# Role of IMF Lending Preconditions In Nigeria

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## Abstract

Nigerian government was seeking help from the IMF, because of which the economy has deteriorated considerably as the Institution recommended some structural conditions before the country is supported which was proclaimed as a panacea for solving the development problem within the country. Therefore, the aim of this study was to seek whether the policies contribute to solving the development problems Nigeria is facing. The study utilized Neoliberalism as conceptual framework, using a qualitative research approach, the data were obtained using an in-depth interviews. With the assistance of Qualitative Data Analysis software, NVivo 12 for Microsoft Windows, the collected data was analyzed using content and thematic analysis. The results indicate that the policies prescribed by the IMF are in place to promote Nigeria's socio-economic prosperity. Some of the policies prescribed by the IMF include deregulation, privatization, removal of subsidies, currency devaluation and trade liberalization. The study also revealed that over the years, IMF policies have contributed and impeded Nigerian economic growth tremendously. The study advises that the government should formulate plans and initiatives to cushion the detrimental effects of any policies that can be directly or indirectly enforced. This will guarantee that the country is not politically or financially fully destabilized

## Keywords
IMF, Nigeria, Government, Nvivo 12 and Lending

## 1. Introduction
While large quantities of natural resources were available in the country, Nigeria's economic growth is still deceptive (Ajayi and Ojo, 2014; Shahbaz, Destek, Okumus, and Sinha, 2019). Ajayi and Ojo (2014) notes that Nigeria's economic situation is confusing and further stressed that until after the transition to democracy in 1999, Nigeria has spent more than half of its years in domestic military dictatorship. On 30 March 1961, just six months after its independence, Nigeria became a member of the IMF (Nwaodu, Adam, and Okereke, 2014). Her membership is intended by the support of the organization to achieve its development goals. However, in the late 1980s, Nigeria's close relationship with the organization was evident when the nation approached the institution in order to provide financial support. More specifically, since the mid-1980s, the successive administrations have aimed to get the nation out of its economic turmoil (Akobo, 2016; Daoud and Reinsberg, 2019). This shows the reason why Nigeria has been awarded foreign funding from developed economies and also being one of the recipients of IMF/World Bank. The objective of this study was to explore the policy prescriptions for IMF loans to Nigeria.

### 1.1 Problem Statement
Consequently, it was anticipated that this structural reform will address the Nigerian economy's structural distortions that had produced and intensified national productive incompetence. 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. 2013). 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).

### 1.2 Theoretical Framework
Neoliberalism seeks to transfer control of economic factors from the public sector to the private sector (Mikuš, 2016). It tends towards free-market capitalism, away from government spending, regulation, and public ownership. Neoliberalism is often synonymous with laissez-faire economic liberalism. Liberalism is a political

orientation that favors social progress through law reform and change 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 (Shafiu and Salleh, 2020). 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 industry or corporations will take the lead in development 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 for 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 Programs (SAPs) others (Nwosu, Nzeadibe, and Mbah, 2016; Shafiu and Salleh, 2020). SAPs essentially entail a loan from the World Bank or the IMF to a developing country (McKeough, 2019). Nwosu et al. (2016) 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 (Bakre and Lauwo, 2016). Similarly, Victor Ekanade (2014) 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 conditionalities and other internal causes, the implementation of IMF borrowing policies has social adverse effects.

## 2. Methodology

In conducting this research, a qualitative data collection approach was used. A qualitative data collection method for studies was described by Creswell as the process of "researching an issue and creating a thorough knowledge of a key phenomenon" (Levitt et al., 2018). A semi-structured interview was conducted considering the qualitative exploratory character of this research. Open-ended questions were used to derive the requisite information from the vast wealth of experience and expertise of the participants on the relative role of IMF policy conditions on Nigeria as a developing nation in generating a meaningful outcome (Tolley, Ulin, Mack, Robinson, and Succop, 2016; Walle, 2015).

## 3. Conceptual Clarifications

### 3.1 IMF Relationship with Developing Nations

The issue of globalization and the structural adjustment of policies implemented by the IMF and the World Bank, in particular in developing countries such as Nigeria, have led to the causes of poverty and dependency (Rodine-Hardy, 2015). The policies developed by the lending countries to minimize the life needs of the borrowing country and the educational needs to qualify for loans or repayment of loans have inevitably increased the burden on the borrowing country's economic prosperity. The globalization policy created this problem, which indirectly modified the current differences in trade laws (Kokesi, 2014). Democracy, however, has increased poverty and dependency and the influence of rulers and political leaders (A. O. Babatunde, 2018). Poverty was not only an economic issue; it was also a political economic issue (Hassan et al. 2015). People were hungry, not because of lack of food or overpopulation, but because they were too poor to afford basic food following government austerity policies by the IMF and the World Bank (Shafiu and Salleh, 2020). Conversely, the IMF and the World Bank's policies or political thinking were simply a way of bullying governments and society's working classes. The topic of peace and stability in today's world cannot be separated from the fact that hundreds of millions of people live every day (Weiss and Thakur, 2010). The global decline in living standards, as in the past, was not the result of the absence of productive capital(Brandt et al. 2017). While the IMF has helped developing countries save insolvent banks and governments economically, there has also been a longer-term cost of how bailouts have affected the country's political process. As a result, bailouts in emerging market economies encouraged crony capitalism and helped limit the growth of democracy and change (Chwieroth and Walter, 2020). Moreover, in developed nations, bailouts have also undermined the economy and economic stability of a region. In short, they were mostly little more than an instrument for the IMF to provide grants to international lenders and foreign governments, whether bailouts were channeled through the IMF or the World Bank (Reinhart and Trebesch, 2016). The real agenda of the IMF in African countries, considering the crisis, was to secure debt repayments, to open up some economic multinationals that are still helping some African countries find ways to repay their loans (H. M. Babatunde, 2018). However, as a result of the failure of individual governments to fulfill the main goals set by the IMF and the World Bank, the economic problems facing developing countries today have emerged. Somehow, the economy's income is nevertheless exceeded by government spending, triggering inflation and hurting the underclass. Subsequently, based on its financial situation, IMF support was supposed to help a nation; it may be bad news that the IMF thought intervention was necessary (Cirera and Maloney, 2017). Yes, liquidity support has been strategically supported by the IMF to facilitate the functioning of the economy (Pak, 2020). When the IMF intervened and had substantial money, the messaging was used with liquidity support to attempt a half-run and minimize the negative consequences. However, the negative signaling effect could not be accounted for in the case of limited IMF resources, and the existence of the IMF could be skewed (Kurebwa, 2016).

### 3.2 The IMF

In the financial press or on television almost every day, the International Monetary Fund (IMF), the World Bank and the World Trade Organization (WTO) are displayed. These organizations are making news around the globe, from loans to Greece to trade agreements in Asia. Therefore, recognizing these organizations and their missions can provide greater insight into how these organizations relate to shaping the global economy. The IMF is considered by most to be an organization that offers emergency credits to countries in distress, either because of weak economic policies or because of external situations, such as a sudden drop in oil prices or a financial crisis in the neighbourhood. In return, the country is forced to implement painful austerity measures, usually involving a reduction in the budget deficit, through spending cuts or higher income (taxation), higher inflation-reduction interest rates, and exchange rate adjustments (devaluation) (Bordo and James, 2000; Eichengreen, 2007).

### 3.3 IMF Policy Conditions

Conditionality involves the design of IMF-funded programs, i.e. macroeconomic and structural policies, as well as the various tools used in collaboration with the IMF to monitor progress towards the goals of the country. Conditionality allows countries to resolve payment balance issues without resorting to policies that are harmful to domestic or foreign development (Kentikelenis, Stubbs, and King, 2016). At the same time, the measures are designed to safeguard IMF capital by ensuring that the country's balance of payments is sufficiently strong to enable it to repay the loan. The government agrees to change its economic policies when a nation borrows from the IMF in order to solve the issues that led it to seek financial assistance. These policy changes are requirements for IMF loans that are intended to ensure that the IMF loan can be repaid by the country. This system of conditionality is designed to promote strong and effective national ownership policies (Muhumed and Gaas, 2016). Identifying, designing and enforcing policies that will make the IMF-supported program successful is the primary responsibility of a Member State. A letter of intent, frequently accompanied by an Economic and Financial Policy Memorandum, describes the strategy. The program's priorities and policies depend on the nation's circumstances. The overriding objective, however, is always to restore or preserve the viability and macroeconomic stability of the balance of payments, while setting the stage for sustainable, high-quality development and poverty reduction in low-income countries (Pisani-Ferry et al. 2013). Most of the funding from the IMF is paid out in instalments and is linked to policy actions. This is intended to ensure the success of the program's implementation and to reduce the threats to the resources of the IMF. Program reviews include a mechanism for the IMF Executive Board to determine whether the program is on track and whether improvements are required. Periodic reviews provide an overview of whether program specifications have been met and an in-depth look into whether new changes in the system need to be modified (Muhumed and Gaas, 2016).

Policy agreements reached with the country's authorities can take various forms. The following are covered:

a. Prior actions: These are the steps a nation decides to take before the IMF approves funding or a review is completed. They guarantee that the curriculum has the requisite structure for success (e.g., elimination of price controls, budget consistent with fiscal framework).
b. Quantitative Performance Criteria (QPCs): These are unique, observable IMF lending conditions that are often connected to the regulation of macroeconomic variables by the authorities. Such variables include aggregates of money and credit, global reserves, fiscal balances and external borrowing (e.g., minimum level of federal government primary balance, ceiling on government borrowing and minimum level of international reserves).
c. Indicative Targets (ITs): In relation to QPCs, quantitative metrics can be set up for ITs to assess success in achieving the system's objectives. Due to confusion regarding financial developments, ITs are often set up in place of QPCs. These goals can become QPCs with less uncertainty, subject to the required modifications (e.g., minimum domestic revenue collection, minimum level of the general government primary balance, and minimum level of social assistance spending).
d. Structural Benchmarks (SBs): These policy measures are often not quantifiable, but are important to the achievement of the plan's goals and are intended as metrics for measuring the success of the programme (e.g. enhancing operations in the financial sector, developing social security networks and strengthening public financial management) (Kentikelenis et al., 2016).

Over time, the IMF has been subject to many criticisms, usually based on the terms of its loans. The IMF has also been criticized for its lack of responsibility and willingness to lend to countries with weak human rights records.

a) Loan conditions: When granting loans to countries, the IMF makes the loan conditional on certain economic policies being implemented. The concern is that these policies of structural reform and macroeconomic interference would make challenging economic conditions worse. They include:
    1. Government borrowing reduction: higher taxes and lower spending,
    2. Higher interest rates in order to stabilise the economy,
    3. letting firms to default,
    4. Structural reforms such as privatization, deregulation, devaluation and government regulations have been introduced.
b) Exchange rate reforms: When the IMF intervened in Kenya in the 1990s, the central bank relaxed capital flow restrictions. The opinion was that this decision made it easier for corrupt officials to move money from the economy (known as the Goldenberg Scandal, BBC link). Critics argue that this is yet another example of how the IMF has struggled to comprehend the circumstances of the country with which it operated, stressing concrete reforms (Kentikelenis et al., 2016). The economist Joseph Stiglitz has criticized the IMF's more monetarist stance over recent years. He claims that the IMF "was not involved in a conspiracy but it represented Western financial community priorities and ideology." not taking the best path to boosting the welfare of developing countries.
c) Devaluations: The IMF was blamed for encouraging inflationary devaluations in the past few days.
d) Neo-Liberal Criticisms: There is also criticism of neo-liberal policies like privatisation. It is arguable that these free-market policies were not always suitable for the situation in the region. Privatization, for example, could create private monopolies that abuse consumers.
e) Criticism of the IMF Free Market: In addition to being accused of imposing 'free-market reforms,' others criticize the IMF as too interventionist. Free-market believers contend that allowing the financial markets to run without attempts at intervention is better. They claim that attempts to impact currency exchange rates are just making things worse-it is best to allow currencies to reach their market level. There is also a fear that it creates moral hazard to bail out large-debt nations. This encourages countries, because of the possibility of being bailed out, to borrow more.

*f)* Lack of accountability and participation: The IMF has been criticized for adopting policies with little to no consultation with the affected countries. Jeffrey Sachs, director of the Harvard International Development Institute, said:

> "*In Korea, the IMF called on all presidential candidates to immediately 'endorse' an agreement that they have no part in drafting or negotiating, and no time for studying. The situation has gone out of control... It defies rationality to conclude that the small community of 1,000 economists in Washington on 19th Street will determine economic living conditions for 75 developing countries with around 1.4 billion people"* (Kentikelenis et al., 2016).

g) Promoting military dictatorships: The IMF was accused of promoting military dictatorships in Brazil and Argentina, such as the denial of IMF funding in the 1960s to other nations.

### 3.4 IMF Lending Policies for Nigeria

There are several IMF policy guidelines enforced on Nigeria before any form of loan or assistance from the IMF can be obtained (Nelson and Wallace, 2017). They are often referred to as IMF loan conditions to support the economies of developing nations (Poulain and Reynaud, 2017). Such conditions are discussed below:

1. *Deregulation:* In a sector, deregulation or reduction of government control is typically introduced to generate further competition within the industry (Babatunde, 2018).
2. *Privatization:* State-owned properties to be sold to private owners or statutory monopoly limits between private and public-owned firms have been lifted (Poulain and Reynaud, 2017). Services rendered formerly by the Government have been contracted out.
3. *Trade Liberalization:* Economists also see the relaxation or reduction of these restrictions as measures to facilitate free trade (Poulain and Reynaud, 2017). A contentious topic is trade liberalization. Trade liberalization opponents claim that, when cheaper imports reach the country's domestic market, the strategy may cost employment. Critics also argue that goods that may have undergone more stringent protection and quality controls may be of lower quality and less stable than competitive domestic products. However, supporters of trade liberalization argue that it ultimately decreases the costs of goods, increases productivity and boosts economic development. In contrast to trade liberalization, protectionism is characterized by rigid barriers and regulation of the economy (Ibonye, 2017).
4. Devaluation of Currency: In modern monetary policy, devaluation is an official reduction of the value of the currency of a country within a fixed exchange rate system in which a lower national currency exchange rate is officially set by the monetary authority in relation to an international reference currency or a basket of currencies (Adeniran, Yusuf, and Adeyemi, 2014; Malmendier and Me, 2006).
5. Subsidy Removal: This promotes the things that the government wants to promote. The amount of the subsidy depends on the quantity of the supplied goods or services (Chukwulobe, 2015).

However, the removal of subsidies and fuel shortages in Nigeria has been a source of concern for most Nigerians, as eliminating subsidies will lead to higher production costs and therefore an increase in living costs. As Nigeria relies on petroleum products as its main source of energy, eliminating subsidies for those products will lead to a rise in the price of those products and, ultimately, a decrease in the consumption of energy (Adebayo, 2018). In the words of Kauffmann (2010), the elimination of subsidies as a policy enjoyed relative success with minimal social tension, the exercise was considered a failure in other situations. The abolition of subsidies on vital goods such as fuel has been known to precipitate social dislocation and has contributed to street protests and civil strikes in the extreme (Akanle et al. 2014). Programs to eliminate fuel subsidies are responsive to the structure of the government, the country's level of growth, the political system and the state of the economy. There is evidence that prior to implementation, the most prosperous countries have taken a step or gradual approach, have engaged in conscientious research and adopted a systematic policy-making approach. The other crucial success factors in such an exercise may be good communication and equal levels of trust between people and government (Adebayo, 2018). The federal government's abolition of fuel subsidies also caused inflation in the country, resulting in a high cost of fuel and other products on the market, not only causing inflation, but it was also followed by mass poverty because the price of goods and services increased while people's incomes remained constant (Onyishi et al. 2012).

The new policy also traumatized Nigerians and it also brought about violent protests that distorted the country's stability and tranquility (Kunyazov et al. 2020).

# 4. Data Analysis

Add Collecting data consistently requires data selection and data collection and transcription methods through notes and documents that influence the final analysis at the final stage (Srivastava and Hopwood, 2009). To provide useful conclusions and outcomes, the information collected from the interviews was then coded by coloring, using thematic data analysis. This is because the end point of qualitative data analysis is always to land on generalizable facts by comparing transcript texts (Flick, 2014). The data collected from the interviews were then coded by coloring, using thematic data analysis, to provide useful conclusions and findings. This is due to the fact that, when comparing the transcript texts, the end point of the qualitative data analysis is always to be decided by generalizable evidence (Flick, 2014). In addition, primary data were collected in this study, along with secondary data from documents, published papers and previous IMF policy literature.

Senior officials of the targeted institutions were selected and interviewed as key personnel involved in the nation's economic development activities in relation to IMF loans and policies. Based on the research questions set out in chapter one of this research, the interview questions were devised. In order to assess the details, the current study used thematic analysis method, by using thematic guide charts for data classification and coding in line with the interest of the current study. In addition, the literature review was objectively gathered in order to interpret a consistent conclusion and a beneficial outcome that could be highly regarded and generalized in the treatment of other relevant cases.

### 4.1 Policies Prescribed for Nigeria as Preconditions for IMF Loans

In an effort to become a member of the IMF and enjoy its assistance, there are some essential policies that must be adopted by a Member State before loans are issued. According to Participant 1, 2 and 3 (P1, P2 and P3), some of the basic policies prescribed for receiving and promoting IMF loans include "subsidy removal, privatization, deregulation, trade liberalization, currency devaluation, and so on." They added:

> *Whenever you see one of those happening in your state, you should know that the government is preparing to visit the IMF for a loan, that is just the reality on the ground. Retrenchment of government workers is also another characteristic of a country that intends to obtain loans from the IMF* (P1). *The most common and well-known IMF policies for Nigeria includes deregulation, privatization, currency devaluation, subsidy removal and trade liberalization to Nigeria government* (P2). *There is a policy of deregulation, a policy of privatization. Subsidy elimination policy is in place, currency devaluation also exists, and all policies consider or have to do with the balance of payment deficit* (P3).

In their opinion, the policies generally border on the balance of payments, microeconomic policies and policies that have currency devaluations. Similarly, one of the participant also responded by saying:

> *The IMF policies prescribed by Nigeria include liberalization, privatization of public services, the abolition of subsidies and the devaluation of local currency. Many of these measures are consistent with the IMF's guiding principle. They provide countries with these policies as a requirement for borrowing from them* (P4).

Adding another viewpoint to the report, one of the participants argued that the other policies recommended by the IMF are monetary and credit aggregates, international reserves, and fiscal balance conditions such as privatization, abolition of subsidies, debt-limit ceiling, etc. He also added that these policy changes by Member States are necessary for the granting of loans by the IMF in order to ensure that they will be able to repay the funds issued (P5). Participant 6 also indicated that some of the main economic policies prescribed by the IMF include, where applicable, the removal of subsidies, economic deregulation, trade liberalization, local currency devaluation, etc (P6) Figure 1.

Participant 7 is of the opinion, however, that the ultimate goal of this change was to support the development of the world economy through trade and investment. The Member States including Nigeria have also agreed to such prescriptions, but the overall purpose of the prescription is to ensure that a country changes its economic policies in such a way that it can repay its debt or loans. He says:

> *They offer such prescriptions, such as restructuring of the economy, liberalization, currency devaluation, etc. But the main purpose of these prescriptions is to ensure that our economy is getting strong enough to give Nigeria the chance and the means to give it back its loan.* (P7).

In agreement, another participant claimed that the policies have included deregulation and privatization, currency devaluation, elimination of subsidies by the government, liberalization, etc., generally referred to as 'policy or structural adjustments' (P8) Figure 1. In the same vein, another participant argues that policies also include trade liberalization, globalization, privatization and a reduction in the cost of government, particularly when you have too much labor force (subsidy reduction) or when there is a need to do so (P9). In the same way, another participant argued that, apart from the removal of price control, the policy of debt limitation, the privatization of national firms, the elimination of subsidies at all levels, the deregulation of all industries, trade liberalization, the minimum level of net foreign reserve, the maximum level of net domestic reserves of the central bank or the maximum level of government borrowing and structural benchmarks (P11). Participant 12, however, noted that other policies prescribed by the IMF include currency devaluation, trade liberalization, price control and deregulation policies (P12). Therefore, based on the claims of the different study participants, it was found that the basic requirements for joining the IMF were to change the economic policies of the country, as shown in the figure below. It can be seen that many of the respondents in the study reported policy adjustments.

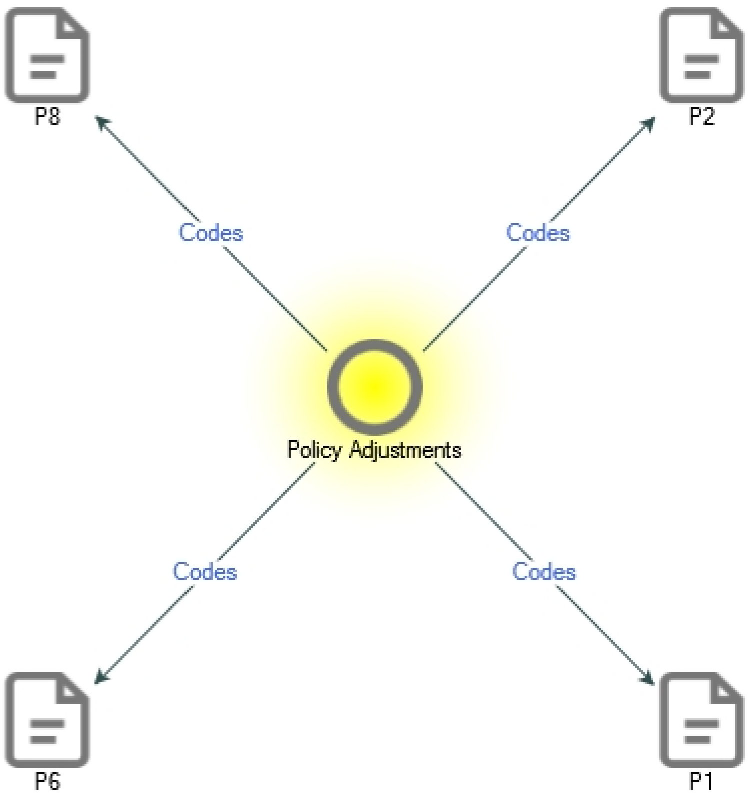


Figure 1. Thematic Map for the General Condition for Joining IMF

Therefore, the IMF policies prescribed for Nigeria as IMF loan pre-conditions are specified Figure 2. Accordingly, the results of the study showed that the policies recommended by the IMF to Nigeria which is generally referred to as the Structural or policy adjustments includes deregulation, privatization, the removal of subsidies, currency devaluation, the minimum amount of net foreign reserves, the removal of price controls, the need to apply for a loan through the country's apex monetary authority, trade liberalization, and the policy on debt limits (debt limit ceiling) etc. All of these measures are perceived to be vital for achieving the goals of securing IMF loans Figure 2.

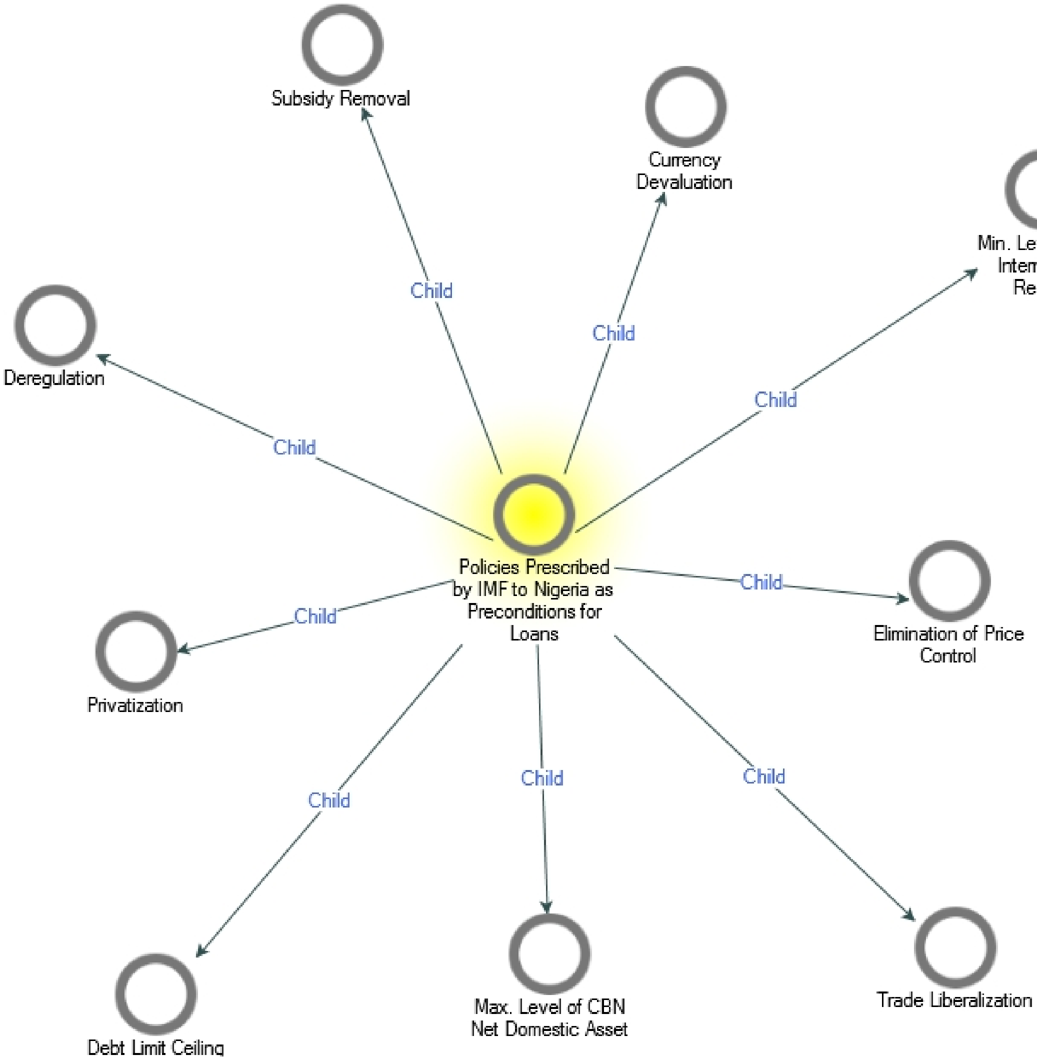


Figure 2. Thematic Map for IMF policies prescribed to Nigeria

### 4.2 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. 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 countries' wealth. In particular, 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* (P1).

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. 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 was of the opinion that 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' socio-economic 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 and Job 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. 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 (P2). 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 micro-economic 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 a number of IMF loans on the basis of 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* (P4).

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 (P5). 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 (P6). 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 of these limit Nigeria's level of socio-economic growth.* (P7).

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 (P8). 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 (P9). 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 (P10). Another participant argues that a rise in inflation rate, unemployment rate, insecurity, corruption, and also 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 also affects economic improvement (P12).

> *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.* (P12).

Therefore, the role of IMF policies in promoting development in Nigeria have mixed results. However, it is evident that the IMF policies have serious adverse effects on Nigerian development, especially on the socio-economic sector. The (Figure 2 and 3) therefore illustrates the findings in relation to the role of IMF policy conditions on Nigerian development.

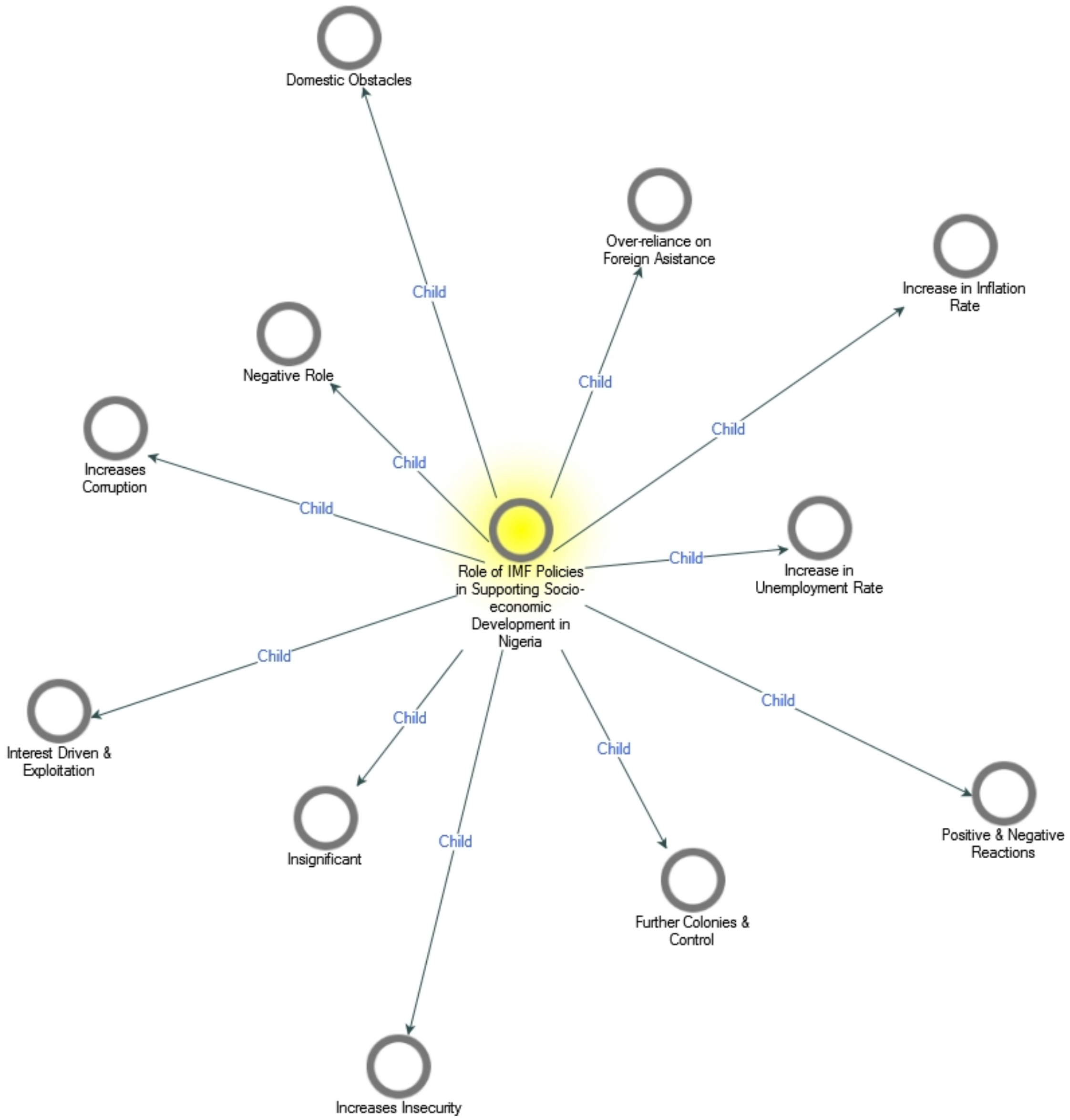


Figure 3. Thematic Map for the Role of IMF policies in Supporting Development

## 5. Discussion of findings

The study revealed that some of the reasons why Nigeria joined IMF was in other to achieve its economic stability, economic growth, and development, to achieve financial stability, reduce poverty and unemployment, and also to achieve efficiency in the use of limited available economic resources while reducing overdependence on oil. It is also discovered that the IMF requires the majority of its member states to accept the membership application of a potential member so as to ensue unity and harmony between and among all its members. This is to foster economic relationship between the countries thereby increasing their chances of achieving their individual and collective objectives. This is in agreement with (Tien et al. 2019) reported that the basic mission of the IMF is to ensure the stability of the international monetary system. However, the result of the study shows that there are certain structural policies that the IMF prescribed to Nigeria as structural adjustments and conditions before loans can be issued to the country. These policies are, however, not only applicable to Nigerian government but to all of the member nations seeking for assistance from the organization. These policies include deregulation, privatisation, subsidy removal, currency devaluation and trade liberalisation, elimination of price control, debt limit policy, minimum level of net international reserve and maximum level of CBN net domestic assets, etc. These policies are prescribed so as to create a welcoming ground necessary for FDI and also to ensure the repayment of the loan issued. This findings tallied with a number of studies in relation to the IMF policy conditionalities for loan prescribed to developing countries (Aloysius-Michaels et al., 2020; Muhumed and Gaas, 2016; Stubbs et al. 2017; Tien et al.2019).

Looking at the response of the study respondents as well as the relevant literature, it is known that since it is double sided, the impact of IMF policies cannot be generalized. This is because others see the positive side, while the negative side is seen by others. It is also necessary to remember that a policy may be hopeful and expectant, whereas in the same economy, another policy is negative. This simply implies that while one is attracted towards promoting growth, another will oppose growth within the same economy. This finding correlates to the findings of Daoud and Reinsberg. (2019), there is no question that IMF loans and programs may have contributed to Nigerian economic growth and development in one way or another, but it is also important to remember that at one point or another the policies implemented have also obstructed the economy. For example, the devaluation policy of the IMF currency, as well as trade liberalization and privatization policies, have left Nigeria's economy open to exploiters and economic saboteurs who are only there to canker-worm their limited economic capital. It has also been found that the removal of subsidies has a negative impact on the economy as it appears to raise the level of inflation, poverty and the prices of goods and services, thus reducing the purchasing power of the people and thereby reducing the standard of living of the people. The role of the IMF in Nigeria is debated in the context of the theory of neoliberal interdependence, on the basis of this argument. Global financial interdependence and the spread of the theory of neoliberal economics have deepened economic globalization (Skovgaard, 2017). The full adoption by the IMF and the World Bank of neoliberal economic policies on market liberalization, privatization, austerity measures and free trade has become a crucial and distinctive feature of today's global economy (Nooruddin and Simmons, 2006; Yan et al. 2019). The experience of Nigeria with neoliberal economic policy is a classic example of a society that has rapidly moved from a relative welfare state to an ad-hoc welfare state and a total free market economy (Ekanade, 2014). In addition to neoliberal policies under civil regimes from 1999 to the present, the introduction of Structural Adjustment Programs (SAPs) in the country between 1986 and the early 1990s, has had colossal repercussions on the national growth and development of Nigeria (Akyuz, 2019; Frimpong, 2020; Ismaila, 2016).

## 6. Conclusion

The study concluded that there are some policies prescribed by the IMF to promote the achievement of the socio-economic growth of Nigeria, based on the results of the review of the data collected. Some of the policies prescribed by the IMF include deregulation, privatization, price control, abolition of subsidies, devaluation of currencies, debt ceiling policies, and liberalization of exchange. The study also concludes that over the years, IMF policies have not contributed, but have impeded Nigerian socio-economic development. On this basis, the study recommended that the Nigerian government and policy makers try to thoroughly assess and review any policies prescribed by any national or international organization before implementing them in order to ensure that such policies and programs would be economically beneficial to the development of Nigeria and also have the potential to improve lives. Strategies and initiatives to cushion the negative impact of any policies that can be enforced directly or indirectly, completely or partially, should be created by the government. This will ensure that the economy is not socially or financially completely destabilized.

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