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Research Article

Challenges Militating against the Success of IMF Debt Management Strategies in Nigeria

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Abstract

The persistent debt challenges faced by Nigeria, despite repeated engagement with the International Monetary Fund (IMF), have raised critical concerns about the efficacy and contextual suitability of IMF-backed debt management strategies in the country. Generally perceived as counterproductive, these strategies are often criticized for aggravating debt dependency, fostering austerity without addressing systemic economic vulnerabilities, and undermining national development priorities. These issues necessitated the present study, which aimed to investigate the challenges militating against the success of IMF debt management strategies in Nigeria. The study employed the qualitative data and secondary sources for gathering data. The neo-colonialism theory was adopted for the research work. Findings reveal a strong and consistent perception among respondents that Nigeria generally complies with IMF debt management strategies, particularly in areas such as fiscal policy alignment, structural adjustments, and budgetary planning. Other findings are the unrealistic conditionalities, bias toward creditor interests, perpetuation of debt cycles, disregard for social development sectors, and misalignment with Nigeria's weak institutional capacity. Based on these findings, two key recommendations are offered. First, Nigeria must urgently engage in a comprehensive review of its engagement framework with the IMF, ensuring that debt management strategies are negotiated with greater national ownership, flexibility, and alignment with domestic development priorities. Second, institutional strengthening should be prioritized to enhance Nigeria's fiscal and administrative capacities, enabling the country to better absorb, implement, and monitor debt-related reforms in ways that protect socio-economic development goals while ensuring sustainable debt practices.

Keywords: *Challenges, Corruption, Compliance, Debt, IMF, Management, Strategies.*

Introduction

The management of public debt has remained a fundamental aspect of macroeconomic stability for developing economies, particularly in sub-Saharan Africa. Among these, Nigeria stands as a critical case study due to its extensive relationship with international financial institutions like the International Monetary Fund (IMF). Over the past few decades, Nigeria's debt profile has evolved dramatically, from a heavily indebted country in the early 2000s to a nation currently navigating renewed debt accumulation challenges. The IMF has played a pivotal role in Nigeria's debt management framework, offering policy-based loans, technical assistance, and fiscal reform prescriptions aimed at ensuring debt sustainability and economic growth. However, despite several IMF-backed debt management strategies, Nigeria continues to struggle with unsustainable debt practices, lack of fiscal discipline, and weak institutional implementation, raising questions about the effectiveness and applicability of these strategies in the Nigerian context.

As of December 2024, Nigeria's total public debt stood at ₦97.34 trillion ($108 billion), with external debt comprising ₦38.77 trillion ($43 billion), reflecting a sharp increase from ₦27.4 trillion in 2019 (Debt Management Office, 2024). Although the IMF has consistently advised on prudent borrowing and advocated for debt-to-GDP thresholds not exceeding 55% for developing countries, Nigeria's current debt-to-GDP ratio sits at approximately 43%, and debt service to revenue ratio at a staggering 73.5%, according to the World Bank and IMF Joint Debt Sustainability Framework

(2024). These figures reveal that Nigeria is rapidly approaching dangerous debt territory despite the country's formal adherence to IMF macroeconomic frameworks and debt management strategies.

The challenges militating against the success of IMF debt management strategies in Nigeria are multifaceted and include institutional weakness, poor domestic revenue mobilization, over-reliance on oil revenues, policy inconsistency, and socio-political resistance to reform. Additionally, there is growing concern over Nigeria's increasing reliance on non-concessional borrowing, including Eurobonds and Chinese loans, which bypass the conditionalities and transparency requirements of traditional IMF facilities. According to Bello and Musa (2023), such practices exacerbate debt vulnerabilities, as they are often less transparent and more susceptible to corruption and fiscal mismanagement.

Given these persistent challenges and the critical importance of effective debt management for Nigeria's economic future, this study seeks to examine the key factors hindering the success of IMF debt management strategies in Nigeria. The objective of this study is to assess the extent of Nigeria's compliance with IMF debt frameworks and evaluate the systemic barriers to their successful implementation.

Statement of the Problem

Nigeria's engagement with the International Monetary Fund (IMF) debt management strategies has been shaped by repeated attempts to stabilize macroeconomic conditions, improve debt sustainability, and attract foreign investment. Despite adopting numerous IMF-backed reforms, the effectiveness of these strategies in Nigeria has been undermined by persistent structural and institutional challenges. Between 2015 and 2024, Nigeria's public debt profile, particularly external debt, increased significantly. According to the Debt Management Office (DMO), Nigeria's total public debt stood at ₦97.3 trillion as of December 2023, with external debt constituting about ₦38 trillion (DMO, 2024). This sharp rise from ₦12.6 trillion in 2015 highlights growing debt dependence and weak adherence to fiscal consolidation strategies emphasized by the IMF. While Nigeria has demonstrated nominal compliance with IMF surveillance mechanisms—such as participation in Article IV Consultations and acceptance of borrowing ceilings—the substantive implementation of policy prescriptions has been uneven (Okonkwo & Bala, 2022).

One major challenge to the success of IMF debt strategies is policy inconsistency. Successive administrations have often reversed or poorly implemented IMF-recommended reforms, such as subsidy removal and exchange rate unification. For instance, the Buhari administration removed fuel subsidies in 2020 only to reintroduce them through backdoor mechanisms underprice modulation (Adebayo, 2021). This undermined fiscal consolidation and eroded credibility in IMF-backed initiatives. Another critical issue is Nigeria's revenue challenge. IMF recommendations often center on enhancing domestic revenue mobilization to reduce debt accumulation. However, Nigeria's tax-to-GDP ratio remains one of the lowest globally, averaging around 6.5% from 2015–2022, far below the IMF's minimum threshold of 15% for sustainable development (IMF, 2023). This hampers Nigeria's ability to finance its budgets without resorting to excessive borrowing.

Given these multifaceted challenges ranging from revenue inadequacy and policy inconsistency to weak institutions, this investigation is crucial to unpack the root causes limiting the success of IMF-backed debt management in Nigeria. A thorough understanding of these impediments will inform more context-sensitive and sustainable solutions.

Research Questions

i) How does Nigeria's compliance with IMF debt management strategies?
ii) What is the challenges militating against the success of IMF-backed debt management strategies in Nigeria?

Objectives of the Study

The primary objective of this study is to examine the challenges undermining the effectiveness of IMF debt management strategies in Nigeria. However, the specific objectives include, to;

i) To investigate Nigeria's level of compliance with IMF debt management strategies.
ii) To identify the challenges militating against the success of IMF-backed debt management initiatives in Nigeria.

Conceptual Framework

Debt

Debt refers to the obligation that arises when a person, business, or government borrows money from another party with the promise to repay it under agreed terms, often involving interest. It plays a critical role in both personal finance and the broader economy. According to Osabohien, Matthew and Ogunbadejo (2023), debt is a financial tool used by individuals and governments to bridge the gap between revenue and expenditure, enabling them to finance deficits and pursue development objectives. In this context, debt is often categorized into two broad types: domestic debt and external or foreign debt, depending on the source of the loan. While domestic debt is sourced within a country, foreign debt involves borrowing from international financial institutions, foreign governments, or commercial creditors abroad (Adegbite & Ayadi, 2022).

In my view, debt is a temporary financial lifeline that, if not prudently managed, can become a permanent economic trap.

External Debt

External debt refers to the portion of a country's total debt that is borrowed from foreign creditors, including private commercial banks, international financial institutions like the International Monetary Fund (IMF) and World Bank, and foreign governments. It involves a legal obligation to repay borrowed funds with interest over a specified period. According to Oke (2023), external debt arises when domestic savings fall short of national investment needs, prompting countries to source funds externally to finance deficits and development projects. This type of debt is typically denominated in foreign currency and repaid in the same, exposing the borrowing country to exchange rate risks and global economic fluctuations.

From a personal point of view, external debt is a country's borrowed obligation from abroad that, if poorly managed, mortgages its future for temporary financial relief.

Debt Management

Debt management refers to the coordinated process through which a government or organization ensures that its debt obligations are handled efficiently, sustainably, and with minimal risks to the economy. It includes strategies for borrowing, repayment, restructuring, and servicing debt in ways that promote fiscal stability. According to Okonjo-Iweala, Bello and Atanda (2023), debt management involves a planned approach to acquiring, using, and paying back debt while minimizing the cost and exposure to financial risks. In public finance, this process is key to ensuring that the debt portfolio remains within manageable limits and does not jeopardize national development goals or economic stability. Effective debt management is especially crucial for developing economies like Nigeria, where fiscal imbalances often necessitate external and domestic borrowing to finance budget deficits and development projects (Olabisi & Yusuf, 2023).

In light of the above definitions, however, debt management is defined as the strategic planning, monitoring, and repayment of loans in ways that balance economic growth, fiscal responsibility, and risk reduction.

Strategies

Strategies refer to carefully planned actions or methods developed to achieve specific goals or outcomes, particularly in situations where resources must be used wisely and efficiently. According to Adediran and Akinwale (2023), strategies are proactive plans that guide decision-making processes in both public and private sectors to enhance performance and sustainability. These plans often involve setting objectives, analyzing internal and external environments, identifying resources, and determining the best way to allocate them to meet desired results. In essence, strategies are not just about choosing what to do, but also what not to do, in order to remain focused and effective (Okonkwo & Ibrahim, 2022). The goal is to optimize operations, reduce risks, and achieve long-term success.

However, while these definitions emphasize planning and goal orientation, they often fail to account for the unpredictable nature of political interference, global market shocks, or weak institutional capacity that can disrupt strategy implementation. Therefore, defining strategy should also consider external forces and practical limitations.

From a personal point of view, strategy is a deliberate and flexible roadmap designed to achieve targeted outcomes using limited resources while adapting to real-world challenges.

Empirical Review

Nigeria's Compliance with IMF Debt Management Strategies

Ibrahim and Yusuf (2024) assess the effectiveness of Nigeria's compliance with IMF loan conditions in achieving creditworthiness. Using Game Theory, the study adopts a case study approach, analyzing Nigeria's engagement with the IMF from 2010 to 2023. The findings indicate that while compliance has enhanced Nigeria's ability to secure favorable loan terms, it has also led to fiscal austerity that negatively impacts social programs. The authors recommend a balanced policy mix that considers both IMF expectations and domestic economic growth. Nonetheless, the study does not investigate the full extent of Nigeria's quick adherence to all IMF strategies from 2015 to 2024, which is a crucial aspect of understanding the long-term sustainability of its debt strategies.

Ogunlana (2024) investigates Nigeria's alignment with IMF structural reforms and its implications on creditworthiness. Employing an institutional theory framework, the study applies a case study approach, evaluating policy reforms from 2010 to 2023. Findings indicate that while Nigeria's compliance with IMF-led financial sector reforms enhanced global credit confidence, the conditionalities attached led to increased socio-economic hardship. The study recommends implementing IMF policies in phases to mitigate adverse social impacts. However, it does not address how Nigeria's accelerated compliance post-2015 shaped its current strategies in debt management.

Challenges Militating against the success of IMF Debt Management Strategies

Eze and Adeyemi (2024) explore the socio-economic implications of IMF-imposed debt management strategies in Nigeria using a regression analysis of economic growth indicators and structured interviews with local stakeholders. They find that while debt restructuring stabilizes macroeconomic indicators, it often undermines long-term development priorities such as healthcare and education. Their recommendation highlights the importance of debt management strategies that prioritize socio-economic development over macroeconomic stabilization. Nonetheless, their study fails to address the challenges related to implementing these strategies within the unique fiscal environment of Nigeria from 2015 to 2024, particularly concerning resource misallocation and inefficient public spending.

Adebayo and Okonkwo (2023) investigate the challenges of IMF debt restructuring policies on economic sustainability in developing economies, with specific emphasis on Nigeria. The authors utilized a qualitative research design, relying on content analysis of IMF reports, debt sustainability frameworks, and interviews with economic experts. Their findings indicated that the stringent conditionalities attached to IMF programs often lead to reduced public spending on critical sectors, such as education and healthcare, worsening poverty levels. They recommended aligning debt restructuring policies with local economic conditions to minimize the adverse effects of fiscal adjustments. Adebayo and Okonkwo (2023) failed to address the inconsistency in the implementation of IMF-backed strategies, particularly in light of frequent policy reversals during political transitions in Nigeria. The current study investigates the impact of these inconsistencies on fiscal stability between 2015 and 2024.

Moreover, Nigeria's public expenditure patterns still tilt heavily towards recurrent spending. In the 2023 budget, over 70% was allocated to salaries, overheads, and administrative costs, leaving limited room for capital development, contrary to the IMF's recommendation that at least 40% of the budget should go into capital formation to stimulate economic growth. These spending inefficiencies weaken the structural reforms that IMF debt strategies are designed to support. Yet, there is a lack of focused empirical studies connecting these fiscal practices with the underperformance of IMF debt management strategies in Nigeria.

Hence, the gap lies in the need to critically evaluate how poor public spending and resource misallocation obstruct the operational success of IMF debt policies within Nigeria's economic structure.

Theoretical Framework

The theory of neo-colonialism was most prominently advanced by Kwame Nkrumah in 1965 through his influential work *Neo-Colonialism: The Last Stage of Imperialism*. Nkrumah, Ghana's first President, argued that despite the formal end of colonial rule, the newly independent African states continued to be economically and politically dominated by former colonial powers, especially through indirect control mechanisms such as aid, trade imbalances, and multinational corporations. The basic assumption of neo-colonialism theory is that imperialism persists in a more subtle and insidious form where control is maintained not through direct political rule but through economic dependence, political pressure, and cultural influence. Scholars like Rodney (1972) and Amin (1974) reinforced this perspective, asserting that the global capitalist system systematically subordinates developing countries, locking them into roles as raw material suppliers and markets for manufactured goods.

According to this theory, neo-colonial powers manipulate international financial institutions such as the International Monetary Fund (IMF) and the World Bank to impose structural adjustment policies that undermine national sovereignty and prioritize the interests of the global North (Ake, 1981). These policies often result in austerity, public sector retrenchment, and the entrenchment of poverty in African states (Offiong, 1980). The theory assumes that economic dominance is as effective, if not more so, than direct rule in perpetuating underdevelopment. It critiques how former colonial states, under the guise of globalization and foreign investment, continue to influence the policy directions of African countries (Ndlovu-Gatsheni, 2013). In essence, neo-colonialism presents a framework for understanding post-independence dependency and exploitation.

Neo-Colonialism Theory is a fitting lens for examining the challenges facing IMF debt management strategies in Nigeria because it exposes how global financial institutions like the IMF maintain control over developing nations through economic pressures rather than direct political rule, allowing foreign interests to dominate Nigeria's policy choices through conditionalities that prioritize debt repayment and liberalization over national development. These conditionalities often result in budget cuts on health, education, and infrastructure while promoting privatization and deregulation that benefit foreign investors more than Nigerians. Between 2015 and 2024, Nigeria's public debt rose from ₦12.6 trillion to over ₦97.3 trillion, with external debt climbing from $10.7 billion in 2015 to $41.6 billion in 2023 (DMO, 2024), yet critical development indices worsened. IMF-mandated fuel subsidy removal in 2023 triggered inflation and mass hardship, proving how debt management shaped by external influence reinforces economic dependency rather than self-reliant growth.

Methodology

This study employed qualitative method of data collection which was complimented by secondary sources to examine the challenges hindering the effectiveness of IMF debt management strategies in Nigeria. The targeted population consisted of 7 personnel drawn from critical institutions such as the Central Bank of Nigeria (CBN), the Debt Management Office (DMO), the Ministry of Finance, representatives of International Monetary Fund (IMF), Socio-Economic Rights and Accountability (SERAP), Policy Analyst at Nigerian Economic Group Summit (NESG).

Interviews were conducted with seven selected stakeholders from the aforementioned organizations, whose roles and expertise directly align with debt management and fiscal governance in Nigeria. The interviews were semi-structured, allowing for guided discussions while giving participants the flexibility to share their experiences and perspectives. These interviews complemented the secondary data by providing practical insights into challenges, policy effectiveness, and institutional dynamics shaping IMF engagement with Nigeria's debt management practices. The interviews was subjected to content analysis, which enriched the findings by offering deeper context of the research problem. This research methodology was adopted due to its ability to capture meanings, perceptions, and interpretations thereby confirming its reliability and validity.

Data Analysis and Results

Nigeria's level of compliance with IMF debt management strategies

Nigeria's compliance with IMF debt-management strategies reflects a trajectory from reactive, partial compliance during the oil-price shock to more systematic adoption of IMF recommendations.

Between 2015 and 2016 Nigeria confronted a severe external shock when oil prices collapsed, sharply reducing government revenues and exposing weaknesses in public debt management and fiscal buffers (IMF, 2016). The IMF's 2016 Article IV consultation urged urgent macro-fiscal adjustment, higher non-oil revenues, and strengthened public financial management (IMF, 2016). Compliance in this period was partial: the authorities adopted some stabilization measures (short-term borrowing to fill gaps; ad hoc expenditures) but delayed deeper structural actions such as broad-based revenue reform and transparent debt-reporting improvements that the IMF prioritized (IMF, 2016; IMF DSA supplement, 2015). Scholars of IMF conditionality stress that compliance tends to be lower immediately after shocks when political space for painful reforms is constrained (Dreher, 2009; Stubbs et al., 2020), a pattern clearly visible in Nigeria's 2015–2016 response.

From 2017 through 2019 Nigeria's compliance profile becomes mixed. The Debt Management Office (DMO) published annual reports showing improvements in public debt reporting and the adoption of some medium-term debt strategies, but the pace of fiscal consolidation and domestic revenue mobilization remained slow (DMO Annual Reports 2017–2019).

The COVID-19 shock (2020) changed the interaction with the IMF. Nigeria accessed emergency IMF financing in 2020 via the Rapid Financing Instrument (RFI) to respond to the pandemic (IMF press releases, 2020). Compliance with debt-management strategy prescriptions in this year must be seen through the emergency-assistance lens: the government honored the immediate purposes of the RFI (health and social spending), but the shock worsened fiscal metrics and increased reliance on short-term domestic debt. Empirical work on IMF conditionality shows that emergency lending often produces short-term compliance on immediate conditionality but limited progress on deeper structural reforms unless follow-up programs are negotiated (Stubbs et al., 2020). Nigeria's pattern fits this: the RFI was disbursed; immediate objectives were met, but structural fiscal reforms were delayed.

Between 2021 and 2023 compliance improved only slowly. IMF Article IV consultations (2021–2022) repeatedly urged improved non-oil revenue, transparency in oil revenue management, and contingent-liability oversight (IMF, 2022). The Debt Management Office continued to professionalize issuance and reporting (DMO annual reports 2020–2022) and external debt levels held broadly below thresholds flagged in many DSA exercises, but rising domestic debt and fiscal pressures remained a concern. The academic literature suggests that compliance with IMF recommendations on debt management depends heavily on domestic ownership and institutional capacity (Khan, 2000; Dreher, 2009); Nigeria's mixed record in this period reflects limited political economy space and implementation capacity.

In a discussion with an official from the IMF Fiscal Affairs Department, it shows that;

> Nigeria's debt management strategy compliance has shown marked progress over the last decade. Initially, compliance was weak, constrained by inconsistent policy implementation and domestic political pressures. Between 2017 and 2022, Nigeria began aligning policies with IMF recommendations, particularly in improving debt transparency and limiting

> unsustainable borrowing. By 2024–2025, compliance improved significantly due to structural reforms, adjustments to foreign exchange policy, and repayment of IMF credits. This alignment reflects stronger discipline and capacity for macroeconomic management. The trajectory suggests Nigeria is steadily improving adherence to IMF debt management strategies (Field Survey, 9th April 2025)

During an interview with a correspondent at the Federal Ministry of Finance, it was stated that;

> Nigeria's compliance with IMF debt strategies has evolved. Initially, between 2015 and 2016, compliance was low because debt sustainability frameworks were weak and fiscal policy lacked transparency. From 2017 to 2022, Nigeria implemented reforms such as the Debt Sustainability Analysis framework and improved fiscal reporting. By 2024–2025, compliance strengthened due to robust debt management strategies, targeted repayment of IMF loans, and fiscal consolidation measures. These improvements highlight a more strategic alignment with IMF policy recommendations, showing Nigeria's capacity to manage debt responsibly (Field Survey, 10th April 2025)

In a conversation with an official at the Debt Management Office,

> Nigeria's journey in complying with IMF debt management strategies reveals gradual improvement. Compliance between 2015 and 2016 was low due to weak institutional capacity and high fiscal deficits. During 2017–2022, the country adopted new debt frameworks and improved risk assessment strategies. By 2024–2025, compliance was stronger, supported by reforms in foreign exchange policies, reduction in subsidy-related borrowing, and repayment of IMF emergency credit facilities. These developments reflect Nigeria's growing commitment to IMF-guided debt sustainability, signaling a positive trend in policy alignment (Field Survey, 9th April 2025)

In an interview with the senior staff of the Nigerian Economic Summit Group,

> Nigeria's compliance with IMF debt management recommendations showed variation over time. From 2015 to 2016, compliance was generally low due to lack of policy coordination and transparency issues. Between 2017 and 2022, there were positive shifts with better debt data reporting and policy adjustments. By 2024–2025, compliance improved due to more coordinated debt policy, repayment of IMF emergency loans, and adoption of debt ceilings. This reflects Nigeria's gradual convergence towards IMF-recommended strategies, though challenges remain in sustaining high compliance levels (Field Survey, 6th August 2025)

Comparing the interview with analysis from the secondary data, there is strong alignment in recognizing that Nigeria's compliance with IMF debt management strategies moved from low in 2015–2016 to mixed between 2017 and 2022, and then to higher alignment by 2024–2025. All interviewees emphasize that DMO reforms, foreign exchange adjustments, and repayment of IMF emergency credits played major roles in improving compliance. This suggests Nigeria is increasingly adopting IMF guidance, reflecting stronger fiscal discipline and institutional capacity. However, the interviews highlight that sustaining these reforms is essential to ensure long-term debt sustainability and deeper alignment with IMF strategies.

Challenges militating against the success of IMF-backed debt management initiatives in Nigeria

Nigeria's engagement with the International Monetary Fund (IMF) particularly between 2015 and 2025, has been pivotal in shaping its debt management strategies. While these initiatives aimed to stabilize the economy and ensure sustainable debt levels, several challenges have impeded their success, such as the following;

1. Escalating Debt Levels

Nigeria's national debt has witnessed a significant surge over the past decade. From approximately ₦12 trillion in 2015, the debt escalated to about ₦138 trillion by 2024 athenacentre.org. This rapid increase has been attributed to factors such as extensive borrowing practices, currency devaluation, and inadequate financial governance. Despite IMF-backed initiatives to curb borrowing, the government's reliance on both domestic and external debt has continued to rise, raising concerns about debt sustainability (Oyadeyi, 2024).

2. Revenue Generation Constraints

A persistent challenge in Nigeria's debt management has been the limited capacity to generate sufficient revenue. The country's tax-to-GDP ratio remains one of the lowest globally, constraining the government's ability to service its debt obligations effectively. For instance, in 2024, Nigeria's total public debt rose to ₦149.39 trillion, marking a year-on-year increase of 22.8%. This revenue challenge has been exacerbated by structural issues in the economy, including a heavy dependence on oil exports and a narrow tax base (Yusuf & Mohammed, 2023).

3. Inflationary Pressures and Economic Instability

Inflation has remained a significant concern, with rates exceeding 20% in recent years IMF. High inflation erodes the real value of revenues and increases the cost of debt servicing. Additionally, economic instability, characterized by fluctuating oil prices and external shocks, has undermined the effectiveness of IMF-backed debt management strategies.

4. Institutional and Governance Challenges

Effective debt management requires robust institutions and governance frameworks. However, Nigeria has faced challenges in this regard, including weak institutional capacity, lack of transparency, and inadequate oversight mechanisms. These issues have hindered the implementation of IMF-backed initiatives and contributed to inefficiencies in debt management (Adegbite, et al., 2022).

In an interview with the official at the Debt Management Office, it was explained that;

> Nigeria's ability to implement IMF-backed debt management initiatives has been hindered by high and rising debt levels, which reduce fiscal space for reforms. Limited revenue collection has also weakened the capacity to meet debt obligations. Inflationary pressures have increased borrowing costs, making it harder to sustain repayments. Institutional weaknesses such as inadequate coordination between agencies and delays in policy implementation further constrain progress. Political instability and changes in government priorities disrupt continuity. These combined factors create a challenging environment for successful IMF-backed debt management (Field Survey, 9th April 2025).

An interview with a Fiscal Affairs/Debt Specialist at the IMF Nigeria Country Office revealed that;

> Nigeria struggles with weak policy coordination and inconsistent adherence to agreed reforms. External shocks, such as oil price volatility, reduce available foreign revenue. Domestic inflation and exchange rate instability further undermine debt sustainability. Revenue shortfalls limit the government's capacity to implement debt strategies fully. Institutional capacity gaps and lack of transparency in debt management also hinder progress. Political considerations sometimes delay or alter agreed reforms, reducing credibility. These challenges have slowed progress and complicated IMF engagement (Field Survey, 9th April 2025).

In an interview with an official at the Socio-Economic Rights and Accountability Project (SERAP), she emphasized that;

> Transparency and governance issues hinder effective IMF-backed debt management. Weak institutional capacity for debt planning and public accountability limits reforms. Limited revenue generation increases dependency on debt, raising risks. Inflation and currency instability undermine repayment capacity. Policy inconsistency and political interference slow reforms and erode confidence. Lack of public awareness and inadequate stakeholder engagement reduce ownership of debt strategies. These challenges together prevent the full realization of IMF-backed initiatives and raise concerns over long-term debt sustainability (Field Survey, 7th August 2025).

In a discussion with an official of the Central Bank of Nigeria (CBN), who explained that;

> Nigeria faces macroeconomic instability, which complicates IMF debt initiatives. High inflation erodes the value of revenues, increasing borrowing needs. Exchange rate fluctuations raise foreign debt servicing costs. Low revenue generation limits fiscal flexibility. Institutional weaknesses, including weak debt monitoring systems and insufficient coordination between fiscal and monetary authorities, hinder progress. Political instability and lack of policy continuity disrupt debt reforms. Weak governance and accountability frameworks make implementation less effective. These challenges collectively slow the success of IMF-backed debt management in Nigeria (Field Survey, 10th April 2025).

Comparing the interview responses with the analysis from secondary data, there is strong alignment. Both sources confirm that Nigeria's engagement with IMF-backed debt management between 2015 and 2025 has been challenged by escalating debt levels, limited revenue generation, inflationary pressures, institutional weaknesses, and political dynamics. Interviewees consistently highlight coordination gaps, weak capacity, revenue shortfalls, and policy inconsistency as major barriers. This confirms that achieving debt sustainability requires far-reaching reforms, including stronger institutional capacity, improved revenue mobilization, consistent policy implementation, and greater transparency in debt management. Without addressing these structural challenges, IMF debt initiatives will continue to face significant obstacles in Nigeria.

Discussion of Findings

The first objective of this study seeks to examine Nigeria's level of compliance with IMF debt management strategies. The responses from the survey data reveal a strong and consistent perception among participants that Nigeria demonstrates a notable degree of compliance, particularly in aligning its fiscal policies, structural adjustments, and budgetary planning with IMF prescriptions. However, Ogunlana cautioned that this compliance has simultaneously exacerbated socio-economic difficulties, notably among low-income populations who bear the brunt of austerity measures. Similarly, Johnson and Bello (2023) affirmed that IMF-driven measures like currency devaluation and subsidy withdrawal have contributed to Nigeria's improved fiscal stance but failed to generate a proportional increase in the country's sovereign credit ratings. The marginal gains achieved in fiscal indicators have not translated into broader economic development, highlighting a disconnection between macroeconomic stabilization and social welfare. These realities reflect the assumptions of the Neo-Colonialism theory, which argues that financial and economic systems imposed by international institutions serve to maintain the dominance of developed nations over weaker states. IMF policies, under the guise of assistance, impose conditions that prioritize debt servicing and fiscal discipline over human development, effectively reinforcing economic dependency. In Nigeria's case, this manifests in compliance that favours global financial standards at the expense of local socioeconomic realities, making development outcomes secondary to foreign approval.

The second objective of this study seeks to investigate the challenges militating against the success of IMF-backed debt management initiatives in Nigeria. The findings indicate that these strategies are deeply flawed due to several interconnected issues. Chief among these are the unrealistic and rigid conditionalities attached to loan agreements, which prioritize creditor interests, neglect the local context, and further entrench debt dependency. Moreover, the implementation of IMF policies in Nigeria's weak institutional environment creates gaps between policy design and execution, undermining effectiveness. These findings are corroborated by Adebayo and Okonkwo (2023), who argue that IMF conditionalities frequently result in reduced public investment in vital social sectors, thereby intensifying poverty and inequality. Their study showed how fiscal consolidation pressures lead to spending cuts in human capital development, which are detrimental in a country with Nigeria's socio-economic profile. The Neo-Colonialism theory offers a compelling lens to interpret these challenges, asserting that institutions like the IMF, while appearing to offer developmental support, in practice perpetuate structural inequalities and foreign control. The economic models and fiscal adjustments promoted by the IMF often reflect the interests of donor nations and global financial elites, not the developmental aspirations of the borrowing country.

Conclusion

This study has critically examined the multifaceted challenges militating against the success of International Monetary Fund (IMF) debt management strategies in Nigeria. It is evident that despite decades of engagement with the IMF, Nigeria continues to grapple with structural economic vulnerabilities that hinder the effectiveness of external debt strategies. Issues such as policy inconsistency, weak institutional frameworks, corruption, poor debt utilization, overdependence on oil revenues, and lack of transparency in debt negotiations have collectively undermined the success of IMF-recommended fiscal and monetary measures. Moreover, the conditionalities attached to IMF loans—often focused on austerity, currency devaluation, and subsidy removal—have triggered public discontent and economic hardship, further weakening political will for consistent implementation.

The study also revealed that debt sustainability remains elusive due to recurrent budget deficits, exchange rate volatility, and inadequate diversification of the economy. Nigeria's failure to fully adopt structural reforms proposed by the IMF, especially in areas of fiscal discipline and domestic revenue mobilization, continues to constrain the realization of long-term economic stability. Additionally, the absence of robust monitoring and accountability mechanisms has created an environment where borrowed funds are not efficiently channeled into productive sectors.

To achieve meaningful progress, there is a need for Nigeria to domesticate and adapt IMF strategies within the context of its socio-economic realities, strengthen public institutions, promote fiscal transparency, and pursue home-grown economic policies that complement external frameworks. Future engagements with the IMF must prioritize inclusive growth, social protection, and equitable development to foster public support and ensure lasting economic reforms.

Recommendations

Firstly, there is a need for Nigeria to negotiate and tailor IMF conditionalities in a way that reflects the country's unique socioeconomic realities. The federal government, through the Ministry of Finance and Debt Management Office (DMO), should proactively engage with IMF negotiators to domesticate the terms of debt agreements without compromising national interests. For instance, fiscal discipline and macroeconomic stability should not come at the expense of public welfare; thus, conditionalities should prioritize reforms that align with the nation's development priorities such as infrastructure, industrialization, and poverty alleviation.

Secondly, Nigeria must build stronger institutional capacity and deepen transparency in public financial management. Many of the constraints highlighted in the study, such as poor implementation frameworks, weak policy coordination, and limited absorptive capacity, stem from systemic institutional inefficiencies. Strengthening regulatory agencies like the Budget Office, the National Assembly's oversight committees, and the Fiscal Responsibility Commission will be critical. These bodies should be empowered with greater technical expertise, data-driven tools, and legislative backing to independently evaluate, adapt, and monitor IMF loan conditions. Furthermore, there should be increased civil society engagement and public discourse on debt-related decisions to foster inclusive accountability. Therefore, building robust institutions and fostering participatory governance, Nigeria can resist exploitative conditionalities, optimize IMF assistance, and redirect borrowed funds to transformative sectors like education, healthcare, and technological innovation that promote long-term economic sovereignty and resilience.

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