



INTERNATIONAL MONETARY FUND CONDITIONALITY AND ECONOMIC DEVELOPMENT IN NIGERIA (2015–2023): BETWEEN STABILISATION AND STRUCTURAL DEPENDENCY

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Abstract

This study critically examines the impact of International Monetary Fund (IMF) conditionality on Nigeria's economic development from 2015 to 2023, a period distinguished by heightened fiscal austerity, exchange rate volatility, rising poverty, and increasing indebtedness. Grounded in Dependency Theory and Complex Interdependence Theory, and drawing on a mixed-methods survey of 347 respondents drawn from the Central Bank of Nigeria, the National Bureau of Statistics, the Federal Ministry of Finance, and IMF Nigeria Office staff, the study finds that IMF policy prescriptions, including subsidy removal, trade liberalisation, and structural adjustment, have yielded limited positive outcomes for inclusive economic development in Nigeria. Specifically, findings indicate that structural reforms linked to IMF support have widened income inequality (85.6% respondent agreement), urban livelihoods have been adversely affected by austerity measures (64.1%), and poverty levels have increased as a result of IMF economic policies (71.0%). Bureaucratic inefficiencies (89.3%) and corruption (76.5%) remain critical institutional barriers that undermine the effectiveness of IMF interventions. The study concludes that, while IMF programs contribute to short-term macroeconomic stabilisation, their broader developmental impact in Nigeria is constrained by governance deficits, contextual misalignment, and structural dependency dynamics. Policy recommendations centre on diversifying the economy, strengthening anti-corruption frameworks, anchoring monetary policy credibility, and pursuing participatory conditionality design that prioritizes long-term human development outcomes.

Keywords: IMF Conditionality; Economic Development; Nigeria

1. Introduction

The relationship between international financial institutions and the economic trajectories of developing nations remains one of the most contested domains within political economy and development studies. Since the Bretton Woods era, the International Monetary Fund (IMF) has occupied a central yet controversial role in shaping the fiscal architecture of member states, none more prominently than sub-Saharan African economies, which have engaged with IMF programmes under conditions of chronic balance-of-payments stress, structural fiscal deficits, and recurring external debt crises (Stiglitz, 2017; Collier, 2020).

Nigeria, as Africa's largest economy by nominal GDP, presents a particularly compelling case for empirical interrogation. The country's economic experience from 2015 to 2023 is characterised by intensified IMF engagement during successive administrations, sharp depreciation of the naira, surging external debt, reaching NGN225,515.5 billion by 2023 (Central Bank of Nigeria, 2023), escalating unemployment, and persistent poverty. By 2022, approximately 105 million Nigerians were estimated to be living in extreme poverty, cementing Nigeria's position as one of the world's largest reservoirs of the absolutely poor (World Poverty Clock, 2023).

The paradox is stark: despite substantial IMF financial assistance and policy guidance across multiple decades,

Nigeria's human development indicators have remained broadly stagnant or deteriorated, particularly across dimensions of employment, income distribution, and access to basic services. Critics contend that IMF conditionalities, structural adjustment, subsidy removal, currency devaluation, and trade liberalization have imposed disproportionate social costs on vulnerable populations without delivering commensurate structural transformation (Popoola, 2020; Shafiu & Salleh, 2021). This paper addresses this tension empirically and analytically.

2. Literature Review

2.1 The IMF and Developing Country Economies: An Overview

The IMF was established in 1944 at Bretton Woods to promote international monetary cooperation, exchange rate stability, and to provide short-term balance-of-payments financing to member states in crisis (Stiglitz, 2017). Since the 1980s, IMF engagement in developing economies has extended significantly beyond its original mandate to encompass structural reform programmes, particularly Structural Adjustment Programmes (SAPs), which condition loan access on far-reaching domestic policy reforms, including fiscal consolidation, privatisation, deregulation, and trade liberalisation (Todaro & Smith, 2020).

The empirical literature on IMF programme effectiveness is deeply contested. Balima and Sokolova (2020), in a comprehensive meta-analysis of 994 estimates drawn from 36 studies, found that while the mean reported effect of IMF programmes on economic growth is positive, the estimates vary enormously, with more favourable outcomes reported in higher-income, more institutionally developed contexts, and when measured over longer time horizons. Keliwaal, Stanikzai, and Jawad (2023) similarly identify the multifaceted but conditional nature of IMF impact, highlighting the importance of institutional capacity, programme design, and governance quality as mediating variables.

In the African context, however, the evidence is generally less sanguine. Eleonu (2019) argues that IMF assistance programmes have not addressed the

structural roots of underdevelopment in third-world countries, noting the persistently lopsided terms of trade between developing and developed economies. Shafiu and Salleh (2021) document that IMF-prescribed policies, deregulation, subsidy removal, currency devaluation, and trade liberalization, while theoretically coherent within a neoliberal paradigm, have had mixed and frequently deleterious effects on economic growth and social welfare in Nigeria.

2.2 IMF Conditionality in Nigeria: Historical and Contemporary Dimensions

Nigeria's engagement with the IMF spans several decades, with key episodes including the 1986 Structural Adjustment Programme under General Ibrahim Babangida, debt relief negotiations under the Paris Club and London Club, and recurring technical assistance relationships during periods of oil price volatility (Ekpo, 2018; Ogun, 2019). Each of these interventions has generated a substantial body of scholarship examining its developmental impact.

Akubilo (2023) finds that the Policy Support Instrument (PSI) period witnessed improved macroeconomic indicators, including non-oil sector growth averaging 8.5% and inflation declining to 6%, yet poverty levels remained high and were not meaningfully reduced. This finding aligns with the broader observation that IMF interventions tend to produce macroeconomic stabilisation without commensurate improvements in distributive outcomes (Chinonso et al., 2025).

Hassan (2018) further demonstrates that petroleum sector deregulation, a key IMF recommendation, failed to eliminate fuel scarcity or reduce the subsidy burden in Nigeria, instead exacerbating inflationary pressures and reducing the real purchasing power of the population. Lyndon, Etale, and Timothy (2021) employ vector autoregression analysis to establish that IMF loan conditions have had a significant and negative impact on Nigeria's economic growth across the 1986–2018 period. The study by Bayo and Kazeem (2020), using Ordinary Least Squares analysis of 2009–2018 data, presents a more nuanced picture: while total imports negatively affect economic performance, government expenditure, VAT revenue, and non-oil

exports have positive effects, suggesting that IMF-influenced fiscal policies may have differentiated impacts depending on the policy dimension examined.

2.3 Gaps in the Literature

Notwithstanding the substantial existing literature, several critical gaps persist. First, most studies focus on macroeconomic outcomes, GDP, inflation, and debt ratios, with insufficient attention to distributional and human development effects at the community level. Second, the period from 2015 to 2023, characterised by the Buhari administration's IMF engagement, the COVID-19 economic shock, and the Tinubu administration's accelerated subsidy removal, has received limited rigorous empirical analysis. Third, institutional and governance factors that mediate IMF effectiveness in Nigeria remain underexplored, particularly regarding the roles of bureaucratic capacity, anti-corruption mechanisms, and political economy dynamics. This study addresses these gaps through primary empirical data and a comprehensive assessment framework.

3. Theoretical Framework

This study is anchored in two complementary theoretical traditions: Dependency Theory and Complex Interdependence Theory. Together, these frameworks provide an analytically coherent lens through which to interpret the ambivalent outcomes of IMF engagement in Nigeria.

3.1 Dependency Theory

Dependency Theory, as elaborated by Cardoso (1970s), dos Santos, and Rodney (1972), posits that the persistent underdevelopment of peripheral nations is not an accident of history but a structural outcome of their integration into the global capitalist system. Resources, capital, labour, and commodities flow from the periphery to the core, enriching developed nations at the expense of developing ones. Critically, international financial institutions such as the IMF are identified as mechanisms that perpetuate this dependency by enforcing market-oriented policies that serve the interests of advanced economies and global capital (Abiakpor, 1985; Igwe, 2010).

Applied to Nigeria, dependency theory illuminates why decades of IMF engagement have failed to produce structural economic transformation. The conditionalities attached to IMF programmes, subsidy removal, trade liberalisation, and privatisation tend to dismantle the regulatory architecture that developing states require to protect infant industries, manage capital flows, and pursue redistributive social policies. The result is deepened integration into global markets on unfavourable terms, structural fiscal vulnerability, and increased dependence on external financing (Shafiu & Salleh, 2020).

3.2 Complex Interdependence Theory

Keohane and Nye's (1977) Complex Interdependence Theory offers a complementary perspective. It contends that relations between states and international institutions are not characterised by simple dominance-submission dynamics but by multiple, overlapping channels of interaction across state, trans-governmental, and transnational levels. Military power is de-emphasised as a policy instrument; instead, economic interdependence and institutional bargaining become central.

In the Nigeria-IMF context, complex interdependence captures the reality that neither party is a passive agent. Nigeria requires IMF financing and technical assistance to manage balance-of-payments stress; the IMF requires member-state engagement to operationalise its institutional mandate and maintain its relevance. However, since the gains from this interdependence are asymmetrically distributed, with the IMF's conditionalities shaped by the interests of major shareholder states, the framework also illuminates structural power imbalances that condition negotiation outcomes (Crane & Anawi, 1997; Cosmas & Ozioma, 2020).

4. Methodology

The study adopts a mixed-methods research design, combining quantitative survey analysis with qualitative documentary review of secondary macroeconomic data. The primary data instrument is a structured questionnaire, administered to a purposively and proportionally stratified sample of professional

respondents with direct expertise in IMF–Nigeria economic relations. The target population comprised staff of four key institutions: the Central Bank of Nigeria (CBN), the National Bureau of Statistics (NBS), the IMF Nigeria office, and the Federal Ministry of Finance, Budget and Planning, with a total population of 15,853. Using the Krejcie and Morgan (1970) table for finite population sampling, a sample of 375 respondents was determined. Proportional stratified sampling was applied across the four institutions, and purposive sampling was employed within each stratum to select respondents with relevant expertise. A total of 347 questionnaires were retrieved, yielding a response rate of 92.5%. Primary data were collected via a structured 5-point Likert scale questionnaire administered personally and through trained research assistants between April and September 2024. Secondary data were drawn from the Central Bank of Nigeria Statistical Bulletin, Macrotrends unemployment datasets, the World Poverty Clock, and Transparency International's Corruption Perceptions Index. Quantitative data were analysed using frequency distributions and percentages computed with SPSS Version 25. Secondary data are presented as time-series charts to contextualise survey findings.

5. Results and Discussion

5.1 Nature of IMF Nigeria Relations and Development Alignment

With respect to whether IMF programmes are designed to support sustainable economic development, 50.5% of respondents agreed, while 40% disagreed. This near-even split reflects a persistent ambivalence among informed practitioners regarding the developmental orientation of IMF engagement in Nigeria. While the IMF has increasingly articulated inclusive growth, gender equity, and climate resilience as programme objectives (IMF, 2021), critics contend that the operational substance of conditionalities continues to prioritise fiscal retrenchment and debt serviceability over social investment and structural transformation (Rodrik, 2018).

A majority, 55.5%, disagreed that IMF engagements have contributed to improved fiscal discipline and

governance, while 34.2% agreed. This finding is consistent with the evidence that governance deficits in Nigeria predate and outlast specific IMF programme cycles, and that conditionality-induced fiscal discipline is frequently undermined by elite capture, rent-seeking, and institutional fragility (Acemoglu & Johnson, 2018; Mauro, 2019). Notably, 50.5% of respondents agreed that IMF economic prescriptions broadly align with Nigeria's long-term development goals, suggesting that the compatibility of IMF frameworks with national policy documents such as the Economic Recovery and Growth Plan (ERGP) is recognised by practitioners, even where implementation outcomes remain disappointing.

5.2 Socio-Economic Consequences of IMF Policies

The study's most compelling findings emerge from the analysis of IMF policy impacts on livelihoods, employment, and poverty. An overwhelming 78.5% of respondents agreed that IMF policies have contributed to increased unemployment in rural communities, a finding corroborated by secondary data showing Nigeria's unemployment rate rising from 4.31% in 2015 to 9.79% in 2021, reaching an estimated 33% in the fourth quarter of 2020 as measured by the National Bureau of Statistics methodology (NBS, 2022). Urban livelihoods, similarly, have been adversely affected: 64.1% of respondents affirmed the negative impact of IMF-related austerity measures on urban household welfare. This aligns with Stubbs et al.'s (2021) finding, across 79 countries, that stricter IMF austerity conditions are associated with higher poverty rates and greater income inequality.

The most emphatic finding concerns income inequality: 85.6% of respondents agreed that structural reforms linked to IMF support have contributed to widening income inequality in Nigeria. This quantitative assessment is consistent with the dependency theory prediction that market-oriented structural reforms in peripheral economies redistribute income toward capital and away from labour, particularly in contexts characterised by weak labour market institutions and limited social protection systems. On poverty specifically, 71.0% of respondents affirmed that poverty levels have increased as a result of IMF

economic policies. Secondary data corroborate this finding starkly: Nigeria was identified as having the world's highest absolute poverty headcount in 2018 (86.9 million people), and by 2022, the number of Nigerians living in extreme poverty had risen to approximately 105 million (World Poverty Clock, 2023). The poverty rate was estimated at 38.9% in 2023, with 87 million Nigerians below the poverty line (Okegbemi, 2024).

5.3 IMF Interventions and the Investment and Development Environment

On the investment climate, 39.1% of respondents believed IMF support has improved financial stability and the investment climate to a large extent, while 42.3% agreed only to a minimal extent. Infrastructure development showed more positive perceptions: 63.0% of respondents affirmed improvements due to IMF-supported economic reforms, a finding consistent with the observation that IMF-backed fiscal stabilisation programmes create enabling macroeconomic conditions for infrastructure financing, even where direct linkages are difficult to establish (Johnson, 2018). On inflation control, a foundational IMF programme objective, 55.5% of respondents disagreed that IMF interventions have helped reduce inflation and promote economic stability in Nigeria. This finding is notable given that inflation reduction is typically the most proximate macroeconomic channel through which IMF programmes are expected to operate. The evidence suggests that, despite programme engagement, Nigeria's inflation dynamics have remained driven by structural supply-side factors, exchange rate pass-through effects, and fuel price volatility that IMF conditionalities have arguably exacerbated rather than moderated (Gbadebo & Mohammed, 2015; Adaramola & Dada, 2020).

5.4 Institutional Constraints on IMF Programme Effectiveness

The study identifies a critical set of institutional and governance barriers that substantially limit the effective implementation of IMF-recommended policies in Nigeria. Bureaucratic inefficiencies were identified by 89.3% of respondents as a constraint on IMF policy

implementation, the single highest agreement rate across all survey items. This finding points to the fundamental mismatch between IMF programme designs, premised on effective public administration and institutional capacity, and the operational realities of the Nigerian state (Omoruyi, 2019). Corruption was identified by 76.5% of respondents as reducing the effectiveness of IMF interventions. Nigeria's Corruption Perceptions Index score remained consistently low throughout the study period, with the country ranking 154th out of 180 countries in 2021 (Transparency International, 2022). Abdou et al. (2025), in a panel study of 13 highly indebted countries, confirm that corruption significantly mediates the relationship between IMF loans and development outcomes, with lower corruption associated with more effective loan utilisation and better human development results.

Political resistance to economic reforms was identified by 54.6% of respondents as limiting the impact of IMF programmes. This structural political economy challenge, the mobilisation of vested interests against distributional reforms, has been a recurring feature of Nigeria's engagement with adjustment programmes since the 1980s SAP era (Adeleke, 2017; Oyejide, 2018). Finally, 68.2% of respondents agreed that the lack of public awareness and communication about IMF programmes reduces their developmental impact, an observation pointing to the critical role of political legitimacy and social consensus in sustaining reform programmes beyond their initial implementation phases.

6. Conclusion

This study contributes empirical evidence to the long-standing scholarly debate on the developmental impact of IMF conditionality in sub-Saharan Africa, with Nigeria as the analytical locus. The weight of survey evidence, corroborated by secondary macroeconomic data, supports the proposition that IMF engagement during 2015–2023 produced at best a modestly stabilising macroeconomic effect but failed to generate the inclusive economic development outcomes that effective poverty reduction, employment creation, and income equality require. The study's findings are

theoretically coherent with both Dependency Theory and Complex Interdependence Theory. Dependency Theory illuminates the structural power asymmetries that condition IMF–Nigeria relations and explains why conditionality packages designed within a neoliberal paradigm produce systematically unfavourable distributional outcomes in peripheral economies. Complex Interdependence Theory captures the reality that Nigeria's engagement with the IMF is not passive acquiescence but an active, if asymmetric, negotiation shaped by mutual interests, international commitments, and domestic political economy dynamics. The critical enabling conditions for IMF effectiveness, institutional capacity, governance quality, political consensus, and contextual programme adaptation, remain substantially absent in Nigeria, reinforcing the argument that the effectiveness of IMF conditionality is ultimately mediated by domestic institutional and political economy realities that external programme design cannot substitute for.

7. Recommendations

Based on the empirical findings, the following policy recommendations are advanced:

- i. The Nigerian government should pursue a systematic diversification strategy, moving beyond oil dependency toward agriculture, manufacturing, technology, and services, as the precondition for reducing structural vulnerability to IMF-determined stabilisation cycles. The Economic Recovery and Growth Plan's sectoral diversification provisions should be operationalised with measurable, time-bound targets linked to specific investment and regulatory reforms.
- ii. The IMF programme design for Nigeria must be adapted to incorporate robust social protection floors that protect low-income and vulnerable populations from the distributional costs of fiscal consolidation and subsidy removal. This requires the IMF's adoption of a conditionality framework explicitly informed by poverty impact assessments.
- iii. The Central Bank of Nigeria should deepen the institutional credibility of monetary policy through transparent communication frameworks and evidence-based interest rate management, reducing the inflation volatility that undermines business investment and household welfare.
- iv. Anti-corruption mechanisms, including independent oversight of IMF-financed projects, beneficial ownership registries, and strengthened public financial management systems, are prerequisites for translating IMF financing into effective developmental outcomes. The Nigerian government should treat governance reform not as an IMF imposition but as an intrinsic national development priority.

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