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Interrogating the Impact of International Monetary Fund (IMF) Policies on Economic Development in Nigeria: Lending Preconditions, 1999 - 2022 Perspective

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Abstract

Since the 1980s, Nigeria's economy has witnessed severe stagnation. While Eurocentric literature pinpoints the Nigerian civil war and her leaders' corruptive tendency as the prima facie, Afrocentric literature traces the country's economic woes to her historical processes of colonial domination and economic exploitation. Nevertheless, none of the above arguments underpin more firmly as being the catalyst to the country's economic dysfunction especially when compared to the International Monetary Fund (IMF) policies in the country. This paper demonstrates that IMF policies in Nigeria vis-a-vis its Structural Adjustment Program (SAP) through its Loan Conditionality is "the crux impediment facing the country." As such, the paper argues that the acceptance of IMF loans during General Ibrahim Babangida's among other misgovernance administrations perpetuated the economic woes and fostered the backwardness of development in the country. The paper employs primary and secondary data to examine the above concerns. It concludes that a more inclusive economic system devoid of the current extractive economic policies would revitalize its fortunes.

Keywords: *IMF, SAP, Policies, Economic Development, Economy.*

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Background to the Study

Development is a universal attribute of man, society, and nature. It involves economic, political, sociocultural, technological, and individual transformation (Sulaiman, 2020). Sustainable economic growth is a major concern for any sovereign nation most especially the developing countries which are characterized by low capital formation due to low levels of domestic savings and investment (Ajiteru, 2021). It is observed that developing countries when faced with a scarcity of capital resort to borrowing from external sources to supplement domestic savings. This leads to the constant need for governments to borrow to finance the budget deficit.

IMF Loan Policy as a technique of economic management to bring about Sustainable economic growth and development has been the pursuit of nations and formal articulation of how money affects economic aggregates dates to the time of Adams Smith and later championed by the government. Since the expositions of the role of the IMF Loan Policy in influencing macroeconomic objectives like economic growth, price stability, equilibrium in the balance of payments, and a host of other objectives, monetary authorities are saddled with the responsibility of using this policy to grow their economies (Ajiteru, 2021). In Nigeria, IMF Loan Policy has been used since the Central Bank of Nigeria was saddled with the responsibility of formulating and implementing the IMF Loan Policy by the Central Bank Act of 1958. The International Monetary Fund (IMF) was conceived and nurtured at Bretton Woods Conference (USA) in 1944 by representatives of forty-four (44) countries. These countries include among others, the United States of America, Japan, Canada, Britain, and a few Latin American countries. The conference was called to discuss the international trade and payment problems that were causing monetary upheaval and inducing many countries to adopt protective and restrictive trade practices. The conference was also called to reconstruct and restructure many European economies, which have been ravaged by the Second World War (Ajiteru, 2021).

Reconstruction and restructuring a war-ravaged economy are extremely an expensive task. The countries involved obviously could not foot the bill of such huge expenditure without foreign assistance (Ajiteru, 2021). The United States of America were ready to protect these European economies from communist temptation thus, quickly devised what came to be known as the Marshal Plan, which essentially brought in resources to finance the reconstruction and restructuring programmes of the war-ravaged Western European countries. The United States of America also considered it necessary to establish a strong and lasting trading relationship and to strengthen the relation and interests of the Western European countries (Sulaiman, 2020). Therefore, to facilitate and promote such international trade, it was considered very important to set up an international organization with adequate resources and control to facilitate the payment and provide a short-term balance of payment facilities for countries suffering from a balance of payment deficit caused by temporary and non-structural economic dislocations. This conception gave birth to an international monetary fund as an institution suitable for this purpose (Ajiteru, 2021).

Long before the onset of civil rule in 1999, the lack of electricity to power Nigeria's development has been a much-discussed subject. First, the problem was to be solved in six months, then in 18 months, then by the end of 2007, when Nigerians were assured of constant power supply (Sulaiman, 2020). President Muhammed Buhari in his inaugural address in 2015 also made the provision of electricity a major priority in his agenda, yet it is clear that without electricity there can be no industrial development and all those grand visions of becoming one of the World's leading economies by 2020 cannot be Furthermore, the rise of IMF lending and crisis mediation since the early 1980s reflects, in large part, the development of dysfunctional relationship between lenders and borrowers in international finance. Referring to the relationship requires that moral hazard be reduced, and that crisis prevention and management be more effective (Ajiteru, 2021). The IMFs new initiatives to deal with crises, however, are likely to be ineffective. Approval based on greater reliance on two-party negotiation holds more promise in stabilizing the international financial system than the current approach, in which the IMF too often becomes a burdensome third party.

Finally, it is no exaggeration that this is the major challenge faced by the Nigerian economy. The inability of the Nigerian economy to effectively meet its IMF loan repayment requirements has exposed the nation to a high debt service burden (Ajiteru, 2021). The resultant effect of this debt service burden creates additional problems for the nation particularly the increasing fiscal deficit which is driven by higher levels of loan grants. This poses a grave threat to the economy as a large chunk of the nation's hard-earned revenue is being eaten up. Nigeria's external debt outstanding stood at US$28.35 million in 2001 which was about 59.4% of GDP from US$8.5 million in 1980 which was about 14.6% of GDP (WDI 2013). The debt crisis reached its maximum in 2003 when US$2.3 billion was transferred to service Nigeria's external debt (Sulaiman, 2020).

Significantly, the issue of the IMF Loan Policy has been a matter of great concern to the Government of Nigeria and the nation which has resulted in embarking upon drastic actions like dividing the nation's scarce resources in servicing debts annually (Ajiteru, 2021). This action has thus led to disinvestment in the economy and as a result a fall in the domestic savings and the overall growth of the country (Ajiteru, 2021). The significance of this study is twofold, that is, theoretical and empirical. Theoretically, this study would be of immense benefit to scholars. Indeed, it will serve as a source of materials for related fields or provide the needed materials for scholars who are interested in going into further studies (Sulaiman, 2020). The study shall also make some useful theoretical contributions to knowledge specifically the liberal political economy paradigm in explaining the role of IFIs like the World Bank in fostering or facilitating development, and perhaps otherwise, in developing countries such as Nigeria (Ajiteru, 2021). Empirically, the study would be of tremendous benefit to policy advisers/makers/executors, the Nigerian government (both at the federal and the state levels), and politicians as well as World Bank.

The study will also be useful to those other countries wanting to borrow from the fund or seeking other economic measures to revive their ailing economies and will also concretely explore various ways through which Nigeria can raise her credit portfolio from the bank to be in tandem with her development needs, which would enable her to meet these development needs of the country and for sustainable development. The study will be of great benefit to bankers, investment analysts, government agencies, academics, and private and public sectors more so, it will be useful to the government (Economic committee) and policymakers in the attempt to fashion out dynamic and reliable Loan policy measure for controlling government spending and ability to create money and thereby influence the effective growth and development of the economy.

Research Problem

Consequently, it was anticipated that this structural reform will address the Nigerian economy's structural distortions that had produced and intensified national productive incompetence Ajiteru, (2021). The implementation of these policies has also been aimed at improving the public sector, minimizing wastage, improving, and enhancing the deteriorated economy, creating jobs, and expanding infrastructure. Unfortunately, these policies have not resolved the difficulties the country faces in pursuing economic growth but have generated more challenges (Efobi et al. 2018). It has been revealed that mass unemployment, inequality, increased indebtedness, and budget deficits are present in all the countries implementing the SAP because they do not develop in any way (Igwe, 2016).

Objectives of the Study

The broad objective of this study is to assess and examine the effect of the IMF Loan Policy on the growth and development of Nigeria. The specific objectives include:

1. Examine the causality between IMF Loan policy and economic development in Nigeria.
2. Ascertain the effectiveness of the IMF Loan Policy on the Nigerian economy.
3. Determine whether there is a positive relationship between the level of implementation of loan conditionalities and an increase in development loan assistance to Nigeria by the World Bank.
4. Determine whether there is a positive relationship between Nigeria's economic growth and development loan assistance to Nigeria by World Bank.
5. To examine the impact of IMF loan policies on developing nations
6. To analyze the challenges faced by developing nations in accessing and paying back IMF loans.

Research Questions

To achieve the objectives of this study the researcher tries to find out the solution to the following research questions:

1. What are the IMF loan policies?
2. Have the IMF loan policies had any adverse effects on the economy of developing nations?
3. Is there any causality between IMF Loan policy and economic development in Nigeria?
4. The effectiveness of the IMF Loan Policy on the Nigerian economy?
5. Is there any positive relationship between the level of implementation of loan

conditionalities and the increase in development loan assistance to Nigeria by the World Bank?

6. Any positive relationship between Nigeria's economic growth and development loan assistance to Nigeria by World Bank?
7. What is the variation of the International Monetary Fund loan policy between developed nations and developing ones?

Theoretical Framework

The study adopts the Neoliberalism model (Mikus, 2016). The model seeks to transfer control of economic factors from the public sector to the private sector. It tends towards free-market capitalism, away from government spending, regulation, and public ownership (Ajiteru, 2021). Neoliberalism is often synonymous with laissez-faire economic liberalism. Liberalism is a political orientation that favors social progress through law reform and changes rather than revolution (Spolander et al. 2016). With proper institutions and diplomacy, liberals believe that states can work together to maximize prosperity and minimize conflict. Many thinkers and writers have been prominent in promoting the rise of liberalism, such as Thomas Hobbes, Franklin D. Roosevelt, John Locke, and many others Ajiteru, (2021). Neoliberalism replaced the theory of modernization as an official approach to development in the 1980s. World Bank and IMF agreed neoliberal policies were the best path to growth in a meeting of world leaders in 1989. Neoliberals claim that once governments become too large, they restrict the freedom of diverse individuals that push development forward (Jakupec, 2018). Think of communist regimes in Eastern Europe, they claimed they would not allow people enough autonomy to bring about the kind of consumer culture which emerged in Western Europe in the 1960s (Ost, 2015). Neoliberals are also dismissive of the role of Western aid money. They believe that private industries or corporations will take the lead in the development of others (Shafiu and Salleh, 2020). They claim that if governments foster a business-friendly environment that encourages companies to invest and grow, this will lead to exports, while fair trade is a key to economic growth. The policies were first attempted in Chile in the 1970s, which includes:

1. Deregulation – Removing restrictions on businesses and employers involved in world trade.
2. Privatization – selling to private companies' industries that had been owned and run by the state.
3. Cutting taxes – so the state plays less of a role in the economy.

Some countries have voluntarily implemented these policies, hoping that they would work. Others have them imposed on their economies as part of the Structural Adjustment Programmes (SAPs) Sulaiman (2020). SAPs essentially entail a loan from the World Bank or the IMF to a developing country Ajiteru (2021), argued that the Nigerian economy's structural imbalances and the support provided by the 1986 implementation of neoliberal economic policies were ostensibly intended to remove the government from all but a small role in the economy. Therefore, the neoliberal government has played a crucial role in Nigeria's promotion of structural reforms (Sulaiman, 2020). Ajiteru, (2021), has argued that Nigeria's uncritical adoption of Western-style neoliberal economic policy has significantly undermined the country's pursuit of sustainable economic growth by analyzing the dynamics of policy formulation and implementation since the 1980s. Istifanus (2006) adds that the Nigerian economic system's inability to effectively satisfy its claims for IMF loans has put a high debt service burden on the nation. He argues that, because of the conditional ties and other internal causes, the implementation of IMF borrowing policies has social adverse effects.

Average Growth Profile of Poverty, Unemployment, and Other Variables

Nigeria is blessed with good weather, soil, air, rainfall, and excellent ecological variations. These natural endowments in colonial times account for the country's wealth and its status as the richest in Africa Sulaiman (2020). This enviable record was achieved through the exportation of cash crops and raw materials as well as through the total consolidation of her domestic crop production that sustained the economy immediately after independence in the 1960s. Records recount that by 1960, Nigeria was the third cash crops producing country in the world (Njoku, 2016). More so, there was a total absence of hunger, malnutrition, disease transmission, and poverty. As announced by Gowon, a former Nigerian military Head of State, 'Nigeria's problem is not money, but how to spend it' (Alamutatalo, 2017). This comment by General Gowon epitomizes the poverty of leadership in Nigeria. An emergent country that needed expansion of its economic base, industrialization, and infrastructural development because of temporary fortune arising due to the oil boom, suddenly lost its vision of development (Ajiteru, 2021).

At the point "the rich young man" General Gowon boasted of not knowing what to do with money, the Eastern Region of Nigeria, the former Biafran enclave was completely devasted from the ruins of the civil war, needed so much money to fix its economy and infrastructural decay, but was denied these wasting resources. The Nigerian economy was export-dependent, with little or no significant local production. The Nigerian economy was like a house built on quicksand, which at the puff of a strong wind collapses (Sulaiman, 2020). A visionary leader would have used the fortunes from the oil boom to launch Nigeria into a medium-industrial nation. But the reverse was the case. Nigeria became a net importer of all manner of things including toothpicks and food items such as rice. Agriculture, the mainstay of the economy was abandoned. The youth flocked to the cities. It was at this point that Nigeria's economic crisis set in (Ajiteru, 2021). Significantly, the naira was overvalued both in local and foreign exchange markets. For instance, Keetu (n.d) noted that in 1972, 1976, and 1977 one dollar ($1) was equivalent to sixty-six kobo (₦ 0.66). This clearly indicated that the naira was stronger in value than dollars in foreign currency exchange rate as prices of commodities were systematically low (Sulaiman, 2020).

Indeed, this is a superficial assessment of the Nigerian currency, the Naira. Naira was not convertible in the international foreign exchange market. Thus, in the 1980s, when there was a worldwide oil glut, Nigeria's fortune tumbled. The economy has been gasping for life ever since then as its fortunes are tied to the vagaries of crude oil. Unemployment and corruption were also at their barest minimum. And to mention but not least, Nigeria was not heavily indebted (Ikejiaku, 2018). It is lamentable that Nigeria did not know what to do with its excess foreign exchange earnings that by 1974, Nigeria was lending money to the International Monetary Fund (El-Kurebe, 2017). It appears Nigerian leaders at the time could not utilize several investment platforms such as buying shares in multinational corporations, blue chip companies, and the stock market. Nigeria did not plan for the rainy days, thus disproving all the predictions it would become an economic miracle. All these prospects of economic stability convinced the world that in no distant future, she would profoundly emerge as Africa's economic giant (Ikejiaku, 2008). It blew the chance to develop through conspicuous consumption and inept planning (Ajiteru, 2021).

The scope of the study is 1986–2018. The starting date 1986 was chosen because it is the year Nigeria officially signed IMF's Conditionality. The terminal date specifically 5 March 2018 has also been highlighted because it was the period the executive members of IMF concluded its Article IV Consultations with Nigeria. To this end, this research adopts historical inquiry with qualitative methodology (Sulaiman, 2020). This methodology utilized oral interviews, government reports, published articles, magazines, and unpublished project reports for analytical, chronological, and thematic presentations. These sources were used to collect data, views, and nuances from different people on the subject matter to present a balanced account of IMF intervention in Nigeria's economic prospects.

Perspectives on the International Monetary Fund

The International Monetary Fund (IMF) is the world's central organization for international monetary cooperation (IMF, 2013). It can also be seen as an autonomous and specialized agency of the United Nations with the objective of enhancing the stability and growth of the world economy (Ajiteru, 2021). Following its conceptualization in the UN-sponsored Monetary and Financial Conference in Bretton Woods, New Hampshire, to its creation in 1946 with 46 members, it has virtually grown to incorporate 184 countries as members (Sanford & Weiss, 2016). Now, it has 189 member countries (Ajiteru, 2021). Nigeria joined in March 1961 barely a year after independence. The great economic depression of the 1920s and 1930s which always cited as the prime factor that stimulated its formation (Sulaiman, 2020). Thus, the aim of preventing another strand of economic upheaval led to IMF being conceptualized and established.

According to Article 1 of the IMF handbook, the IMF has six mandates all of which are unanimously channeled to the economic stability and prosperity of member nations (IMF, Handbook). Its functions are as follows: the surveillance over members' economic policies, financing temporary balance of payments, combating poverty in low-income countries, mobilizing external financing, strengthening the International Monetary System (IMS) and increasing the global supply of international reserves, building capacity through technical assistance and training and dissemination of information and research (IMF, Handbook). The IMF's role is to lead in its traditional areas of responsibility such as in promoting prudent macroeconomic policies, structural reforms in areas such as exchange rate and tax policy, and issues related to fiscal management, budget execution, fiscal transparency, tax and customs administration (Woods, 2016).

The policy of IMF is of two folds, policies mandatory for members, and assistance policies. Policies mandatory for members are those rules every country must observe as a member

(Sulaiman, 2020). They include the IMF Articles of Agreement, quota subscriptions, refrain from restrictions on the exchange of foreign currency, and openness in economic policies affecting other countries (IMF, Handbook). Among the assistance policies rendered include loan or lending conditionality and counseling (Ajiteru, 2021). The content of conditionality has been the most controversial output of any intergovernmental organization (Sulaiman, 2020). For the first four decades of its operations, conditionality included a set of predictable reforms that focused almost exclusively on budget deficit reductions, restrictive monetary policy, and exchange rate devaluations (Ajiteru, 2021).

Since its establishment, it has been credited to have embarked on numerous programs. Prominent among them are the Stand-By-Arrangement (SBA-1952) and the Extended Fund Facility (EFF 1974) both of which were designed to provide short-term-balance of payment assistance to member countries (Barro & Lee, 2017). But owing to its shortcomings, it was replaced by the Structural Adjustment Facility (SAF-1986) and the Enhanced Structural Adjustment Facility (ESAF −1987) ((Barro & Lee, 2017). It also holds bilateral discussions with members usually every year under Article IV Consultation Program. In Nigeria, IMF has adopted and implemented a policy and program referred to as Structural Adjustment Program otherwise referred to as (Washington Consensus) with its consequent loan conditionality (Ajiteru, 2021). The IMF has also engaged Nigeria in Article IV Consultation Programme; The most recent being the 2017 and 2018 bilateral discussion (Article IV Consultation Program).

IMF policy in Nigeria: Structural Adjustment Program (SAP)

Nigeria has been a bona fide member of the IMF since 1961. However, it was not until 1986 that the latter established proper footing and began a long and abiding policy that only unfolded immediately to be hazardous to the country (Danladi & Peter, 2016). Factors and situations that led to IMF's policy intervention in Nigeria remain a recurrent question thus requiring a brief explanation.

Indeed, the above SAP objectives in addition to the loan that accompanied if properly implemented would have led to the revitalization of the economy (Ajiteru, 2021). Thus, Nigeria judging by its precarious economic condition at the time could hardly resist this offer (Sulaiman, 2020). The IMF prescriptions required fiscal discipline which was lacking among its economic managers. In other words, the conditions became the necessary procedures that were to be adopted by the Nigerian government, and its implementation was supervised and monitored by IMF officials (IMF, Handbook). The procedures were at the same time stringent conditions attached to IMF loans which inevitably accompanied SAP. These conditions include:

1. Rule of the market.
2. Cutting public expenditure for social services.
3. Deregulation, commercialization, and privatization.
4. Elimination of public goods.
5. Removal of subsidies (Petrol subsidy) and the abolition of agricultural Marketing boards.

6. Devaluation of Naira.
7. Staff rationalization in government ministries, parastatals, and agencies (IMF, Handbook).

These measures require belt-tightening and abandonment of the extractive policy prevailing in Nigeria. As Acemoglu and Robinson (2012), observed: Political and economic institutions, which are ultimately the choice of society can be inclusive and encourage economic growth or they can be extractive and become impediments to economic growth. Nations fail when they have extractive economic institutions, supported by extractive political institutions that impede and even block economic growth. Acceptance of IMF conditional ties connotes economic difficulties; its rejection would as such lead to a parlous economic situation. Indeed, this was no easy choice (Sulaiman, 2020).

Although SAP was introduced in Nigeria in 1986 by Ibrahim Badamasi Babangida who opted for greater neo-liberal market approaches and private sector-driven development strategies, deviating largely from Buhari's "development plan, it is worthy of note that earlier attempts to adopt these policies were hatched by the governments of Shehu Shagari and Buhari respectively. In 1983, Shagari's government launched a negotiation with IMF as he sought to borrow 2 USD billion from the fund that would help him refinance the economy (Ajiteru, 2021). In late February 1984, Buhari's government initiated another negotiation with IMF. Nevertheless, these two attempts did not materialize due to the perceived adverse effects of IMF conditions. About this, both governments were convinced that their administration could not comply with all the conditions or procedures that follow SAP (IMF, Handbook). However, this was not so for Babangida whose vaunted economic reforms and inability to perceive the inherent evil in the loan was led to embrace the program without any complete approval from the citizenry (Ajiteru, 2021).

As regards devaluation, the Nigerian currency did not suffer a one-time depreciation but rather had been on constant and precarious scales of devaluation. In 1985, the naira exchange rate to the dollar was 90 kobo to 1. USD However, by 1986 after SAP was introduced, the exchange rate of naira to dollars had increased to ₦2.02, and by 1999 it had reached ₦22 to 1. USD. The naira further depreciated to dollars falling to ₦320 to 1 USD by 2016. The Nigerian economy further contracted in December 2017 when the naira was exchanged at ₦360 to US 1 USD and recently in December 2020, it is ₦503 to 1 USD (The Info Finder). The exchange rate of the naira to the dollar further lowered from ₦305.7 to ₦360 as of 7 September 2018 (CBN, 2020). This devaluation of the naira as one of the IMF's loan conditionality eroded the purchasing power of average Nigerians (Ajiteru, 2021). With recourse to this, its policies escalated the balance of payment deficit which thereby led to horrendous local currency costs of imported raw materials and intermediate capital goods that in turn orchestrated inflation and necessitated a decrease in living standards. The same aftermaths were also present owing to the removal of subsidies which further compounded the problem as subsidy removal increased import bills (Sulaiman, 2020). This also worsened the position of manufacturing industries which were largely dependent on imported machinery, spare parts, and raw material (Abdulrauf, 2020). Due to currency devaluation and subsidy removal, the Nigerian government had to ban the importation of agricultural goods like rice, maize, wheat, and vegetable oils. Although by obstructing import, there was a slight increase in local output production; significantly in rice, poultry, and fishery product but these were less profitable because of the high costs of imported inputs incurred due to subsidy removal and currency devaluation (Abdulrauf, 2020). This resulted in more economic hardships for the ordinary people a significant turnaround in view.

Furthermore, the removal of petroleum subsidies caused demonstrations in Nigeria. In April 1989, an increase in the price of petrol precipitated a month of protest (Abdulrauf, 2020: 9). Beginning as a peaceful students' demonstration in the city of Jos, it escalated into riots/unrest and nationwide strike by the workers (Ajiteru, 2021). The protest was a result of subsidy removal effects on transportation. Devaluation also exacerbated unemployment crises as local firms drastically minimized their workforce to meet up expenses. A case study is that of United African Company (UAC), one of Nigeria's biggest conglomerates, which reduced its workers from 23,850 in 1985 to 9,000 in 1988 (Abdulrauf, 2020: 9). Devaluation and subsidy removal led to unconditional and sudden opportunity cost. Inflation and weak currency led to a decrease in the standard of living among Nigerians. The repercussion was severe suffering by the citizenry (Sulaiman, 2020). For instance, in early 1986 (where ₦ is for Naira and K is for Kobo), a newly appointed university lecturer with a doctorate degree earned ₦7,550 annually (the equivalent of 3,737 USD). At the same time, a family-size loaf of bread costs ₦2.50k (the equivalent of 5 USD), and a national daily newspaper costs 50kobo (Ogbimi, 2001).

However, in 1994, a national newspaper cost ₦2.00k (the equivalent of 44.66 USD), and a family-size loaf of bread was sold for ₦5.00k (the equivalent of 111.65 USD) while the lecturer's annual income increased only to ₦17,731 (the equivalent of 794 USD) (Ogbimi, 2001). As asserted by an informant Isiani (2018) "I was very matured in the 1990s, I could remember that there were days my family could not eat because of the poor purchasing power of my salary due to galloping inflation in the country." The government failed to adjust the salaries of workers in the face of galloping inflation. This made the civil service vulnerable to inducement and corruption. The IMF conditionality was haphazardly implemented. Like every medicine, if the full dosage is not completely administered, the ailment would persist. The snake appears to have been scotched but not killed (Ajiteru, 2021). The economic difficulties continued to linger until the full dose is taken. Additionally, deregulation, commercialization, and privatization initially compounded the unemployment crisis and enthroned mass poverty. In fact, its socioeconomic costs on people could be gleaned from the below (Sulaiman, 2020).

Apart from the horror which each conditionality enthroned, the loan itself fostered corruption. The monies derived from the sale of oil were squandered by the Nigerian government and were neither used to repay her external debt nor service her debts; as Babangida and his immediate successors did not service Nigeria's debt (Ogunbekun et al., 2019). This clearly explains why external debt procurement reached an all-time high in recent times. In the late 1980s and 1990s, and in recent years like 2018, there were several strikes and protests due to non-payment of salaries and wages by the government. These monies were used rather as bribes to silence journalists and newspaper editors, and for personal self-luxuries air-conditioned chambers, and exotic cars (Ajiteru, 2021). The rest of the nation's revenue was injected into the financial accounts of foreign countries. One instance was the money discovered in a Swiss bank: a significant part of Abacha's loot (Adio, 2017). It is possible that Babangida may have mismanaged the loan, or it may have been embezzled by state functionaries. It is also feared that the greater part of the loan might have been salted away by state officials in secret foreign bank accounts. Indeed, they fueled corruption in Nigeria. Thus, their willingness to give out another loan became largely dependent on how this money was utilized. Debt Crises became another angle that greatly affected the nation's economy (Ajiteru, 2021). Therefore, although the history of Nigeria and its debt crisis is long, the advent of SAP exacerbated it. By 1983, when Shagari left office, Nigeria's debt was 141,307 USD billion and by 1985 when Buhari was overthrown, Nigeria was indebted by 118,034.1 USD billion (Adio, 2017) But by 1989, SAP with its loan conditionality (including its own debt service) had raised it to 29.28 USD billion, and by 1993 when Babangida left office Nigeria was indebted by over 32 USD billion (Adio, 2017). Over time, with the yearly increase of debt servicing and currency devaluation, this amount increased to 22,071.91 USD billion in the first quarter of 2018 and from 189,113.44 USD billion in the fourth quarter of 2017 (Nigeria Public External, 2018).

Due to long-time debt accumulation, debt servicing simultaneously soared. It is no exaggeration that this remains the major challenge faced by the Nigerian economy as the inability of the Nigerian economy to effectively meet its IMF loan repayment requirements exposed the nation to a high debt service burden (Sulaiman, 2020). This consequently posed a grave threat to the economy as large chunks of the nation's hard-earned revenue were devoted to debt servicing. In the 2016 budget, ₦1.48 trillion ($3,905,013,152) was allocated to debt servicing (IMF Handbook, 2018). In 2017, it was ₦1.84 trillion and in 2018 it went up to ₦2.014 trillion (IMF Handbook, 2018). According to Victor Gasper (IMFs Director of Fiscal Affairs Department), confirmed by Alhaji Lamido Sanusi (Former Nigerian Central Bank Governor and formerly the Emir of Kano), Nigeria spends 66 percent of its tax revenue on debt servicing, leaving it with 34 percent for both capital and recurrent expenditure (IMF Handbook, 2018). Certainly, such is the aftermath of the International Monetary Fund SAP's policy in Nigeria (Ajiteru, (2021). It is patently improper to blame IMF for Nigeria's economic woes. The blame is squarely on the country's leadership, that have turned all economic indices upside down. The government should promulgate policies to give the private sector confidence to drive the economy and not participate. As Acemoglu and Robinson (2017), aptly stated: The Industrial Revolution has still not spread to Africa because that continent has experienced a long vicious circle of the persistence and re-creation of extractive political and economic institutions (Sulaiman, 2020).

IMF Program in Nigeria; Consultation Program, 2022

Article IV Consultation Program is an IMF strategy that carries out bilateral surveillance with member countries through annual consultations (IMF Handbook, 2022). During this meeting with officials of member countries, IMF staff members analyze these countries' economic developments and policies. With the data obtained, this essay presents evidence that are prerequisites to the country's economic modification. In Nigeria, available records have shown that IMF has been engaged numerously in these annual consultations, the most recent being the 2022 Article Consultation (Ajiteru, 2021).

Reflection on the 2022 Consultation

On 5 March 2018, the executive board of the fund concluded Article IV Consultation with Nigeria, and with proper staff appraisal, several recommendations were considered (IMF, 2022 Article IV Consultation).

1. The necessity for a growth-friendly fiscal adjustment that frontloads non-oil revenue to a more sustainable level and creates space for priority social and infrastructure spending is imperative.
2. There should be an ambitious tax policy measure (Increase in Value Added Tax).
3. Increase in excise (greater subsidy removal), and rationalizing tax incentives.
4. Increased monitoring of the fiscal position of the state and local governments.
5. There should be improved transparency in the oil sector (IMF 2018 Article IV Consultation).

However, as with the 2017 suggestions, some of these recommendations are faulty and detrimental to the country's economic recovery (Ajiteru, 2021). For instance, an increase in VAT, subsidy removal and the implementation of auto-fuel pricing mechanism are hazardous since it doesn't enthrone competition (Sulaiman, 2020). With cheap foreign goods flooding into the country, local products would also be neglected, and local industries would crumble. Similarly, improved transparency in the oil sector might lead to the neglect of other sectors but worse still is an economic stagnation accompanied by an oil doom (Abdulrauf, 2020). If the recovery of fuel subsidies as suggested by the IMF 2018 recommendation as a mechanism for developing the country, one would be left consciously on why the country has dwindled economically and had severally been challenged by a crisis. Some of this crisis especially the food insecurity the country is witnessing today has had its root in these recommendations (Isiani, 2020) because the citizens would not survive the hardship especially those living in rural areas.

Furthermore, the increase in VAT rate without addressing the employment opportunities in Nigeria has increased the rate of social vices in the country. Youths between the ages of 20–35 who could not get work occasionally are being used for election rigging as employment opportunities from their actualized degrees are being suspended in limbo by the leaders (Ajiteru, 2021). Those who could secure employment pay heavy taxes, pay house rent, use generator to power their houses, maintain roads, and often provide water for themselves without savings from their salaries (Ezeani, 2020). The collection of loans from the IMF with its SAP has proved futile in the country (Ogbuka, 2020). In all, the suggestions of the IMF could be termed another facet of contrived external control of Nigeria's economy. Nigeria urgently requires economic reforms. The immediate stoppage of subsidies on petroleum would free a lot of resources for infrastructural development across the cross. Road networks across the country are in total disrepair. Many lives are lost annually due to dilapidated roads. Government cannot afford social welfare benefits for the unemployed while at the same time subsiding on petroleum products (Ajiteru, 2021).

Role of IMF Preconditions on Nigerian Development

The IMF's prescribed policy functions in fostering socio-economic growth and development in its member states, including Nigeria, are intended to be constructive, but there is often a combination of both positive and negative results (Sulaiman, 2020). Therefore, this continues to discourage many countries from first and foremost achieving their main goal of joining the IMF. To support this argument, one of the participants states that:

> *In handing out these loans, the IMF itself has a motive. It is an organization powered by profit. You will not be given a loan without interest. Another thing is to misuse our country's wealth. Crude oil and other raw materials, so on paper, policies are intended to promote economic development, but in actual application, they do not in any way benefit the economy and the people. Since it is a two-way explanation, our representatives, on the other hand, steal the money we raise from the IMF, and the IMF, misuse our wealth because we owe them cash*.

He also added that the IMF still rules and decides to use the loan received by its members as a way of further colony and control (Ajiteru, 2021). This basically means that by dictating what the money (loan) can be used for, granting loans to its members is another form of operating their governments. In other words, the participant believed the collection of IMF loans is another way to encourage them to come and take advantage of our natural economic resources. In another respect, Participant 2 argued that the IMF's policies do not necessarily lead to its Member States' socioeconomic development. Nigeria has been obliged to gulp one economic prescription after another. At first, the structural adjustment program (SAP) recommended by the IMF to Nigeria did not benefit the country as such but was detached in 1988. After that, several more measures were prescribed and enforced. Nonetheless, the National Economic Empowerment and Development Strategy (NEEDS), a four-year medium-term plan for the period 2003 to 2007, prescribed by the IMF to the Government of Nigeria, has led to economic growth to some degree during its period (Sulaiman, 2020). He concludes that the role of IMF policies in fostering socio-economic growth and development could have a positive and negative effect on the economy of Nigeria. One of the participants revealed that while the IMF has supported Nigeria in so many ways, the policies prescribed by the IMF have not contributed to the economic growth of Nigeria over the years. He emphasized:

> *The policies of the IMF are generally intended to be in the best interest of the Nigerian economy. This focuses on some microeconomic issues and how they can be tackled. It aims to assist Nigeria in tackling wasteful spending and distribution on the exchange system with techniques and steps. Nigeria has enjoyed several IMF loans based on its impact on inflation. The per capita GDP today, however, remains lower than when Nigeria was declared independent in 1960. In Nigeria, the inflation rate was estimated to be 13.7 percent around 2005 and GDP consisted of agriculture, 26.8 percent; manufacturing, 48.8 percent; and services, 24.4 percent*.

Participant 5 also stressed that the IMF's prescribed policies could have benefited the nation but, sadly, the government lacked proper implementation. It will lead to a major positive change in the economies of its member nations if the strategy is properly enforced (Ajiteru, 2021). Nevertheless, one of the participants argued that IMF policies do not play a major positive role in supporting economic growth in Nigeria and that government officials have often contributed to rendering policies ineffective and poorly enforced by the government (Sulaiman, 2020). In another context, one of the participants argued that while the IMF seeks to promote socio-economic development in Nigeria, due to some misappropriation, mismanagement, and misuse of office, this has not been accomplished over the years. Moreover, he added that:

> *It is in the ocean of corruption, nepotism, tribalism, inefficiency, and political turmoil that Nigeria is still swimming. All these limit Nigeria's level of socio-economic growth*.

This simply means that the role of the IMF has been insignificant in promoting Nigeria's socio-economic growth. Similarly, one of the participants is of the opinion that the policies of the IMF make mixed contributions to Nigeria's socio-economic growth. Another participant is of the opinion that IMF policies (currency devaluation, deregulation, privatization) are assumed to have a negative effect on Nigeria due to weak implementation, apart from the problem of mismanagement, corruption, and lack of ability (Sulaiman, 2020). Similarly, one of the participants is of the opinion that although the policies prescribed by the IMF are aimed at improving the economic and financial situation of its Member States, the inclusion of Nigeria, corruption, lack of government seriousness, political uncertainty, the nature of the Nigerian economy, among others, are significant obstacles to achieving socio-economic growth (Ajiteru, (2021). Another participant argues that a rise in the inflation rate, unemployment rate, insecurity, corruption, and over-reliance on foreign aid and resources are some of the roles played by IMF-prescribed policies, adding that the lack of infrastructural facilities such as electricity, health care, water supply, and inadequate leadership also distorts economic improvement and affects economic improvement.

Inflation, unemployment, weak monetary policy formulation and enforcement, insufficient infrastructure and power supply, inadequate health facilities, poverty, ineffective leadership and corruption, dependence on foreign goods and services as well as dependence on oil are the key factors hurting the Nigerian economy, problems which the IMF policies were supposed to fix. However, when SAP's success in Africa was reviewed by the World Bank in 1994, it concluded that the findings were not promising. In the first instance, in Nigeria, economic stabilization has proved to be elusive. Second, the exchange rate of the naira has continued to deteriorate compared to the stronger currencies of the developed countries. Third, amid the growth and development of the financial sector, interest rates have risen very sharply and have stayed very high. Fourth, both unemployment and inflation have also risen significantly, further reducing ordinary Nigerians' effective demand power, thereby weakening the incentive for increased utilization of industrial capacity and economic development.

Therefore, the role of IMF policies in promoting development in Nigeria has mixed results. However, it is evident that the IMF policies have serious adverse effects on Nigerian development, especially on the socio-economic sector. Figure 1 therefore illustrates the findings in relation to the role of IMF policy conditions on Nigerian development (Sulaiman, 2020).

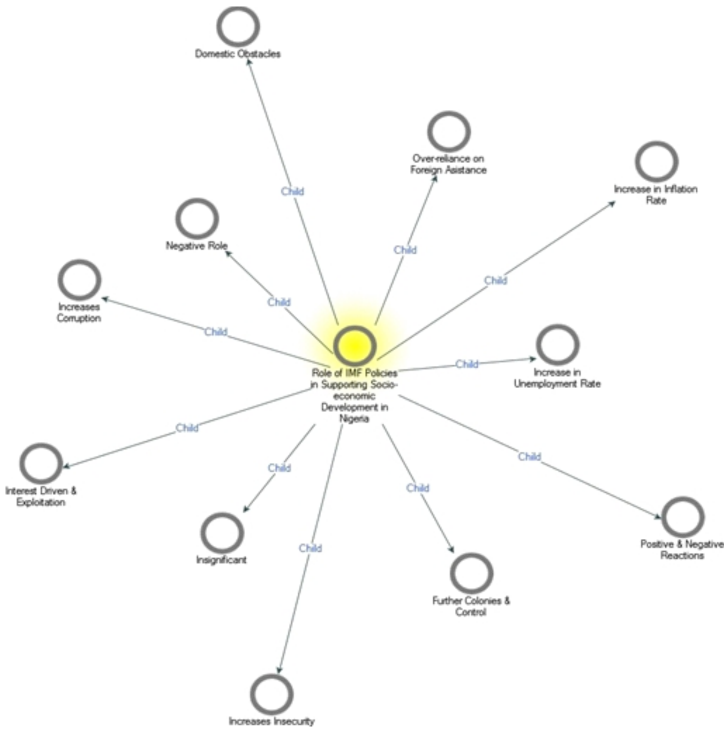

Figure 1. Thematic Map for the Role of IMF policies in Supporting Development

Research Method

A qualitative method of data collection has been used in the conduct of this research. Qualitative researchers frequently perform their research based on a theoretical position that is often better suited to answering their research questions (Clark & Vealé, 2018). It is ideally suited for field investigation and best suited for the investigation of organizational etc. Relevant journals, seminar papers, reports, and newspaper publications have also acted as secondary sources of data for this analysis.

Analysis and Discussions

The study reveals that the IMF Nigeria relationship is an exploitative one in nature. Nigeria's experience with adopting IMF-supported adjustment policies has not been positive. The IMF's approach to adjustment policies has had serious social and economic consequences for the country, including a drop in output and growth rates, an increase in unemployment, and a detrimental effect on income distribution, all of which have resulted in a significant drop in the general living standards of Nigerians. These adjustment policies also have implications for the enjoyment of human rights by both the government and the populace. This the result agrees with Taye (2021)'s observations, which state that a typical funding program usually prescribes policies that entail excessive domestic demand compression, wage cuts, and government spending reductions; these are often followed by sharp currency depreciation and import liberalization reforms, with little regard for their socially and economically destructive impact on domestic economies (Taye, 2021).

This is also in line with the perception that most of the countries fully adopting the IMF's structural reforms are currently experiencing mass unemployment, poverty, increased indebtedness and dependence, low living standards, and budget deficits due to their inability to develop. When we investigated the specific policy content of these policies, we discovered that conditionalities have largely negative consequences for the enjoyment of health, labor, civil, and political rights. This also coincides with the submissions of Ortiz (2021) and Uroko (2021) that structural adjustment programs are associated with lower economic growth, which is linked to a reduction in respect of human rights.

Trade liberalization was also discovered to play an important role in economic exploitation, globalization, and dependence It was also found that the subsidy funds removed were not put into infrastructural development projects that would support the economy and bring about positive change in the country, as well as raise the living standards of the people. This coincides with several studies relating to IMF structural policies and Nigerian Socioeconomic Development (Sulaiman, 2020).

Proponents of the Dependency Theory contend that the developing economy's backwardness is caused by external conditions and influences and that neoliberal capitalism is the root cause. What is perhaps more concerning about the IMF is the common perception among beneficiaries that they will not be able to survive any possible economic downturn without the assistance or “handout”?

of Western “rich” countries (Ajiteru, 2021). However, the core claim of the human rights theory is that the importance of human rights to human dignity is predicated on the reality that life would be unlivable without human rights. Even though human rights violations were rampant in Nigeria under military rule, the country's return to democracy in 1999 did not improve the situation. This was in direct opposition to expectations and predictions. However, to be effective, the IMF conditionality as a means of attaining development must be human-centered.

Conclusion

IMF prescriptions are painful but necessary options for revitalizing Nigeria's wobbling economic outlook. An inclusive economic policy would open the economy and allow its vibrant population to play a significant role in its growth. The extractive economic policy that had been in place in the country, is only beneficial to the few elite closer to the corridors of power. They are awarded contracts that they hardly execute to the letter and had made corruption a way of life. It makes economic sense to allow the private sector to drive the economy while the government enacts regulatory policies.

The removal of subsidies on petroleum would make funds available to address the weak infrastructural deficit in the country. The road networks are in shambles; the railway is still being controlled by the central government. There is a need to open economic space to allow the private sector to play a leading role in it. Government involvement in commercial ventures has been detrimental to the economy. Before private participation in the telephone network, it was difficult to put a call across to relations outside the country. Access to the telephone was a symbol of wealth. However, with private participation, telephony is now available to both the powerful men in authority and the not-so-well-off in society. Again, salaries of the public sector must compete with those of the private sector if Nigeria hopes to bring down the level of corruption. A poorly paid civil servant is prone to corruption. Indeed, poorly paid police personnel cannot fight corruption without being compromised. The wages of those in the public sector must be comparable with the best in the private sector to reduce significantly thus endemic corruption in the country. The IMF conditionality is, therefore, a road not taken for decades but if taken now would lead to Nigeria's economic boom.

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