Assessing International Organization's Policy (IMF and World Bank) on Nigeria Economy and its Implication on National Development: A Review of Structural Adjustment Program (SAP) and Nigeria's Current Economic Predicament.

Abeeb Muhammed Abideen PhD
Federal Polytechnic Damaturu Yobe State Nigeria
School of Management Science
Department of Public Administration
DOI: 10.56201/ijssmr.vol.11no6.2025.pg174.183

Abstract
This article examines the emergence, objectives and impact of the Structural Adjustment Programme as a policy of International Organization (UN) in Nigeria under its agencies International Monetary Fund (IMF) and World Bank (WB) with particular emphasis on the economy. It examines the implementation strategies of this economic reform and contends that SAP policies led to the collapse of Nigeria Economy, heightened unemployment and social insecurity. It also contends that SAP led to the collapse of Nigeria state which gave fecundity for ethno-religious manipulations and further affected the Nigeria labour sector and caused intense strain and disorganization of labour movements, this was manifest in sporadic industrial disputes and strikes which hampered economic development in Nigeria, it has also led to violent conflicts, insurgence, terrorism, kidnapping, banditry and armed robbery among others. From a political-economic theoretical paradigm, this paper concludes that SAP culminated to identity transformation, conflicts and economic crisis in Nigeria. Secondary source of data is employed, focusing on existing documentary, articles, journals periodicals, textbooks and internet materials. It is the belief of this research work that structural adjustment program (SAP) has done more harm than good to Nigeria economy and it is high time the policy is halt or fine-tuned, else it made lead to total collapse of the economic and political system with more catastrophic consequences such as increase crime rate, insecurity, unemployment inflation, high cost of living and increase poverty among others. Nigeria government must look inward and fashion out her own home-grown economic policies and programs if really the country wants to toy the part of growth and development.

Keywords: *Assessing, Effect, International Monetary Fund (IMF), Structural Adjustment Program (SAP) ,Economy,*

Introduction

There is no doubt that international organizations policies have tremendously influenced the direction of programs and policies of many countries and societies especially third world countries (Africa, Asia and Latin America) among others, these policies have in many ways enhanced growth and development in many countries, while some have had negative impact on some other societies. The World Bank, International Monetary Fund (IMF). Structural Adjustment Policy in Nigeria is a typical example of such policies which has plagued Nigeria economy into serious crises and deserves a thorough analysis and possible ways out. It is a known fact that Nigeria economy has passed through different phases in the pre-colonial, colonial and post-colonial period, it should be borne in mind that Nigeria is an agrarian economy with heavy reliance on the cultivation of food crops and rearing of animals which could be said to be a self-sustaining economy, as it could feed her teaming population and have surplus for export or saving.

In early 70s however, there was the discovery of oil (Petroleum) in large quantity which led to the abandoning of agricultural production activities and subsequently higher income from petroleum resources to the government, instead of government diversifying the excesses from the newly discovered petroleum products it engages in elephant projects such as building high rising sky scrapers buildings and hotels, compounded by corruption and embezzlement, soon after the economy run into recession and government could no longer cope with her constitutional assigned responsibilities of maintenance of law and order as well as providing welfare functions for the citizenry, the government has no option than to embark on some reform policies and programs beginning with Operation Feed the Nation (OFN) of Olusegun Obasanjo, Austerity Measure of President Aliyu Shehu Shagari, Green Revolution, and Ibrahim Badamosi Babangida IMF. Structural Adjustment Program (SAP) with its conditionality,

It is the opinion of many scholars and economist that Nigeria's economic crises began with the introduction of Structural Adjustment Program (SAP) introduced during the tenure of General Ibrahim Badamasi Babangida (Rtd) with its conditionality such as devaluation of Naira, Privatization and commercialization, Foreign exchange adjustment among others. It is imperative to examine and review the impact of this policy which has been in place for over three decades with no significant positive impact but rather worsening the hitherto robust economy and pulling the country into recession, increasing hyper-inflation, and poverty.

National development plan on the other hand are strategies and efforts, policies and programs that are put together by government geared toward achieving some development goals and objectives usually aimed at desirable progressive change, in society such as improvement in total well-being of citizens, infrastructural development and socioeconomic growth that could make life more meaningful for all. There is no doubt that Nigeria is a poor country despite her high human and natural endowment, citizen have been emerged in poverty, hunger, lack of basic needs of life, diseases and low standard of living among others. Government over the years both colonial and past colonial government has made effort in addressing the issues through different policies and programs, this is why different government employ different policies and programs beginning with the First National Development Plan 1962- 1968, Second National Development Plan 1970- 1975, Third National Development Plan 1975- 1980, Fourth National Development Plan 1980-1985 and the Fifth National Development Plan (1986) during General Ibrahim Babangida government, because the Fourth National Development Plan was considered to have performed abysmally, it becomes necessary to carry meticulous preparation for the Fifth National Development Plan. The objective of the plan was to adjust structural defects in the economy, diversify the economy, revitalize the agricultural sector, promote employment opportunities, improve domestic production of raw material for local industries, and ameliorate the living standard of the citizens. However, the fifth national development plan did not materialize in 1986, and the year was taken as one year of economic emergency period and program. It was later incorporated in the Structural Adjustment Program (SAP). The two year SAP brought to an end the five-year planning model in Nigeria. The federal government changed the two-year model to three-year rolling plans and since then there has been plans upon plans with no meaningful achievements because of SAP distortions. Our national plans have been a mirage and liability to the system itself rather than been a catalyst for achieving desirable progressive changes.

Conceptualization

Policy: Set of ideas or plans that are used as a basis for making decisions, especially in politics, economics or business. Policy or Policies are central in the realization of any government or organization objectives. Policy (Policies) are fundamental principles or guidelines which guides, direct and determines the application of programs and their implementations towards achieve desirable goals and objectives.

International Organizations:

According to the United Nations, international organizations are entities established by formal political agreements between their members that have the status of international treaties; their existence is recognized by law in their member countries; they are not treated as resident institutions (UNEG,2015).

According to the OECD, international organizations are entities established by formal political agreements between their members that have the status of international treaties; their existence is recognized by law in their member countries; they are not treated as resident institutional units of the countries in which they are located. According to Martins and Simmons(2013): International organizations can be described as international alliances involving a principle, plan, or course of action as pursued by a government, organization, individual, etc. many different countries Synonyms: global, international organization, world organization.

According to Beth Simmons (2000), an international organization (also known as an international institution or intergovernmental organization) is a stable set of norms and rules meant to govern the behaviour of states and other actors in the international system. Organizations may be established by a treaty or by an instrument governed by international law and possessing its legal personality, such as the United Nations, and the World Health Organization.

Structural Adjustment Program (SAP)

Structural adjustment programs (SAPs) consist of loans (structural adjustment loans; SALs) provided by the International Monetary Fund (IMF) and the World Bank (WB) to countries that experience economic crises.[1] Their stated purpose is to adjust the country's economic structure, improve international competitiveness, and restore its balance of payments.

The IMF and World Bank (two Bretton Woods institutions) require borrowing countries to implement certain policies in order to obtain new loans (or to lower interest rates on existing ones). These policies are typically centered around increased privatization, liberalizing trade and foreign investment, and balancing government deficit. The conditionality clauses attached to the loans have been criticized because of their effects on the social sector.

SAPs are created with the stated goal of reducing the borrowing country's fiscal imbalances in the short and medium term or in order to adjust the economy to long-term growth.[3] By requiring the implementation of free market programs and policy, SAPs are supposedly intended to balance the government's budget, reduce inflation and stimulate economic growth. The liberalization of trade, privatization, and the reduction of barriers to foreign capital would allow for increased investment, production, and trade, boosting the recipient country's economy. Countries that fail to enact these programs may be subject to severe fiscal discipline. Critics argue that the financial threats to poor countries amount to blackmail, and that poor nations have no choice but to comply. Since the late 1990s, some proponents of structural adjustments (also called **structural reform**), such as the World Bank, have spoken of "poverty reduction" as a goal. SAPs were often criticized for implementing generic free-market policy and for their lack of involvement from the borrowing country. To increase the borrowing country's involvement, developing countries are now encouraged to draw up Poverty Reduction Strategy Papers (PRSPs), which essentially take the place of SAPs. Some believe that the increase of the local government's participation in creating the policy will lead to greater ownership of the loan programs and thus better fiscal policy. The content of PRSPs has turned out to be similar to the original content of bank-authored SAPs. Critics argue that the similarities show that the banks and the countries that fund them are still overly involved in the policy-making process. Within the IMF, the Enhanced Structural Adjustment Facility was succeeded by the Poverty Reduction and Growth Facility, which is in turn succeeded by the Extended Credit Facility.

Statement of Research Problem:
Nigerian economy is by no standard growing or developing since the introduction of the structural adjustment program (SAP) in 1986, in fact the economy can be said to be retarding as evident from statistical indices from the federal ministry of statistic and reports of the World bank country assessment index survey over the past decades. More than ever before poverty level has been on the increase, hunger and starvation, income inequalities, high rate of unemployment, insecurity occasioned by poverty leading to increase crime rate lawlessness, kidnapping, banditry and violent conflicts, in fact this indices point to the rear fact that all is not well with our economy and our society, the IMF and World Bank conditionality such as devaluation of naira and adjustment of foreign exchange rate has not only worsen the economic situation but it has led to increase crime rate, inflation, unemployment among others, this call for urgent measures to hault the policy or fine turn it before the system collapse because of its glaring inadequacies and contradictions.

Aim and Objectives:
The aim of this research work is to assess the impact of international organizations United Nations (UN) policy the structural adjustment program (SAP) on Nigeria economy, and to examine the extent to which this policy has enhanced growth and economic development or not.

i. To examine the main objective for the introduction of Structural adjustment program (SAP) in Nigeria.
ii. To examine if the objectives have been realized or not
iii. To examine the factors that have hindered the achievement of set objectives
iv. To find out and to suggest what measures or strategies need to be put in place to redress some of the factors hindering the achievement of set objectives and to make Nigeria economy bounce back.

Research Questions:

i. What are the main objectives of the structural adjustment program (SAP) introduced in Nigeria in 1986?
ii. Have the objectives been realized or not?

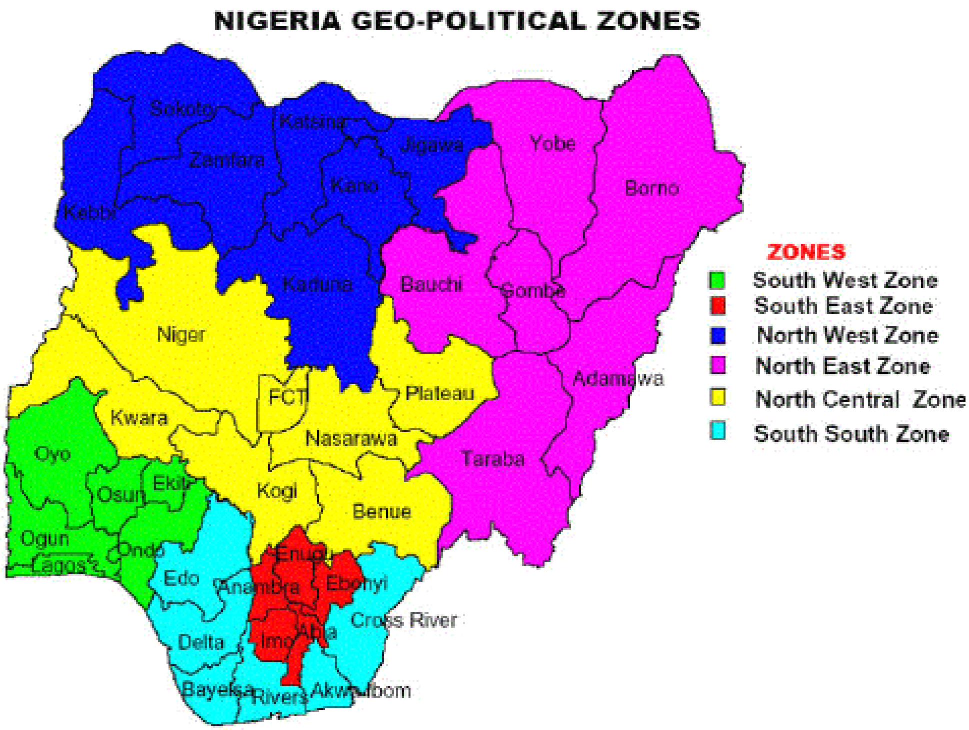
iii. What are the factors hindering the achievement of the goals and objectives of the structural adjustment program (SAP)?
iv. What measure and strategies are required in order to fast track the achievements of the goals and objectives of SAP if possible?

Method of data collection and analysis:
This research work relied heavily on secondary data, which was gotten from textbooks, published articles, periodicals, magazines, government publications, and internet materials, while the analysis was done mainly through explanatory work, analysis of findings from exploratory research was explain in detail using descriptive analysis.

Significance of the Study:
This research work is important in many respect, even though the policy has been designed and implemented for over two decades, its impact on Nigeria economy leave much to be desired, the IMF and World Bank conditionality to which Nigeria was subjected and forced to accept had far much more effect on the socio-economic, political and social life of the people that can better be said than imagine. This research work will reopen our eyes to the hidden conditionality of IMF and World Bank especially in the gradual and systematic devaluation of the naira over a period of three decades 30 years which in real sense has made the naira to lose its value.
This research will also give real insight into the factors hindering the realization of the set objectives and possible and insight into possible ways to address the issues therein. This research will provide possible alternative measures to strengthen the value of naira as against the present or current situation in which a dollar is equivalent to N1,700 or more thereby eroding the purchasing power of the naira leading to high level of inflation and increasing poverty. Nigeria should no doubt begin to look for alternative home grown economic policies as opposed to the imposed policies by international organizations and agencies, the United Nations (UN) and its agencies IMF and World Bank (WB).

Theoretical framework of Analysis:
Dependency theory is the theoretical framework employed in this research work and the reason is not farfetched, Dependency theory represent one of the theories propounded by some radical African economic scholars to explain the relationship between third world countries and the so called advanced, developed countries, by dependency we mean a situation where the economics of certain country is conditioned and dependent on the economy of another and it expansion and development is anchored on the other countries economy and to which the former is subjected to because of unequal economic, military and political relationship. Prominent among these scholars are Clade Ake, Paul Baran, Samir Amin, Andrew Gunder Frank, Walter Rodney, Dos Santos among others

Scope and limitations:
The scope of this research work is Nigeria, made up of 36 states and the federal capital in Abuja with a population of about 250 million people according to Nigeria National Population Commission head count report of year 2006 and reports from the federal office of statistics 2024**.**



Source: google

Literature Review:

Under the Structural Adjustment Program (SAP) introduced in 1986, Nigeria reformed its foreign exchange system, trade policies, and business and agricultural regulations. This success notwithstanding, per capita income is still only US$320 and consumption and income are little higher (in real per capita terms) than they were in the early 1970s before the oil boom. Because over 90 percent of Nigeria's export earnings are from oil, growth in agriculture and manufacturing could offset little of the large drop in purchasing power that resulted from the collapse of oil export revenues that had prompted the adoption of the SAP. For Nigeria to break its vicious circle of excessive public spending, inflation, and exchange rate depreciation, and to reach the virtuous circle achieved by these other developing countries, it will need to adopt a package of stabilization and structural measures that ensures the efficient use of resources (by both the public and private sectors) and the provision of basic social services. This path offers Nigeria the best prospects for sustaining economic growth and poverty reduction.

The indices of the general impact of the structural adjustment program on the Nigerian economy, agriculture, industrial sector, the living standard of Nigerian workers and the exchange rate. In the area of agriculture, it has been argued that the structural adjustment lacks the ability as a policy to promote agricultural development in Nigeria. For instance, the structural adjustment brought about the eradication of long standing and effective export crops marketing organization, without setting up an appropriate substitute for the free market system, and could not, therefore, be an appropriate answer to the speculative agricultural adjustment problems. Furthermore, it has also been argued that SAP ignored the repercussions of its effects on the income potentials of the agricultural potentials of the agricultural population.

In terms of household consumption, there was a fall in standards under SAP. For instance, the meat consumption per household consistently fell from what was obtained before SAP, decreasing from 31kg and above in the period before 1985 to 20kg in 1993. In the industrial sector, there is no doubt that the structural adjustment has had great impact on the Nigerian industrial sector since it was introduced in 1986 with various measures, the performance of a number of firms in the manufacturing sector has been quite poor. For instance, the industries engaged in metal processing, engineering works, and automobile assembly which are heavily dependent on imported inputs had more problems than the agro-allied industries. Nevertheless, the agro-allied industries, like other firms that are heavily import-dependent had to contend with problems associated with producing in an economy that is deep rooted in crisis, including the high cost of importing raw materials and the increased cost of raw materials.

The deliberate policy of reducing the rate of credit expansion to the private sector strengthened the liquidity squeeze which has been the central aspect of SAP. In a situation where borrowing has become very expensive, many manufacturers have been unable to compete for loans needed to develop a local raw material base, or pay for the foreign exchange needed to bring in foreign inputs or even re-organize their production techniques or cover their basic overhead costs.

The cash flow problem of manufacturers was compounded by the fact that those of them who required foreign exchange had to lodge the naira equivalent of the amount of hard currency they needed with their bankers before submitting their application to the Central Bank of Nigeria (CBN). By this way, many producers found that their working capital was tied down in banks while they wait for the result of their application for foreign exchange. Obviously, the liquidity squeezes on the economy made the process of adjustment by industry more difficult and has worked with devaluation to increase the cost of production greatly. The Structural Adjustment Program (SAP) in Nigeria, implemented in 1986, aimed to diversify the economy and reduce reliance on oil, but its impact was complex and resulted in both positive and negative outcomes.

Findings of the research:

Consequently, many Nigerians found that they could not afford basic consumer goods and certain categories of food items which were previously taken for granted by many households. Conversely, many manufacturers are laden with stockpiles of goods in their warehouses. The slow turn-over suffered by manufacturing firms has persisted in spite of measures introduced by the organizations to attract customers. Besides, in this prevailing environment, returns on investments have been depressing for manufacturers. In terms of the more specific effects of SAP, the plight of workers is the overall impact of structural adjustment illustrative as the lowering of standards of living.

The World Bank acknowledged this reality in its estimates that Nigeria's per capita income had fallen from about US$800 in 1980 to about US$370 in 1987. A survey report in 1987 revealed that Nigeria was nineteenth on the international suffering index. Nigeria moved from being a middle income country to a low income country, qualifying for the International Development Association (IDA) aid to poor countries. General Olusegun Obasanjo confirmed in 1987 that though adjustment measures hit other groups in Nigeria, the workers were hit the hardest.

The cost of such facilitates as telecommunications, cars, air travel, medi-care, energy and other went beyond the reach of many workers. The minimum wage of Nigerian workers has lost its market or real value. The national minimum Wage Amendment Order of 1966 which exempted employers with less than 500 workers from paying the national minimum wage was tantamount to cancellation of the minimum wage won by the union in 1981 following the fact that more than 80% of work places employed less than 500 people.

SAP also caused the inflationary cycle to be prevalent in the Nigerian economy in which devaluation and high interest rates have led to high costs of production and massive decline in the

real income of Nigerians and in the purchasing power of the populace. Internal policy failure, there was inability to initiate purposeful development policies and programs coupled with poor implementations by the respective government agencies and organs as they were characterized by corruption, embezzlement of funds meant for achieving policy programs objectives and goals.
Lack of continuity and political instability, frequent changes in government and consequently changes in policies and programs, either from one military regime to another or the clamor for civil administration, which often lead to initiation of new policies and programs or fine tuning of existing one or total change of policy (ies) and programs to the neglect of existing ones. The policy of devaluation created a new dimension of suffering, poverty and general misery for Nigeria people particularly in the purchasing power of the civil servants and working class, in fact from the perspective of Nigeria civil servants and working class Structural Adjustment Program (SAP) is disaster as it aggravates the suffering of majority of the poor masses, leading to high cost of living, increasing poverty and high rate of insecurity, kidnapping banditry and armed robbery among others.

Contribution to Knowledge:
The essence of carrying out any research work is to see how it contributes to knowledge and advance the frontier of learning and understanding, in this respect this research work provides useful and insightful analysis of the impact of Structural Adjustment Program (SAP) on Nigeria economy which is believed by many scholars to be collapsing, it is imperative we re-examine and re-evaluate the structural adjustment program, its implementation, achievements and failures, empirical evidence are abound showing the failures of the policy as exemplified in series of economic hardship, hunger, poverty, unemployment, starvation, decaying infrastructures, falling standard of education and high level of violent conflicts and crime.

This research work elucidates on the disadvantages brought about as a result of the policy which to a large extent is considered to be ant-progress and ant-developmental because of the attached conditionality's such as devaluation of naira, policy of subsidy removal, deregulation of micro-economy especially the downstream sector of petroleum industry, instead of enhancing the growth and development of the economy it has further led to opening up of the economy into world capitalist system through Multinational Corporations MNC/TNC thereby further strengthening the earlier objectives of capitalism and globalization.

There is the need to further x-tray the structural adjustment program as a policy of International Organization, United Nation (UN) and its agencies the world Bank and International Monetary Fund (IMF). So as further assess its contributions, failure, loopholes and challenges and where need be changes, this is the only way to optimize it benefits if at all there is any, this is because all fingers tends to point to the fact that the policy is doing more harm than good in the economy of third world countries especially Nigeria's economy which is considered to be the giant of African economy.

Conclusion:
It can be argued that Nigeria as a country and her economy has never been under the control of Nigerians nor Nigeria government, this is evident from the way Nigeria has been ruled by British colonial masters from 1861 – 1960, a period of almost 100 years and thereafter Neo-colonialism and imperialism and in recent vocabulary globalization, it is very doubtful if western economic

policies initiated by Western Economist or Western International Organizations such United Nations, World Bank (WB) and International Monetary Fund (IMF) will in any way provide the way through for Africa Economic break through, given series of policies and programs that have been designed and implemented and yet no significant changes in the economy of these countries instead the economies tends to be moving from bad to worse as poverty level is on the increase, hunger and starvation, poverty, unemployment, disease, violent conflicts are taking over, the gap between the rich and the poor is on the increase and income inequality is rising while most country face economic recession and downturn.

It is advisable that third world countries begin to fashion out home grown policies and program that will not only bring about growth and development but enduring and sustainable, policies that will lead to desirable progressive changes, Our over reliance on external experts and foreign policies which in real sense have no locus bearing with our indigenous values and environmental considerations may not in any way be successful.

In summary, It is high time we look inward and redirect our efforts and energy to our own known and realistic home breed and grown policies and programs such Operation Feed the Nation (OFN), Green Revolution, Family Support Program, Directorate for Food Road and Rural Infrastructure (DFRRI), Better Life for Rural Women among others, as it were in the early 80s and thereafter. Our over reliance on foreign Aids, loans and grants will lead us to anywhere, we will continue to dependent of the so called advanced capitalist countries, whose aim is exploitation and capital accumulation in the name of globalization, the indirect search for capital all over the world through their agencies and arm twisting policies.

References

Abah, D. and Naankiel, P.W., 2016. Structural adjustment programme in Nigeria and its implications on socio-economic development, 1980-1995. *The Calabar Historical Journal*, *6*(2), pp.1-7

Abah, D. and Naankiel, P.W., 2016. Structural adjustment programme in Nigeria and its implications on socio-economic development, 1980-1995. *The Calabar Historical Journal*, *6*(2), pp.1-7.

Adeoye, A.O., 1991. Of economic masquerades and vulgar economy: a critique of the structural adjustment program in Nigeria. *Africa Development/Afrique et Développement*, pp.23-44

Anwu, J.C.A., 1992. President Babangida's structural adjustment programme and inflation in Nigeria. *Journal of Social Developfnimt in Africa*, *7*, pp.1-5.

Bangura, Y., 1987. The politics of Nigeria's debt crisis. *Nigerian Alternatives. Zaria: Department of Political Science, ABU*, *100*.

Bangura, Y., 1991. Structural adjustment and de-industrialisation in Nigeria: 1986-1988. *Africa Development/Afrique et Développement*, pp.5-32.

Bangura, Y., 1994. Intellectuals, economic reform and social change: constraints and opportunities in the formation of a Nigerian technocracy. *Development and Change*, *25*(2), pp.261-305.

Bangura, Y., Mustapha, R. and Adamu, S., 1983. The deepening economic crisis and its political implications. *Africa Development/Afrique et Developpement*, *8*(3), pp.97-119.

Biersteker, T. and Lewis, P., 1997. The rise and fall of structural adjustment in Nigeria. *Transition Without End: Nigerian Politics and Civil Society under Babangida*, pp.333-69.

Ekpenyong, S., 1995. The structural adjustment programme and the elderly in Nigeria. *The International Journal of Aging and Human Development*, *41*(4), pp.267-280.

Momoh, A., 1996. The Structural Adjustment Programme and the Transition to Civil Rule in Nigeria (1986-1993). *Africa Development/Afrique et Développement*, pp.19-37.

Nwagbara, E.N., 2011. The story of structural adjustment programme in Nigeria from the perspective of the organized labour. *Australian Journal of Business and Management Research*, *1*(7), pp.30-41.

Nwaobi, G.C., 2004. Corruption and Bribery in the Nigerian Economy: An empirical investigation. *Available at SSRN 531402*

Ogbonna, B.C., 2012. Structural Adjustment Program (SAP) in Nigeria: An Empirical Assessment. *Journal of Banking*, *6*(1), pp.19-40.

Ogbonna, B.C., 2012. Structural Adjustment Program (SAP) in Nigeria: An Empirical Assessment. *Journal of Banking*, *6*(1), pp.19-40.

Ogboru, I., 2006. *The relationship between foreign debts, corruption and infrastructural development in the Nigerian economy* (Doctoral dissertation, UNIVERSITY OF JOS).

Soares, B.F., 1997. Nigeria= s Economic Crisis.

Sulaiman, L.A., Migiro, S. and Aluko, O., 2014. The structural adjustment programme in developing economies: pain or gain? Evidence from Nigeria. *Public and Municipal Finance*, *3*(2), pp.41-48.

Tallroth, N.B., 1987. Structural adjustment in Nigeria. *Finance and Development*, *24*(3), pp.20-22.

Wali, H.N. and Sanusi, I.H., 2017. Poverty reduction strategies and programs: the Nigeria's experience. *Journal of Research in National Development*, *15*(1).