Vincent Ostrom and Elinor Ostrom (1971) assert that public choice theory is predicated

on numerous fundamental assumptions about individual behavior, notably the premise that public sector actors are primarily driven by rational self-interest. This study utilizes Public Choice Theory as a theoretical framework due to its significance in public financial management and budgeting processes.

In this context, public officials and bureaucrats are perceived as rational agents who seek personal or institutional interests, including job security, elevated wages, enhanced authority, and greater control over resources via the budgetary decision-making process (Ostrom & Ostrom, 1971). Public Choice Theory posits that accounting and financial data in government entities may be strategically employed to advance personal interests, rationalize institutional choices, or sway budgetary distributions. This viewpoint emphasizes how decision-makers may selectively utilize financial information to align with their aims or bolster their status inside administrative frameworks. From an efficiency standpoint, the idea underscores the necessity of optimizing the value of public resources through enhanced productivity and the delivery of government services with minimal input, all while preserving or augmenting service quality.

The theory elucidates how the propensity of bureaucratic entities to optimize departmental budgets can result in increased public expenditure, ineffective resource distribution, and diminished productivity within public institutions (Pina, Torres & Yetano, 2009; United Nations, 2007). If the right accountability systems aren't in place, these kinds of behaviors could lead to budgetary inefficiencies. In light of these challenges, contemporary public sector reform initiatives—especially those linked to the New Public Management framework—have urged governments to implement efficiency-focused budgeting methodologies, including performance-based budgeting, output budgeting, and strategic budgeting (Melkers & Willoughby, 1998; Curristine, Lonti & Joumard, 2007; Mkasiwa, 2011). These methods stress efficiency, effectiveness, and measurable performance outcomes, much like how management works in the private sector. In this context, the current study utilizes Public Choice Theory to elucidate how self-interest and rational decision-making among public sector actors affect budgeting practices, resource allocation, and the overall efficacy of public financial management systems.

External interest groups and internal institutional forces greatly affect how public sector budget decision-making processes use accounting information. These forces frequently determine whether accounting information is utilized instrumentally for decision-making, conceptually for policy comprehension, or symbolically to validate administrative activities. According to Public Choice

Theory, public sector actors often try to maximize their budgets in order to protect their own interests or those of their institutions. For example, they might do this to get higher pay, keep their political power, or win elections. So, both internal and external stakeholders, such as pressure groups and political constituencies, can have an effect on budgetary decisions by stressing efficiency, legitimacy, and responsibility. To deal with these challenges, public leaders may use accounting information as a tool to help them get through budget debates and stay in power or in their jobs.

Public Choice Theory has been extensively utilized to elucidate reforms linked to New Public Management in the public sector. For example, Tom Groot and Geert Budding (2008) say that the theory is about putting together government systems in a logical and systematic way by using scientific ideas about public administration and group decision-making. Public Choice Theory often pushes for changes in government that are meant to make public institutions more efficient and accountable (Aucoin, 1990; Yamamoto, 2003). In a similar way, Jamie Boex (2003) utilized the idea to look at how the government in Nigeria gives money to local governments. Pedro Gomes, Maria Fernandes, and Ana Silva (2011) conducted a study on the impact of accounting information on voter behavior in local government elections. Their findings indicated that financial reporting and economic success indicators substantially affect political outcomes, as accounting information offers a quantifiable assessment of policy efficacy and economic governance. The study also indicated that the effect of financial information and socio-economic factors on voting choices typically changes based on things like the size of the towns.

Public Choice Theory has been criticized by scientists who say it doesn't adequately explain how people act when they are influenced by social, cultural, or non-rational factors (Gomes, Fernandes & Silva, 2011). For instance, Boex (2003) asserts that the theory occasionally offers an excessively intricate framework for elucidating individual behavior in public sector budgeting and decision-making processes. The theory adeptly elucidates the influence of self-interest among public sector entities and their methodologies in budget formulation and resource distribution; yet, it offers insufficient insight into the impact of legitimacy considerations on budgeting procedures and accounting practices (Mkasiwa, 2011). Nonetheless, Public Choice Theory continues to be crucial in comprehending the interplay between budget efficiency and financial legitimacy in public sector decision-making. In this context, accounting information is an important tool for managing public resources, making sure people are held accountable, and affecting both political and administrative outcomes.

### **Public Management Theory**

This study is based on the New Public Management (NPM) theory because Nigeria's public sector services need to be restructured and modernized to make them more efficient, responsive, innovative, competitive, and better able to serve citizens within a framework of democratic governance. The New Public Management approach is a set of management strategies and administrative methods that come from the private sector and are used in public sector organizations. It stresses the importance of managers being able to make their own decisions, competition based on the market, management based on performance, service delivery based on the needs of the customer, and the efficient use of public resources based on value-for-money principles (Haque, 2000a). NPM wants to change old bureaucratic structures into more flexible and results-oriented organizations that can better meet the requirements of society through these means.

People who support New Public Management say that many industrialized countries adopted it because they thought old public administration systems were weak. Some of these problems are bureaucratic rigidity, government service monopolies, poor management practices, weak accountability systems, economic stagnation, and pervasive corruption in public institutions. NPM, or New Public Management, started to spread in the 1980s in the US, Canada, the UK, New Zealand, and Australia. It then moved to other nations that were part of the Organisation for Economic Co-operation and Development in the 1990s. International financial institutions like the World Bank, the International Monetary Fund, and the African Development Bank helped spread NPM reforms even more by giving policy advice and running development programs that pushed for governance reforms and institutional restructuring in developing countries.

In Nigeria's public sector, ongoing problems like poor management, lack of public accountability, and pervasive corruption have led to a significant need for reforms that will improve governance and service delivery (Osisioma, 2008). These institutional flaws show that we need new ways of running things that can make accountability stronger, financial management better, and the performance of the public sector better. As a result, it has become more important to use New Public Management ideas in budgeting systems, ways to hold people accountable for their finances, and ways of running an office. NPM offers a way to make public resource management more open, efficient, and effective by using management techniques from the private sector in the public sector. With governance practices becoming more global and the need for better public services growing, Nigeria's public sector

needs to adopt NPM principles to achieve long-term economic growth and good governance.

### **2.2.1 Public Sector Reforms**

There have been a number of efforts to reform Nigeria's public businesses, especially during times of economic crisis. The oil crisis of the 1980s was a time when one of the most important reform efforts took place. In 1981, Shehu Shagari's government set up a Presidential Commission on Public Sector Enterprises to look into how well state-owned businesses were doing their jobs. The commission's job was to look at their funding sources, financial structures, and incentive systems and suggest ways to make them more productive and efficient (Yahaya, 1993). The results showed that these businesses faced many problems with institutions, such as bureaucratic inefficiencies, abuse of monopoly power, bad capital structures, corruption, nepotism, mismanagement, low profitability, poor cost efficiency, and not keeping good financial records (TCPC, 1993; Presidential Commission on Parastatals, 1981). The panel suggested that the private sector should be more involved in running and managing public businesses based on these results. But these suggestions weren't put into action completely. In 1984, the administration of Muhammadu Buhari started a similar assessment process. Even though the study group confirmed many of the previous results, the suggested changes were not fully put into action before the government was toppled (TCPC, 1993; Commission Report, 1984).

Academics have also offered theoretical elucidations of reform in the public sector. Olaleye Olaleye (2001) characterizes reform as a purposeful endeavor to reconfigure administrative frameworks and rejuvenate operational systems and methodologies to enhance organizational efficiency and efficacy. This viewpoint posits that reforms are frequently instigated to rectify structural and operational inadequacies inside institutions. In the same way, Adewumi Adewumi (1988) says that reform efforts are founded on the idea that organizations can do their best work if administrative processes are improved to help them reach their goals. In this way, reforms are planned and goal-oriented modifications that are meant to make organizational members more capable and ready to reach their goals. Reform means finding problems that already exist in institutions and putting policies in place to change the way they work, so that institutions can go from being ineffective to being more efficient and productive.

### **Dimension of Public Sector Reform**

#### **Finance Management Reforms**

People all throughout the world agree that public sector financial reforms are important tools for making sure that government finances are managed and held accountable. Mark Schacter (2000) says that public sector financial reforms are policy changes that try to make it easier to manage public money by cutting down on waste, cutting down on superfluous red tape, and getting rid of unneeded administrative duties. In the same way, the African Development Bank (2005) defines public financial reforms as a set of rules and procedures that help public institutions carry out clear, accountable, and effective public policies within a legally established framework for financial governance. In this context, Akinwale Akinwale (2018) defines financial reforms as organized policies, regulatory frameworks, and directives established to improve the operational efficiency and governance of financial systems within the public sector. The Nigerian financial system has undergone substantial development throughout time, especially in the banking sector, encompassing alterations in institutional ownership structures, operating frameworks, and regulatory efficiency. Adedoyin Soyibo (2008) says that financial changes are usually meant to make the financial system more stable and efficient, encourage people to trust market forces more, and cut down on mistakes in investment decisions. These reforms usually include changes to the way money is managed, interest rates are set, and foreign exchange is handled. Consequently, reforms in the financial sector have become essential parts of larger economic reform programs. These programs include policies like letting interest rates rise, using market-based credit allocation systems, making financial markets more competitive, and making regulatory and supervisory frameworks better (Adekunle, Salami & Adedipe, 2013).

Similarly, Court Court and Iwedi Michael (2024) contend that public financial reforms signify governmental policy efforts to enhance openness, accountability, governance, and integrity in the administration of public income and expenditures. These changes usually focus on the public sector's institutional structures, administrative systems, operational procedures, and the skills of its workers. The Association of Chartered Certified Accountants and the International Federation of Accountants are two professional groups that say that many public financial reforms are carried out within strategic frameworks based on the public budget cycle. These frameworks often include steps to improve civil service administration, fiscal accountability, and financial governance. Through these measures, public financial reforms are important tools that governments can use to deal with problems of development by making it easier for people to use public services and better managing the economy. So, effective reforms in the public sector are closely linked to better service delivery in

important areas like healthcare, education, transportation infrastructure, and national security. They also create an environment that is good for economic growth and the protection of basic human rights (Agwanda, 2019).

The management of government revenues in Nigeria has historically been complicated by the fact that government agencies have multiple bank accounts for collecting and spending money, which often goes against the constitution's requirement that public funds be managed centrally. To deal with this problem, the government set up the Treasury Single Account (TSA), which is a single framework for putting all government payments and receipts into one treasury structure that is controlled by the Central Bank of Nigeria. The TSA system combines all of the government's bank accounts into one account or a group of connected accounts. This lets the government keep a close eye on and control public money. This reform effort aims to make things more open, hold people accountable for how they handle money, and stop money from leaking out of the public sector. The TSA is anticipated to help Nigeria's economy thrive and stay financially stable by increasing financial discipline and making sure that public resources are used wisely (CBN, 2016).

### **Treasury Single Account (TSA)**

The Treasury Single Account (TSA) is a system of government bank accounts that handles all government payments and receipts, such as loans, grants, and money made by the government itself (Central Bank of Nigeria, 2016; Omolehinwa & Naiyeju, 2015). The policy says that all of the federal government's money must be kept in one account or a network of linked accounts that the Central Bank of Nigeria manages. Okechukwu Eme and his co-authors (2015) say that the instruction that put the TSA into effect on August 11 required all Ministries, Departments, and Agencies (MDAs) to send money owed to the federal government to a central account held by the Central Bank. The strategy was first thought up during Goodluck Jonathan's presidency, but it wasn't fully put into action because there wasn't enough political will at the time. Muhammadu Buhari's presidency, on the other hand, firmly enforced it. After Buhari's administration enforced the regulation, all MDAs that made money had to follow TSA rules. This idea caused a lot of controversy and public reaction, especially about what it would mean for government agencies' financial transparency, accountability, and operational independence.

Even though there have been a lot of arguments over it, the TSA has made it much easier for the Office of the Accountant-General of the Federation to keep an eye on the federal government's finances by letting them see the government's cash situation at any time. The TSA's centralized structure makes it easier to manage cash, stops

money from leaking out, and makes government entities more fiscally responsible. The Central Bank of Nigeria (2016) said in its operational guidelines for state governments that the TSA framework makes public financial management more open by making sure that all government revenues are recorded in one system. This makes public spending management more accountable and efficient.

### **Administrative Reform**

Administrative reform is a planned and organized effort to make changes in public sector organizations in order to make them more organized, more efficient, and have better people working for the government. Gerald Caiden (1968) says that reform is based on the premise that societies shouldn't just sit back and wait for things to become better on their own. Instead, they should take steps to speed up progress and make institutional arrangements better. In Nigeria, the origins of public administration can be traced back to the pre-colonial period, although its contemporary institutional evolution is significantly linked to the colonial administrative structure established by the United Kingdom via indirect rule in the early twentieth century. During this time, experts like Frank J. Goodnow and Woodrow Wilson made important contributions to the field of public administration. They helped to develop the classical philosophy that separates politics from administration. British colonial rulers had a lot of power over Nigeria's government until the country became independent in 1960. As time has gone on, Nigeria's complicated mix of ethnic groups and changing political systems have made it necessary to make various changes to the way the government works in order to make it better. Early scholars largely viewed public administration as the execution of government programs; however, modern interpretations increasingly acknowledge it as including both political decision-making and administrative functions. So, according to modern definitions, public administration is the creation, execution, evaluation, and adjustment of public policies, regulations, and programs based on the principles of efficiency, effectiveness, and public service ethics (Emanuel Ewoh, 2014).

In a broader sense, public administration is the whole system of government, including its policies, rules, procedures, administrative systems, organizational structures, and people. It is funded by public money and is in charge of running the executive branch while also working with society and outside groups. It includes running and carrying out government programs, making sure that laws and rules are followed, and providing important public services (Samokhvalov & Strelkov, 2020). So, public administration reform can happen in many ways, from completely changing how institutions work to making

specific policy changes. Such reforms may encompass modifications in organizational frameworks, the decentralization of administrative power, enhancements in personnel management systems, reforms in public financial management, the implementation of results-oriented management practices, and regulatory adjustments designed to enhance governance outcomes. In certain instances, reforms may concentrate on particular administrative actions, such as amending civil service legislation or updating institutional frameworks, to improve efficiency and accountability in public sector operations (Cristina Melo & Maria Mota, 2020). Governments want to make institutions stronger, improve service delivery, and help the country become more integrated into the global economic and political system through these changes.

### **Economic Reforms**

Economic reforms are a group of macroeconomic and microeconomic policy changes that governments make to fix structural problems and make the national economy work better as a whole. These kinds of changes are not only happening in Nigeria. Many other countries have made different kinds of economic changes at different times to deal with problems in their own economies and the global economy. Nevertheless, the particular design and execution tactics of these changes frequently differ among countries, influenced by their distinct economic circumstances, institutional frameworks, and developmental aspirations.

Neoclassical Economics is a big part of modern economic reform efforts. This school of thought says that free and competitive market systems are best, and that businesses should be able to run their businesses without too much government help or protection. In this context, international financial institutions like the World Bank and the International Monetary Fund have urged emerging and transitional countries to implement policies that minimize government interference in markets. These policies frequently involve getting rid of subsidies, letting prices rise, selling off state-owned businesses, and encouraging the private sector to get involved in economic activity. The idea of market liberalization became quite popular in the United States because of economic ideas related to *laissez-faire* and monetarism, but it was not often used in a completely free way. Even so, the rise of market-oriented economic ideas, which are often linked to neoliberalism, expanded quickly to other regions of the world and had an effect on economic reform plans in many developing countries.

In Nigeria, economic changes have predominantly adhered to the market-oriented paradigm advocated by these international financial institutions. Essien Essien (2005) says that there are two main types of economic reform

policies: first-generation reforms and second-generation reforms. The main goals of first-generation reforms were to make the economy more open by letting foreign companies compete in domestic markets, giving market forces more power to decide how resources are spent, and cutting back on government involvement in productive parts of the economy. Second-generation reforms, on the other hand, focus on making institutions more stable. This includes redefining the role of the state, strengthening governance structures, creating legal frameworks that support the rule of law, and creating institutional environments that help the private sector grow. The goal of these changes is not just to make the macroeconomic climate more stable, but also to create institutions that can support long-term economic growth and development.

### **Debt Management**

Debt management is the collection of rules and plans that are meant to keep the size, makeup, structure, and terms of public debt in check so that debt servicing is always at a level that can be maintained. It has become an important part of macroeconomic management, especially for emerging countries like Nigeria. Ojo Ojo (1997) says that debt management means planning how to get, use, and pay back loans from outside and inside the country that were taken out for development or to fix balance of payments problems. The United Nations Conference on Trade and Development goes on to say that good debt management includes a number of linked tasks, such as making policies, overseeing regulations, getting resources, keeping track of debts, analyzing them, keeping an eye on them, and running operations. Good debt management can help a country's borrowing strategy either help or hurt economic growth in the long run.

To manage debt well, you need to carefully look at your portfolio and plan how to pay off your debts, including making sure that your debts don't all come due at the same time or that you don't miss any payments. Ogunlana Ogunlana (2022) says that when governments plan and keep an eye on debt maturity structures, it is easier for them to handle debt repayments and spot early warning signs when they don't have enough money to meet their obligations. This kind of monitoring lets policymakers take quick action to fix problems before debt crises lead to major macroeconomic instability. On the other hand, poor debt management can cause costs to rise, fiscal imbalances, and economic instability. Nnamocha Nnamocha (2002) also says that debt management is the act of managing public debt in a way that reduces its bad effects on the economy while making sure that borrowing policies help to achieve larger development goals.

In the past, debt management tactics were mostly about getting loans with the lowest interest rates and making sure

that debts were paid back on time. But modern ways of managing debt have grown to encompass more macroeconomic factors. Debt management is an important aspect of modern fiscal governance. It is usually handled by monetary authorities working with fiscal institutions. Maintaining debt sustainability, lowering borrowing costs, stabilizing the economy, and fostering long-term economic growth are all important goals of debt management. So, good debt management is finding a balance between meeting development demands and making sure that debt obligations stay below reasonable limits so that they don't hurt the overall stability of the economy.

### **Debt Rescheduling and Restructuring**

Debt rescheduling is the practice of putting off, extending, or changing the repayment schedule for current debts in order to make it easier for the debtor to pay them back. It usually means that the debtor and creditors, whether government agencies or commercial institutions working together, agree to put off payments that are due and change the terms and conditions of those payments over a set period of time. These kinds of deals might involve either refinancing or rescheduling debt, depending on the terms of the deal. Debt rescheduling changes the schedule for paying back current debts, while refinancing means getting additional money to pay off or replace debts that are about to come due. Countries that are having trouble with liquidity generally use these techniques to prevent default and keep the economy stable.

There are usually a few important parts to loan restructuring. One important part is changing the repayment schedules, loan maturities, and grace periods for current loans such that the principle amount is paid back later. Changes to the amount of interest that must be paid may also be part of this procedure. International creditor groups like the Paris Club often help countries negotiate official debt restructuring plans that include sovereign debt. These plans make it easier to reschedule medium- and long-term official debts that are due within a certain time frame, even if they are already late. But most of the time, debt rescheduling agreements under the Paris Club are not concessions, which means they don't usually contain big cuts in the total amount owed. The Paris Club is also not very willing to change short-term debt obligations that are due in a year or less.

Refinancing is another crucial part of debt restructuring. It means getting more money or credit to pay off existing debts. In certain situations, people may be able to get new loans just to pay off existing obligations, which means they may have new debts with different payback terms. Debt restructuring plans may also include bringing back trade-related bank credit lines and getting the international financial community to bring back interbank credit

facilities that may have been put on hold because of financial problems. Debt rescheduling and refinancing are significant ways to manage public debt, keep the country's financial credibility, and stabilize national economies that are having trouble with debt.

### **Debt Relief in Nigeria**

Debt relief is when creditors agree to lower, cancel, or put off some of the debts that a debtor country owes. Ekperiware Michael and Oladeji Stephen (2012) say that debt relief is when creditors agree to lower interest payments, longer repayment schedules, or partial cancellation of debts owing by a debtor nation. One of the most important times Nigeria got debt relief was when it made a deal with the Paris Club. The Paris Club is a group of creditor countries that was formed in 1956 to help countries that were having trouble paying back their debts. The United Kingdom, France, Germany, Japan, Italy, the United States, Belgium, the Netherlands, Denmark, Austria, Spain, Switzerland, Russia, and Finland are all major creditor countries that are part of the Paris Club.

The Paris Club and Nigeria have been working together since 1964, when Nigeria got its first loan of about \$13.1 million from the Italian government to build the Niger Dam. The Nigerian government started borrowing a lot of money during the oil boom from 1971 to 1981, when several levels of government worked on big development and rebuilding projects after the Nigerian Civil War. During the civilian era, borrowing continued because the federal government backed loans made by commercial banks, state governments, and public businesses. When oil prices throughout the world fell sharply in 1982, Nigeria had a lot of trouble paying down its debts. This led to higher interest payments, trade arrears, and penalties.

By 1986, Nigeria's debt problems had gotten so bad that international lenders wouldn't provide the country any more loans to buy things. As a result, the government started talks with creditors that led to a number of debt restructuring agreements with the Paris Club in 1986, 1989, 1991, and 2000. Even though the government tried to restructure its debt, Nigeria's external debt stock kept going up. Eventually, the government stopped making payments to the Paris Club after creditors refused to give them big debt reductions. After Olusegun Obasanjo's government restored democracy in Nigeria in 1999, the country began a large worldwide drive to get out of debt. At the time, a major worry was that the country's debt payments were higher than the government's spending on important areas like education and healthcare. This made it harder for the country to reach the Millennium Development Goals.

In 2005, the Paris Club decided to forgive nearly 60% (about \$18 billion) of Nigeria's \$30.85 billion debt. This

was the end of these diplomatic and economic efforts. The deal got rid of an annual debt servicing cost of around \$2.3 billion. But Nigeria has to keep up a good record of economic reforms under an International Monetary Fund-supported policy framework and carry out a follow-up medium-term economic program in order to get the debt reduction. The Nigerian government also hired financial and legal advisers to look into restructuring possibilities for its commercial debt obligations based on the current state of the global financial markets. One idea was to trade Nigeria's Par bonds and promissory notes for new global bonds. But the restructuring plan was put on hold for a while when the IMF warned about how it would affect ongoing talks with the Paris Club. Nigeria has lately started talking to foreign capital market professionals again and sent them plans to restructure parts of its external debt so that it can take advantage of good changes in global financial markets.

### **Debt Servicing**

One of the biggest problems the Debt Management Office in Nigeria has to deal with is making sure that enough money is set aside for debt servicing so that the country doesn't default and can keep good relations with international creditors during debt reduction talks. The agency must also make sure that money set aside for paying off debt is released on time, since late payments can have major financial effects. In the past, a large part of Nigeria's external debt has come from adding unpaid interest and penalties to the debt that was already there. Payments to the World Bank, for example, are due every fifteen days, and payments to the African Development Bank are also due often. Most of the time, these debts can't be restructured or forgiven, and if you don't pay on time, you could face harsh penalties, sometimes within thirty days of default.

If you don't pay these debts, the penalties are serious. One big effect is that all payments on loans made by the creditor institution to the borrowing country or its guarantor will stop. The creditor institution may also stop approving any new loans to the borrower until the borrower pays off their existing debts. These kinds of punishments hurt a country's credit rating a lot and make it harder for it to get more money from international lenders. So, making sure that debt service payments are made on schedule is important for keeping investors' trust and access to global credit markets.

If Nigeria doesn't pay its debts to groups like the Paris Club, it could make it harder for the country to get future debt relief deals. In this case, export credit agencies in creditor countries may not give Nigeria any credit. Additionally, government agencies and private enterprises in debtor countries may have to pay for imported products and services in full up front, sometimes even 100% in advance, even if it takes months or years for them to arrive. In the

same way, when someone defaults on a bilateral debt, they usually have to pay extra fees, such late payment interest that is one to three percent higher than the normal interest rate.

In arrangements with the London Club, where debt instruments have legally binding responsibilities, the consequences of default are significantly worse. In these situations, not making payments on things like par bonds or promissory notes could let creditors go after Nigerian assets, like those of the Central Bank of Nigeria and the Nigerian National Petroleum Corporation, in places where those assets are located. This is because Nigeria had previously given up some of its sovereign immunity in certain agreements. Because of these possible outcomes, the government needs to set up good debt management systems that can adapt to changing political and economic situations. The Debt Management Office has worked with all the right people to make sure that Nigeria's external debt stock and servicing obligations are accurately recorded. This will make the process easier. This method makes it easy for different levels of government and their agencies that took out loans from outside sources to see exactly how much money they owe and how much they need to pay to keep up with their debts.

### **Empirical Review**

Abiodun and Anihebe (2017) examined the impact of the Integrated Personnel Payroll Information System (IPPIS) on employee welfare, utilizing a sample of 50 Ministries, Departments, and Agencies in Nigeria. Using a survey methodology and binary logistic regression analysis, they discovered a small yet statistically significant positive correlation between the application of IPPIS and employee welfare. The study recommended staff audits and widespread IPPIS implementation across government tiers to improve employee welfare. Onukelobi and Okoye (2019) contended that to enhance public expenditure management in Nigeria, it is imperative to overhaul the public service, making it more efficient, dynamic, and result-oriented. This necessitates fostering a work culture that prioritizes transparency and ethical standards, underscored by comprehensive public sector accounting reforms. Despite numerous reform initiatives undertaken by the Nigerian government over the years, the performance of the public sector remains a subject of scrutiny. Instances of malpractice, including the presence of ghost workers, fraud, embezzlement, and destruction of sensitive documents, persist across various governmental agencies. Although several studies have examined contemporary issues surrounding governmental financial management and payroll systems (GIFMIS and IPPIS) in Nigeria, focusing primarily on implementation challenges and operational bottlenecks, their analysis often overlooks the broader

implications for government expenditure monitoring and control, especially amidst escalating governance costs.

Numerous empirical studies have investigated the correlation between public sector changes, financial sector reforms, and economic progress in African nations, especially in Nigeria. For example, Agwanda Agwanda (2019) looked into how public sector reforms have worked in different African countries and found that there are several structural problems that have made it hard for reform efforts to work. The report stressed the importance of fully implementing institutional mechanisms including privatization, performance management through contracts, and decentralization to make the public sector more accountable, open, and honest. The report says that these changes are necessary to make government services better and make government institutions work better overall.

Likewise, Akakabota Akakabota and Mmadu Mmadu (2015) investigated the impact of banking sector reforms on Nigeria's economic growth over a 27-year span from 1986 to 2012. The study examined the influence of interest rates, deposit money bank credit claims, and total deposits of deposit money banks on economic growth, utilizing data from the Central Bank of Nigeria's statistics bulletins and the annual reports of commercial banks. The study utilized linear regression techniques on aggregated time-series and cross-sectional data, revealing a favorable correlation between credit extended by deposit money institutions and economic growth. The results showed that when banks lend more money, it boosts economic activity by creating more investment opportunities. On the other hand, when interest rates go up, it makes borrowing more expensive, which slows down economic growth. Thus, an increase in bank loans and advances was determined to have a favorable impact on economic growth by generating interest income and encouraging productive investment.

Anumnu Anumnu (2014) conducted a study examining the effects of financial sector reforms on money demand and economic growth in Nigeria, employing a residual-based autoregressive distributed lag error correction model (ARDL-ECM). The research included time-series data from the Central Bank of Nigeria and the World Bank, encompassing the years 1970 to 2013. A dummy variable was added to show how banking sector reforms, especially those that happened after 2005, affected things. The findings demonstrated that both money demand and economic growth reacted favorably to financial sector reform efforts. We looked at things like private sector credit from banks and the value of stocks sold on the stock market to see how the economy was doing. The results indicated that financial reforms had a beneficial effect on money demand by enhancing private sector lending, despite stock

market indices demonstrating a negative correlation with economic development during the analyzed period.

The current body of literature indicates that the influence of public financial reforms on Nigeria's economic growth is intricate and multifaceted. Some studies point out the good things that reforms can do for financial intermediation and economic activity, while others focus on the problems and unexpected impacts that can come from implementing reforms. The success of reforms like the Treasury Single Account and the Integrated Payroll and Personnel Information System depends a lot on how well they are put into place, how much support they get from stakeholders, and how well they fit into the country's overall political and economic situation.

Numerous empirical investigations have analyzed the correlation between banking sector reforms and economic success in Nigeria. For example, Bank-Ola and Adedokun (2021) looked at how banking sector changes changed over time and how they affected economic growth from 1980 to 2016. The research utilized both the Ordinary Least Squares (OLS) method and the Autoregressive Distributed Lag (ARDL) model to assess the correlation between financial reform measures and economic growth, as shown by gross domestic product (GDP). The explanatory variables encompassed a financial reform dummy, bank lending to the manufacturing sector, inflation rate, exchange rate, deposit rate, and lending rate. The results showed that financial reform measures, bank lending to the manufacturing sector, the currency rate, and the deposit rate all had a positive and statistically significant effect on GDP. Lending rates were positive but not statistically significant, while inflation had a negative and inconsequential effect on economic growth. The ARDL results further verified the presence of a long-run equilibrium link between financial sector reforms and economic development, demonstrating that financial reforms greatly enhanced Nigeria's economic performance throughout the time under consideration.

Chukwu Chukwu, Ogbonnaya-Udo Ogbonnaya-Udo, and Chimarume Chimarume (2021) examined the impact of public debt on public investment in Nigeria from 1985 to 2018. The study utilized data from the Central Bank of Nigeria's statistical bulletin and using the Autoregressive Distributed Lag (ARDL) model to analyze the impact of public debt, budget deficit, debt servicing, and the public debt-to-GDP ratio on public investment. The cointegration test results showed that there was a long-term link between the variables. The short-run analysis indicated that public debt exerted a negligible influence on public investment in Nigeria, implying that the increases in public debt over the study period did not correlate with elevated levels of public investment.

Court Court and Iwedi Michael (2024) conducted a study on the impact of public financial management reforms on government expenditure in Nigeria, concentrating on initiatives like the Government Integrated Financial Management Information System (GIFMIS) and the Integrated Personnel and Payroll Information System (IPPIS). The study utilized a mixed methodology framework, incorporating survey research and secondary data analysis derived from sixteen years of data from federal ministries. We used descriptive statistics and regression analysis to see how these changes affected government spending. The results showed that GIFMIS and IPPIS may not be very good at controlling government spending. Some data suggested that they might have an effect, but it wasn't very strong. The study stressed that the results of changes to financial management are typically affected by problems with implementation, the ability of institutions to handle the changes, and the way governance is set up. The authors suggested that Nigeria's public finance management reforms would work better if they strengthened monitoring systems, improved the capacity of institutions, promoted openness, maintained political will, and encouraged stakeholder involvement.

Multiple studies have investigated the function of public financial management systems and reforms in enhancing openness and efficiency within Nigeria's public sector. For instance, Ezenwaka Ezenwaka et al. (2022) examined the influence of accounting software systems—specifically the Integrated Personnel and Payroll Information System (IPPIS) and the Government Integrated Financial Management Information System (GIFMIS)—on transparency within Nigerian public sector organizations. The research utilized a survey methodology, gathering data from 250 employees of the Federal Pay Office in Nigeria. Utilizing analytical methodologies based on Public Finance Theory and Joseph Schumpeter's theory of economic performance, the results indicated a favorable correlation between the implementation of IPPIS and GIFMIS and enhanced organizational transparency. The study found that using these digital finance management tools has made public sector operations much more open and suggested that the federal government use them more widely.

Ezeocha Ezeocha (2020) also looked into the link between changes in the banking industry and Nigeria's economic growth. The study aimed to ascertain whether the multiple reforms enacted in the Nigerian banking sector over a brief timeframe had substantially facilitated economic progress. The study utilized secondary data and using the Ordinary Least Squares (OLS) multiple regression technique to examine the impact of banking sector reforms on financial deepening and real sector financing. The results showed that there was a negative association between commercial

bank loans and gross domestic product (GDP). This means that when banks lent more money, GDP went down throughout the time period analyzed. The data also demonstrated a strong link between changes in the banking sector and funding for the real sector, though. The analysis underscored the significant correlation between banking reforms and Nigeria's economic performance, advising policymakers to allocate adequate intervals between reform phases to facilitate effective planning and policy coherence. Fasoranti, Koledoye, and Adamu (2019) conducted a study examining the critical level of public debt at which it negatively impacts Nigeria's economic and fiscal performance. The researchers utilized data from the Central Bank of Nigeria's statistical bulletin covering the years 1986 to 2017, employing the Dynamic Ordinary Least Squares (DOLS) estimate technique. Their results showed that there was a statistically significant link between government debt and how well the economy was doing. The study specifically discovered that moderate governmental debt levels can promote economic growth, whereas excessive debt levels generally impede economic and fiscal success. The study found that the best level of public debt is about 9.98 percent of gross domestic product (GDP). After that, more borrowing starts to hurt economic growth and fiscal stability.

Numerous empirical studies have investigated the impact of public sector reforms and financial management systems on transparency, accountability, and economic performance in Nigeria. For example, Kaoje Kaoje (2020) looked into how the Integrated Personnel and Payroll Information System (IPPIS) affected how open the Nigerian civil service was about how it handled payroll. The study utilized a descriptive cross-sectional survey approach, employing questionnaires distributed to 100 treasury staff members at the Federal Pay Offices in Sokoto and Birnin Kebbi, operating under the Office of the Accountant-General of the Federation. The findings, derived from census sampling and statistical analysis utilizing the Statistical Package for the Social Sciences (SPSS) version 21, indicated a moderately strong and statistically significant positive correlation between the implementation of IPPIS and enhancements in transparency and accountability in payroll administration. The study rejected the null hypothesis, which stated that there is no link between IPPIS and transparency in payroll administration, based on these findings. The research also suggested that the IPPIS platform's internal controls be made stronger to find and stop fraud, and that regular audits and inspections be done to make sure that financial and civil service norms are followed.

In the same way, Ogbuagu Ogbuagu (2017) looked at how public sector reforms affected Nigeria's economic growth

from 1986 to 2005. The research examined the short-term and long-term impacts of essential fiscal variables—namely total government expenditure, yearly federal budget size, outstanding public debt, and federal revenue—on economic growth. Utilizing an econometric framework encompassing Ordinary Least Squares estimation, stationarity tests, cointegration analysis, and a parsimonious error correction model, the results indicated a substantial correlation between various elements of public sector reforms and economic growth. The study underscored the necessity for the government to reevaluate its role in overseeing public companies by prioritizing the establishment of a conducive climate for private sector involvement, which might improve service delivery and foster economic growth.

Okoroafor Okoroafor (2017) conducted a related study that investigated the effects of public sector changes on Nigeria's accounting and budgeting systems. The study examined the provisions of the Fiscal Responsibility Act 2007 as a principal legal framework directing public sector changes. The research utilized descriptive and ex-post facto research designs to assess the compatibility of the Act's provisions with current public sector accounting and budgeting processes. The results indicated that substantial adjustments in public sector financial reporting systems are essential to fully realize the goals of Nigeria's public sector reform program, especially concerning openness, accountability, efficiency, and economic development. As a result, the study suggested that the public sector's financial reporting frameworks be brought up to date so that they meet the needs of fiscal responsibility and better management of public money.

Numerous empirical research have investigated the correlation between governmental financial management and economic development in Nigeria. For instance, Olaoye Olaoye and Orimogunje Orimogunje (2022) examined the correlation between public financial management and economic development utilizing data from the Central Bank of Nigeria's statistical bulletin for the years 2001–2020. The research utilized correlation analysis, unit root testing, cointegration analysis, and both short-term and long-term estimate methodologies. The findings demonstrated that enhancements in public financial management systems might markedly increase government revenue while diminishing unnecessary public expenditure. The study found that measures to make public financial management systems more efficient might help the economy grow by making budgets work better and making better use of resources.

In a similar study, Olaoye Olaoye and Olaniyan Olaniyan (2020) used an error correction modeling approach to look at the link between Nigeria's public sector financial

management and economic growth from 1986 to 2016. Their results showed that the factors they looked at were cointegrated over the long term. In particular, actual public debt servicing and total public borrowing were identified as having substantial correlations with long-term economic growth. Nonetheless, overall public expenditure and federally collected revenue did not exhibit statistically significant correlations with economic growth during the study period. The authors observed that the utilization of somewhat outdated data would constrain the relevance of the findings to contemporary economic conditions, indicating the necessity for more research employing more current information.

Olasoko Olasoko, Adegoroye Adegoroye, and Alimi Alimi (2024) conducted a similar study that investigated the correlation between public finance management reforms and the revenue collection process in Osun State. The research utilized a survey methodology, distributing 600 questionnaires to personnel from diverse departments within the state government, ultimately selecting 500 valid responses by purposive sampling. We used descriptive statistics, correlation, and regression analysis to look at the data at a 5 percent significance level. The results showed that changes to how the government manages its money had a big effect on how the state collects taxes. The regression model showed that the factors that explained the variation in the revenue collection process made up about 53.2 percent of the total. Key predictors included fiscal discipline, accountability procedures, quality of financial reporting, efficiency in resource allocation, and revenue mobilization, all of which were statistically significant factors of enhanced revenue administration.

Additionally, Oluwagbade Oluwagbade, Jimba Jimba, Dauda Dauda, Boluwaji Boluwaji, and Abe Abe (2024) examined the impact of financial changes in the public sector on the performance of Nigerian government entities. The research concentrated on anti-corruption reforms, information technology-driven changes, and financial planning reforms. Data were gathered from 306 workers across 188 Ministries, Departments, and Agencies (MDAs) utilizing a survey study design. We utilized Ordinary Least Squares regression and ordered logistic regression to look at the data. The results showed that anti-corruption reforms carried out by anti-graft agencies, information technology-driven reforms like the Integrated Personnel and Payroll Information System (IPPIS) and the Government Integrated Financial Management Information System (GIFMIS), and financial planning reforms like budgetary control all had a big positive effect on the financial performance of government institutions. The research additionally revealed that reforms concerning financial reporting standards, notably the International

Public Sector Accounting Standards (IPSAS), had a beneficial impact on the non-financial performance of public sector organizations. The study found that financial changes in the public sector have had a big effect on enhancing the performance of institutions in Nigeria. It also suggested that the agencies in charge of carrying out these reforms should be made stronger so that their effects can last and get even better.

Numerous studies have investigated the efficacy of public sector reform initiatives in Nigeria and their ramifications for administrative efficiency and governance results. For example, Onodugo Onodugo et al. (2021) performed a trend analysis of public sector changes enacted from 2000 to 2015, focusing specifically on their impact on human resource management and the civil service system. The study utilized secondary data supplemented by primary data gathered from important stakeholders, revealing that the changes yielded very minimal enhancements in these domains. While some good changes were noted, such better pension administration and higher salaries, many reform efforts faced major problems when they were put into action. Some of these problems were changes in policy, inconsistent implementation, and delays caused by a lack of political will to keep reform efforts going.

Owolabi Owolabi et al. (2022) also looked into how the Government Integrated Financial Management Information System (GIFMIS) affects fraud prevention in the Nigerian public sector. The study utilized a survey research methodology, distributing 137 questionnaires to employees of chosen government entities, from which 133 replies were successfully collected. We used both descriptive and inferential statistical methods to look at the data. The results showed a strong link between the use of GIFMIS and the decrease in fraud in public institutions, as shown by an adjusted R-squared value of 0.64 and an F-statistic of 35.862. The research was theoretically underpinned by the New Fraud Triangle Model and the Technology Acceptance Model (TAM), indicating that the use of digital financial management systems can markedly improve transparency and fortify internal control mechanisms within public organizations.

In a related study, Shehu Shehu (2020) examined the effects of government financial management reforms on the financial practices of Nigerian universities from 2012 to 2016. The research employed both survey methodologies and secondary data analysis, incorporating 52 respondents from five federally owned universities. The results showed that the GIFMIS reforms had a good effect on how these institutions managed their money by making them more accountable, better at reporting their finances, and better at controlling their budgets. The study suggested that to get the most out of GIFMIS implementation in government

institutions, people should be more aware of financial reform programs, institutional staff should get ongoing training, and internal control systems should be made stronger.

### Research Gap

In Nigeria, rising levels of public debt and continuing changes in the public sector have become a major worry. This has led to doubts about whether these reforms are actually helping the government manage its money better and keep its debt levels stable. Olaoye Olaoye and Orimogunje Orimogunje (2022) say that the fact that public debt keeps going up means that we need to carefully look at whether public sector reforms have really made debt management practices better. The current literature examining the relationship between public sector changes and debt management in Nigeria is notably scarce, with the majority of studies concentrating on their implications for budgetary performance and economic growth, rather than their direct impact on debt sustainability. Furthermore, despite the implementation of reforms designed to enhance efficiency, transparency, and accountability in public financial management, their efficacy in mitigating revenue leakages and fortifying debt management systems has not been adequately assessed (Enofe Aigboduwa et al., 2017). There is still a big gap in research about how much these reforms have improved the way Nigeria manages its debt and what the long-term effects of debt management measures would be on the country's economy and fiscal stability.

### METHODOLOGY

This research used a quasi-experimental design for data analysis. The methodology combines theoretical reasoning (a priori considerations) with empirical observations to extract comprehensive information from available data and to analyze the relationship between explanatory and dependent variables. This design enables the study to examine and assess the impact of independent variables on dependent variables within the research framework. The analysis depends on secondary data, which is fine because the study is based on time series. Thus, the data used came from reliable institutional sources, such as the Central Bank of Nigeria's Statistical Bulletin and Financial Stability Report and publications from the National Bureau of Statistics. These sources offer dependable macroeconomic and financial data essential for undertaking thorough empirical analysis.

### Model Specification

From the objectives of this study, the models specified below captures the three (3) measures of debt management

as reported by the Central Bank of Nigeria and the three (3) dimensions of public sector reforms.

$$DR = f(FMR, ADR, ECR) \quad (1)$$

$$DRS = f(FMR, ADR, ECR) \quad (2)$$

$$DS = f(FMR, ADR, ECR) \quad (3)$$

Transforming equation 1 to 3 to econometrics form

$$DR = \beta_0 + \beta_1 FMR + \beta_2 ADR + \beta_3 ECR + \epsilon_i \dots \dots \dots (4)$$

$$DRS = \beta_0 + \beta_1 FMR + \beta_2 ADR + \beta_3 ECR + \epsilon_i \dots \dots \dots (5)$$

$$DS = \beta_0 + \beta_1 FMR + \beta_2 ADR + \beta_3 ECR + \epsilon_i \dots \dots \dots (6)$$

Where

DR = Debt relief measured as Nigeria external debt to Paris club of creditors to Gross domestic product

DRS = Debt restructure as percentage of public debt to broad money supply

DS = Debt servicing as percentage of gross domestic product.

FMR =Financial management reforms as Government revenue as percentage of expenditure

ADR =Administrative reforms as Government administrative cost as percentage of gross domestic product

ECR =Economic reforms as percentage of gross domestic product

$\epsilon_i$  = Error Term

### Methods of Data Analysis

Multiple Regression and E-View were utilized to do a proper analysis of the data that was collected. It will also use graphs and bar charts to show how the variables changed across the time period covered by this study.

### Statistical Approach

The statistical approaches used in this study include:

- (i) **Coefficient of Determination (R<sup>2</sup>):** This is used to find out how well the model's independent variables can explain changes in the dependent variable.
- (ii) **Correlation Coefficient (R):** This tells you how strong the relationship is between the dependent and independent variables.
- (iii) **T-Test:** This is used to see how important the independent variables are to the dependent variable. The hypothesis was tested at a 5% level of significance and a 95% confidence interval.

## RESULTS AND DISCUSSION

**Table 1: Public Sector Reforms and Debt Relief in Nigeria**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
FMR	-2.623013	0.464315	-5.649210	0.0000
ADR	0.802965	0.343116	2.340212	0.0276
ECR	0.344891	0.162547	2.121790	0.0439
C	0.193446	0.658588	0.293728	0.7714
R-squared	0.846398	Mean dependent var		0.037586
Adjusted R-squared	0.827966	S.D. dependent var		8.516158
S.E. of regression	3.532250	Akaike info criterion		5.489189
Sum squared resid	311.9197	Schwarz criterion		5.677782
Log likelihood	-75.59324	Hannan-Quinn criter.		5.548254
F-statistic	45.91936	Durbin-Watson stat		2.001160
Prob(F-statistic)	0.000000			

Source: computed from E-view 12.0

### Analysis of Results

**F-Test:** The F-statistics is 45.91936, with a probability of 0.000000, which is lesser than the error margin of 0.05. It is therefore evident that there is a statistically significant relationship between public sector reforms and debt relief in Nigeria.

**Coefficient of Multiple Determination ( $R^2$ ):** The  $R^2$  is 0.827966 implying that the public sector reforms variables are responsible for approximately 82.7 percent variation in debt relief in Nigeria.

**Durbin Watson statistics (DW):** The computed DW is 2.001160 shows that at 5% level of significance with the explanatory variables is marginally above 2, and though less than 2, is permissible.

**Regression Coefficient:** The results of model found that financial management reforms have negative effect on debt relief while administrative reforms and economic reforms have positive effect on debt relief.

**Table 2: Public Sector Reforms and Debt Re-Structuring in Nigeria**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
FMR	-0.988124	0.136356	-7.246629	0.0000
ADR	0.240310	0.100752	2.385155	0.0253
ECR	0.411332	0.087341	4.709513	0.0001
C	-0.113461	0.176281	-0.643638	0.5259
R-squared	0.795478	Mean dependent var		0.257586
Adjusted R-squared	0.761391	S.D. dependent var		1.865088
S.E. of regression	0.911052	Akaike info criterion		2.807152
Sum squared resid	19.92038	Schwarz criterion		3.042893
Log likelihood	-35.70371	Hannan-Quinn criter.		2.880983
F-statistic	23.33665	Durbin-Watson stat		2.350947
Prob(F-statistic)	0.000000			

Source: computed from E-view 12.0

### Analysis of Results

**F-Test:** The F-statistics is 23.33665, with a probability of 0.000000, which is lesser than the error margin of 0.05. It is therefore evident that there is a statistically significant relationship between public sector reforms and debt restructuring in Nigeria.

**Coefficient of Multiple Determination ( $R^2$ ):** The  $R^2$  is 0.761391 implying that the public sector reforms variables are responsible for approximately 76.1 percent variation in debt restructuring in Nigeria.

**Durbin Watson statistics (DW):** The computed DW is 2.350947 shows that at 5% level of significance with the explanatory variables is above 2, and though less than 2, is permissible.

**Regression Coefficient:** The results of model found that financial management reforms have negative effect on debt restructuring while administrative reforms and economic reforms have positive effect on debt relief.

**Table 3: Public Sector Reforms and Debt Servicing in Nigeria**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
FMR	-5.265084	0.912107	-5.772438	0.0000
ADR	2.890545	0.769619	3.755815	0.0010
ECR	1.336707	0.488869	2.734283	0.0118
C	-0.178262	1.849278	-0.096396	0.9240
R-squared	0.927984	Mean dependent var		-0.166071
Adjusted R-squared	0.915459	S.D. dependent var		33.58547
S.E. of regression	9.765288	Akaike info criterion		7.555978
Sum squared resid	2193.300	Schwarz criterion		7.793871
Log likelihood	-100.7837	Hannan-Quinn criter.		7.628704
F-statistic	74.09294	Durbin-Watson stat		1.960030
Prob(F-statistic)	0.000000			

Source: computed from E-view 12.0

### Analysis of Results

**F-Test:** The F-statistics is 74.09294, with a probability of 0.000000, which is lesser than the error margin of 0.05. It is therefore evident that there is a statistically significant relationship between public sector reforms and debt servicing in Nigeria.

**Coefficient of Multiple Determination ( $R^2$ ):** The  $R^2$  is 0.915459 implying that the public sector reforms variables are responsible for approximately 91.5 percent variation in debt servicing in Nigeria.

**Durbin Watson statistics (DW):** The computed DW is 1.960030 shows that at 5% level of significance with the explanatory variables is below 2, and though less than 2, is permissible.

**Regression Coefficient:** The results of model found that financial management reforms have negative effect on debt servicing while administrative reforms and economic reforms have positive effect on debt servicing.

### CONCLUSION AND RECOMMENDATIONS

#### Conclusion

This study examined the relationship between public sector reforms and debt servicing in Nigeria. The study formulated three regression models. Model one found that 82.7 percent variation in debt relief in Nigeria was explained by public sector reforms. The results of model found that financial management reforms have negative effect on debt relief while administrative reforms and economic reforms have positive effect on debt relief.

Model two found that 76.1 percent variation in debt restructuring in Nigeria was explained by public sector reforms. The results of model found that financial management reforms have negative effect on debt restructuring while administrative reforms and economic reforms have positive effect on debt relief. Model three

found that 91.5 percent variation in debt servicing in Nigeria was explained by variation in public sector reforms while results of model found that financial management reforms have negative effect on debt servicing while administrative reforms and economic reforms have positive effect on debt servicing.

### RECOMMENDATIONS

- i. The main goal of the public sector financial management reform agenda should be to make government units more accountable and efficient. The reformists thought that better economic or market-based management would make the government units more efficient and accountable, which has been a concern for a while.
- ii. Key players in the policy process need to be involved in order to support the successful implementation of the reform agenda. This is because people-centered delivery of public services is desirable and makes it easier for people to share and get the information they need to help prioritize their needs.
- iii. Integrity issues must be put in check and transparency encouraged within the public sector reforms in administration and cost. In situations where disbursed investment expenditures is less than the budgeted amount, increases on the latter will have little or no impact debt servicing. Public sector finance management process should be made more participatory such that all levels of management/employees will be involved.

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