Interrogating the International Monetary Fund (IMF) Policies in Nigeria, 1986–2018

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Interrogating the International Monetary Fund (IMF) Policies in Nigeria, 1986–2018

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Abstract: From the 1980s, Nigeria’s economy has witnessed severe stagnation. While Eurocentric literature pinpoint the Nigerian civil war and her leaders’ corruptive tendency as the prima facie, Afrocentric literatures trace 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 IMF policies in the country. This paper in part, demonstrates that IMF policies in Nigeria vis-à-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 misgovernment administration perpetuated the economic woes and fostered the backwardness of the country. Employing primary and secondary sources, the paper posits that a more inclusive economic system devoid of the current extractive economic policies would revitalize its fortunes.

Subjects: Development Studies; Politics & Development; Regional Development; Sustainable Development; Cities & the Developing World; Economics and Development; Environment & the Developing World; Media Communication; Histor; Philosophy

Keywords: IMF; SAP; Nigeria; Policies; Programmes; Economy

1. Introduction

The paper addresses the economic difficulties of the nation by interrogating the International Monetary Fund (IMF) conditionality as well as Structural Adjustment Programmes (SAP) in Nigeria. Critics of the implementation of the IMF in Nigeria in 1986 had become wary of government policies; hence their objection at the stipulated reasons for the country’s involvement. Evidently, the clamour for restructuring various ‘damaged’ sectors in Nigeria is growing rapidly as alleged by opinion polls, scholars and analyst who opine that one hundred years after the amalgamation of the Northern and Southern Protectorate, the nation still remains in crisis. This is

PUBLIC INTEREST STATEMENT

The missionary education curriculum had been hotly debated among African scholars. They argued that they taught subjects which subverted African indigenous knowledge and culture. Thus, in their haste to produce court clerks, interpreters and catechists, they produced alienated Africans who looked down on their culture and tradition as “barbaric and heathen.” However, at the outset of the missionary educational establishment, the pioneer students were largely stigmatized. The social ostracism suffered by these pioneers of western education in Onitsha Province is unknown in scholarship. Despite their molestations and intimidation from the society against these schoolboys in colonial schools, they later formed the bedrock of professional bodies in Onitsha urban city.

Conclusively, the training and skills these pioneer schools’ boys received from the mission schools and Cambridge college contributed to the development of the modern Onitsha city.
partly due to over centralization of the commanding heights of the economy at the centre. This no doubt has hindered the country’s economic growth and development in recent times. From various arguments emanating from the so-called restructuring, a central unifying thought is that there has been inadequate attention, as regards the international economic policies and programmes, initiated and signed by past Nigerian leaders. This has had a profound effect in truncating the economic fortune of the once “giant of Africa.” The basic conclusion on why Nigeria accepted the IMF and its conditionalities of SAP had not received scholarly attention especially as regards economic and natural resources control by the constituent units of the federation. This gap in knowledge is the thrust of the paper.

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. This enviable record was achieved through the exportation of cash crops and raw materials as well as through the total consolidation of her domestic crops 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, 2014). More so, there was 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, 2012). This comment by General Gowon epitomizes poverty of leadership in Nigeria. An emergent country that needed expansion of its economic base, industrialization, infrastructural development because of temporary fortune arising due to oil boom, suddenly lost vision of development. At the point “the rich young man” General Gowon boasted of not knowing what to do with money, 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. Nigerian economy was export dependent, with little or no significant local production. Nigerian economy was like a house built on quicksand, which at the puff of a strong wind collapses. 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 tooth pick 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. Significantly, the naira was over valued 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.\(^1\) Indeed, this is a superficial assessment of Nigerian currency, Naira. Naira, was not convertible at the international foreign exchange market. Thus, in the 1980s, when there was world-wide 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 the least, Nigeria was not heavily indebted (Ikejiaku, 2008). It is lamentable that Nigeria did not know what to do with its excess foreign exchange earning 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 in 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.

Not surprisingly, Nigeria known with good prospects of abundance has become tantamount to a debtor with incurable debt, huge budget deficit, corruption infested arena, and currency devaluation.\(^2\) In the 1990s, the country’s economic collapse became inevitable. The liveliness
and vitality of banks and business houses were often ruined by galloping inflations (Adegbie et al., 2013). This is also true of transportation systems which were found always to be in a complete state of disarray owing to fuel scarcity or hijacked fuel prices (Olowu, Laleyia & Ayeni, n.d). Roaring in the background also were intimidating poverty and unemployment which were breeding in a steady format (Aiyedogbon & Ohwofasa, 2012). Indeed, the golden era has evaporated and Nigeria is currently a “beggar and a debtor” nation. The country since 2015 has been witnessing economic recession which has left the citizens to survive with a daily income of 1.06 USD (₦610).

In the midst of economic difficulties, Nigeria recourse to borrowing. Its debt ballooned. Borrowing in itself is not a bad idea afterall. But when such loans are not utilized to drive the economy, especially when government officials corruptly siphoned it or the issue of siting a major industry such as steel is not based on a feasibility study but on the whim of the leader, then the country would be saddled with debt expungement for years with little prospect of bouncing back. Danso (1990) opined that the situation of the IMF policies worsened in sub-Sahara Africa (Nigeria inclusive), thus the debt burden was 57.5 USD billion in the 1980s which meant that of the 50 USD billion that the region could obtain from exports nothing could be retained for social investment because it was barely sufficient to pay off the principal of the loan. The objective of the International Monetary Fund has been the enhancement of the stability and growth of world economies by rendering technical, financial, managerial and counselling assistance to nations of the world who are bona fide members (Fritz-krockow & Ramlogan, 2007). The ‘conditionality’ that accompanies IMF’s facilitate, judging by Nigeria’s waywardness from the very first time she received structured assistance, is like a poisoned chalice that strangled her economic immune system. Of a truth, the IMF has proffered solutions and rendered substantial assistance such as loan and counselling to Nigeria in the hope of jumpstarting its economy to little avail. The conditionality became an open cheque for the sub-Saharan countries as a justification for an enabling economy. Sad to say that between 2010–2018 the number of countries unable to service their debts increased by 100 percent Obeng-Odom, 2020; Giles & Pilling, 2018).

The scope of 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 through the use of qualitative methodology. This methodology utilized oral interviews, government reports, published articles, magazine and unpublished projects 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.

2. A brief overview of IMF
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 world economy (Fritz-krockow & Ramlogan, 2007). Following its conceptualization in the UN-sponsored Monetary and

| Year     | Poverty | Unemployed | Agriculture | Manufacturing | Service | Population | Inflation |
|----------|---------|------------|-------------|---------------|---------|------------|-----------|
| 1987–1991| 4.4     | 10.6       | 2.8         | 2.82          | 5.6     | 104.6      | 27.4      |
| 1992–1996| 3.6     | 10.8       | 2.6         | 2.7           | 5.4     | 103        | 13.5      |
| 1997–2001| 6.7     | 12.9       | 3.1         | 2.1           | 5.7     | 104.4      | 12.6      |
| 2002–2006| 5.7     | 13.6       | 2.9         | 2.9           | 6.6     | 105.6      | 11.7      |
| 2007 – 2011| 6.0    | 18.5       | 6.2         | 8.3           | 29.1    | 3.2        | 10.8      |
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, 2004). At the moment, it has 189 member countries. 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. Thus, with the aim of preventing another strand of economic upheaval led to IMF conceptualized and established.

According to Article 1 of IMF handbook, the IMF has six mandates all of which are unanimously channeled to 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 the 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 custom administration (Woods, 2006).

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. They include the IMF Articles of Agreement, quota subscriptions, refrain from restrictions on exchange of foreign currency, and openness in economic policies affecting other countries (IMF, Handbook). Among the assistance policies rendered include the loan or lending conditionality and counselling. The content of conditionality has been the most controversial outputs of any inter-governmental organization (Kentikelenis, Stubbs & King, n.d). 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 ((Kentikelenis, Stubbs & King, n.d).

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, 2002). 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, 2002). It also holds bilateral discussions with members usually every year under Article IV Consultation Program. In Nigeria, IMF has adapted and implemented a policy and program referred to as Structural Adjustment Program otherwise referred to as (Washington Consensus)5 with its consequent loan conditionality. The IMF has also engaged Nigeria in Article IV Consultation Program; the most recent being the 2017 and 2018 bilateral discussion (Article IV Consultation Program).

3. IMF policy in Nigeria: Structural Adjustment Program (SAP)
Nigeria has been a bona fide member of 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 remains a recurrent question thus requiring brief explanation.

However, Nigeria had been a purely agro based economy until oil was discovered in Oloibiri in present day Bayelsa state in 1956 (Danladi & Peter, 2016). By mid-1960s and early 1970s, she had become a mono-economy, dependent on crude oil export almost entirely. Nigeria’s position as Africa’s leading oil producer and exporter, with a partly explored huge gas potential, the ‘oil war’ in the Niger Delta is of critical importance to Nigeria’s economic growth and political stability (Obi & Rustad, 2011). Hence, at the same time petrol was fetching an enormous profit in the world market, Nigeria being one of the very few oil exporting third world countries of Africa exploited
the golden opportunity offered by the oil boom and made substantial wealth (Amaghionyeodiwe & Udeaja, n.d.). This upswing in oil fortunes led to the gross neglect of non-oil sectors particularly agriculture which had hitherto been the mainstay of the economy (Amaghionyeodiwe & Udeaja, n.d, 62). By the second half of the 1970s, the economy had transformed from being an agro-petrol one to being oil based; as traditional exports of the country were rapidly approaching their vanishing point. Oil dominated the economy accounting for about 80% of the Federal Government’s revenues and 95% of foreign exchange earnings.

Unfortunately, there was a rapid fall in the price of oil which was due to world-wide oil glut with the consequent decline in foreign exchange earing for the country. This sharp fall in the prices of international oil extended to the early 1980s, early 1985 and late 1986 thereby leaving Nigeria’s economy almost at the verge of collapse (Dappa and Daminabo, n.d). The collapse of world oil price and the sharp decline in petrol output, the latter resulting from a lowering of Nigeria's OPEC quota in the early 1980s also brought the country’s economic and financial position to a precarious state ((Dappa and Daminabo, n.d). Against this backdrop, the sudden oil price shock created a balance of payment deficit in Nigeria’s economy (Imimole & Enoma, 2011). Ranging from her inability to meet her domestic financial obligations to difficulties in servicing her foreign debt, the Nigerian economy shrank. It is this economic difficulty that led to the intervention of IMF in 1986 together with its Structural Adjustment Program (SAP).

Structural Adjustment Program is trenchantly seen as the adoption of macro-economic measures and strategies to reform a non performing economy (Danladi & Peter, 2016). Based on a policy of privatization and commercialization of public utilities, removal of subsidies, liberalization and self-reliance, it is an economic measure aimed at revamping the economy (IMF, Handbook). From the perspective of IMF, the objectives of SAP in Nigeria are as follows: to restructure and diversify the economy by curtailing Nigeria’s over-reliance or dependence on the oil sector thus stimulating the development of non-oil sectors; to curtail inflationary growth to the economy by removing all barriers to effective and efficient trade; to attract foreign direct investment to Nigeria through the adoption and implementation of deregulation and privatization policies; to create employment opportunities for Nigeria and to reduce public expenditure and entrench prudent financial management of the economy.

Indeed, the above SAP objectives in addition to the loan that accompanied if properly implemented would have led to the revitalization of the economy. Thus, Nigeria judging by its precarious economic condition at the time could hardly resist this offer. The IMF prescriptions required fiscal discipline which was lacking among its economic managers. In other words, the conditions became the necessary procedures which were to be adopted by the Nigerian government, and its implementation 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:

- Rule of the market;
- Cutting public expenditure for social services;
- Deregulation, Commercialization and Privatization;
- Elimination of public goods;
- Removal of subsidies (Petrol subsidy) and abolition of agricultural Marketing boards;
- Devaluation of Naira;
- Staff rationalization in government ministries, parastatals and agency (IMF, Handbook).

These measures require belt-tightening and abandonment of extractive policy prevailing in Nigeria. As Daron Acemoglu and James A. Robinson (2012) observed that:
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. (p. 83)

Acceptance of IMF conditionality connotes economic difficulties; its rejection would as such lead to a parlous economic situation. Indeed, this was no easy choice.

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. 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. With regard to this, both governments were convinced that their administration could not comply with all the conditionality or procedure 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.

It is also possible that harsh conditions were intended by the IMF to make the military regime in Nigeria unpopular thereby forcing a regime change. Certainly, the loan was a devil’s alternative and devaluation of Nigerian currency, an additional economic burden. Industries, exchange rate, currency devaluation, employment, banking and finance and oil subsidy were the areas worst hit (Abdulrauf, 2000). Nigeria’s currency has been over-valued and to make it convertible with major world currencies inevitably required devaluation. Devaluation of the Naira would enhance export of Nigerian goods, giving small and medium scale manufacturers opportunities to expand production and export their products. Government officials used to benefitting from import license regime found this idea difficult to implement. A convertible Naira removes a lot of bottlenecks and allow individual manufacturers to import raw materials and equipment without the internal bureaucratic red tapism.

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, naira exchange rate to the dollars 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 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 naira to the dollars further lowered from ₦305.7 to ₦360 as at 7 September 2018 (CBN, 2020). This devaluation of the naira as one of IMF’s loan conditionality eroded the purchasing power of average Nigerians. 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 subsidy which further compounded the problem as subsidy removal increased import bills. This also worsened the position of manufacturing industries which were largely dependent on imported machinery, spare parts and raw material (Abdulrauf, 2000). 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 high costs of imported inputs incurred due to subsidy removal and currency devaluation (Abdulrauf, 2000: 9). This resulted in more economic hardships on the ordinary people a significant turnaround in view. An inclusive
economic system would in the long run benefit the country more than the previously held stand of extractive economic system. Petroleum subsidy is beneficial to the rich that import the refined petroleum from abroad even though Nigeria is an exporter of crude oil. The self-elite had refused to liberalize the petroleum industry sector for more Nigerians to participate. The state-owned refineries had broken down or produce at abysmally below capacity. A more inclusive economic system is urgently needed in the country. Again, the railway transportation system is still being controlled by the state. It is poorly managed and inefficient yet the government does not want private sector participation. If the railway transport sector is privatized, it would lead to competition and efficiency. A large chunk of the country is not covered by the state-run railway transport. Little wonder the economy is in dire straits and the majority of the people are facing hard time.

Furthermore, the removal of petroleum subsidy caused demonstrations in Nigeria. In April 1989, an increase in the price of petrol precipitated a month of protest (Abdulrauf, 2000: 9). Beginning as a peaceful students’ demonstration in the city of Jos, it escalated into riots/unrest and nationwide strike by the workers. The protest was as a result of subsidy removal effects on transportation. Devaluation also exacerbated unemployment crises as local firms drastically minimized its workforce in order 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, 2000: 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. For instance; in early 1986 (where N is for Naira and K is for Kobo), a newly appointed university lecturer with doctorate degree earned ₦7,550 annually (equivalent of 3,737 USD). At the same time, a family size loaf of bread cost ₦2.50k (equivalent of 5 USD), and a national daily newspaper cost 50kobo (Ogbimi, 2001). However, in 1994, a national newspaper costs ₦2.00k (equivalent of 44.66 USD), and a family size loaf of bread was sold for ₦5.00k (equivalent of 111.65 USD) while the lecturer’s annual income increased only to ₦17,731 (equivalent of 794 USD) (Ogbimi, 2001). As asserted by an informant Isiani (2018) “I was very matured in 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 that the full dosage is not completely administered, the ailment would persist. The snake appears to have been scotched but not killed. The economic difficulties continued to linger until the full dose is taken.

Additionally, deregulation, cocommercialization and privatization initially compounded unemployment crisis and enthroned mass poverty. In fact, its socio-economic costs on people could be gleaned from the below.

Extracted from Aiyedogbon and Ohwofasa, 2012: 274.

The data in the table above shows that unemployment crisis and poverty trend expanded on yearly basis as to be compared with population increase. Under privatization, there was a massive retrenchment of workers; as over 55 public enterprises were privatized between 1988 and 1999 (Magaji & Adamu, 2011: 693). Also, through staff rationalization of public institutions, many civil servants lost their jobs with an accompanying concomitant cataclysmic consequence of social dislocations: as many bread winners in families lost their jobs without any social welfare scheme provided by the Nigerian government. It did also lead to civil unrest, riots and rise in crime rates. Besides civil unrest, riots and rise in crime rates, privatization lowered life expectancy and literacy rates among middle and low-income Nigerians (Magaji & Adamu, 2011: 693). Obviously, privatization is to be considered the hallmark of capitalism. This is a pointer to the fact that capitalism is indeed profit inclined. Once privatized, schools, hotels, firms and hospitals began to charge unaffordable fees. Due to high costs of health care and education, many were discouraged from seeking health care in hospitals and furthering their education. This situation led to the
proliferation of quack doctors and fake drugs as many could barely afford good hospitals and drugs. A 1990 Newswatch reports that in this period, as to be compared to the 1970s, more Nigerians lost their lives due to minor illnesses that were left untreated. Illiteracy levels were also calculated to have skyrocketed as compared to the 1970s. Adding to these horrors, privatized institutions like firms and hospitals, driven by making profits solely, sold expired goods and drugs and this raised the number of death to an alarming rate. For instance, a study conducted by drug experts in Nigeria in 1989 indicated that 25% of samples studied were fake, 25% genuine and 50% inconclusive (Akunyili, 2005).

Also included in the troika of deregulation, commercialization, and privatization is trade liberalization. The essence of this is that Nigeria’s market was to be open with little or no restrictions on imports and exports. Import tariffs were decreased to allow the flooding in of foreign goods (Low, n.d). This was aimed at increasing local production which would automatically force local manufacturers and farmers to be more competitive. The implication is the abolition of marketing boards that were created to control price and help farmers sell their produce (Low, n.d). Firstly, it brought about the neglect of locally produced goods and also discouraged the production of domestic staples and did not in any way encourage competition. This is concurrent with the fact that when import tariffs were removed, cheap foreign goods would flow into the country: thus, impairing the competitiveness of local industries both in the domestic environment and in the export market (Babatunde, n.d). This destroyed the vitality of local industries (Olukoshi, 1996). Secondly, the abolition of marketing boards worsened the situation as price controls that helped farmers to market their goods were absent (Olukoshi, 1996: 1–3). In a nutshell, individual sense of purpose was lost as farmers were stripped of directives. Subsequently, cutting down public expenditure introduces another dimension to the nation’s handicap. This is underlined by a reduction in the size of budget deficit and by the introduction of greater budgetary discipline. This is also significant in increasing taxation—Value Added Tax (VAT). Although most Nigerians did not bargain for this, General Babangida simply turned a blind eye as only the citizens bore the brunt. This had a similar effect with privatization—unemployment, lower life expectancy, lower literacy rate and lower productivity. Between 1986 and 1999, when Nigeria government adopted the fiscal austerity, millions of her citizens were worse off. For instance, the reduction in the funding of the health care sector during this period led to a lessened number of trained medical doctors (Ogunbekun et al., 1999). It also resulted to drug scarcity and in like manner, to the erection of no new hospitals. These factors necessitated a clamp down on the life span of most Nigerians (Ogunbekun et al., 1999).

Indeed, there is no doubt that IMF conditionality entails pain, but it is not all gloom. The creative instincts of Nigerians were challenged. The opening up of the economy ruptured those that had traditionally depended on government jobs and contracts but to the vast majority of Nigerians it was opportunity to create wealth through the establishment of small and medium scale businesses. Even the brain drain of medical doctors and academia was compensated with their direct remittances to their families.

Apart from the horror which each conditionality enthroned, the loan itself fostered corruption. The monies derived from the sale of oil was squandered by the Nigerian government and was 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., 1999). 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 also for personal self-luxuries—air-conditioned chambers and exotic cars. The rest of the nation’s revenue were injected into financial accounts of foreign countries. An instance was the money discovered in a Swiss bank: a significant part of Abocha’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. Therefore, although the history of Nigeria and its debt crisis is long, the advent of the 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). Overtime, 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. 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 ₦2.01 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. 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 Daron Acemoglu and James A. Robinson (2012) 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 (p. 116)

4. IMF Program in Nigeria; Article IV Consultation Program, 2017–2018

Article IV Consultation Program is an IMF strategy that carries out bilateral surveillance with member countries through annual consultations (IMF Handbook, 2018). During this meeting with officials of member countries, IMF staff members analyze these countries economic developments and policies. With the data obtained, this essay present evidences that are prerequisites to the country’s economic modification. In Nigeria, available records have shown that IMF has been engaged numerous in these annual consultations, the most recent being the 2017 and 2018 Article IV Consultation.

5. Reflections on 2017 recommendations

On 29 March 2017, the Executive Board of IMF concluded the 2017 Article IV Consultation with Nigeria and came up with the following recommendations:

- Ambitious hard driving structural reform should be embarked by the government;
- Value Added Tax rate should be increased;
- Elimination of fuel subsidy by establishing an independent fuel price setting;
- Central Bank of Nigeria should engage in tighter monetary policy, forex derestricion and exchange rate unification;
- CBN should increase bank monitoring, adopt a benefitting operational guideline and tackle the problem of low financed banks (IMF, 2017 Article IV Consultation).
Based on the enumerated evidences from the recommendations one would readily surmise that these suggestions have positive long-term impacts. Although some of the recommendations are consistent with the country's economic recovery efforts, others are hazardous and detrimental. In fact, some of the recommendations are still in line with SAP's loan conditionality which include—Increase in Value Added Tax rate, elimination of fuel subsidy, tighter monetary policy, forex derestricion and exchange rate unification (Abdulrauf, 2000).

The increase in VAT through subsidy removal in 1986 and 1990 was one major policy action that enthroned suffering among the people (Isiani, 2020). Food items skyrocketed and fuel price per liter rose to its peak (Nworah, 2020). Here again in 2017, the IMF proffered the same recommendation similar to the loan conditionality without considering the current recession and unemployment crisis the country was passing through. Indeed, this is unsustainable bearing in mind that VAT in a period of economic recession and high unemployment is tantamount to economic disaster: as it causes weak aggregate demand which in turn aggravates greater economic recession and unemployment trend (Uwaleke, 2017). To ameliorate difficulties likely to be experienced, the government should introduce measures to cushion the people's hardship such as unemployment benefits and health benefits for the young and the aged.

On the other hand, it is to be recalled that what caused inflation crisis in the late 1980s and 1990s was the removal of petrol subsidy. It hiked the cost of transportation which in turn impacted negatively on prices of commodities. Also, the suggestion by the IMF that CBN should remove all forex restrictions, adopt tighter monetary policy and unify exchange rate is myopic and should be reconsidered as opined by Ukaogo (2020). This is because, as revealed by Uche Uwaleke (2017), when banks display preferences for fixing their fund in high yielding government securities, real economic sectors will crumble. Uwaleke (2017) further states that many petty business enterprises will suffocate under a harsh environment occasioned by the high interest rate regime leading to loss of jobs. More so, the cost of servicing the country's public debt will rise when monetary policy rate is heightened. Similarly, the stock market will be impacted negatively as equities will become less attractive to portfolio managers. Certainly, the increase in VAT; the elimination of fuel subsidy; the unification of exchange rate; deregulation of forex and monetary policies as recommended by IMF is to be considered as its best, the subsequent economic alternative for the country. The implementation of IMF recommendations should be staggered but firmly implemented if the country is to get out of the woods economically.

6. Reflection on 2018 consultation
On 5 March 2018, the executive board of the fund concluded Article IV Consultation with Nigeria and with proper staff appraisal, a number of recommendations were considered (IMF, 2018 Article IV Consultation).

- 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;
- There should be an ambitious tax policy measure (Increase in Value Added Tax);
- Increase in excise (greater subsidy removal); and rationalizing tax incentives;
- Increased monitoring of the fiscal position of the state and local governments;
- There should be an 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. For instance, increase in VAT, subsidy removal and the implementation of auto-fuel pricing mechanism are hazardous since it doesn't enthron competition. 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, 2000). If recovery of fuel subsidy 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 severely been challenged as crisis. Some of this crisis especially the food insecurity the country is witnessing today has had its root from these recommendations (Isiani, 2020) because the citizens would not survive the hardship especially those living in the 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 (Nworah, 2020) who could not get work occasionally are been used for election rigging as employment opportunities from their actualized degrees are been suspended in limbo by the leaders. Those who could secure employment pay heavy tax, pay house rents, use generator to power their houses, maintain roads and often provide water for themselves without savings from their salaries (Ezeani, 2020). The collection of loan from 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 require economic reforms. Immediate stoppage of subsidy 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 benefit for the unemployed while at the same time subsiding petroleum products.

7. Conclusion
IMF prescriptions are painful but necessary options towards revitalizing Nigeria’s wobbling economic outlook. An inclusive economic policy would open the economy and allow its vibrant population to play significant role for 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 which they hardly execute to the letters 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.

Removal of subsidy 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 need to open up economic space to allow the private sector to play a leading role in it. Government involvement in commercial ventures have been detrimental to the economy. Before private participation in telephone network, it was difficult to put a call across to relations outside the country. Access to 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 the society.

The public service is over bloated. A more rationalized workforce would enthrone efficiency. Those workers to be retrenched can be retrained in other endeavours and adequate compensation paid to alleviate the difficulties they would encounter in the process of searching for new jobs. These measures would be very painful initially but in the long run it would jumpstart the economy. The creative energies of Nigerians would be released. Many small and medium scale businesses would spring up here and there. Gradually, Nigeria would start on the road of industrialization. Industrialization would be driven by the private sector.

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 Nigeria's economic boom.
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Notes
1. Price of consumer goods in the first half of the 1970s is low when compared to their prices in the second half of the 1980s and throughout 1990s to the present. See the prices of bread below.
2. National Center for Economic Management & Administration (NCEMA), "Structural Adjustment Programme in Nigeria: Causes, Processes and Outcomes." Nos 1 & 3, Oba Akineye Avenue, Old Bodija Estate (Undated), 2
3. For the Conditionality that accompanies IMF assistance, see IMF Handbook, 25–29.
4. The division of Policies of International Monetary Fund is based on our personal understanding from International Monetary Fund Handbook.
5. The Structural Adjustment Program that was being propagated by the World Bank, the International Monetary Fund (IMF) and the western imperialists was actually known as Washington Consensus, which was originally designed for Latin American countries by John Williamson.

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