

Impact of International Monetary Fund's Policies on the Performance of Nigeria

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Abstract: *This research work examined how International Monetary Fund (IMF) policies affect the performance of Nigeria economy. Researchers have questioned the benefits of IMF credit facilities to developing nations. This work therefore seeks to evaluate the impact of IMF policies like, reducing government expenditure (GEX), increasing public revenue through value added tax (VAT), increasing non-oil export (NONOILEXP), and reducing total import (TIMP) on Nigeria economy performance measured with real gross domestic product (RGDP). The analysed data were obtained from the Central Bank of Nigeria (CBN) statistical bulletin and World Development Indicators (WDI) for the period of 2009 to 2018. Ordinary Least Square (OLS) method was used to test the formulated hypotheses. The result revealed that IMF policy has significant effect on performance of Nigeria economy. Total import (TIMP) exerts negative influence on Nigerian economy while government expenditure (GEX), public revenue from value added tax (VAT), non-oil export (NONOILEXP), have positive effect on Nigeria economy performance. This work recommends among others that, Government should encourage the private sectors to participate in the economic activities to ensure that lost income from reducing government expenditure enters the economy back through the private sectors.*

Keywords: Monetary, policy, revenue

1.1 Introduction

The IMF is an organization of 189 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world (IMF, 2012)

The effect of the Second World War kindled a desire to create a new international monetary system that would correct the world economies problem. This led to the establishment of International Monetary Fund (IMF) at the Bretton Woods Conference in 1944 to secure international monetary cooperation, to stabilize currency exchange rates, and to expand international liquidity that is, access to hard currencies (Lawrence McQuillan, 2020).

Buira (2003) opined that economic polices adjustments known as conditionality did not exist at the inception of International Monetary Fund but was attached several years later in an Executive Board decision in 1952, in order to safeguard the extended loans and make funds available to other potential borrowers. Conditionality covers the design of IMF supported programs (macroeconomic and structural policies) and the specific tools used to monitor progress toward goals outlined by the country in cooperation with the IMF (Español français 2020).

Randall (2007) observed that the scope of conditionality of the IMF varies across various types of IMF facilities. Such facilities include; Stand by Facilities, Extended Fund Facilities, Extended

Structural Adjustment Facilities and Poverty Reduction and Growth Facilities. Notably, there is a non-credit facility of IMF known as Policy Support Instrument (PSI). According to IMF factsheets (2016) PSI is a non-financial instrument that supports low-income countries that do not want or need financial assistance but seek to consolidate their economic performance with IMF monitoring and support.

PSI is not designed to attract fund, but it carries conditions similar to other fund facilities such as cutting of government expenditures, also known as austerity, devaluation of currencies, trade liberalization, or lifting export and import restrictions, removing price controls and state subsidies, improving governance and fighting corruption, privatization or divestiture of all or part of state owned enterprises, increase Value Added Tax (VAT) and the price of basic products and reduction of trade union rights (Jesse & Konstantinos, 2014).

IMF's conditionality for either credit or non-credit facility are expected to solve balance-of-payments problems without resorting to measures that are harmful to national or international prosperity. How effective IMF assistance (credit or non-credit) is, has been the subject of an ongoing and greatly controversial debate (Fidrmuc, J., Kostagianni, S. 2015).

1.2 Statement of the Problem

International Monetary Fund gives a member country with balance of payment deficit seeking loans from the fund, some conditions (policies). These conditions will ensure easy repayment of the debt and as well solving the country's balance of payment problem. The problem will be solved without resorting to measures that are harmful to the national and international prosperity. International Monetary Fund gives policies related to public budget, balance of payment, monetary policy etc. These policies have not been strictly and sincerely implemented in Nigeria which has made Nigeria to be among the poorest countries in the world. The government should be proactive in ensuring that the policies (conditions) are strictly and sincerely implemented.

Nabil Md. D (1999) opined that, in tackling public deficit in developing countries when public spending accounts for a large portion of aggregate demand, requires work to curb the growth of public spending and effort to increase public revenue through greatly decreasing the item of transfer payments and subsidies, increasing indirect taxes. To follow this policy of reducing government spending and increasing government revenue (public budget policy), Nigeria government had in the past removed petroleum subsidies and even increases indirect taxes (VAT) but the effect of these actions can't be said to have favored the economy.

Nabil Md. D (1999) asserted that increasing the country's ability to obtain foreign currency is a central issue of concern in the International Monetary Fund recommendation policy related to adjusting the external in balances and solving the problems of balance of payment by devaluation of currency, increasing foreign reserve by increasing export, decreasing import. Nigeria is known to be an import-based country, as Nigeria either import finished goods or raw materials required for manufacturing its products. The oil that constitutes the larger percentage of the Nigeria's export, its finished goods are also imported into the country. This has not really spelt well on the Nigeria's economy.

This study therefore, is an attempt to examine the extent to which International Monetary Fund's policies have affected the performance of Nigerian economy.

1.3 Objectives of the Study

- (1) Examine the impact of non-oil export as a measure of IMF'S policies on Nigeria economy
- (2) Analyze the effect of total import as a measure of IMF's policies on Nigeria economy
- (3) Examine the impact of public revenue from value added tax (VAT) as a measure of IMF's policies on Nigeria economy.
- (4) Ascertain the impact of government expenditure as a measure of IMF's policies on Nigeria economy

1.4 Hypotheses

Ho: Non-oil export as a measure of international monetary fund's policy has no significant effect on Nigeria economy.

H0: There is no significant relationship between total import as a measure of international monetary fund's policy and Nigeria economy.

H0: Public revenue from value added tax (VAT) as international monetary fund's policy measure does not have any significant effect on Nigeria economy.

H0: There is no significant relationship between government expenditure as a measure of international monetary fund's policy and Nigeria economy.

2.0 LITERATURE REVIEW

2.1 Conceptual framework

2.1.1 International Monetary Fund

The International Monetary Fund (IMF) is headed by a board of governors, each of whom represents one of the organization's approximately 190 member states. The governors, who are usually their countries' finance ministers or central bank directors, attend annual meetings on IMF issues. The fund's day-to-day operations are administered by an executive board, which consists of

24 executive directors who meet at least three times a week. Eight directors represent individual countries (China, France, Germany, Japan, Russia, Saudi Arabia, the United Kingdom, and the United States), and the other 16 represent the fund's remaining members, grouped by world regions. Because it makes most decisions by consensus, the executive board rarely conducts formal voting. The board is chaired by a managing director, who is appointed by the board for a renewable five-year term and supervises the fund's staff of about 2,700 employees from more than 140 countries. The managing director is usually a European and—by tradition—not an American.

Each member contributes a sum of money called a quota subscription. Quotas are reviewed every five years and are based on each country's wealth and economic performance—the richer the country, the larger its quota. The quotas form a pool of loanable funds and determine how much money each member can borrow and how much voting power it will have - as well as how much financing it can receive from the IMF.

Twenty-five percent of each country's quota is paid in the form of special drawing rights (SDRs), which are a claim on the freely usable currencies of IMF members. Before SDRs, the Bretton Woods system had been based on a fixed exchange rate, and it was feared that there would not be enough reserves to finance global economic growth. Therefore, in 1968, the IMF created the SDRs, which are a kind of international reserve asset. They were created to supplement the international reserves of the time, which were gold and the U.S. dollar. The SDR is not a currency; it is a unit of account by which member states can exchange with one another in order to settle international accounts. The SDR can also be used in exchange for other freely-traded currencies of IMF members. A country may do this when it has a deficit and needs more foreign currency to pay its international obligations.

The SDR's value lies in the fact that member states commit to honor their obligations to use and accept SDRs. Each member country is assigned a certain amount of SDRs based on how much the country contributes to the Fund (which is based on the size of the country's economy). However, the need for SDRs lessened when major economies dropped the fixed exchange rate and opted for floating rates instead. The IMF does all of its accounting in SDRs, and commercial banks accept SDR denominated accounts. The value of the SDR is adjusted daily against a basket of currencies, which currently includes the U.S. dollar, the Japanese yen, the euro, and the British pound.

2.1.2 Objectives of International Monetary Fund

1. **International Monetary Co-operation:** The foremost objective of the Fund was to establish monetary co-operation amongst the various member countries. IMF provides the machinery for consultation and collaboration on international monetary problems. During the Second World War, IMF had played a vital role to promote monetary co-operation amongst the different countries of the World.
2. **To Promote Exchange Stability:** Before the Second World War, great instability was prevailing in the foreign exchange rates of different countries which had adversely affected the international trade. Thus, IMF has the objective to promote exchange stability and to avoid the bad effects of depreciation on exchange rates.
3. **To Eliminate Exchange Control:** Another significant objective of IMF is to eliminate the control over foreign exchange. During war period, almost every country has fixed the exchange rate at a particular level. This has adversely affected the international trade. Hence, it becomes inevitable to remove the control over exchange rate by boosting international trade.
4. **Establishment of Multilateral Trade and Payment:** IMF aimed at establishing a multilateral trade and payment system in place of old bilateral trade by the elimination of exchange restrictions which hampers the growth of smooth trade relations in the world trade.
5. **Growth of International Trade:** IMF is useful to promote international trade by removing all obstacles and bottlenecks which had created unnecessarily restrictions. In this way, a significant role has been assigned to it so as to accelerate the growth of international trade by maintaining equilibrium in the balance of payment.
6. **Balanced Economic Growth:** IMF helps the member countries to achieve the balanced economic growth. It facilitates the expansion of balanced growth by the promotion and maintenance of high level of employment as the primary objective of economic policy. For this purpose, IMF helps to exploit natural resources and to put into productive channel.
7. **To remove the Disequilibrium in the Balance of Payment:** IMF helps the member nations to eliminate the disequilibrium in the balance of payment by selling or lending foreign currencies to the member countries. With its financial assistance and guidance, International Monetary Fund helps to lessen the degree of disequilibrium in the balance of payment of its member nations.

8. **Expansion of Capital Investment in Under-develop Countries:** IMF provides assistance to import capital from the rich countries to the poor countries so that the poor or underdeveloped country get a chance to expand their capital investment on productive activities or social overheads which in turn helps to raise standard of living and to achieve prosperity among member countries.

9. **Generating of Higher Employment and Income:** IMF helps to expand the trade with the significant measures of multilateral trade and balanced economic growth. This in turn generates employment and income.

10. **To Develop Confidence:** Another objective was assigned to the IMF to create confidence among member countries by coming up to their rescue at the time of any crisis by providing temporary monetary help. This will provide them an opportunity to correct disequilibrium in the balance of payments.

11. **Help during Emergency:** The fund will provide short-term monetary help to its member countries during any type of emergency.

12. **Shorten the Duration and Lessen the Degree:** In accordance with the above, it shortens the duration and lessen the degree of disequilibrium in the international balance of payment of member countries.

2.1.3 International Monetary Fund Operation The IMF functions in three main areas:

Overseeing the economies of member countries

Lending to countries with balance of payments issues

Helping member countries modernize their economies

Monitoring Member Country Economies; The International Monetary Fund's primary job is to promote stability in the global monetary system. So, its first function is to monitor the economies of its 189 member countries. This activity, known as economic surveillance which is conducted yearly, happens at both the national and global levels. Through economic surveillance, the IMF monitors developments that affect member economies as well as the global economy as a whole. Member nations must agree to pursue economic policies that coincide with the IMF's objectives. By monitoring the macroeconomic and financial policies of its member countries, the IMF sees stability risks and advises on possible adjustments.

Lending: The IMF lends money to nurture the economies of member countries with balance of payments problems instead of lending to fund individual projects. This assistance can replenish international reserves, stabilize currencies, and strengthen conditions for economic growth. The IMF expects the countries to pay back the loans, and the countries must embark on structural adjustment policies monitored by the IMF. Lending through the IMF takes three forms. A standby agreement offers financing of a short-term balance of payments, usually between 12 to 18 months. The extended fund facility (EFF) is a medium-term arrangement by which countries can borrow a certain amount of money, typically over a three- to four-year period. The EFF aims to address structural problems within the macro economy that are causing chronic balance of payment inequities. The structural problems are addressed through financial and tax sector reform and the privatization of public enterprises. The third main facility offered by the IMF is known as the poverty reduction and growth facility (PRGF). As the name implies, it aims to reduce poverty in the poorest of member countries while laying the foundations for economic development. Loans are administered with especially low interest rates.

Technical Assistance: The IMF also offers technical assistance to transitional economies in the changeover from centrally planned to market run economies. IMF gives policy advice, and training through its various programs. The group provides member nations with technical assistance in the following areas:

Fiscal policy (tax and customs policies and administration, budget formulation, expenditure management, design of social safety nets, and management of domestic and foreign debt)

Monetary and exchange rate policies

Banking and financial system supervision and regulation

2.1.4 International Monetary Fund Policies

Amakor, Ndubuisi-Okolo, and Okonkwo, (2018) defined conditionality as an attempt to influence the policies of another in order to secure compliance with a programme of measures before offers supports. Amakor, Ndubuisi-Okolo, and Okonkwo, (2018), also submitted that conditionality is the tool that make a country to adopt what she wouldn't had adopted for financial support. Then

within the context of the IMF, conditionality refers to policies a member must adopt to secure access to Fund resources (Buiru, 2003). Jensen, (2004) concluded that, IMF conditionality a set of policies or conditions that the IMF requires in exchange for financial resources. Ross (2000) sees conditionality as those features of a member's program of economic reform whose successful implementation is expressly established by the Fund as a condition for the availability of Fund financial assistance. IMF conditionality or policies are given to member country with balance of payment problem requiring financial support from IMF for easy repayment of the debt and correction of the balance of payment problem without having negative impact on the nation's citizens seeking for the support or the international economies at large.

According to Nabil (1999), Stabilization programmes of International Monetary Fund have policies related in the following areas;

Policies related to the public budget

Public deficit is one of the problems facing developing countries like Nigeria. To tackle this problem when public spending accounts for a large portion of aggregate demand, in the view of IMF, requires work to curb the growth of public spending and efforts to increase public revenue by reducing the item of transfer payments and subsidies and raising the prices and fees of public products and services, while increasing indirect taxation and freezing the salaries, wages and allowances of government and public sector employees.

Policies related to balance of payments

In correcting the balance of payment problem, IMF recommended the country to adopt policies that will increase the country's ability to obtain foreign currency which will correct the external in-balances. To achieve this, IMF usually involves devaluation of currency, increasing export, decreasing imports, and directing resources to investment in the export sector.

Monetary policy measures

IMF includes strict monetary policy measures like increasing interest rates for borrowers and lenders; putting a ceiling on bank credits, especially on credits extended to the government and the public sectors; and developing capital markets like the stock exchange and liberalizing trade in them. This is done to reduce the excess demand that causes inflation.

2.2 Theoretical Framework

This research work is heavily linked to mercantilism theory of growth. This theory advocates government regulation of international trade to generate wealth and strengthen national power. Merchants (private owners) and the government work together to reduce the trade deficit and create a surplus. In mercantilism, the government strengthens the private owners of the factors of production (Entrepreneurship, Capital goods, Natural resources and Labour). The government seeks to regulate the economy and trade in order to promote domestic industry.

This theory focuses on maximizing export and minimizing import to reduce a possible current account deficit or reach a current account surplus. It advocates trade policies that protect domestic industries.

Mercantilism stands in contrast to the theory of free trade (that is classical theory) which argues that country's economic well-being can be best improved through the reduction of tariffs and fair free trade. Mercantilism emphasizes on restrictions on imports by imposing tariff, accumulation of foreign currency reserves, granting of state monopolies to particular firms, subsidies of export industries, limiting wages and consumption, government investment in research and development to maximise the efficiency and capacity of the domestic industry as what can lead to growth in the economy. Thus, the choice of our variables rests on this theory of growth.

2.3 Empirical Review of Related Literature

Amako, Ndubuisi-Okolo and Okonkwo, (2018) examined how macroeconomic variables in

Nigeria such as Gross Domestic Product (GDP), Gross Fixed Capital Formation (GFCF) and

National Savings (NS) reacted to International Monetary Fund (IMF) conditionality from 1986 to

2016, using Granger causality test and ordinary least square test for the formulated hypothesis. Their data were obtained from data bank of World Bank. They discovered that IMF's conditionality has significant effect on GDP, GFCF and NS. They recommended that protectionist policies through guided liberalization should be promoted coupled with the use of fiscal policy in order to encourage local production and its usage.

Udeh, Ugwu, and Onwuka, (2016) examined the impact of external debt on economic growth in

Nigeria from 1980-2013. The study was based on Gross Domestic Product (GDP), External Debt Stock, External Debt Service Payment and Exchange Rate as variables which data were obtained from World Bank International Debt Statistics and Central Bank of Nigeria Statistical Bulletin, 2013. Ordinary Least Square, Augmented Dick Fuller Unit Root Test, Co-integration and Error

Correction Model were used for analyzing data and test the hypothesis. They discovered that External Debt and Gross Domestic Product are positively related in short run, but are negatively related at long run. External Debt Service Payment had negative relationship with Gross Domestic Product and Exchange Rate had a positive relationship with GDP. They concluded that exchange rate fluctuation had positive impact on the Nigerian economy while external debt stock and debt service payment had negative impact on the same economy. They recommended that Debt Management Office should ensure that loans were utilized for purposes for which they were acquired and also set a ceiling for governments borrowing (states and federal).

Kanu and Nwaimo (2015), examined the relationship between capital expenditures and gross fixed capital formation in Nigeria from 1981 to 2011. To ascertain the level of relationships that exist between the variables, least square regression analysis, co-integration, Vector Auto Regression technique as well as Granger causality tests were deployed and unit root tests were carried out on a time series data. They concluded that, Capital Expenditures (CAPEX) and Gross Fixed Capital Formation (GFCF) are negatively related and Imports and National Savings were positively related to GFCF at both the short and long runs. They recommended that the federal government of Nigeria should cut down on her recurrent expenditure to increase Capital Expenditures (CAPEX) and to also work to increase export goods and services needed elsewhere in the larger world and to reduce the level of inflationary trends. Government was also advised to make effort to mobilize the desired level of gross national savings that could attract foreign direct investments.

UTOMI O. W. (2014), investigated the impact of external debt on economic growth in Nigeria for the period 1980-2012. He used Real Gross Domestic Product as a measure of Nigerian economy which is the dependent variable and External Debt Stock, External Debt Payments and Exchange Rate as independent variables. He tested for both short run and long run relationship between external debt and economic growth in Nigeria using Augmented Dickey Fuller (ADF) test, Johansen Co-integration, Vector Error Correction Mechanism and Granger Causality Test. He concluded that, there was an insignificant long run relationship and a bi-directional relationship between external debt and economic growth in Nigeria.

Sulaimon and Azeez (2012) examined the effect of external debt on the economic growth of Nigeria. They used Gross Domestic Product as the endogenous variable measuring economic growth as a function of external debt, as the ratio of external debt to export, inflation, and exchange rate proxy as the exogenous variables. Their data was obtained from the Central Bank of Nigeria Statistical bulletin and Debt Management Office from 1970 to 2010. Ordinary Least Square (OLS), Augmented Dickey-Fuller (ADF) Unit Root test, Johansen Co-integration test and Error Correction Method (ECM) were employed in the empirical analysis. They concluded from the result that external debt has a positive impact on the Nigerian economy. They recommended that the government should ensure economic and political stability and external debt should be acquired largely for economic reasons rather than social or political reasons.

James (2003) examined whether IMF should impose specific policy prescription known as conditionality in other to promote economic growth of member nations. He studied the percentage change in GDP to foreign reserve, inflation, current account budget deficit etc. He concludes that IMF should focus on crisis prevention instead of providing loans with condition after the country has entered into crisis.

3.0 METHODOLOGY

3.1 Model Specification

Going by the literatures it has been confirmed most recent work, that work on International Monetary Fund policies and Nigeria economy used secondary data (Amak,Ndubuisi-Okolo and Okonkwo, (2018), Udeh, Ugwu, and Onwuka, (2016), Kanu and Nwaimo (2015), UTOMI O W (2014), James (2003), e.t.c) as there major source of variables. However, research as shown that variables like non-oil export, total import, government expenditure and value added tax are used to proxy International Monetary Fund policy instruments and Nigeria economy is proxy by real gross domestic product. This study also used secondary data which makes the topic both qualitative and quantitative. The model for this study is specified as thus:

RGDP= f(Y)..... (3.1)

RGDP=f(GEXP,TIMP,VAT,NONOILEXP)..... (3.2)

Where:

Real gross domestic product is proxy by RGDP, Y is International Monetary Fund policy instruments which are government expenditure (GEXP), total import (TIMP), value added tax (VAT), and non-oil export (NONOILEXP)

Express equation (3.2) in linear form

$$RGDP = \beta_0 + \beta_1 GEXP + \beta_2 TIMP + \beta_3 VAT + \beta_4 NONOILEXP + \beta_n + \epsilon_i \dots \dots \dots \beta_n X_n$$

Where RGDP as dependent variable = Real Gross Domestic Product

GEXP= Government Expenditure

TIMP= Total import

VAT= Public revenue from Value Added Tax

NONOILEXP = Non-Oil Export

The studies referred above estimated the effect of International Monetary Fund policies on performance of Nigeria economy. The data was from 2009 to 2018.

3.2 Technique of Analysis

The trend of International Monetary Fund policy instruments will be captured using descriptive statistics such as table. This research work adopts Ordinary Least Square (OLS) econometrics technique since time series data is collected. This technique is used to capture the relationship between International Monetary Fund policies and performance of Nigeria economy because it is a strong and reliable model to get in-depth knowledge of the relationship.

3.3 Stationary Test

The main reason is to determine whether the data is stationary i.e. whether it has unit root and also the order on integration. Augmented dickey-fuller(ADF) is used ; the ADF is used to avoid spurious regression there by subjecting each of the variables used to unit root test so as to determine their orders of integrations since unit root is a common features of most times series data.

3.3.1 Statistical (First Order) Test

Here, various statistical tests will be carried out so as to verify the acceptability, reliability, and robustness of the estimated regression result. The tests include:

3.3.2 Student t-Test

This is used to test the statistical significance of the individual parameter estimates in the regression models. This work will use the t-distribution to test the statistical significance of these parameters estimates.

3.3.3 F-Statistics

This is used to test for all overall significance of the model. It tests the simultaneous null hypothesis of all parameter to be equal to zero in regression model.

3.3.4 The Durbin Watson Test (dw)

The Durbin- Watson statistics (dw) is used to test for the presence of auto-correction in the disturbance term which implies that the error term of successive periods relates to one another. It is used to test whether or not one of the ordinary least squares has been violated

3.4 Sources of Data

Data is the most important material for any economics research or analysis, and very much indispensable to the field of econometrics indeed. The research study makes use of secondary data obtained from the Central Bank of Nigeria (CBN) statistical bulletin and World Development Indicators (WDI).

4.0 DATA PRESENTATION AND ANALYSIS

The study will adopted the model of Kanu and Nwaimo (2015) that evaluated the effect of capital expenditures on gross fixed capital formation in Nigeria for various years. Hence, in line with the above studies, this study examines the impact of International Monetary Fund’s policies on the performance of Nigerian economy’s specific factors – Government Expenditure (GEXP), Total Imports (TIMP), Public revenue from Value Added Tax (VAT) and Non-Oil Exports (NONOILEXP) and the dependent variable – Gross Domestic Product (GDP). The model is analysed using multiple linear regression techniques to show the relationship between International Monetary Fund’s policie and Nigerian economy based on the time series data. Augmented Dickey-Fuller (ADF) Unit Root test would be carried out to check the stationarity of the variables. Also descriptive statistics test would be carried out in other to provide simple summaries about the sample and about the observations that have been made. Also Ordinary Least Square regression test would be carried out in other to check for the relationship between the variables in the specified model.

Ordinary Least Square was used in this study. The data for the study collected was analyzed using E- views (Econometric views) package to test the relation between the variables and the hypotheses.

4.2 Pre-Test Analysis

Table 4.1 Showing the Descriptive Statistics for Model

	RGDP	GEXP	TIMP	VAT	NONOILEXP
Mean	432056.1	36178.75	44915.74	3954.845	4977.306
Std. Dev.	74976.02	8990.020	9754.207	680.2370	1659.114
Skewness	0.496555	0.634965	-0.073677	0.349255	0.385013
Kurtosis	2.137074	3.328185	1.631650	1.781226	2.362317
Observations	10	10	10	10	10

Source: Author’s Computation, 2020

The summary of the statistics used in this empirical study is presented in the table 4.1 above. As observed from the table, Total Imports (TIMP) has the highest mean value of 44915.74 and Public revenue from VAT (VAT) has the lowest mean value of 3954.845 whereas the mean value of Real Gross Domestic Product (RGDP), Government Expenditure (GEXP) and Non-Oil Exports(NONOILEXP) are 432056.1, 36178.75 and 4977.306 respectively. The standard deviation measures how concentrated the data are around the mean, hence it can be observed from the study presented in table 4.1 that the value for RGDP is the largest while value for VAT is the lowest giving the implication that the operational data values are further from the mean on averages. The measure of how asymmetric a distribution can be is called skewness. Real Gross Domestic Product (RGDP), Government Expenditure (GEXP), Public revenue from VAT (VAT) and Non-Oil Exports(NONOILEXP) were positively skewed, meaning that the mass of the distribution is concentrated on the right while Total Imports (TIMP) was negatively skewed which means the mean is less than (to the left of) the median. The implication of this is that the skewness tends to say more on the mean value of the distribution being higher or lower than the median. Hence, positively skewed value indicates a higher mean value over the median value while negatively skewed value indicates a lower mean value to the median value. On the part of Kurtosis, all the variables used present positive kurtosis value which means that the distribution is leptokurtic (too tall).

Table 4.2: Showing Augmented Dickey Fuller (ADF) Unit Root Test

Variables	ADF TEST	MACKINNON	LEVEL OF SIG.
		CRITICAL VALUES	

RGDP	-2.154914***	-2.937216	I(1)
GEXP	-1.572922***	-2.886101	I(1)
TIMP	-2.045221***	-2.886101	I(1)
VAT	-2.191517***	-2.937216	I(1)
NONOILEXP	-2.943316***	-2.886101	I(0)

SOURCE: Author's Computation, 2020

From the table above, it is evidenced that all variables (except non-oil export) are non-stationary at first difference and this can be seen by comparing the absolute values of the ADF test statistics with the absolute critical values of the test statistics at 1% level of significance, which implies the presence of unit root in all variables. So, there is a need to difference the variables either at order two until they are stationary. The result from the table shows that all variables (dependent and independent) are stationary at level 1% level of significance using ADF test. Then we can carry out our ordinary least square regression.

4.3 Analysis of Data

Table 4.3 Regression Result

Dependent Variable: RGDP

Independent Variables	Coefficient	Std. Error	t-Statistic	Prob.
C	13635.49	118958.5	0.114624	0.9132
GEXP	0.774881	1.814235	0.427112	0.6871
TIMP	-0.44451	5.745103	-0.07737	0.9413
VAT	124.3679	72.81421	1.708017	0.1483
NONOILEXP	0.163751	14.96322	-1.09435	0.3237

$R^2 = 0.782910$ Adjusted $R^2 = 0.609238$ F-Statistics = 4.507977 Prob(F-Stat): 0.064937 Durbin-Watson: 1.404961	
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Source: Author’s Computation, 2020

4.3.1 Discussion of OLS Regression Result for Model

The model was analysed and estimated with the aid of the multiple linear regression technique using the Ordinary Least Square technique. In the model, Government Expenditure (GEXP), Total Imports (TIMP), Public revenue from Value Added Tax (VAT) and Non-Oil Exports (NONOILEXP) were all used as independent variables respectively while performance of Nigerian Economy proxy by Real Gross Domestic Product (RGDP) was used as dependent variable. From the table, it can be observed that the coefficient value of Real Gross Domestic Product (RGDP) implies that a unit change in Government Expenditure (GEXP) will lead to 0.774881 units increase in Real Gross Domestic Product (RGDP) representing economic growth and which indicates a significantly positive relationship. On the other hand, a unit change in Total Imports (TIMP) will lead to 0.44451 units decrease in RGDP which implies decline in economic growth which indicates a negative relationship. However, a unit change in the value of Non-oil export (NONOILEXP) will result in 0.163751 units increase in RGDP which implies a significant positive relationship and also a unit change in value in public revenue from value added tax (VAT) will result in 124.3679 units increase in RGDP which implies a significant positive relationship.

The R^2 is used to measure the degree to which changes in the dependent variable are being explained by the independent variable. It is used to measure the reliability of the model specified. From the regression analysis, the value of the R^2 is 0.78, this suggest 78% of the changes in the economic growth proxy by Real Gross Domestic Product (RGDP) is caused by the independent variables. The result implies that the independent variables are statistically significant in explaining the dependent variable. Therefore the alternative hypothesis which states that IMF policies have a significant impact on the performance of Nigerian economy will be accepted since it accounts for about 78% of the variation in economic growth proxy by Real Gross Domestic Product (RGDP). It implies that the null hypothesis which state that IMF policies does not have significant impact on the performance of Nigerian economy would be rejected. As the adjusted (R^2) tends to purge the influence of the number of included explanatory variables. The Adjusted (R^2) represents that almost 61% change in the dependent variable can be observed with the variables under study while the rest of 39% is due to those factors that are not included in this study; the model is still of good fit. Hence, in terms of the goodness of fit we can say that the test is fair.

The F- statistics of 4.507977with probability of 0.064937 is highly significant. This means that the independent variables in the model are jointly significant. The model goodness fit is fortified by the Durbin-Watson result of 1.404 which is within the bench mark of 1.00 to 2.00. The regression result for the model revealed the relationship between IMF policies and the performance of Nigerian economy. This result is in line with studies conducted in the literature ranging from Kanu and Nwaimo (2015) , Randall (2007) and Nancy, et al (2004).

5.1 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.2 Summary

This research work examined International Monetary Fund policies and Nigeria economy using time series data from the period of (2008-2018). This explains the impact of International Monetary Fund’s policies on the performance of Nigeria economy. For this research to be worthwhile some variables were picked and these include, real gross domestic product (RGDP), government expenditure (GEX), total import (TIMP), public revenue from value added tax (VAT), and non-oil export (NONOILEXP). The research conducts series of test which includes unit root test

Augmented Dickey Fuller (ADF), Descriptive Statistics test and, F-statistic, Tstatistics and Durbin-Watson test. Regression analysis using ordinary least square method was done to measure the impact of IMF policies on Nigeria economic performance. This research gives background knowledge about the study, which explains the effect of IMF's policies on Nigeria economic performance. Hence, the study makes an empirical review of literatures, and also provides a theoretical framework for the study. The result of the descriptive statistics showed that TIMP has the highest mean value of 44915.74 and VAT has the lowest mean value of 3954.845 whereas, the mean value for RGDP, GEX, NONOILEXP, are 432056.1, 36178.75 and 4977.306 respectively. Also, all the independent variables except total import are positively related to the real gross domestic product.

5.3 Conclusion

We have empirically verified and discussed International Monetary Fund's policies and Nigeria economy using time series data from (2009 – 2018). This study concludes that there is a relationship between IMF's policies and Nigerian economy performance. In this study, the impact of IMF's policies on the performance of Nigeria economy is estimated using ordinary least square method as the aim of the study is to ascertain the impact of IMF's policies on the performance of Nigeria economy. It is generally observed that IMF's policies instruments like non-oil export (NONOILEXP), government expenditure (GEX), and public revenue from value added tax (VAT) have positive impact on real gross domestic product and total import (TIMP) has negative impact on the real gross domestic products. This work recommends that, Nigeria government should encourage the private sectors through incentives to participate in the economic activities. This is to ensure that the income the government may be losing from investing in public goods will enter the economy through the private sectors.

5.4 Recommendations

Based on the findings of this research work, the followings recommendations would be applicable to the Nigeria economy

- Government should encourage the private sectors to participate in the economic activities to ensure that lost income from reducing government expenditure enters the economy back through the private sectors.
- Policy that will encourage non-oil export should be made. As the oil revenue has reduced even before the COVID-19 pandemic and continues to reduce due to the effect of COVID-19 pandemic, Nigeria needs to move from making oil export's revenue the major sources of revenue.
- Consumption of local products should be encouraged. Government can ban importation of goods that are also produced locally in the country to encourage consumption of local products.
- Importation of goods aside the raw materials and machineries needed for local production should be discouraged through tariffs which will also increase government revenue.
- Government should also try to increase its revenue through indirect taxes such as value added tax, tariffs on importation, to reduce over dependence of the country on oil export revenue

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