CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The foreign debt history of African nations began in 1960s when African governments on attainment of independence, approached western financial institutions for development loans (Abubakar, Anthony, Segun, Nelson, Femi & Benjamine, 2016). The creditor nations (that is the western financial institutions) created the London club of creditors to manage the Public sector debt and the Paris club of creditors to manage private sector debt. The Paris Club of creditors is a group of officials from major creditor countries whose role is to find coordinated and sustainable solutions to the payment difficulties experienced by debtor countries. This is done by providing debt treatments to debtor countries in form of rescheduling, which is debt relief by postponement or, in the case of concessional rescheduling; is reduction in debt service obligations during a defined period or as of a set date. While the London Club of creditors is an informal group of private creditors at international stage that is responsible for extension of credit facilities to public sector and rescheduling of debt payments made by countries to commercial banks (Sloman, 2006). Another group of creditors are the multilateral creditors. This creditor comprises of World Bank and its affiliates like African Development Bank (AFDB), International Monetary Fund (IMF) and Inter-American Development Bank (IADB). For the purpose of this study, our concern is on IMF financial and non financial interaction with some selected Sub Saharan African Nations.

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, 2017). IMF formally came into existence on 27 December 1945, when the first 29 countries ratified its Articles of Agreement, and began its financial operations on 1st March 1947 as a cooperative fund upon which member states could draw to maintain economic activity and employment during a period of crises (wikipedia.org). When a country joins the IMF, it is assigned an initial quota in the same range as the quotas of existing members of broadly comparable economic size and characteristics. Quotas are denominated in Special Drawing Rights (SDRs) and these quota subscriptions are a central component of the IMF's financial resources. Each member country of the IMF is assigned a quota, based broadly on its relative position in the world economy. A member country's quota determines its maximum financial

commitment to the IMF. It also has a bearing on its access to IMF financing i.e. the amount of financing a member can obtain from the IMF (its access limit) is based on its quota and the quota largely determines a member's voting power in IMF decisions.

When the IMF was established as an institution for monetary cooperation, there was no reference to conditionality, but in order to safeguard the extended loans and make funds available to other potential borrowers; economic policies adjustments known as Conditionality was attached to the fund several years later in an Executive Board decision in 1952 (Buira, 2003). IMF conditionality is a set of policies that the IMF requires in exchange for financial and non financial resources. It is a means by which IMF offers support and attempts to influence the policies of borrowing nation in order to secure compliance with a programme of measures. According to Murray and King (2008) IMF conditionality mission was of three fold: to ensure the stability of the exchange rate, to promote economic growth, and to provide financial assistance to countries experiencing balance-of-payments difficulties.

Randall (2007) observed that the scope of conditionality of the IMF varies across types of IMF programs; Stand-by facilities (SBFs) are typically one- to two-year programs offered to the relatively high-income borrowers, and they test an average of five categories of conditions per month; Extended Fund Facilities (EFFs) are typically three-year arrangements with more ambitious goals, and they average seven test categories; Extended Structural Adjustment Facilities (ESAFs) and Poverty Reduction and Growth Facilities (PRGFs) are long-term programs for poor countries, and their average levels of conditionality were intermediate between the other two (Kjell, 1987). IMF has many other facilities both financial and non-financial facilities, but the bone of contention in this study is the IMF 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 Fund financial assistance but seek to consolidate their economic performance with IMF monitoring and support. The PSI is designed to promote a close policy dialogue between the IMF and a member country, normally through semi-annual Fund assessments of the member's economic and financial policies. The PSI is a non financial facility (it does not attract fund assistance from IMF), but an advisory instrument through which the IMF seeks to influence the financial and economic policy of member nations that obtain the instrument. Currently, there are seven sub Saharan African countries that obtained PSI from IMF; Nigeria, Cape Verde, Mozambique, Rwanda,

Senegal, Tanzania, and Uganda. These seven notions joined the IMF and other International Financial Institutions to solve their economic problems and attain the economic objectives, with Nigeria as the first Sub-Saharan African country to obtain this Instrument (PSI) from IMF in October 17, 2005.

Though 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 liberalisation, or lifting import and export restrictions, increasing the stability of investment , balancing budgets and not overspending, 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).

The critics of IMF feared that IMF imposes excessive and counterproductive forms of conditionality that have very little or nothing to do with economic theory (Randall, 2007). But the IMF Managing Director; Christine Lagarde, when she visited Nigeria in 2016, noted that the fund had no policy of interference with how member-countries run their fiscal policies. However, according to Abubakar et al (2016), the president and secretary general of the Trade Union Congress of Nigeria (TUC), Bobboi Kaigama and Musa Lawal in fear, urge the Federal Government to beware of what agreements it may reach with the IMF on how to run the economy of the country in order not to adopt policies that will further impoverish the people. This is because it is believed that IMF policies are intended to help the member country overcome its external payments problem and thus be in a position to repay the Fund in a timely manner without considering the economic internal effect of the policies.

According to IMF news (2015) IMF PSI aims at consolidating macroeconomic stability, achieving sustained economic growth and poverty reduction through the pursuit of prudent macroeconomic policies as well as promoting structural reforms. Hacche (1979) relating on Harrod-Domar theory of growth, said that economic growth can be created through capital accumulation (investment) and savings. Invested savings at long run will create employment which will increase economic growth and reduce poverty. The increase in economic growth will be reflected at the countries Real Gross Domestic Product (GDP) which will lead to improved standard of living. Thus the variables of interest in this research work centred on economic growth as explained by Harrod-Domar theory of growth. That is

how IMF conditionality practices affect GDP, Gross fixed Capital Formation (investment) and National Savings of Sub-Saharan African and the selected countries.

1.2 Statement of the Problem

IMF financing is extended to members experiencing balance of payments difficulties to enable them meet up with their short-term needs. This has always been associated with complex and persistent agenda of structural adjustment and reforms, popularly known as IMF conditionality.

Many scholars have argued on the relevance of the IMF facilities especially towards improving the economic conditions of developing economies. Some showed that IMF conditionality is too short-run oriented and imposes foreign groomed conditions that hardly take cognizance of local environment, thereby worsening the economic conditions of the benefiting developing nations (Randall, 2007; Willian, 2003; Ibenta, 1988; Jesse & Konstantinos, 2014).

In favour of the IMF facilities, researchers argued that IMF conditionality demands adoption of economic policy/structural adjustment programmes that redresses the problems that led to the need of the facilities. They showed that the conditionality tend to be less distressful in low-income countries, and allows market-rate interest on most of the quota subscription (Abubaka et al, 2016; Kenen, 2007; Bumba, 2008; Murray & King, 2008)

Again, three nations among the seven sub-Saharan African nations that obtained the IMF PSI have records of people living below poverty line: 38% Nigerians, 52% Mozambique's and 30% Cape Verdean (Country profile, 2016). What would have accounted for such disparity and unacceptable poverty level despite the IMF PSI accessed? Can it be argued that PSI and accompanying conditionality worsen the economic conditions of the borrowing nations? Thus, this study assesses the effects of IMF conditionality on economic growth of five among the seven Sub-Saharan African nations that accessed the IMF Policy Support Instrument with a view of explaining what accounted for the disparity.

1.3 Research Objectives

The main objective of this research work was to evaluate the effect of IMF conditionality on economic growth of selected sub Saharan African nations, while the specific objectives weq1re;

1. To analyse the effect of IMF conditionality on Gross Domestic Product (GDP) of selected Sub-Saharan African Nation.
2. To ascertain the effect of IMF Conditionality on Gross Fixed Capital Formation (GFCF) of selected Sub-Saharan African Nation.
3. To evaluate the effect of IMF Conditionality on National Savings (NS) of selected Sub-Saharan African Nation.

1.4 Research Questions

The following research questions were developed from the stated objectives to guide this research work

1. To what extent has IMF conditionality affected the GDP of selected Sub-Saharan African Nations?
2. How has the IMF Conditionality affected the GFCF of selected Sub-Saharan African Nations?
3. How has IMF Conditionality affected NS of selected Sub-Saharan African Nations?

1.5 Research Hypotheses

The following hypotheses were developed from the research questions and stated in null form to guide this research work

1. IMF conditionality has no significant effect on Gross Domestic Product of selected sub Saharan African nations
2. IMF conditionality has no significant effect on Gross Fixed Capital formation of selected sub Saharan African nations
3. IMF conditionality has no significant affect on National savings of selected sub Saharan African nations

1.6 Significance of Study

The researcher believes that a study of this nature will be of great benefit to the following set of people:

1. **The Nigerian government/monetary authorities**: the government through the monetary authorities tries to achieve stated economic objectives through their developed monetary and fiscal policies and these policies are influenced by the IMF through the IMF conditions for lending. The impacts of these conditions have attracted many scholars with both opposing and proposing side. Hopefully, the assessment of the IMF conditionality on selected variable of different nations, which this work aims to achieve, will enlighten the Nigerian monetary authority on the effects of this conditionality on Nigerian economic growth. Again, the result of the analysis will also help them to either renew or not renew the IMF PSI.
2. **The Selected Sub Saharan African Nations and their monetary authorities:** When the effect of IMF conditionality on the selected nations is econometrically analysed, these nations through the result of the analysis will see both the short and long run effect of IMF conditionality on selected variables of those nations; like GDP, gross fixed capital formation and National Savings. That will enable monetary authorities of those nations to make sound economic policies that will help them to achieve their desired objectives, especially in area of economic and fund management. The work in addition to each individual country's analysis on effect of IMF conditionality, hopes to carry out a panel test in other to ascertain the general effect of IMF conditionality on selected Sub Saharan African nations using relevant data for the selected nations. The government and monetary authority will through the result of the analysis see and understand the economic implication of IMF lending condition on Sub Saharan African nations over the years. The recommendations of this research work will hopefully help them in developing and implementation of nation's monetary and fiscal policy.
3. **Scholars:** Scholars and researcher of various institutions will find this work to be of a great importance in various ways. For instance, the work will serve as a good source of data for those researching on similar topic, selected variables and countries because all the concepts in this study are discussed in detail. It can also serve as a starting point for those who wish to carry out further study on the related topic. The model of

this work can as well be adopted or adapted by other researchers. Others can as well carry out research on the same work either to support of oppose the findings of this research work. Also other researcher will benefit from this work through the vast exposure and literacy they will gain on IMF operations, lending facilities and conditionality. This work hopefully, will also expose them to the economic conditions and debt profile of the selected Sub Saharan African nations which ordinarily, they might not have had good knowledge of. Then If this research work succeeds in meeting up with the requirement for the award of PhD in Banking and Finance, the supervisors will fill fulfilled and satisfied having contributed positively to the knowledge of learning. To the researcher, the dream of being cited by other researchers is what every good researcher aims at when carrying out a detailed study of this nature; hopefully people will read and cite this research work as the researcher has read and cited peoples work.

4. **The International Monetary Fund:** the IMF will through this work know the people's opinion concerning their lending activities as many literatures on the effects of IMF conditionality were reviewed. The result of the analysis will also show the long run effects of the conditionality on the selected variable of low income Countries. The panel analysis will reflect the general result on the effects of IMF conditionality on selected Sub Saharan African. This will help the IMF to assess their performance in achieving their stated objectives among the member nations and also to adjust their lending policies to suit the desired objectives if it is necessary.
5. **The Institutions of learning:** Both the Department of Banking and Finance and school of post graduate studies of Nnamdi Azikiwe University will benefit from this research work because it will add to the bulk of successfully completed PhD thesis of this great University. Again research work of this nature can be used to equip the Departmental, Faculty, school of post graduate and University library in order to give researchers from within and without the university access to such work.

1.7 Scope of the Study

This study covered a period of thirty year: 1986 to 2016. The base year 1986 was chosen because most developing countries including Nigeria, Mozambique, and Tanzania adopted Structural Adjustment Programme from World Bank and its affiliates in 1986. 2016 was

chosen as the end year for convenience of data collection. The nations under study are five of the seven countries in Sub Saharan African that obtained PSI from IMF. These countries are Nigeria, Uganda, Rwanda, Tanzania, and Senegal. Cape-Verde and Mozambique were removed due to unavailability of desired data in data bank of the World Bank for the selected variables.

The common policy adjustments of IMF that are contained in IMF PSI are used to proxy the IMF conditionality. These IMF conditionality as the independent variables of this research work are Reduction in government expenditure; proxy by Total Government Expenditure (TGE), Devaluation of local currency; proxy by Real Exchange Rate (RER) and Trade liberalization; proxy by Trade Openness (TO) of the five selected countries. While the dependent variables are the three major economic growth indicators of the five selected countries, namely the Gross Domestic Product, Gross Fixed Capital Formation and National Savings. The Sub-Saharan African nations were chosen because most scholars see them as the emerging economy. Again they are naturally endowed as discussed in our chapter two

1.8 Limitations of Study

The major limitation faced by the researcher is the inability of the researcher to study the seven countries that obtained PSI from IMF due to unavailability of data for all the seven sub-Saharan African nations. To that effect, two of the seven selected countries; Cape Verde and Mozambique were dropped. The remaining five countries that have their data available with data bank of the World Bank were studied. Again, tax rate was not included in the independent variables because such data for all the countries in data bank of World Bank started from 2006.

1.9 Operational Definition of terms

The following words used in this research work are defined below to depict their operational meaning:

Conditionality: a policy adjustment that is required in order to obtain IMF facility.

Policy Support Instrument: is a nonfinancial instrument of IMF that are accessed by countries that have no need for loan, but wished to consolidate their relationship with IMF by submitting their country's economic and financial policies to IMF executives on half yearly bases.

Trade Liberalization: is the removal or reduction of restrictions on international or exchange of goods and services between nations.

Trade Openness: variable that indicates the extent of liberalization in an economy. It is a function of summation of total import and export divided by GDP.

Gross Fixed Capital Formation: net increase in physical assets (investment minus disposals) within the measurement period.

International Monetary Fund: an institution that extends financial assistance to member nations experiencing short term financial crisis.

Sub-Saharan Africa: is the area of the continent of Africa that lies south of the Saharan.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Conceptual Review

2.1.1 Concept of IMF Conditionality

The concept of conditionality was introduced in 1952 at the executive Board meeting of the IMF and subsequently incorporated into the Articles of Agreement. Conditionality is associated with economic theory as well as an enforcement mechanism for repayment. The theory underpinning the conditionality was the monetary approach to the balance of payments (Jensen, 2004).

Conditionality has been defined as a means by which one offers support and attempts to influence the policies of another in order to secure compliance with a programme of measures. It is a tool by which a country is made to adopt specific policies or to undertake certain reforms that it would not otherwise have undertaken, in exchange for financial support. Then within the context of the IMF, conditionality refers to policies a member must adopt to secure access to Fund resources (Buira, 2003). IMF conditionality is also seen as a set of policies or conditions that the IMF requires in exchange for financial resources (Jensen, 2004).

Ross (2002) 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. He also viewed conditionality in two ways: for countries seeking financial support from the Fund, conditionality represents the hurdle which they must clear in order to convince the international community of their commitment to economic reform. While to the Fund itself, conditionality represents the most effective mechanism through which it can ensure that Fund financial assistance is used to serve the interests of its membership and the international monetary system as a whole.

Cabello, Sekulova and Schmidt (2008) defined conditionality as the application of specific, pre-determined requirements that directly or indirectly enter into a donor's decision to approve or continue to finance a loan or grant

These conditions could be in form of:

(a) Maintenance of an adequate macroeconomic policy framework;

(b) Implementation of the overall program in a manner satisfactory to the Bank; and

(c) Implementation of the policy and institutional actions that are deemed critical for the implementation and expected results of the supported program.

According to Jesse and Konstantinos (2014), the IMF attaches two different types of conditions to its loans known as quantitative conditions and structural conditions.

Quantitative conditions or Quantitative Performance Criteria (QPC), are a set of macroeconomic targets that governments must meet. For example, the level of fiscal deficit a government is allowed. While the Structural conditions which tie IMF lending to the achievement of institutional and legislative policy reforms within countries, come in two different forms: prior actions and structural benchmarks.

Prior actions are binding conditions, which have to be fulfilled before the loan is granted, and Structural benchmarks though not binding, but influential in the reviews of government performance carried out by the IMF at least every six months, which give clearance for the release of a subsequent loan tranche. The IMF does not require collateral from countries for loans but also requires the government seeking assistance to correct its macroeconomic imbalances in the form of policy reform. If the conditions are not met, the funds are withheld.

According to IMF Factsheet (2012) some of the conditions for structural adjustment also known as Washington Consensus. include:

Cutting expenditures, also known as austerity.

Focusing economic output on direct export and resource extraction,

Devaluation of currencies,

Trade liberalisation, or lifting import and export restrictions,

Increasing the stability of investment (by supplementing foreign direct investment with the opening of domestic stock markets),

Balancing budgets and not overspending,

Removing price controls and state subsidies,

Privatization, or divestiture of all or part of state-owned enterprises,

Enhancing the rights of foreign investors vis-a-vis national laws,

Improving governance and fighting corruption.

Alexander, Thomas and Lawrence (2016) used relevant materials collected from IMF's lending operations and identified all policy conditionality in IMF loan agreements between 1985 and 2014, extracting 55,465 individual conditions across 131 countries in total. They concluded that the number of conditions has been on increase even after IMF programme reform of 2008. Again, the policies introduced to ameliorate the social consequences of IMF macroeconomic advice have been inadequately incorporated into programme design. Kruger, Lavigne and McKay (2016) proposed IMF reforms aimed at improving country representation, granting the IMF real operational independence and enhancing its catalytic role if IMF is to remain a relevant player in the rapidly evolving global economic and financial system.

2.1.2 The concept of Gross Domestic Product

Gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders within one year. GDP includes all private and public consumption, government outlays, investments and exports minus imports that occur within a defined territory. Put simply, GDP is a broad measurement of a nation's overall economic activity. Though GDP is usually calculated on an annual basis, it can be calculated on a quarterly basis as well (investopedia, n.d.)

Abel and Deitz (2008) saw Gross Domestic Product as the most comprehensive measure of economic activity and a key gauge for analysts evaluating an economy's performance. They maintained that measures improve the ability of analysts to assess regional economic activity. Amadeo (2017) defined GDP as the total value of everything produced by all the people and companies in the country. That is, it doesn't matter if they are citizens or foreign-owned companies, if they are located within the country's boundaries; the government counts their production as GDP. He also sees gross domestic product as the best way to measure a country's economy. According to Amadeo (2017), the components of GDP are Personal Consumption Expenditures, Business Investment, Government Spending and (Exports minus Imports).

Brooks (2014) defined GDP as the market value of all final goods and services produced within a country in a given period of time. Brooks went on to explain GDP by breaking it down word by word as follows:

Market value: Goods are valued at their market prices, so all goods measured in the same units and things that don't have a market value are excluded.

Final good and services: Final goods intended for the end user. Intermediate goods used as components or ingredients in the production of other goods. GDP only includes final goods as they already embody the value of the intermediate goods used in their production. GDP includes tangible goods and intangible services

Produced: GDP includes currently produced goods, not goods produced in the past.

Within: GDP measures the value of production that occurs within a country's borders, whether done by its own citizens or by foreigners located there.

Given period: Usually a year or a quarter (3 months)

When Vreeland (2003) ascertain whether IMF should impose specific policy prescription known as conditionality in order to promote economic growth of member nations, it was discovered that IMF through conditionality has not increased the economic growth of the member nations.

2.1.3 The Concept of Gross Fixed Capital Formation

According to Pettinger (2012) Gross fixed capital formation is a net investment that measures the net increase in fixed capital. It includes spending on land improvements (fences, ditches, drains, and so on); plant, machinery, and equipment purchases; the construction of roads, railways, private residential dwellings, and commercial and industrial buildings. It is a component of the Expenditure method of calculating GDP. Again, Glossary of statistical terms (2013) said that the Gross fixed capital formation measures the value of acquisitions of new or existing fixed assets by the business sector, governments and pure households (excluding their unincorporated enterprises) *less* disposals of fixed assets. GFCF is a component of the expenditure on gross domestic product (GDP), and thus shows something about how much of the new value added in the economy is invested rather than consumed. The GFCF time series data is often used to analyze the trends in investment activity over time

The meaning of capital formation is that society does not apply the whole of its current productive activity to the needs and desires of immediate consumption, but directs a part of it to the making of capital goods such as: building and other structure, plant and equipment, transport facilities, tools and instruments, machines, and all the various forms of real capital that can so greatly increase the efficacy of productive effort. The term is sometimes used to cover human as well as material capital, which include investment in skills, education and health (Kusmadi, 1997)

Gross fixed capital formation (GFCF) can also be referred to as the net increase in physical assets (investment minus disposals) within the measurement period. It does not account for the consumption (depreciation) of fixed capital, and also does not include land purchases. It is a component of expenditure approach to calculating GDP.

To Kusmadi (1997), Gross fixed capital formation (GFCF) is the acquisition (including purchases of new or second-hand assets) and creation of assets by producers for their own use, minus disposals of produced fixed assets. The relevant assets relate to products that are intended for use in the production of other goods and services for a period of more than a year. The term "produced assets" means that only those assets that come into existence as a result of a production process recognized in the national accounts are included. It could also be seen as an estimate of net capital expenditure (acquisitions less disposals) of non-produced, non-financial assets, which are used continuously or repeatedly in production for more than one year. Gross fixed capital formation (GFCF) is a macroeconomic concept used in official national accounts. It is called gross because the measure does not make any adjustments to deduct the consumption of fixed capital (depreciation of fixed assets) from the investment figures. GFCF is not a measure of total investment, because only the value of net additions to fixed assets is measured, and all kinds of financial assets are excluded, as well as stocks of inventories and other operating costs.

According to Anyanwu (2002) there are different types of investment. They include

(1) Fixed investment;

(2) Inventory Investment; and

(3) Replacement Investment.

The fixed investment refers to purchases by firms and governments of newly produced capital goods such as production machinery, newly built structures, office equipment etc. Inventory investment refers to stock of goods which have been produced by businesses and

governments but are yet unsold. The third type of investment refers to investment made to replace worn out capital goods resulting from their use in the production process. Another type of investment is investment in real estate and residential construction. Taken together these types of investment constitute an economy's gross private domestic investment.

Kanu and Nwaimo (2015) who examined the relationship between capital expenditures and gross fixed capital formation in Nigeria from 1981 to 2011, discovered that Capital Expenditures has a negative significant relationship with Gross Fixed Capital Formation in Nigeria. That agreed with the IMF policy that maintains that reduction in government expenditure will increase economic performance.

2.1.4 The Concept of National Saving

National Saving is the proportion of public and private savings as a percentage of national income (Farlex Financial Dictionary, 2012). It can also be seen as the proportion of public and private savings as a percentage of national income. In simple economic models, the national savings is assumed to be the same as national investment, which is the total amount spent on securities and similar investments. That is, saving is income not spent, or deferred consumption, or anything not spent by consumers or the government. Methods of saving include putting money aside in a deposit account, a pension account, an investment fund, or as cash. Saving also involves reducing expenditures, such as recurring costs. In terms of personal finance, saving generally specifies low-risk preservation of money, as in a deposit account and investment.

Saving is closely related to physical investment, in that the former provides a source of funds for the latter. By not using income to buy consumer goods and services, it is possible for resources to instead be invested by being used to produce fixed capital, such as factories and machinery. Saving can therefore be vital to increase the amount of fixed capital available, which contributes to economic growth.

Savings consists of the amount left over when the cost of a person's consumer expenditure is subtracted from the amount of disposable income he earns in a given period of time. For those who are financially prudent, the amount of money left over after personal expenses have been met can be positive; for those who tend to rely on credit and loans to

make ends meet, there is no money left for savings. Savings can be turned into further increased income through investing in different investment vehicles. (investopedia.com)

A high national savings rate indicates lower levels of debt, which is positive. However, in an economy driven by consumer spending, a high savings rate may indicate uncertainty or lack of consumption, which can lead to a slowdown or a recession. That is, low or negative national savings usually indicates excessive borrowing, spending, or both. On the other hand, high national savings may result in slower economic growth, as persons, companies and the governments are saving instead of purchasing goods and services (Farlex Financial Dictionary, 2012). However, increased saving does not always correspond to increased investment. If savings are stashed in or under a mattress, or otherwise not deposited into a financial intermediary such as a bank, there is no chance for those savings to be recycled as investment by business. This means that saving may increase without increasing investment, possibly causing a short-fall of demand (a pile-up of inventories, a cut-back of production, employment, and income, and thus a recession) rather than to economic growth. In the short term, if saving falls below investment, it can lead to a growth of aggregate demand and an economic boom. In the long term if saving falls below investment it eventually reduces investment and detracts from future growth. Future growth is made possible by foregoing present consumption to increase investment.

The Harrod Domar theory of growth upon which this study is anchored on, saw Savings as one of the major macroeconomic variables of growth. Again, when studied the relationship between capital expenditure of the government and National Savings in Nigeria, Kanu and Nwaimo (2015) discovered that National Savings had a positive significant relationship with GFCF in Nigeria.

2.1.5 Government Expenditure as proxy for reduction in government expenditure

According to Pass, Lowes and Davies (2005) government expenditure refers to the purchase of goods and services, which include public consumption and public investment, and transfer payments consisting of income transfers (pensions, social benefits) and capital transfer by the government. Government spending or expenditure includes all government consumption, investment, and transfer payments (Glossary.econguru).

Government spends money towards the supply of goods and services that are not provided by the private sector but are important for the nation's welfare. Government spending goes to the nation's defence, infrastructure, health and welfare benefits. Furthermore, governments subsidize start-up industries or industries that cannot propel their operations with funding by the private sector, such as transportation or agriculture. Government spending can be financed by government borrowing, seigniorage, or taxes. When government acquires goods and services for current use in other to directly satisfy individual or collective needs of the members of the community, is called government final consumption expenditure (GFCE.) It is a purchase from the national accounts for goods and services that directly satisfy individual needs (individual consumption) or collective needs of members of the community (collective consumption). GFCE consists of the value of the goods and services produced by the government itself other than own-account capital formation and sales and of purchases by the government of goods and services produced by market producers that are supplied to households without any transformation as social transfers in kind (Glossary, n.d.).

Government acquisition of goods and services intended to create future benefits, such as infrastructure investment or research spending, is called **government investment** (government gross capital formation). These two types of government spending, on final consumption and on gross capital formation, together constitute one of the major components of gross domestic product. Gross fixed capital formation has to do with government acquisition intended to create future benefits, such as infrastructure investment or research spending, which usually is the largest part of the government expenditure. Acquisition of goods and services is made through production by the government (using the government's labour force, fixed assets and purchased goods and services for intermediate consumption) or through purchases of goods and services from market producers. In economic theory or in macroeconomics, investment is the amount purchased per unit of time of goods which are not consumed but are to be used for future production (i.e. capital). Another aspect of government expenditures is transfer payments. It comprises of expenditure that are not acquisition of goods and services, but transfers of money such as social security payments. These payments are considered to be exhaustive because they do not directly absorb resources or create output. In other words, transfers are made without an exchange of goods or services. Examples include welfare (financial aid), social security, and government giving subsidies to certain businesses (Glossary, n.d.).

Generally, increases in government spending are expansionary, while decreases are contractionary. John Maynard Keynes was one of the first economists to advocate government deficit spending (increased government spending financed by borrowing) as part of the fiscal policy response to an economic contraction. According to Keynesian economics; increased government spending raises aggregate demand and increases consumption, that leads to increased production and faster recovery from recessions. Classical economists, on the other hand, believe that increased government spending exacerbates an economic contraction by shifting resources from the private sector, which they consider productive, to the public sector, which they consider unproductive. So a change in government spending is a major component of fiscal policy used to stabilize the macroeconomic business cycle (Pass, Lowes & Davies, 2005).

As IMF projects reduction in government expenditure as a mean of promoting economic growth, Nancy, Geoffrey, and Bruce (2004), inserted that reduction in government expenditure as IMF conditionality has an important indirect economic benefit to member countries that adopted it. While Murray and King (2008), agreed that reduced government spending on health care can have very serious consequences for health outcomes

2.1.6 The concept of Real Exchange Rate (proxy for devaluation of local currency)

There are basically two types of exchange rates; nominal exchange rate and real exchange rate. Nominal exchanges rate simply states how much of one currency (i.e. money) can be traded for a unit of another currency. The real exchange rate, on the other hand, describes how many of a good or service in one country can be traded for one of that good or service in another country (Pettinger, 2017).

According to Farlex Financial Dictionary (2012), Real Exchange Rates is the purchasing power of two currencies relative to one another. A decrease in real exchange rate is termed appreciation of the real exchange rate, an increase is termed depreciation. The real rate tells us how many times more or less goods and services can be purchased abroad (after conversion into a foreign currency) than in the domestic market for a given amount. In practice, changes of the real exchange rate rather than its absolute level are important. The nominal exchange rate is defined as the number of units of the domestic currency that can

purchase a unit of a given foreign currency. A decrease in this variable is termed nominal appreciation of the currency. Under the fixed exchange rate regime, a downward adjustment of the rate is termed revaluation. An increase in this variable is termed nominal depreciation of the currency. Under the fixed exchange rate regime, an upward adjustment of the exchange rate is called devaluation. In contrast to the nominal exchange rate, the real exchange rate is always floating, since even in the regime of a fixed nominal exchange rate, the real exchange rate can move via price-level changes.

The real effective exchange rate measures the value of a currency against a basket of other currencies; it takes into account changes in relative prices and shows what can actually be bought and the nominal exchange rate measures the current value of a currency against another. The real exchange rate measures the value of currencies, taking into account changes in the price level. The real exchange rate shows what you can actually buy. It is the value consumers will actually pay for a good. Real exchange rate is good for looking at the overall performance of a currency, so rather than focusing on the nominal exchange rate, it is more sensible to monitor the real exchange rate when assessing the effect of exchange rates on international trade or export competitiveness of a country.

Two currencies may have a certain exchange rate on the foreign exchange market. This does not mean that goods and services purchased with one currency cost the equivalent amounts in another currency. This is due to different inflation rates with different currencies. Real exchange rates are thus calculated as a nominal exchange rate adjusted for the different rates of inflation between the two currencies. Real exchange rates are exchange rates that have been adjusted for the inflation differential between two countries (Pettinger, 2017).

Mathematically, the real exchange rate is equal to the nominal exchange rate times the domestic price of the item divided by the foreign price of the item. In practice, real exchange rates are usually calculated for all goods and services in an economy rather than for a single good or service. This can be accomplished simply by using a measure of aggregate prices (such as the consumer price index or GDP deflator) for the domestic and the foreign country in place of the prices for a particular good or service. The units on real exchange rates, therefore, are units of foreign good over units of domestic (home country) good, since real exchange rates show how many foreign goods you can get per unit of domestic good

According to Pettinger (2017) the following are the effects of increase in real exchange rate

- If a countries real exchange rate is rising, it means its goods are becoming more expensive relative to its competitors.
- An increase in the real exchange rate means people in a country can get more foreign goods for an equivalent amount of domestic goods.
- Therefore an increase in the real exchange rate will tend to increase net imports. Foreigners will buy our less expensive exports. It now becomes more attractive to buy imports.
- Similarly, a fall in the real exchange rate should increase net exports as domestic goods are more competitive.

It is generally believed that increase in exchange does not favour developing economies. This is also supported by Udeh, Ugwu, and Onwuka (2016) that discovered that exchange rate movement had positive relationship with Nigerian economic performance. That is to say that IMF condition of exchange devaluation as a means of promoting economic growth of developing economies is questioned.

2.1.7 The Concept of Trade Liberalization (proxy for trade openness)

Cara (2011) sees Trade openness is a measure of economic policies that either restrict or invite trade between countries. To Hardison (2011), trade openness refers to the outward or inward orientation of a given country's economy. Outward orientation refers to economies that take significant advantage of the opportunities to trade with other countries. Inward orientation refers to economies that overlook taking or are unable to take advantage of the opportunities to trade with other countries. Some of the trade policy decisions made by countries that empower outward or inward orientation are trade barriers, import-export, infrastructure, technologies, scale economies and market competitiveness. When a country sets a policy of high trade tariffs, thus restricting the desirability of international trade, this restrictive policy will inhibit other countries from sending exports and accepting imports from that country. This restrictiveness, this lack of trade openness, will have an economic effect of slowing economic development/growth. Conversely, trade openness will have an economic effect of increasing economic development and growth (Cara, 2011).

It was further hold that countries with trade openness that receive loans and aid from global non-governmental organizations, collectively called NGOs and from governmental organizations, like the World Bank and the International Monetary Fund, in order to improve

their transportation, communication and technology (i.e. Internet) and infrastructures will experience economic development and growth. This economic development and growth will be further aided by aggressive government policy that removes trade barriers, especially trade tariffs. That will make trade with other countries less profitable and more undesirable. Theory holds that development and growth will be further aided by reduction in business taxes that make it less desirable for companies to build and operate in other countries (Cara, 2011)

Trade liberalization is the removal of or reduction in the trade practices that thwart free flow of goods and services from one nation to another. This includes dismantling of tariff such as duties, surcharges, and export subsidies as well as nontariff barriers such as licensing regulations, quotas, and arbitrary standards (Businessdictionary.com)

Trade liberalization is also the removal or reduction of restrictions or barriers on the free exchange of goods between nations. This includes the removal or reduction of tariff obstacles and non tariff obstacles. The easing or eradication of these restrictions is often referred to as promoting "free trade." Along with a reduction in the number of restrictions a government has in place, trade liberalization also removes any incentives that may have been present within the market. The opposite stance, protectionism, provides strict standards and regulation on the market. Trade Openness Index is an economic metric calculated as the ratio of country's total trade; the sum of exports plus imports, to the country's gross domestic product, that is Exports + Imports/Gross Domestic Product (Hardison, 2011).

Trade liberalization can give substantial economic benefits. However, these benefits may not be distributed equally. Also, the success of trade liberalization depends on how flexible an economy is. If workers are highly educated and flexible, then it is easier for an economy to switch the nature of production. But, if there are labour market inflexibilities, then structural unemployment may persist for quite a while.

Trade liberalization according to Pettinger (2017) has some advantages such as promotion of free trade marketplace. This allows goods to cross international lines without any regulatory barriers or their associated costs. This can make it more cost effective for those looking to import or export goods with other nations and, ultimately, may result in lower costs to consumers due to lower fees and additional competition. Again, trade liberalisation allows countries to specialise in production of goods and services where they have a comparative advantage (produce at lowest opportunity cost). This enables a net gain in

economic welfare which can lead to lower production costs, which may also translate into savings for consumers. Again removal of tariff barriers can lead to lower prices for consumers. E.g. removing food tariffs in West would help reduce the global price of agricultural commodities. This would be particularly a benefit for countries who are importers of food.

Trade liberalisation can lead to increased competition. That means that firms will face greater competition from abroad. This should act as a spur to increase efficiency and cut costs, or it may act as an incentive for an economy to shift resources into new industries where they can maintain a competitive advantage. For example, trade liberalisation has been a factor in encouraging the UK to concentrate less on manufacturing and more on the service sector. It could also bring economies of scale by enabling greater specialisation. Economies concentrate on producing particular goods. This can enable big efficiency savings from economies of scale. Inward investment is another benefit of liberalization. i.e. making the country more attractive for inward investors. Inward investment leads to capital inflows but also helps the economy through diffusion of more technology, management techniques and knowledge.

Notwithstanding all the benefits accrued to liberalization of trade, it poses threat to developing nations or economies as they likely cannot effectively compete against more established economies or nations. This can lower local industrial diversity or may result in the failure of certain newly developed industries within a particular economy. The infant industry argument suggests that trade protection is justified to help developing economies diversify and develop new industries. Most economies had a period of trade protectionism. It is unfair to insist that developing economies cannot use some tariff protectionism. Because of this argument, some argue that trade liberalisation often benefits developed countries more than developing countries. More also, trade liberalisation often leads to a shift in the balance of an economy. Some industries grow, some decline. Therefore, there may often be structural unemployment from certain industries closing. Trade liberalisation can often be painful in the short run, as some industries and some workers suffer from the decline in uncompetitive firms. Though net economic welfare improves, it can be difficult to compensate those workers who lose out to international competition. Again trade liberalisation could lead to greater exploitation of the environment, e.g. greater production of raw materials, trading toxic waste to countries with lower environmental laws.

Economic research has focused on the economic effect of openness to trade over the last decade, and there is no firm consensus on the economic effect of trade openness. Theories of economics held that open economies would experience increased economic growth while closed economies, those with restrictive tariffs and not open to trade, would experience no economic growth.

According to Hardison (2011), many studies have been performed wherein the theory of openness-to-growth correlation has been upheld, and the results show that the following affect increase in economic growth.

a. Non-restrictive tariff policy;
b. Active involvement of the World Bank and the IMF; and
c. Openness and accessibility of infrastructure and communications

2.1.8 Other Related IMF Issues

2.1.8.1 The International Monetary Fund and its processes

The International Monetary Fund (IMF) is an international organisation headquartered in Washington, D.C. which consists 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 among the members and around the world (IMF Factsheet, 2015). IMF was formed in 1944 at the Bretton Woods Conference primarily by the ideas of Harry Dexter White and John Maynard Keynes, but it came into formal existence in 1945 and commenced operational activities on 1st March 1947, with 29 member countries. It now plays a central role in the management of balance of payments difficulties and international financial crises. Countries contribute funds to a pool through a quota system from which countries experiencing balance of payments problems can borrow money. As of 2016, the fund had SDR 477 billion (about $668 billion) (IMF at a Glance, 2016).

Through the fund, and other activities such as the gathering of statistics and analysis, the IMF works to improve the economies of its member countries. The organisation's objectives stated in the Articles of Agreement are to promote:

a. International monetary co-operation among member nations.
b. International trade
c. High employment rate
d. Exchange-rate stability
e. Sustainable economic growth
f. Making resources available to member countries in financial difficulty

According to Ehrenfreund (2013) the primary functions of International Monetary Fund upon the founding of IMF were:

a. To oversee the fixed exchange rate arrangements between countries, thus helping national governments manage their exchange rates and allowing these governments to prioritise economic growth
b. To provide short-term facilities to aid the balance of payments of the members. This assistance was meant to prevent the spread of international economic crises.
c. To foster global growth and economic stability by providing policy advice and financing to members, by working with developing nations to help them achieve macroeconomic stability and reduce poverty
d. To help mend the pieces of the international economy after the Great Depression of 1920s-1930s and world war II.
e. To provide capital investments for economic growth and projects such as infrastructure.

The IMF's role was fundamentally altered by the floating exchange rates. It shifted from examining the economic policies of countries with IMF loan agreements to determine if a shortage of capital was due to economic fluctuations or economic policy. The IMF also researched what types of government policy would ensure economic recovery. The challenge was to promote and implement policy that reduced the frequency of crises among the emerging market countries, especially the middle-income countries which are vulnerable to massive capital outflows. Rather than maintaining a position of oversight of only exchange rates, their function became one of surveillance of the overall macroeconomic performance of member countries. Their role became a lot more active because the IMF now manages economic policy rather than just exchange rates (IMF Lending, 2012).

2.1.8.2 The IMF lending Process

Upon request by a member country, IMF resources are usually made available under a lending "arrangement," which may, depending on the lending instrument used, specify the economic policies and measures a country has agreed to implement to resolve its balance of payments problem. The economic policy program underlying an arrangement is formulated by the country in consultation with the IMF and is in most cases presented to the Fund's Executive Board in a " Letter of Intent" and is further detailed in the annexed "Memorandum of Understanding". Once an arrangement is approved by the Board, IMF resources are usually released in phased instalments as the program is implemented.

In addition, the IMF negotiates conditions on lending and loans under their policy of conditionality which was established in the 1950s. Low-income countries can borrow on concessional terms, that means there is a period of time with no interest rates. The concessional facilities include: Extended Credit Facility (ECF), the Standby Credit Facility (SCF) and the Rapid Credit Facility (RCF), while the Non concessional loans that include interest rates, are Stand-By Arrangements (SBA), the Flexible Credit Line (FCL), the Precautionary and Liquidity Line (PLL), and the Extended Fund Facility. The IMF provides emergency assistance via the Rapid Financing Instrument (RFI) to members facing urgent balance-of-payments needs**.**

All non-concessional facilities are subject to the IMF's market-related interest rate, known as the "rate of charge," and large loans (above certain limits) carry a surcharge. The rate of charge is based on the SDR interest rate, which is revised weekly to take account of changes in short-term interest rates in major international money markets. The maximum amount that a country can borrow from the IMF, known as its access limit, varies depending on the type of loan, but is typically a multiple of the country's IMF quota. This limit may be exceeded in exceptional circumstances. The Stand-By Arrangement, the Flexible Credit Line and the Extended Fund Facility have no pre-set cap on access (IMF Factsheets, 2012). The instruments are discussed bellow

2.1.8.3 Non-concessional lending Instruments

a. **Stand-By Arrangements (SBA)**

The SBA is designed to help countries address short-term balance of payments problems. The framework allows the Fund to respond quickly to countries' external financing needs, and to support policies designed to help them emerge from crisis and restore sustainable growth. Program targets are designed to address these problems and disbursements are made conditional on achieving these targets (conditionality). The length of a SBA is typically 12–24 months, and repayment is due within 3¼-5 years of disbursement. SBAs may be provided on a precautionary basis i.e. where countries choose not to draw upon approved amounts but retain the option to do so if conditions deteriorate. Historically, the bulk of non-concessional IMF assistance has been provided through SBAs. Since its creation in June 1952, the IMF's Stand-By Arrangement (SBA) has been used time and again by member countries. It is the IMF's workhorse lending instrument for emerging and advanced market countries. The SBA was upgraded in 2009 along with the Fund's broader toolkit to be more flexible and responsive to member countries' needs. Conditions were streamlined and simplified, and more funds were made available up front, as borrowing limits were doubled in response to the global financial crisis. These limits were increased further in 2016. The new framework also enables broader high-access borrowing on a precautionary basis (IMF Factsheets, 2012).

Eligibility to SBA: All member countries facing external financing needs are eligible for SBAs subject to IMF policies. However, SBAs are more often used by middle income (and, more recently, advanced) member countries, since low-income countries have a range of concessional instruments tailored to their needs.

Duration of SBA: The length of a SBA is flexible, and typically covers a period of 12–24 months, but no more than 36 months, consistent with addressing short-term balance of payments problems.

Borrowing terms for SBA:

Access to IMF financial resources under SBAs is guided by a member country's need for financing, capacity to repay, and track record with use of IMF resources. Within these guidelines, the SBA provides flexibility in terms of amount and timing of the loan to help meet the needs of borrowing countries (IMF Factsheets, 2012). These include:

- Normal access. Following implementation of the 14th Review quotas in early 2016, borrowing limits were increased to give countries access of up to 145 percent of new quota for any 12-month period, and cumulative access over the life of the program of up to 435 percent of new quota, net of repayments.
- Exceptional access. The IMF can lend amounts above normal limits on a case-by-case basis under its Exceptional Access policy, which entails enhanced scrutiny by the Fund's Executive Board. During the current global economic crisis, countries facing acute financing needs have been able to tap exceptional access SBAs.
- Front-loaded access. The new SBA framework provides increased flexibility to front-load funds when warranted by the strength of the country's policies and the nature of its financing needs.
- Rapid access. Fund support under the SBA can be accelerated under the Fund's Emergency Financing Mechanism, which enables rapid approval of IMF lending. This mechanism was utilized in several instances during the global financial crisis.
- Precautionary access. The new SBA framework has expanded the range of high access precautionary arrangements (HAPAs), a type of insurance facility against very large potential financing needs. Precautionary arrangements are used when countries do not intend to draw on approved amounts, but retain the option to do so should they need it.

Conditions attached to SBA

When a country borrows from the IMF, it agrees to adjust its economic policies to overcome the problems that led it to seek funding in the first place. These commitments, including specific conditionality, are described in the member country's letter of intent (which often includes memorandum of economic and financial policies). Building on earlier efforts, the IMF has further reformed the conditions of its lending to focus on criteria that are measurable and observable:

Quantitative conditions for SBA: Member countries' progress is monitored using quantitative program targets (quantitative performance criteria and indicative targets). Fund disbursements are conditional on the observance of quantitative performance criteria, unless the Executive Board decides to waive them. Examples include targets for international reserves and government deficits or borrowing, consistent with program goals (IMF factsheets, 2016).

Structural measures for SBA: The new SBA framework has eliminated structural performance criteria. Instead, progress in implementing structural measures that are critical to achieving the objectives of the program are assessed in a holistic way, including via benchmarks in key policy areas, in the context of program reviews.

Frequency of reviews under SBA: Regular reviews by the IMF's Executive Board play a critical role in assessing performance under the program and allowing the program to adapt to economic developments. The SBA framework allows flexibility in the frequency of reviews based on the strength of the country's policies and the nature of its financing needs.

Lending terms under SBA

Repayment schedule under SBA: Repayment of borrowed resources under the SBA are due within 3¼-5 years of disbursement, which means each disbursement is repaid in eight equal quarterly installments beginning 3¼ years after the date of each disbursement.

Lending rate under SBA: The lending rate comprises (1) the market-determined Special Drawing Rights (SDR) interest rate—which has a minimum floor of 5 basis points—and a margin (currently 100 basis points), together known as the basic rate of charge, and (2) surcharges, which depend on the amount and time that credit is outstanding. A surcharge of 200 basis points is paid on the amount of credit outstanding above 187.5 percent of quota. If credit remains above 187.5 percent of quota after three years, this surcharge rises to 300 basis points. These surcharges are designed to discourage large and prolonged use of IMF resources (Jesse & Konstantinos, 2014).

Commitment fee under SBA: Resources committed under all SBAs are subject to a commitment fee levied at the beginning of each 12-month period on amounts that could be drawn in the period (15 basis points for committed amounts up to 115 percent of quota, 30 basis points on committed amounts above 115 percent and up to 575 percent of quota and 60

basis points on amounts exceeding 575 percent of quota). These fees are refunded pro rata if the amounts are drawn during the course of the relevant period. As a result, if the country borrows the entire amount committed under an SBA, the commitment fee is fully refunded. However, no refund is made under a precautionary SBA under which countries do not draw. A service charge of 50 basis points is applied on each amount drawn (IMF factsheets, 2016).

b. **The Flexible Credit Line (FCL);** Flexible Credit Line (FCL) . The FCL is for countries with very strong fundamentals, policies, and track records of policy implementation. FCL arrangements are approved, at the member country's request, for countries meeting pre-set qualification criteria. The length of the FCL is either one year or two years with an interim review of continued qualification after one year. Access is determined on a case-by-case basis, is not subject to access limits, and is available in a single up-front disbursement rather than phased. Disbursements under the FCL are not conditional on implementation of specific policy understandings as is the case under the SBA because FCL-qualifying countries have a demonstrated track record of implementing appropriate macroeconomic policies. There is flexibility to either draw on the credit line at the time it is approved or treat it as precautionary. Once a country qualifies (according to pre-set criteria), it can tap all resources available under the credit line at any time, as disbursements would not be phased and conditioned on particular policies as with traditional IMF-supported programs. The repayment term of the FCL is the same as that under the SBA.
c. **Precautionary and Liquidity Line (PLL):** The PLL provides financing to meet actual or potential balance of payments needs of countries with sound policies, and is intended to serve as insurance and help resolve crises. It combines a qualification process (similar to that for the FCL) with focused ex-post conditionality aimed at addressing vulnerabilities identified during qualification. The PLL is designed to provide liquidity to countries with sound policies under broad circumstances and track record of implementing such policies including countries affected by regional or global economic and financial stress. PLL-qualifying countries may face moderate vulnerabilities and may not meet the FCL qualification standards, but they do not require the substantial policy adjustments normally associated with SBAs. The PLL combines qualification (similar to the FCL but with a lower bar) with focused conditions that aim at addressing the identified remaining vulnerabilities. Duration of PLL arrangements ranges from either six months or one- to two years. One-to-two

year PLL arrangements are subject to semi-annual reviews. Access under six-month PLL arrangements is limited to 125 percent of quota in normal times, but this limit can be raised to 250 percent of quota in exceptional circumstances where the balance of payments need is due to exogenous shocks, including heightened regional or global stress. One- to two-year PLL arrangements are subject to an annual access limit of 250 percent of quota, and all PLL arrangements are subject to a cumulative cap of 500 percent of quota. There is flexibility to either draw on the credit line or treat it as precautionary. The repayment term of the PLL is the same as for the SBA.

d. **Extended Fund Facility (EFF)**: It is used to help countries address balance of payments difficulties related partly to structural problems that may take longer time to correct than macroeconomic imbalances. A program supported by an extended arrangement usually includes measures to improve the way markets and institutions function, such as tax and financial sector reforms, privatization of public enterprises. Its use has increased substantially in the recent crisis period, reflecting the structural nature of some members' balance of payments problems. Arrangements under the EFF are typically longer than SBAs, normally not exceeding three years at approval. However, a maximum duration of up to four years is also allowed, predicated on the existence of a balance of payments need beyond the three-year period, the prolonged nature of the adjustment required to restore macroeconomic stability, and the presence of adequate assurances about the member's ability and willingness to implement deep and sustained structural reforms. Repayment is due within 4½–10 years from the date of disbursement.

2.1.8.4 The Concessional Loan Instruments of IMF Include:

a. **Extended Credit Facility (ECF);** it provides financial assistance to countries with protracted balance of payments problems. The ECF succeeds the Poverty Reduction and Growth Facility (PRGF) as the Fund's main tool for providing medium-term support to LICs facing protracted balance of payments problems, with higher levels of access, more concessional financing terms, more flexible program design features, as well as streamlined and more focused conditionality. Financing under the ECF currently carries a zero interest rate, a grace period of 5½ years, and a final maturity of 10 years.

b. **Standby Credit Facility (SCF);** The Standby Credit Facility (SCF) provides financial assistance to LICs with short-term or potential balance of payments needs. It provides financial assistance to low-income countries (LICs) with short-term balance of payments needs. It provides support under a wide range of circumstances, allows for high access, carries a low or zero interest rate, can be used on a precautionary basis, and places emphasis on countries' poverty reduction and growth objectives. Financing under the SCF currently carries a zero interest rate, with a grace period of 4 years, and a final maturity of 8 years.

c. **Rapid Credit Facility (RCF);** The Rapid Credit Facility (RCF) provides rapid financial assistance with limited conditionality to LICs facing an urgent balance of payments need. The RCF streamlines the Fund's emergency assistance for LICs, and can be used flexibly in a wide range of circumstances and places greater emphasis on the country's poverty reduction and growth objectives. Financing under the RCF currently carries a zero interest rate, has a grace period of 5½ years, and a final maturity of 10 years.

d. **The Policy Support Instrument (PSI):** According to IMF factsheets (2016) PSI is an instrument that supports low-income countries that do not want or need Fund financial assistance but seek to consolidate their economic performance with IMF monitoring and support. This non-financial instrument is a valuable complement to the IMF's lending facilities under the Poverty Reduction and Growth Trust (PRGT). The PSI helps countries to design effective economic programs that, once approved by the IMF's Executive Board, deliver clear signals to donors, multilateral development banks, and markets of the Fund's endorsement of the strength of a member's policies.

Purpose of PSI: The PSI is designed to promote a close policy dialogue between the IMF and a member country, normally through semi-annual Fund assessments of the member's economic and financial policies. This support from the IMF also delivers clear signals to donors, creditors, and the general public about the strength of the country's economic policies.

Eligibility to PSI: The PSI is available to all PRGT-eligible countries that have no current or prospective balance of payments need requiring any significant macroeconomic policy adjustment, but that may still benefit from structural reforms

supporting strong and durable poverty reduction and growth, and that have institutions of sufficient quality to support continued good performance.

Duration and repeated use of PSI: A PSI may be approved for an initial duration of one to four years, and later extended up to a maximum period of five years. Successive PSIs may be requested as long as the country continues to qualify.

Usability of PSI with financial instruments: The PSI cannot be used concurrently with the Extended Credit Facility (ECF). In contrast, the PSI can be used in conjunction with the Rapid Credit Facility (RCF) or Standby Credit Facility (SCF), if short-term financing needs arise, or with a precautionary SCF in periods of increased uncertainty or risk.

Policy objectives of PSI: The PSI is designed to support member countries in maintaining or consolidating macroeconomic stability and debt sustainability, while deepening structural reforms in key areas in which growth and poverty reduction are constrained. In general, policies under the PSI aim to consolidate macroeconomic stability and push ahead with structural measures to boost growth and jobs. These include measures to improve public sector management, strengthen the financial sector, or build up social safety nets.

Program reviews of PSI: by the IMF's Executive Board play a critical role in assessing performance under the program and allowing the program to adapt to economic developments. Reviews are normally semi-annual. To date, the Executive Board has approved 18 PSIs for seven members: Cape Verde, Mozambique, Nigeria, Rwanda, Senegal, Tanzania, and Uganda.

2.1.8.5 Membership of IMF

Any country may apply to be a part of the IMF in the early post war period because rules for IMF membership were left relatively loose. Members needed to make periodic membership payments towards their quota, to refrain from currency restrictions unless granted IMF permission, to abide by the Code of Conduct in the IMF Articles of Agreement, and to provide national economic information. However, stricter rules were imposed on governments that applied to the IMF for funding ((Margaret, 1986).

Not all member countries of the IMF are sovereign states, and therefore not all member countries of the IMF are members of the United Nations (UN). Amidst member countries of the IMF that are not member states of the UN are non-sovereign areas with special jurisdictions that are officially under the sovereignty of full UN member states, such as Aruba, Curacao, Hong Kong, and Macau, as well as sovereign ststes. The corporate members appoint ex-officio voting members. All members of the IMF are also International Bank for Reconstruction and Development (IBRD) members and vice versa. Former members are Cuba (which left in 1964), and the Republic of China (Taiwan), which was ejected from the UN in 1980 after losing the support of the then United States President Jimmy Carter and was replaced by the People's Republic of China. However, Taiwan Province of China is still listed in the official IMF indices. (World Economic Outlook Database for April, 2012). Apart from Cuba, the other UN states that do not belong to the IMF are Andorra, Liechtenstein, Monaco and North Korea. The former Czechoslovakia was expelled in 1954 for "failing to provide required data" and was readmitted in 1990, after the Velvet Revolution. Poland withdrew in 1950 allegedly pressured by the Soviet Union but returned in 1986 (IMF and the Transition from Central Planning, 2012).

2.1.8.6 IMF Board of Governors

The Board of Governors consists of one governor and one alternate governor for each member country. Each member country appoints its two governors. The Board normally meets once a year and is responsible for electing or appointing executive directors to the Executive Board. While the Board of Governors is officially responsible for approving quota increases, Special Drawing Right allocations, the admittance of new members, compulsory withdrawal of members, and amendments of the Articles of Agreement and By-Laws. In practice it has delegated most of its powers to the IMF's Executive Board. The Board of Governors is advised by the International Monetary and Financial Committee and the Development Committee. The International Monetary and Financial Committee has 24 members and monitors developments in global liquidity and the transfer of resources to developing countries (Governance Structure, 2012).

2.1.8.7 IMF Executive Board

Executive Directors make up Executive Board. The Executive Directors represent all 189 member countries in a geographically based roster. Countries with large economies have their own Executive Director, but most countries are grouped in constituencies representing four or more countries. Following the 2008 Amendment on Voice and Participation which came into effect in March 2011, eight countries each appointed an Executive Director: the United States, Japan, China, Germany, France, the United Kingdom, and Saudi Arabia. The remaining 16 Directors represent constituencies consisting of 4 to 22 countries. The Executive Director representing the largest constituency of 22 countries accounts for 1.55% of the vote (IMF Press Release, 2010).

2.1.8.8 Managing Director

The IMF is led by a managing director, who is head of the staff and serves as Chairman of the Executive Board. The Managing Director is assisted by a First Deputy Managing Director and three other Deputy Managing Directors. Historically the IMF's managing director has been European and the President of the World Bank has been from the United States. However, this standard is increasingly being questioned and competition for these two posts may soon open up to include other qualified candidates from any part of the world. In 2011 the world's largest developing countries issued a statement declaring that the tradition of appointing a European as managing director undermined the legitimacy of the IMF and called for the appointment to be merit-based (Robin, 2011). On 28 June 2011, Christine Lagarde was named managing director of the IMF, replacing Dominique Strauss-Kahn.

Table 2.1 List of IMF Managing Directors

Nr	Dates	Name	Nationality	Background
1	6 May 1946 – 5 May 1951	Camille Gutt	Belgium	Politician, Minister of Finance
2	3 August 1951 – 3 October 1956	Ivar Rooth	Sweden	Law, Central Banker
3	21 November 1956 – 5 May 1963	Per Jacobsson	Sweden	Law, Economics, League of Nations, BIS
4	1 September 1963 – 31 August 1973	Pierre-Paul Schweitzer	France	Law, Central Banker, Civil Servant
5	1 September 1973 – 18 June 1978	Johan Witteveen	Netherlands	Economics, academic, author, politician, Minister of Finance, Deputy Prime Minister, CPB
6	18 June 1978 – 15	Jacques de	France	Civil Servant

	January 1987	Larosière		
7	16 January 1987 – 14 February 2000	Michel Camdessus	France	Economics, Central Banker
8	1 May 2000 – 4 March 2004	Horst Köhler	Germany	Economics, EBRD
9	7 June 2004 – 31 October 2007	Rodrigo Rato	Spain	Law, MBA, politician, Minister of the Economy
10	1 November 2007 – 18 May 2011	Dominique Strauss-Kahn	France	Economics, Law, politician, Minister of the Economy and Finance
11	5 July 2011 – present	Christine Lagarde	France	Law, politician, Minister of Finance

Source: The Financial Times, 17 June 2011

Voting power of IMF members

Voting power in the IMF is based on a quota system. Each member has a number of basic votes (each member's number of basic votes equals 5.502% of the total votes), plus one additional vote for each Special Drawing Right (SDR) of 100,000 of a member country's quota. The Special Drawing Right is the unit of account of the IMF and represents a claim to currency. It is based on a basket of key international currencies. The basic votes generate a slight bias in favour of small countries, but the additional votes determined by SDR outweigh this bias (Jeffrey, 2005).

According to Abubaka et al (2016), in December 2015, the United States Congress adopted a legislation authorising the 2010 Quota and Governance Reforms as follows:

- all 188 members' quotas will increase from a total of about SDR 238.5 billion to about SDR 477 billion, while the quota shares and voting power of the IMF's poorest member countries will be protected.
- More than 6 percent of quota shares will shift to dynamic emerging market and developing countries and also from over-represented to under-represented members.
- Four emerging market countries (Brazil, China, India, and Russia) will be among the ten largest members of the IMF. Other top 10 members are the United States, Japan, Germany, France, the United Kingdom and Italy.

2.1.8.9 Effects of the quota system

The IMF's quota system was created to raise funds for loans and each IMF member country is assigned a quota, or contribution, that reflects the country's relative size in the global economy. Each member's quota also determines its relative voting power. Thus,

financial contributions from member governments are linked to voting power in the organisation. This system follows the logic of a shareholder-controlled organisation: wealthy countries have more say in the making and revision of rules since decision making at the IMF reflects each member's relative economic position in the world i.e. wealthier countries that provide more money to the IMF have more influence than poorer members that contribute less (Bumba, 2008).

Again, quotas are normally reviewed every five years and can be increased when deemed necessary by the Board of Governors, so IMF voting shares are relatively inflexible because countries that grow economically have tendency of being under-represented as their voting power lags behind (Jesse & Konstantinos, 2014). Currently, reforming the representation of developing countries within the IMF has been suggested because these countries' economies represent a large portion of the global economic system, but this is not reflected in the IMF's decision making process through the nature of the quota system (Peter, 2005). Therefore Stiglitz argues that there is a need to provide more effective voice and representation for developing countries, which now represent a much larger portion of world economic activity since 1944, when the IMF was created (Stiglitz, 2002). In 2008, a number of quota reforms were passed including shifting 6% of quota shares to dynamic emerging markets and developing countries (Bumba, 2008).

2.1.9 The Concept of External Debt

Christine Lagarde, Managing Director of International Monetary Fund defined external debt as the outstanding amount of those actual current, and not contingent, liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in the future and that are owed to non residents by residents of an economy. This is to say that for a liability to be included in external debt, it must exist and be outstanding. Debt liabilities also include arrears of principal and interest and commitments to provide economic value in the future cannot establish debt liabilities until items change ownership, services are rendered, or income accrues.

Debt liabilities are typically established through the provision of economic value, i.e., assets (financial or non financial, including goods), services, and income by one institutional unit; the creditor, to another, the debtor, normally under a contractual arrangement that

specifies the terms and conditions of the payment(s) to be made. Debt liabilities can also be created by the force of law and by events that require future transfer payments (Lagarde, 2013).

External debt is also seen as that part of a country's debt that was borrowed from foreign lenders including commercial banks, governments or international financial institutions which becomes necessary when domestic financial resources become inadequate to finance public goods that increase welfare and engender economic growth. Or funds sourced from outside the nation's boarder usually in foreign currency and are interest-bearing to finance specific project (Udeh, Ugwu & Onwuka, 2016).

External debts are loans and credit facilities obtained from foreign governments and residents of other countries (Anyanwaokoro, 2004). At investopedia.com, external debt is seen as the portion of a country's debt that was borrowed from foreign lenders including commercial banks, governments or international financial institutions that are usually paid back in the currency in which the loan was made. And in order to earn the needed currency, the borrowing country may sell and export goods to the lender's country.

Panizza (2008) believed that there are three possible definitions of external debt; the first focuses on the currency in which the debt is issued (with external debt defined as foreign currency debt). The second focuses on the residence of the creditor (external debt is debt owed to non-residents). The third focuses on the place of issuance and the legislation that regulates the debt contract (external debt is debt issued in foreign countries and under the jurisdiction of a foreign court).

According to Anyanwaokoro (2004) Nigeria external debts sources are grouped into five;

a. Paris Club of creditors
b. London Club of Creditors
c. The Multilateral creditors
d. Promissory note creditors
e. Bilateral and Private sector creditors

2.1.9.1 Paris Club of Creditors: It is made up of government of various developed nations who guarantee the export activities of their nationals through their official export credit agencies. They guarantee the debts of their citizens who exports goods to another country by signing an undertaking with the government of the importing country that the government

will take over the debts if the importer fails to pay for such export. Nigerian indebtedness to Paris Club of creditors as at December 2015 is USD 239 million (IMF, Press Release, 2015). Currently, members of this club include: United state of America, United Kingdom, Federal Republic of Germany, France, and Canada etc.

2.1.9.2 The London Club of Creditors: this is made up of commercial banks from industrialized countries that extend uninsured and unguaranteed debts to private investors of other countries (Anyanwaokoro, 2004). The London Club is also seen as an organization responsible for rescheduling debt payments made by countries to commercial banks (Sloman, 2006). The first meeting of this club was held in 1976.

2.1.9.3 The Multilateral Creditors: The multilateral creditors are made up of international financial institutions that are funded by member nations. They receive contributions from the government of member nations and in return help to provide credits to those nations for development purposes and balance of payment support (Anyanwaokoro, 2004). These creditors are multilateral institutions such as World Bank and its affiliates like IMF, International Finance Corporation, International Development Association, African Development, European Investment Bank etc. Nigerian indebtedness to multilateral creditors as at December 2016 is US.D 8,249.1 million (Nigeria External Debt stock, 2016).

2.1.9.4 Promissory Note Creditors

Promissory note is an unconditional promise made in writing by one person to another by which he undertakes to pay a certain amount of money on a future date or on demand to bearer or another person (Anyanwaokoro, 2004). A promissory note, sometimes referred to as a note payable, is also seen as a legal instrument (more particularly, a financial instrument, and more specifically a debt instrument), in which one party (the maker or issuer) promises in writing to pay a determinate sum of money to the other (the payee), either at a fixed or determinable future time or on demand of the payee, under specific terms. If the promissory note is unconditional and readily saleable, it is called a negotiable instrument (Whaley, 2012). A banknote is frequently referred to as a promissory note: a promissory note made by a bank and payable to bearer on demand. Mortgage notes are another prominent example.

Promissory notes are a common financial instrument in many jurisdictions, employed principally for short time financing of companies. Often, the seller or provider of a service is

not paid upfront by the buyer (usually, another company), but within a period of time, the length of which has been agreed upon by both the seller and the buyer. The reasons for this may vary; historically, many companies used to balance their books and execute payments and debts at the end of each week or tax month; any product bought before that time would be paid only then. Depending on the jurisdiction, this deferred payment period can be regulated by law; in countries like France, Italy or Spain, it usually ranges between 30 and 90 days after the purchase (Whaley, 2012).

Promissory notes differ from IOUs in that they contain a specific promise to pay along with the steps and timeline for repayment as well as consequences if repayment fails (Andrew, 2014) IOUs only acknowledge that a debt exists (Antoinette, 2014). In common speech, other terms, such as loan, loan agreement, and loan contract may be used interchangeably with promissory note but these terms do not have the same legal meaning. A promissory note is very similar to a loan in that each is a legally binding contract to unconditionally repay a specified amount within a defined time frame. However, a promissory note is generally less detailed and rigid than a loan contract (Promissory, 2014). For one thing, loan agreements often require repayment in installments, while promissory notes typically do not. Furthermore, a loan agreement usually includes the terms for recourse in the case of default, such as establishing the right to foreclose, while a promissory note does not. Also, while a loan agreement requires signatures from both the borrower and the lender, a promissory note only requires the signature of the borrower.

According to jus.iou (2014) definition and usage of promissory notes are internationally established by the Convention providing a uniform law for bills of exchange and promissory notes the treaty stated that a promissory note shall contain:

- the term "promissory note" inserted in the body of the instrument and expressed in the language employed in drawing up the instrument
- an unconditional promise to pay a determinate sum of money;
- a statement of the time of payment;
- a statement of the place where payment is to be made;
- the name of the person to whom or to whose order payment is to be made;
- a statement of the date and of the place where the promissory note is issued;
- the signature of the person who issues the instrument (maker).

The promissory note creditors are exporters who grants unsecured trade credit to importers or citizens of a debtor country.

2.1.9.5 Bilateral and Private Creditors

Bilateral creditors are credits extended directly by the government of one country to government of another country. While Private creditors are all creditors not mentioned as multilateral or official bilateral creditors. These include suppliers, commercial banks and bondholders.

Claims granted by official bilateral creditors i.e. States (governments or their appropriate institutions, especially export credit agencies) constitute bilateral debt. The Paris Club brings official bilateral creditors together. Although not all official bilateral creditors are members of the Paris Club, Paris Club creditors hold the majority of official bilateral claims worldwide. Other official bilateral creditors may participate in Paris Club sessions on an ad-hoc basis (Paris Club Claims, 2014).

Credits guaranteed by the Governments or their institutions. In most cases, these credits were commercial credits granted to finance imports by the debtor country; direct loans from the Governments or their institutions to the government or other public entities of the debtor country and government loans may be granted under Official Development Assistance (ODA) conditions, as defined by the OECD (low interest loans aimed at supporting the development of the debtor country).

2.1.10 The Sub Saharan African Nations

According to Wikipedia, the name 'Saharan' is derived from the plural of the Arabic word for desert. The Saharan is the largest hot desert and the third largest desert in the world after Antarctica and the Arctic. Its area of 9,200,000 square kilometres (3,600,000 sq mi) is comparable to the area of the United States.

The desert comprises much of North Africa, excluding the fertile region on the Mediterranean Sea coast, the Atlas Mountains of the Maghreb, and the Nile Valley in Egypt and Sudan. It stretches from the Red Sea in the east and the Mediterranean in the north to the Atlantic Ocean in the west, where the landscape gradually changes from desert to coastal

plains. To the south, it is bounded by the Sahel, a belt of semi-arid tropical savannah around the Niger River valley and the Sudan Region of Sub-Saharan Africa.

Sub-Saharan Africa is, geographically, the area of the continent of Africa that lies south of the Saharan. According to the UN, it consists of all African countries that are fully or partially located south of the Saharan. It contrasts with North Africa, whose territories are part of the League of Arab states within the Arab world. Somalia, Djibouti, Comoros and Mauritania are geographically in Sub-Saharan Africa, but are likewise Arab states and part of the Arab world.

Table 2.2 List of Sub-Saharann African Countries

Angola	Côte d'Ivoire	Madagascar	Seychelles
Benin	Djibouti	Malawi	Sierra Leone
Botswana	Equatorial Guinea	Mali	Somalia
Burkina Faso	Eritrea	Mauritania	South Africa
Burundi	Ethiopia	Mauritius	Sudan
Cameroon	Gabon	Mozambique	Swaziland
Cape Verde	The Gambia	Namibia	Tanzania
Central African Republic	Ghana	Niger	Togo
Chad	Guinea	Nigeria	Uganda
Comoros	Guinea-Bissau	Réunion	Western Saharan
Congo (Brazzaville)	Kenya	Rwanda	Zambia
Congo (Democratic Republic)	Lesotho	Sao Tome and Principe	Zimbabwe
	Liberia	Senegal	

Source: www.loc.gov/rr/amed/guide/afr-researchers.html

Table 2.2 presents the names of the entire sub Saharan African countries. They are about fifty in number, including our nations of interest.

2.1.10.1 The Nigerian Economy

Nigeria is a federal republic in West African bordering Republic of Benin in the West, Chad and Cameroon in the East and Niger in the North. The capital is located at Abuja and Muhammadu Buhari is the current president (indexmundi.com, 2016). The country, being a former British colony, came into existence as a result of amalgamation of Southern and Northern protectorate in 1914 by the colonial masters. In October 1960, Nigeria became an independent Nation and was declared a republic in 1963 with Naira (₦) as the national currency. Though Igbo, Hausa and Yoruba are the three major spoken languages in Nigeria, but her official language is English. As at January 2017, the estimated population of Nigeria is 182,202,000 million people, with total GDP of 1.67 $trillion and life expectancy for Nigerian men and women are 52 and 53 years respectively (bbc.com, 2017). Before and immediately after independence, the major source of external reserve for Nigeria was agricultural products, but after the discovering of oil in 1970's, the Nigeria's exports items were moved from agricultural produce to over 80% of oil (Anyanwokoro, 2004). With oil receipts dominating fiscal revenue and exports, the Nigerian economy has been hit hard by low oil prices and falling oil production. The country entered into a recession in 2016, with growth contracting by 1.5 percent, annual inflation levels doubled to 18.6 percent, reflecting hikes in electricity and fuel tariffs, a weaker Naira and accommodating monetary conditions (imf.org news, 2017).

Nigeria is officially a democratic secular country (Nigerian Constitution, 2015). Modern-day Nigeria has been the site of numerous kingdoms and tribal states over the millennia. The modern state originated from British colonial rule beginning in the 19th century, and the merging of the Southern Nigeria Protectorate and Northern Nigeria Protectorate in 1914. The British set up administrative and legal structures whilst practising indirect rule through traditional chiefdoms. Nigeria became a formally independent federation in 1960, and plunged into a civil war from 1967 to 1970. It has since alternated between democratically elected civilian governments and military dictatorships, until it achieved a stable democracy in 1999, with the 2011 presidential elections considered the first to be reasonably free and fair (Adam, 2011).

Nigeria has one of the largest populations of youth in the world. The country is viewed as a multinational state, as it is inhabited by over 500 ethnic groups, of which the three largest are the Hausa, Igbo and Yoruba; these ethnic groups speak over 500 different

languages, and are identified with wide variety of cultures (Nigeria's Identifiable Ethnic Groups, 2015). The official language is English. Nigeria is divided roughly in half between Christians, who live mostly in the southern part of the country, and Muslims in the northern part. A minority of the population practise religions indigenous to Nigeria, such as those native to the Igbo and Yoruba ethnicities (Andrew, Agata &Timothy, 2007).

Nigeria is a member of the MINT group of countries, which are widely seen as the globe's next "BRIC-like" economies. It is also listed among the "Next Eleven" economies set to become among the biggest in the world. Nigeria is a founding member of the African Union and a member of many other international organizations, including the United Nations, the Commonwealth of Nations and OPEC.

Economic Growth in Nigeria

Nigeria is a middle income, mixed economy and emerging market, with expanding manufacturing, financial, service, communications, technology and entertainment sectors. It is ranked as the 21st largest economy in the world in terms of nominal GDP, and the 20th largest in terms of Purchasing Power Parity. It is the largest economy in Africa; its re-emergent manufacturing sector became the largest on the continent in 2013, and produces a large proportion of goods and services for the West African subcontinent. Also, the debt-to-GDP ratio is only 11 percent, which is 8 percent below the 2012 ratio.

Previously hindered by years of mismanagement, economic reforms of the past decade have put Nigeria back on track towards achieving its full economic potential. Nigerian GDP at purchasing power parity (PPP) has almost tripled from $170 billion in 2000 to $451 billion in 2012, although estimates of the size of the informal sector (which is not included in official figures) put the actual numbers closer to $630 billion. Correspondingly, the GDP per capita doubled from $1400 per person in 2000 to an estimated $2,800 per person in 2012 (again, with the inclusion of the informal sector, it is estimated that GDP per capita hovers around $3,900 per person). The Population increased from 120 million in 2000 to 160 million in 2010 and 182,202,000 in January 2017 (indexmundi, 2017).

Although much has been made of its status as a major exporter of oil, oil only contributes about 9% to the GDP. Nigeria produces only about 2.7% of the world's oil supply (In comparison, Saudi Arabia produces 12.9%, Russia produces 12.7% and the United States produces 8.6%).[19] Although the petroleum sector is important, as Government revenues still

heavily rely on this sector, it remains in fact a small part of the country's overall vibrant and diversified economy.

The largely subsistence agricultural sector has not kept up with rapid population growth, and Nigeria, once a large net exporter of food, now imports a some of its food products, though mechanization has led to a resurgence in manufacturing and exporting of food products, and the move towards food sufficiency. In 2006, Nigeria successfully convinced the Paris Club to let it buy back the bulk of its debts owed to the Paris Club for a cash payment of roughly $12 billion (USD).

According to a Citigroup report published in February 2011, Nigeria will get the highest average GDP growth in the world between 2010 and 2050. Nigeria is one of two countries from Africa among 11 Global Growth Generators countries.

Table 2.3 Major Nigerian macroeconomic indicators

	2014	2015	2016 (f)	2017 (f)
GDP growth (%)	6.3	2.7	-1.5	0.5
Inflation (yearly average) (%)	8.0	9.0	15.0	17.0
Budget balance (% GDP)	-1.8	-3.7	-4.4	-5.0
Current account balance (% GDP)	0.2	-3.1	-5.2	-3.8
Public debt (% GDP)	12.4	14.8	21.0	26.0

Source: www.countrymeters.info/en/nigeria/economy/2017

STRENGTHS

- Leading African power in GDP terms and the most populous country in Africa
- Large oil and gas reserves and major agricultural potential
- Low public and external debt levels

WEAKNESSES

- Heavy reliance on oil revenues (90% of exports, 75% of tax receipts)
- Insufficient energy production/distribution capacities
- Ethnic and religious tensions
- Insecurity and corruption place a strain on the business climate

Nigerian External Debt

According to Debt Management office of Nigeria (2017), Nigeria's external indebtedness dated back to pre-independence period. However, the quantum of the debt was small until 1978. The debts incurred before 1978 were mainly long-term loans from multilateral and official sources such as the World Bank and the country's major trading partners. The debts were not much of a burden on the economy because the loans were obtained on soft terms. Moreover, the country had abundant revenue receipts from oil, especially during the oil boom of 1973-1976. However, the fall in oil prices and hence oil receipts in 1977/78 forced the country to raise the first jumbo loan of more than $1.0 billion from the international capital market. The loan, which had a grace period of three years, was used to finance various medium and long-term infrastructural projects, which did not directly yield returns for its amortization.

Though is generally expected that developing countries, facing a scarcity of capital, will acquire external debt to supplement domestic saving, but countries in sub-Saharann Africa including Nigeria have generally adopted a development strategy that relies heavily on foreign financing from both official and private sources. Unfortunately, this has meant that for many countries in the region the stock of external debt has built up over recent decades to a level that is widely viewed as unsustainable. The rate at which they borrow abroad, the sustainable level of foreign borrowing, depends on the links among foreign and domestic saving, investment, and economic growth. The main lesson of the standard "growth with debt" literature is that a country should borrow abroad as long as the capital thus acquired produces a rate of return that is higher than the cost of the foreign borrowing. In that event, the borrowing country is increasing capacity and expanding output with the aid of foreign savings. If additional foreign borrowing increases the debt-service burden more than it increases the country's capacity to carry that burden, the situation must be reversed by expanding exports. If it is not, and conditions do not change, more borrowing will be needed to make payments, and external debt will grow faster than the country's capacity to service it.

The recovery of the oil market from 1979, with oil prices rising to US$39.00 per barrel in 1980/81, led to the notion that the economy was buoyant, so some deflationary measures put in place in 1978 were relaxed, then a consumption pattern that favoured imported goods emerged which was aggravated and sustained by the import substitution industrialization strategy that depended heavily on imported raw materials and machinery as

well as overvalued exchange rate regime. The plan was based on an estimated foreign exchange inflow of US$30 billion per annum, but between 1981 and 1982 monthly imports bills averaged US$2 billion (or US$24 billion per annum) while monthly export receipts sank drastically to an average of US$1.5 billion (or US$18 billion per annum). Unpredictably, the era of the oil boom was short-lived and when oil prices collapsed in 1982, the economy immediately suffered considerable strains. The production and consumption patterns that emerged during the oil boom could not be sustained in the face of declining foreign exchange earnings. Rather than address the problem of declining foreign exchange revenue both the Federal and state governments embarked on massive external borrowings from the international bodies (Debt Management office of Nigeria (DMON), 2017).

Unfortunately, that was also the period of excess loanable funds in the Western World. The International commercial banks with idle dollars in their vaults went out selling loans to developing countries in the guise of assisting their economic development. Thus, pressure was later mounted on the various sectors of the economy resulting in huge imbalances in government finance, low international reserves, deficits in the balance of payments, and the accumulation of trade arrears in respect of insured and uninsured trade credits. That led Nigeria to the refinancing agreement of 1983 in respect of letters of credit amounting to $2.1 billion. Trade debts contracted through open account and bills for collection, which were outstanding as at 31st December 1983 were refinanced through issuance of promissory notes. As trade arrears continued to mount the country could not also service her external debts.

A critical point was reached in 1986 when creditors refused to open new credit lines for imports to Nigeria. Therefore, the government approached the creditors for debt relief leading to the restructuring arrangements with the Paris Club in 1986, 1989, 1991 and 2000. The arrangement provided for the capitalization and restructuring of accumulated debt service arrears, their penalties, late and moratorium interests as well as maturities within the consolidated periods.

The debt stock therefore increased with leaps and jumps, even when no new loans were contracted. Nigeria's external debt stock till 1977 was less than US$0.8 billion. Beginning from 1978, the external debt stock began to grow astronomically, rising from US$0.763 billion in 1977 to US$5.09 billion in 1978 and U$8.855 billion in 1980, an increase of over 73.96 percent between 1978 and 1980. By 1985 the debt profile had

deteriorated seriously due to persistent inability of the country to meet its external debt service obligations. This resulted in mounting arrears and unmanageable growth of the debt stock relative to available resources. The external debt stock, which was about US$8.855 billion in 1980, grew to nearly US$19 billion by 1985. Correspondingly, the debt stock as a percentage of total export earnings and GDP rose to uncomfortable levels of 154% and 24 %, respectively. In that year, the debt service payment due was a little above US$4 billion, which was about 33% of the total export earnings. However, the actual debt service payment for the year was about US$1.5 billion. As at December 31st, 2001, the country's external debt stock amounted to US$28.35 billion, which was about 59.4% of the GDP and 153.9 % of export earnings (DMON, 2017).

The total Nigeria external debt stock as at 31st December, 2016 is US$ 11,582.59 million and it comprises of US$ 6,928.49 million owed to the Multilateral Institutions (IMF inclusive), US$ 1,320.61 million to the African development Banks, US$ 1,500.00 million owed on Eurobonds .

Figure 2.1 Nigeria Government Debt to GDP 2000-2017 | Data | Chart | Calendar

Source: tradingeconomics.com/nigeria/government-debt-to-gdp 2017

Figure 2.1 shows that Nigeria recorded a government debt equivalent to 11.50 percent of the country's Gross Domestic Product in 2015. Government Debt to GDP in Nigeria averaged 30.93 percent from 2000 until 2015, reaching an all time high of 88.00 percent in 2001 and a record low of 9.60 percent in 2009.

Table 2.4 Nigerian Government Debt to GDP

Nigeria Government	Last	Previous	Highest	Lowest	Unit
Government Debt to GDP	11.50	10.60	88.00	9.60	Percent
Government Budget	-1.60	-0.90	0.80	-6.70	percent of GDP
Government Revenues	1185.52	977.82	1185.52	498.54	NGN Billion
Credit Rating	27.58				
Military Expenditure	2298.40	2357.70	3061.60	509.60	USD Million
Government Spending	834480.00	726853.00	1615675.03	726853.00	NGN Million
Government Budget Value	-159.19	-429.56	38.36	-735.83	NGN Billion
Fiscal Expenditure	1344.71	1407.38	1482.81	743.65	NGN Billion

Actual	Previous	Highest	Lowest	Dates	Unit	Frequency
11.50	10.60	88.00	9.60	2000 – 2015	Percent	Yearly

Source: www.tradingeconomics.com/nigeria/government-debt-to-gdp

Table 2.5 Nigerian GDP and National debt

$176 667 307 358	GDP 2017 (PPP)
$926	GDP 2017 (annual $3 574)
$324 923 797	GDP 2017
$2	GDP 2017
$144 252 013 851	Total National Debt (Public Debt Clock)
$756	Total National Debt per capita
$4 820 302 861	National Debt 2017
$1.02584	National Debt 2017
Population 178,7 million	GDP per capita 2,763 US$

Source: www.countrymeters.info/en/nigeria/economy/2017

Generally, Government debt as a percent of GDP is used by investors to measure a country ability to make future payments on its debt, thus affecting the country borrowing costs and government bond yields.

2.1.10.2 Mozambique Economy

Republic of Mozambique is a country in Southeast Africa bordered by the Indian Ocean to the east, Tanzania to the north, Malawi and Zambia to the northwest, Zimbabwe to the west, and Swaziland and South Africa to the southwest (Neto & Lobo, 2010). It is separated from Madagascar by the Mozambique Channel to the east. The capital and largest city is Maputo (known as "Lourenço Marques" before independence). The area was explored by Vasco da Gama in 1498 and colonised by Portugal from 1505 to 1975. After over four centuries of Portuguese rule, Mozambique gained independence in 1975, becoming the People's Republic of Mozambique shortly thereafter (Shugart, 2005). After only two years of independence, the country descended into an intense and protracted civil war lasting from 1977 to 1992. In 1994, Mozambique held its first multiparty elections and has remained a relatively stable presidential republic (Shugart, 2005).

Mozambique is one of the poorest and most underdeveloped countries in the world though the nation is endowed with rich and extensive natural resources (The World Fact book, 2015). The country's economy is based largely on agriculture, but industry is growing, mainly food and beverages, chemical manufacturing, aluminium and petroleum production. The country's tourism sector is also growing. South Africa is Mozambique's main trading partner and source of foreign direct investment. Belgium, Brazil, Portugal, and Spain are also among the country's most important economic partners (Brown, Morgan & Lehrman, 2006). Since 2001, Mozambique's annual average GDP growth has been among the world's highest. However, the country ranks among the lowest in GDP per capita, human development, measures of inequality, and average life expectancy (World Fact book, 2015). The only official language of Mozambique is Portuguese, which is spoken mostly as a second language by about half of the population. Common native languages include Makhuwa, Sena, and Swahili. The country's population of around 24 million is composed overwhelmingly of Bantu people. The largest religion in Mozambique is Christianity, with significant minorities following Islam and African traditional religions. Mozambique is a member of the African Union, the Commonwealth of Nations, the Community of Portuguese Language Countries, the Latin Union, the Non-Aligned Movement, and the Southern African Development Community, and is an observer at La Francophonie (Smith, 1985).

The official currency is the New Metical (as of November 2016, 1 USD is roughly equivalent to 75 New Meticals), which replaced old Meticals at the rate of a thousand to one

(Wikipedia, n.d.). The old currency was redeemable at the Bank of Mozambique until the end of 2012. The US$, South African rand, and recently the euro are also widely accepted and used in business transactions. The minimum legal salary is around US$60 per month. Mozambique is a member of the Southern African Development Community (SADC). The SADC free trade protocol is aimed at making the Southern African region more competitive by eliminating tariffs and other trade barriers. The World Bank in 2007 talked of Mozambique's blistering pace of economic growth. A joint donor-government study in early 2007 said Mozambique is generally considered an aid success story. The IMF in early 2007 said Mozambique is a success story in Sub-Saharann Africa. Yet, despite this apparent success, both the World Bank and UNICEF used the word 'paradox' to describe rising chronic child malnutrition in the face of GDP growth. Between 1994 and 2006, average annual GDP growth was approximately 8%, however, the country remains one of the poorest and most underdeveloped in the world. In a 2006 survey, three-quarters of Mozambicans said that in the past five years their economic position had remained the same or become worse (Hanlon, 2007)

Economic reforms

More than 1,200 state-owned enterprises (mostly small) have been privatised and preparations for privatisation and/or sector liberalisation are underway for the remaining parastatal enterprises, including telecommunications, energy, ports, and railways (Smith, 1985). The government frequently selects a strategic foreign investor when privatising a parastatal. Additionally, customs duties have been reduced, and customs management has been streamlined and reformed. The government introduced a value-added tax in 1999 as part of its efforts to increase domestic revenues. Further political instability resulting from the floods left thousands homeless, displaced within their own country (Fage, Roberts & Oliver, 1986).

Education in Mozambique

Based on the report of the world-factbookcia.gov, since independence from Portugal in 1975, school construction and teacher-training enrolments have not kept up with population increases. Especially after the Mozambican Civil War (1977–1992), with post-war enrolments reaching all-time highs due to stability and youth population growth, the quality of education has suffered. All Mozambicans are required by law to attend school through the primary level; however, a lot of children in Mozambique do not go to primary school because

they have to work for their families' subsistence farms for a living. In 2007, one million children still did not go to school, most of them from poor rural families, and almost half of all teachers in Mozambique were still unqualified. Girls' enrolment increased from 3 million in 2002 to 4.1 million in 2006 while the completion rate increased from 31,000 to 90,000, which testified a very poor completion rate (Brown, et al, 2006).

After grade 7, pupils must take standardised national exams to enter secondary school, which runs from eighth to 10th grade. Space in Mozambican universities is extremely limited; thus most pupils who complete pre-university school do not immediately proceed on to university studies. Many go to work as teachers or are unemployed. There are also institutes which give more vocational training, specialising in agricultural, technical or pedagogical studies, which students may attend after grade 10 in lieu of a pre-university school.

After independence from Portugal in 1975, a number of Mozambican pupils continued to be admitted every year at Portuguese high schools, polytechnic institutes and universities, through bilateral agreements between the Portuguese government and the Mozambican government. As 2010 the literacy rate of Mozambique is 56.1% (70.8% male and 42.8% female).

Post war Development

The economy of Mozambique has developed since the end of the Mozambican Civil War (1977–1992), but the country is still one of the world's poorest and most underdeveloped. In 1987, the government embarked on a series of macroeconomic reforms designed to stabilize the economy. These steps, combined with donor assistance and with political stability since the multi-party elections in 1994, have led to dramatic improvements in the country's growth rate. Inflation was brought to single digits during the late 1990s although it returned to double digits in 2000-02. Fiscal reforms, including the introduction of a value-added tax and reform of the customs service, have improved the government's revenue collection abilities. In spite of these gains, Mozambique remains dependent upon foreign assistance for much of its annual budget, and a large majority of the population remains below the poverty line. Subsistence agriculture continues to employ the vast majority of the country's workforce. A substantial trade imbalance persists although the opening of the MOZAL aluminium smelter, the country's largest foreign investment project to date has increased export earnings. Additional investment projects in titanium extraction and

processing and garment manufacturing should further close the import/export gap. Mozambique's once substantial foreign debt has been reduced through forgiveness and rescheduling under the International Monetary Fund's Heavily Indebted Poor Countries (HIPC) and Enhanced HIPC initiatives, and is now at a manageable level (Brown, et al, 2006).

The banking system collapsed after independence from Portugal in 1975. From an earlier position (in the 1980s) of central government control of the economy, Mozambique has initiated rapid reforms in recent years, accelerating the implementation of market-based economic policies, and committing to a policy of fiscal and monetary discipline. In 1995 the government introduced its medium-term economic growth, strategy which it continues to pursue. Since the late 1990s, both national and international banking, established an environment for rapid economic growth and development of the financial system. On 11 December 2012, the Mozambican Government acquire the Portuguese shares of BNI Banco Nacional de Investimento, owning 100% of the bank and turning it into the country's development bank and nominated a former Governor of the Bank of Mozambique, Adriano Maleiane as CEO (Brown, et al, 2006).

Economic reform has been extensive; over 1,200 state-owned enterprises (mostly small) have been privatized. Preparations for privatization and/or sector liberalization are underway for the remaining parastatals, including telecommunications, electricity, water service, airports, ports, and the railroads. The government frequently selects a strategic foreign investor when privatizing a parastatal. Additionally, customs duties have been reduced, and customs management has been streamlined and reformed. The government introduced a highly successful value-added tax in 1999 as part of its efforts to increase domestic revenues. Plans for 2001-02 include Commercial Code reform; comprehensive judicial reform; financial sector strengthening; continued civil service reform; improved government budget, audit, and inspection capability; and introduction of the private management of water systems in major cities. The process of liberalization in Mozambique was an initiative from the World Bank. In the Mid 1990s, World Bank made it necessary for the nation to liberalize their *cashew* sector. The lifting of protectionist measures for the cashew industry in Mozambique was an attempt to increase the incomes of cashew farmers and reduce poverty in the country (Doingbusiness, 2017)

Table 2.6 Major Mozambique Macro Economic Indicators

	2014	2015	2016 (f)	2017 (f)
GDP growth (%)	7.4	6.6	3.0	3.5
Inflation (yearly average) (%)	2.3	2.4	22.0	18.0
Budget balance (% GDP)	-10.7	-7.4	-5.8	-4.0
Current account balance (% GDP)	-38.2	-39.0	-33.5	-40.0
Public debt (% GDP)	62.4	86.0	112.6	103.2
Population 27.9 million		GDP per capita 529 US$		

Source: countrymeters.info/en/mozambique/economy/06/04/2017

STRENGTHS

- Enviable geographic location: long coastline, proximity to the South African market
- Considerable mineral (coal), agricultural and hydroelectric wealth
- Major gas reserves discovered off shore in 2010
- Supported by foreign financial donors and investors (FDIs) with finance for mining and gas industry infrastructure

WEAKNESSES

- Limited diversification; dependence on commodity prices (aluminium, coal)
- Inadequate transport and port infrastructure seriously limiting the ability to export commodities
- Highly dependent on international aid and the South African economy
- Poor governance

Mozambique's Debt Profile

The political pressure of the ideologically charged civil war, in conjunction with the excruciating need for aid and funds to finance imports, compelled FRELIMO to negotiate its first structural adjustment package (SAP) with the World Bank and the International Monetary Fund (IMF) in 1986 (commonly referred to as the Bretton Woods Institutions or International Financial Institutions—IFIs). The series of SAPs that followed thereafter, required privatization of major industries, less government spending, deregulation of the economy, and trade liberalization. The SAPs, therefore, have essentially focused on the implementation of an unfettered free market economy. Mozambique was the first African country to receive debt relief under the initial Heavily Indebted Poor Country (HIPC) Initiative. In April 2000, Mozambique qualified for the Enhanced HIPC program as well and attained its completion point in September 2001. This led to the Paris Club members agreeing

in November 2001 to substantially reduce the remaining bilateral debt. This will lead to the complete forgiveness of a considerable volume of bilateral debt, including that owed to the United States (Brown, et al, 2006).

Table 2.7 Mozambique current GDP and National debt

$10 889 309 036	GDP 2017 (PPP)
$371	GDP 2017per capita (annual $1 432)
$19 747 393	GDP 2017
$1	GDP 2017per capita
$20 137 488 457	Total National Debt (Public Debt Clock)
$686	Total National Debt per capita
$582 629 557	National Debt 2017
$0.94976	National Debt 2017

source: countrymeters.info/en/mozambique/economy/06/04/2017

Generally, Government debt and GDP are used by investors to measure a country ability to make future payments on its debt, thus affecting the country borrowing costs and government bond yields. Table 2.6 provides the latest reported value for - Mozambique Government Debt and GDP.

2.1.10.3 The Cape Verde Economy

History of Cape Verde

According to Constituição da República de Cabo Verde (2003), Cape Verde officially pronounced as the Republic of Cabo Verde, is an island country spanning an archipelago of 10 volcanic islands in the central Atlantic Ocean. The name of the country stems from the nearby Cap-Vert, on the Senegalese coast. In 1444 Portuguese explorers had named that landmark as Cabo Verde, a few years before they discovered the islands. (Verde is Portuguese for green). The name Cape Verde has been used in English for the archipelago and, since independence in 1975, for the country. In 2013, the Cape Verdean government determined that the Portuguese designation Cabo Verde would henceforth be used for official purposes, such as at the United Nations, even in English contexts (Panapress, 2013).

Cape Verde is a member of the African Union. So on 24 October 2013, the country's delegation announced at the United Nations that the official name should no longer be translated into other languages. Instead of "Cape Verde", the designation "Republic of Cabo Verde" is to be used (Basu, 2013) Located 570 kilometres (350 mi) off the coast of West Africa, the islands cover a combined area of slightly over 4,000 square kilometres (1,500 sq mi). The Cape Verde archipelago was uninhabited until the 15th century, when Portuguese explorers discovered and colonized the islands, establishing the first European settlement in the tropics. Ideally located for the Atlantic slave trade, the islands grew prosperous throughout the 16th and 17th centuries, attracting merchants, privateers, and pirates. The end of slavery in the 19th century led to economic decline and emigration. Cape Verde gradually recovered as an important commercial centre and stopover for shipping routes. Incorporated as an overseas department of Portugal in 1951, the islands continued to agitate for independence, which was peacefully achieved in 1975.

Since the early 1990s, Cape Verde has been a stable representative democracy, and remains one of the most developed and democratic countries in Africa. Lacking natural resources, its developing economy is mostly service-oriented, with a growing focus on tourism and foreign investment. Its population of around 512,000 is mostly of mixed European and sub-Saharan African heritage, and predominantly Roman Catholic, reflecting the legacy of Portuguese rule. A sizeable diaspora community exists across the world, slightly outnumbering inhabitants on the islands.

The Economy of Cape Verde

Cape Verde's notable economic growth and improvement in living conditions despite a lack of natural resources has garnered international recognition, with other countries and international organizations often providing development aid. Since 2007, the UN has classified it as a developing nation rather than a least developed country. Cape Verde has few natural resources. Only five of the ten main islands (Santiago, Santo Antão, São Nicolau, Fogo, and Brava) normally support significant agricultural production, and over 90% of all food consumed in Cape Verde is imported. Mineral resources include salt, pozzolana (a volcanic rock used in cement production), and limestone. The economy of Cape Verde is service-oriented, with commerce, transport, and public services accounting for more than 70% of GDP. Although nearly 35% of the population lives in rural areas, agriculture and fishing contribute only about 9% of GDP. Light manufacturing accounts for most of the remainder. Fish and shellfish are plentiful, and small quantities are exported. Cape Verde has cold storage and freezing facilities and fish processing plants in Mindelo, Praia, and on Sal. Expatriate Cape Verdeans contribute an amount estimated at about 20% of GDP to the domestic economy through remittances (Cape Verde background note, 2008). In spite of having few natural resources and being semi-desert, the country boasts the highest living standards in the region, and has attracted thousands of immigrants of different nationalities.

In 2007, Cape Verde joined the World Trade Organization (WTO) and in 2008 the country graduated from Least Developed Country (LDC) to Middle Income Country (MIC) status. Cape Verde has significant cooperation with Portugal at every level of the economy, which has led it to link its currency first to the Portuguese escudo and, in 1999, to the euro. On 23 June 2008 Cape Verde became the 153rd member of the WTO. The minimum wage has been set at 11,000.00 Cape Verde escudos (CVE) monthly (equivalent to US$110 or 101 Euros) for the first time in Cape Verdean history, in August 2013. The national minimum wage went into full effect on 1 January 2014.

In 2007 the United Nations graduated Cape Verde from the category of Least Developed Countries. Most of the nation's GDP comes from the service industry. Cape Verde's economy has been steadily growing since the late 1990s, and it is now officially considered a country of average development. Cape Verde has significant cooperation with Portugal at every level of the economy, which has led it to link its currency (the Cape Verdean escudo) first to the Portuguese escudo and, in 1999, to the euro. On December 18,

2007, the General Council of the World Trade Organization approved a package for the accession of Cape Verde to the WTO. Accession was effective on July 23, 2008, 30 days after ratification by Cape Verde, which took place on 23 June. (wikipedia n.d.)

The banking sector is dominated by European, particularly Portuguese, banks. The Central Bank has taken steps to enhance the soundness of the sector, but the ratio of non-performing loans remains high (17% in June 2016) and could continue to rise against a backdrop of weak economic growth, further weakening the sector. The current account balance, structurally in deficit because of the country's dependence on food and energy imports, could benefit from a slowdown in infrastructure projects and so a drop in imports of capital goods. The current account deficit will continue to be financed mainly by concessional loans from international institutions and FDIs, which will remain fairly substantial.

Cape Verde sources of livelihood

Agriculture is made difficult by lack of rain and is restricted to only four islands for most of the year. Their exports are dominated by fish products (fish, seafood and processed products), as well as services (tourism and associated transport services). Cape Verde has cold storage and freezing facilities as well as fish processing plants in Mindelo, Praia, and on Sal. However, the fishing potential, mostly lobster and tuna, is not fully exploited. Cape Verde annually runs a high trade deficit, financed by foreign aid and remittances from emigrants; remittances constitute a supplement to GDP of more than 20%. In 1994-95 Cape Verde received a total of about U.S.$50 million in foreign investments, of which 50% was in industry, 19% in tourism, and 31% in fisheries and services. Prospects for 2000 depend heavily on the maintenance of aid flows, remittances, and the momentum of the government's development program. Cape Verde was not a natural gas or petroleum producer as of 2007. Mining is an insignificant contributor to the country's economy. Most of the country's mineral requirements are imported. As of 2007, production of mineral commodities was limited to clay on the islands of Boa Vista, Sal, and São Vicente; gypsum and iron ore on the island of Maio; limestone on the islands of Boa Vista, Sal, and Santo Antão; pozzolana on the island of Santo Antão; and salt on the islands of Maio and Sal.

Cape Verde Government's Debt Profile

Cape Verde recorded a government debt equivalent to 123 percent of the country's Gross Domestic Product in 2015. Government Debt to GDP in Cape Verde averaged 79.93

percent from 2002 until 2015, reaching an all time high of 123.00 percent in 2015 and a record low of 54.28 percent in 2008.

Table 2.8 Cape Verde Government Debt to GDP 2002-2015

Cape Verde Government	Last	Previous	Highest	Lowest	Unit
Government Debt to GDP	123.00	114.22	123.00	54.28	Percent
Government Budget	-4.10	-7.50	-0.80	-10.50	percent of GDP
Credit Rating	35.00				
Military Expenditure	10.60	10.00	13.50	5.00	USD Million

	Actual	Previous	Highest	Lowest	Dates	Unit	Frequency	
	123.00	114.22	123.00	54.28	2002 – 2015	Percent	Yearly	

Source: www.tradingeconomics.com/cape-verde/government-debt-to-gdp

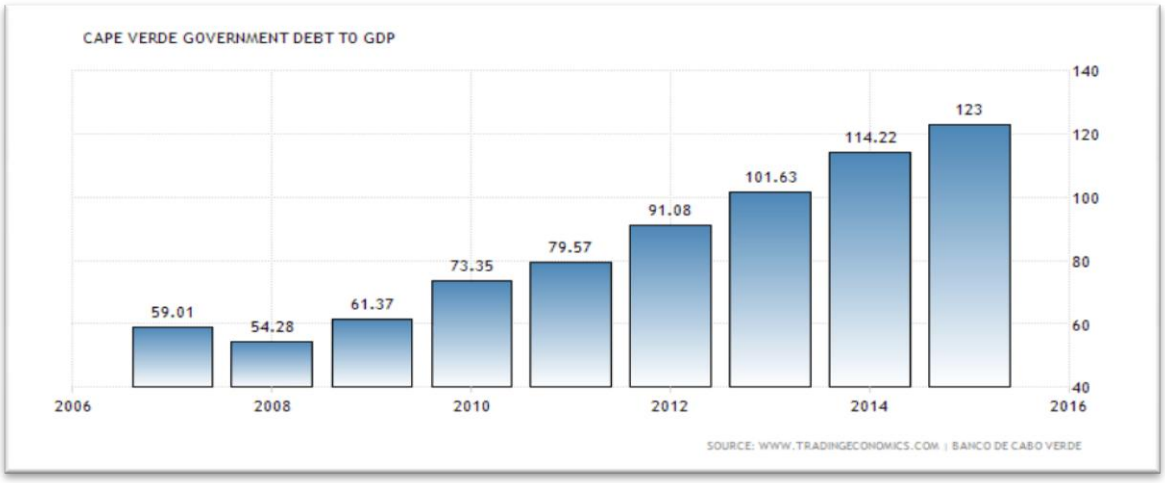
Table 2.9 Cape Verde current GDP and National debt

$754 061 374	GDP 2017 (PPP)
$1 419	GDP 2017 per capita (annual $5 461)
$1 349 046	GDP 2017
$3	GDP 2017 per capita
$2 501 039 451	Total National Debt (Public Debt Clock)
$4 708	Total National Debt per capita
$11 859 711	National Debt 2017
$0.98312	National Debt 2017

Source: http://countrymeters.info/en/Cape_Verde/economy/06-04-2017

Generally, Government debt as a percent of GDP is used by investors to measure a country ability to make future payments on its debt, thus affecting the country borrowing costs and government bond yields. This page provides the latest reported value for - Cape Verde Government Debt to GDP - plus previous releases, historical high and low, short-term forecast and long-term prediction, economic calendar, survey consensus and news. Cape Verde Government Debt to GDP - actual data, historical chart and calendar of releases - was last updated on April of 2017

Figure 2. 3 Cape Verde government Debt to GDP



Source; radingeconomics.com/cape-verde/government-debt-to-gdp 2017

The head of the mission of the International Monetary Fund (IMF) that visited the archipelago said that the government of Cape Verde should promote fiscal consolidation, reduce public debt and make the economy grow. Ulrich Jacoby noted as negative factors for the economic development of Cape Verde the occurrence of five years of weak economic growth, the archipelago's dependence on the euro and the economic crisis affecting the Eurozone. However, Finance Minister Olavo Correia, said that Cape Verdean public debt, the highest in sub-Saharann Africa, with 126% of gross domestic product, is "exclusively subsidised" and therefore "presents no risk." Despite the positive outlook, the IMF team pointed out that "growing debt and weak economic growth associated with the appreciation of the dollar have increased the debt risk" of Cape Verde (Countrymeters, 2017).

Table 2.10 Summary of Cape Verdean major macroeconomic indicators

	2014	2015	2016 (f)	2017 (f)
GDP growth (%)	1.9	1.5	2.5	3.0
Inflation (yearly average) (%)	-0.2	0.1	0.1	1.3
Budget balance (% GDP)	-7.3	-3.8	-3.3	-2.8
Current account balance (% GDP)	-8.9	-13.8	-7.0	-6.5
Public debt (% GDP)	110.3	120.5	119.2	117.8
Population 0.5 million	GDP per capita 3,056 US$			

Source: www.coface.com/cofaweb

STRENGTH

- Tourism potential
- Fisheries resources
- Efficient banking and telecommunications service sectors
- Political stability
- Quality of governance

WEAKNESSES

- High level of public debt
- Poor transport Infrastructure
- Food and energy wholly imported
- Dependence on international aid, the diaspora and tourism
- High unemployment (12%, 28% among young people)

Table 2.11 Global Comparison of few selected nations

	Nigeria	Mozambique	Cape Verde
Population	178,7 million	27.9 million	0.5 miilion
GDP per capita	2,763 US$	529 US$	3,056 US$
Country risk assessment	D	E	B
Business Climate assessment	D	D	B
Watch			
STRENGTHS	• Leading African power in GDP terms and the most populous country in Africa • Large oil and gas reserves and major agricultural potential • Low public and external debt levels	• Enviable geographic location: long coastline, proximity to the South African market • Considerable mineral (coal), agricultural and hydroelectric wealth • Major gas reserves discovered off shore in 2010 • Supported by foreign financial donors and investors (FDIs) with finance for mining and gas industry	• Tourism potential • Fisheries resources • Efficient banking and telecommunications service sectors • Political stability • Quality of governance

		infrastructure	
WEAKNESSES	• Heavy reliance on oil revenues (90% of exports, 75% of tax receipts) • Insufficient energy production/distribution capacities • Ethnic and religious tensions • Insecurity and corruption place a strain on the business climate	• Limited diversification; dependence on commodity prices (aluminium, coal) • Inadequate transport and port infrastructure seriously limiting the ability to export commodities • Highly dependent on international aid and the South African economy • Poor governance	• High level of public debt • Poor transport Infrastructure • Food and energy wholly imported • Dependence on international aid, the diaspora and tourism • High unemployment (12%, 28% among young people)

Source: www.coface.com/cofaweb/comparer/847-838-704

2.1.10.4 The Economy of Rwanda

The Republic of Rwanda is a sovereign state in Central and East Africa and one of the smallest countries on the African mainland. Rwanda is Located a few degrees south of the Equator, and bordered by Uganda, Tanzania, Burundi and the Democratic Republic of the Congo. Rwanda is in the African Great Lakes region and is highly elevated; its geography is dominated by mountains in the west and savanna to the east, with numerous lakes throughout the country. The climate is temperate to subtropical, with two rainy seasons and two dry seasons each year.

The population is young and predominantly rural, with a density among the highest in Africa. Rwandans are drawn from just one cultural and linguistic group, the Banyarwanda, although within this group there are three subgroups: the Hutu, Tutsi and Twa. The Twa are a forest-dwelling pygmy people descended from Rwanda's earliest inhabitants. Christianity is the largest religion in the country; the principal language is Kinyarwanda, spoken by most Rwandans, with English and French serving as official languages. Rwanda has a presidential system of government. The president is Paul Kagame of the Rwandan Patriotic Front (RPF), who took office in 2000. The Kingdom of Rwanda dominated from the mid-eighteenth century, with the Tutsi kings conquering others militarily, centralising power and later enacting anti-Hutu policies. Germany colonised Rwanda in 1884 as part of German East

Africa, followed by Belgium, which invaded in 1916 during World War I. Both European nations ruled through the kings and perpetuated a pro-Tutsi policy. The Hutu population revolted in 1959. They massacred numerous Tutsi and ultimately established an independent, Hutu-dominated state in 1962. The Tutsi-led Rwandan Patriotic Front launched a civil war in 1990. Social tensions erupted in the 1994 genocide, in which Hutu extremists killed an estimated 500,000 to 1.3 million Tutsi and moderate Hutu. The RPF ended the genocide with a military victory. Rwanda's economy suffered heavily during the 1994 Rwandan Genocide, but has since strengthened. The economy is based mostly on subsistence agriculture. Coffee and tea are the major cash crops for export. Tourism is a fast-growing sector and is now the country's leading foreign exchange earner. Rwanda is one of only two countries in which mountain gorillas can be visited safely, and visitors pay high prices for gorilla tracking permits (Countrymeters, 2017).

Table 2. 12 Rwanda GDP and National debt as at November, 2017

$20 816 868 067	GDP 2017 (PPP)
$1 695	GDP 2017per capita (annual $1 936)
$10 922 862	GDP 2017
$1	GDP 2017 per capita
$7 052 875 433	Total National Debt (Public Debt Clock)
$574	Total National Debt per capita
$699 863 703	National Debt 2017
$0.96495	National Debt 2017

Source: http://countrymeters.info/en/Rwanda

Life expectancy

Life expectancy at birth is one of the most important demographic indicators. It shows the number of years a newborn infant would live assuming that birth and death rates will remain at the same level during the whole lifetime. Total life expectancy (both sexes) at birth for Rwanda is 58 years. This is below the average life expectancy at birth of the global population which is about 71 years. Male life expectancy at birth is 56.6 years and female life expectancy at birth is 59.5 years.

Table 2.13 Rwanda Population as at November, 2017

12,280,226	Current population
6,030,588	Current male population (49.1%)
6,249,638	Current female population (50.9%)
337,765	Births 2017
250	Births 2017

77,236	Deaths 2017
57	Deaths 2017
-14,052	Net migration 2017
-10	Net migration 2017
246,477	Population growth 2017
183	Population growth 2017

Source: http://countrymeters.info/en/Rwanda

Literacy of population

According to our estimates 4,853,352 persons or 70.58% of adult population (aged 15 years and above) in Rwanda are able to read and write. Accordingly about 2,022,611 adults are illiterate. Literacy rate for adult male population is 73.21% (2,485,715 persons). 909,607 are illiterate, while the Literacy rate for adult female population is 68.02% (2,367,636 persons). 1,113,005 are illiterate. Youth literacy rates are 78.47% and 82.19% for males and females accordingly. The overall youth literacy rate is 80.37%. Youth literacy rate definition covers the population between the ages of 15 to 24 years.

2.1.10.5 The Economy of Senegal

The Republic of Senegal is a country in West Africa. Senegal is bordered by Mauritania in the north, Mali to the east, Guinea to the southeast, and Guinea-Bissau to the southwest. Senegal also borders Gambia, a country occupying a narrow sliver of land along the banks of the Gambia River, which separates Senegal's southern region of Casamance from the rest of the country and shares a maritime border with Cape Verde and owes its name to the Senegal River, which borders it to the east and north. The name Senegal comes from the Wolof Sunuu Gaal, which means Our Boat. Senegal covers a land area of almost 197,000 square kilometers (76,000 sq mi) and has an estimated population of about 15 millio. The climate is Sahelian, but there is a rainy season (Countrymeters, 2017).

Predominantly rural, and with limited natural resources, the Economy of Senegal gains most of its foreign exchange from fish, phosphates, groundnuts, tourism, and services. The agricultural sector of Senegal is highly vulnerable to variations in rainfall and changes in world commodity prices. The former capital of French West Africa, is also home to banks and other institutions which serve all of Francophone West Africa, and is a hub for shipping and transport in the region.

Table 2.14 Senegal GDP and National debt as at November, 2017

$32 317 008 095	GDP 2017 (PPP)
$1 989	GDP 2017per capita (annual $2 283)
$25 145 081	GDP 2017
$2	GDP 2017 per capita
$17 841 983 001	Total National Debt (Public Debt Clock)
$1 098	Total National Debt per capita
$1 176 367 251	National Debt 2017
$0.98402	National Debt 2017

Source; countrymeters.info/en/Senegal

Life expectancy

Total life expectancy (both sexes) at birth for Senegal is 59.8 years. This is below the average life expectancy at birth of the global population which is about 71 years. Male life expectancy at birth is 57.9 years, while female life expectancy at birth is 61.8 years. About 4,978,315 persons or 55.41% of adult population (aged 15 years and above) in Senegal are able to read and write. Accordingly about 4,006,014 adults are illiterate. Literacy rate for adult male population is 68.49% (2,887,992 persons). 1,328,916 are illiterate. Literacy rate for adult female population is 43.85% (2,090,323 persons). 2,677,098 are illiterate. Youth literacy rates are 75.91% and 63.57% for males and females accordingly. The overall youth literacy rate is 69.77%. Youth literacy rate definition covers the population between the ages of 15 to 24 years (Countrymeters, 2017).

2.1.10.6 Economy of Tanzania

Tanzania is a country in eastern Africa within the African Great Lakes region. It borders Kenya and Uganda to the north; Rwanda, Burundi, and the Democratic Republic of the Congo to the west; Zambia, Malawi, and Mozambique to the south; and the Indian Ocean to the east. Mount Kilimanjaro, Africa's highest mountain, is in north-eastern Tanzania. Three of Africa's Great Lakes are partly within Tanzania. To the north and west lie Lake Victoria, Africa's largest lake, and Lake Tanganyika, the continent's deepest lake, known for its unique species of fish

Tanzania is a presidential constitutional republic, and since 1996, its official capital city has been Dodoma, where the president's office, the National Assembly, and some government ministries are located. European colonialism began in mainland Tanzania during the late

19th century when Germany formed German East Africa, which gave way to British rule following World War I. The mainland was governed as Tanganyika, with the Zanzibar Archipelago remaining a separate colonial jurisdiction. Following their respective independence in 1961 and 1963, the two entities merged in April 1964 to form the United Republic of Tanzania (Countrymeters, 2017).

Over 100 different languages are spoken in Tanzania, making it the most linguistically diverse country in East Africa. The country does not have an official language although the national language is Swahili. Swahili is used in parliamentary debate, in the lower courts, and as a medium of instruction in primary school. English is used in foreign trade, in diplomacy, in higher courts, and as a medium of instruction in secondary and higher education, although the Tanzanian government is planning to discontinue English as a language of instruction altogether. Approximately 10 percent of Tanzanians speak Swahili as a first language, and up to 90 percent speak it as a second language.

Table 2.15 Tanzania GDP and National debt as at November, 2017

$100 234 603 691	GDP 2017 (PPP)
$1 743	GDP 2017 per capita (annual $2 002)
$77 579 034	GDP 2017
$1	GDP 2017 per capita
$48 934 424 225	Total National Debt (Public Debt Clock)
$851	Total National Debt per capita
$3 453 027 305	National Debt 2017
$0.99864	National Debt 2017

Source; countrymeters.info/en/Tanzania

IMF interaction with Tanzania

Tanzania is a member of the International Monetary Fund (IMF) with a current quota of US$551.35 million (397.8 million SDR). The IMF has been involved in Tanzania's economy since the 1970s. Over the years, there have been roughly three stages of the IMF's involvement in Tanzania: the first round of reform lasted from 1986 to 1995, the second round of reform lasted from 1996 to 2006, and the third round focused mainly on consolidating the reforms made from previous stages (Countrymeters, 2017).

The agricultural economy depended on by Tanzania was constantly declining since the 1970. In 1979, the IMF interfered and proposed a series of major changes to Tanzania in

response to its worsening economy; currency devaluation was the main focus of the proposed changes. However, Tanzania refused to devaluate its currency and requested the IMF to leave the country in November 1979. What was more surprising was that when Tanzania expelled the IMF from the country, its economy was already at the edge of bankruptcy. The IMF created the Tanzania Advisory Group (TAG) to improve the relationship between the IMF and Tanzania, the main goal of the TAG was to achieve the devaluation of the Shilling. The TAG's efforts had virtually no return until 1986 when Ali Hassan Mwinyi, the new president of Tanzania replaced Julius Nyerere, the former president of Tanzania; however, the country's economy was already close to complete collapse. In 1986, Tanzania finally entered into a stand-by agreement with the IMF; under this agreement, a program was enacted to liberalize interest rate, eliminate price control, unify exchange rate etc. One important factor to understand was that, at that time, the relationship between the IMF and Tanzania was still not in good shape; with that being said, the amount of aid provided by the stand-by agreement was not a lot as it accounted only 60% of Tanzania's quota at that time. The main purpose behind this agreement was mainly to reconstruct investors' confidence in Tanzania by providing the country with an IMF's approval. Successfully, this agreement achieved its goal as many developed countries were willing to provide aids to Tanzania if the country followed the proposed reforms listed under the agreement. The first round of reform came to an end in 1996, and Tanzania achieved most of the reforms during this duration of time.

From 1996 to 2006, the second round of reform started. The second reform focused on areas like improving government financial services as well as strengthening the goals achieved from the previous reform. One of the most difficult policy goal was the restructuring of the parastatals; under the Poverty Reduction and Growth Facility (PRGF) programs implemented by the IMF, Tanzania successfully privatized most of the parastatals in manufacturing and agricultural sectors in 2005. As for the financial sector, a joint IMF–World Bank Financial Sector Assessment Program was approved to provide Tanzania with comprehensive and analytical support for better financial development. Under this program, Tanzania received great support from donor countries and eventually unlocked the HIPC and MDRI debt relief to eliminate its existing debt (Countrymeters, 2017).

Tanzania and IMF PSI ERA

The third round of reform focused mainly on creating fit policies to accommodate the economic reforms brought forth by the previous two reforms. From 2006 and on, the IMF's

interference switched to providing the country with policy advice. Under the operation of the Policy Support Instrument (PSI), the IMF continues to provide the country with economic advices fostering better economic growth rate and improving the situation of poverty. This greatly signals that the IMF has assumed a more passive role as a policy advisor in the case of Tanzania. From the 2017 policy report of Tanzania, the IMF stated that the economy of Tanzania, with the implementation of the PSI-supported program, is looking strong with a moderate level of inflation.

Life expectancy

Total life expectancy (both sexes) at birth for Tanzania is 52.9 years. This is below the average life expectancy at birth of the global population which is about 71 years. Male life expectancy at birth is 51.3 years while female life expectancy at birth is 54.4 years.

Literacy of population

26,081,748 persons or 80.27% of adult population (aged 15 years and above) in Tanzania are able to read and write. Accordingly about 6,412,697 adults are illiterate. Literacy rate for adult male population is 84.82% (13,531,031 persons). 2,421,235 are illiterate. Literacy rate for adult female population is 75.87% (12,550,717 persons). 3,991,462 are illiterate. Youth literacy rates are 87.45% and 87.17% for males and females accordingly. The overall youth literacy rate is 87.31%. Youth literacy rate definition covers the population between the ages of 15 to 24 years.

Table 2.16 Tanzania Population as at November, 2017

57,507,133	Current population
28,734,001	Current male population (50.0%)
28,773,132	Current female population (50.0%)
1,867,230	Births 2017
1,426	Births 2017
343,988	Deaths 2017
263	Deaths 2017
-38,116	Net migration 2017
-29	Net migration 2017

1,485,126	Population growth 2017
1,134	Population growth 2017

http://countrymeters.info/en/Tanzania

2.1.10.7 The Economy Uganda

The Republic of Uganda is a landlocked country in East Africa. It is bordered to the east by Kenya, to the north by South Sudan, to the west by the Democratic Republic of the Congo, to the south-west by Rwanda, and to the south by Tanzania. Uganda is in the African Great Lakes region, lies within the Nile basin, and has a varied but generally a modified equatorial climate. Uganda takes its name from the Buganda kingdom, which encompasses a large portion of the south of the country, including the capital Kampala. The people of Uganda were hunter-gatherers until 1,700 to 2,300 years ago, when Bantu-speaking populations migrated to the southern parts of the country. Beginning in 1894, the area was ruled as a protectorate by the British, who established administrative law across the territory. Uganda gained independence from Britain on 9 October 1962. The period since then has been marked by intermittent conflicts, including a lengthy civil war against the Lord's Resistance Army in the Northern Region, which has caused hundreds of thousands of casualties.

The official languages of Uganda are English and Swahili, although any other language may be used as a medium of instruction in schools or other educational institutions or for legislative, administrative or judicial purposes as may be prescribed by law. The president of Uganda is Yoweri Kaguta Museveni, who came to power in January 1986 after a protracted six-year guerrilla war. Uganda began issuing its own currency in 1966 through the Bank of Uganda. The name of Uganda currency is Ugandan shilling. The economy of Uganda is endowed with significant natural resources, including fertile land, regular rainfall, and mineral deposits and appeared poised for rapid economic growth and development. Though chronic political instability and erratic economic management since self-rule has produced a record of persistent economic decline that has left Uganda among the world's poorest and least-developed countries (Countrymeters, 2017).

After the turmoil of the Amin period, the country began a program of economic recovery in 1981 that received considerable foreign assistance. From mid-1984 onward, overly expansionist fiscal and monetary policies and the renewed outbreak of civil strife led

to a setback in economic performance. The economy grew since the 1990s. Real gross domestic product (GDP) grew at an average of 6.7% annually during the period 1990–2015, whereas real GDP per capita grew at 3.3% per annum during the same period. During this period, the Ugandan economy experienced economic transformation: the share of agriculture value added in GDP declined from 56% in 1990 to 24% in 2015; the share of industry grew from 11% to 20% (with manufacturing increasing at a slower pace, from 6% to 9% of GDP); and the share of services went from 32% to 55%.

Table 2.17 Uganda GDP and National debt as at November 2017

$68 488 162 830	GDP 2017 (PPP)
$1 628	GDP 2017 per capita (annual $1 871)
$39 773 789	GDP 2017
$1	GDP 2017 per capita
$30 620 632 443	Total National Debt (Public Debt Clock)
$728	Total National Debt per capita
$3 533 468 443	National Debt 2017
$0.99977	National Debt 2017

Source: http://countrymeters.info/en/Uganda

Table 2.18 Uganda Population as at November, 2017

42,072,847	Current population
21,034,004	Current male population (50.0%)
21,038,843	Current female population (50.0%)
1,499,369	Births 2017
978	Births 2017
351,501	Deaths 2017
229	Deaths 2017
-28,491	Net migration 2017
-19	Net migration 2017
1,119,378	Population growth 2017
730	Population growth 2017

Source; http://countrymeters.info/en/Uganda

As of 1 January 2017, the population of Uganda was estimated to be 40,953,469 people. This is an increase of 3.26 % (1,293,318 people) compared to population of 39,660,151 the year before. In 2016 the natural increase was positive, as the number of births exceeded the number of deaths by 1,326,235, but due to external migration, the population declined by 32,918.

Life expectancy

Life expectancy at birth is one of the most important demographic indicators. It shows the number of years a newborn infant would live assuming that birth and death rates will remain at the same level during the whole lifetime. Total life expectancy (both sexes) at birth for Uganda is 53.2 years. Male life expectancy at birth is 52.2 years, while Female life expectancy at birth is 54.3 years.

Literacy of population

About15,168,494 persons or 73.87% of adult population (aged 15 years and above) in Uganda are able to read and write. Accordingly about 5,365,985 adults are illiterate. Literacy rate for adult male population is 80.85% (8,298,477 persons). 1,965,691 are illiterate. Literacy rate for adult female population is 66.89% (6,870,016 persons). 3,400,295 are illiterate. Youth literacy rates are 87.43% and 86.57% for males and females accordingly. The overall youth literacy rate is 87%. Youth literacy rate definition covers the population between the ages of 15 to 24 years.

2.2 Theoretical Frameworks

2.2.1 Harrod –Domar theory of growth

This research work is heavily linked to Harrod-Domar theory of growth as it concerns capital accumulation and savings. According to Hacche (1979), capital accumulation and savings are key factors in the process of economic growth. He emphasize that capital accumulation (net investment) has a double role to play in economic growth. It generates income on one hand and increases production capacity of the economy on another side, thus the choice of our variables of interest: Investments, Savings and GDP. The generated income creates demand. Condition for economic growth is that the new demand (or spending) must be adequate enough to absorb the output generated by the new investment, i.e. increased capital stock. Else there will be excess or idle production capacity (Dwivedi, 2008). This theory sees Capital Formation (investment) and Savings as two macro-economic variables that increase the output (GDP). Again the increased output can only lead to economic growth when there is adequate demand to absorb the output. Such demand can be created through import restriction policy that will encourage the use of locally produced goods.

These oppose the policy conditions of IMF where the beneficial government is expected to increase the value added tax and reduce government expenditure. Increase in value added tax as an indirect tax will increase the general prices of goods and services which will reduce the disposable income of citizens. Reduction in the disposable income will lead to reduction in savings and investment and at long run lead to increase in unemployment and poverty level. Most of the Sub Saharan African countries are regarded as developing countries, and if developing countries indeed whose economy is still at development stage, Musgrave and Rostow believes that government expenditure should be increased and not reduced. Moreover, trade liberalization of developing economy will by no means create the needed demand that will absorb the local outputs that are needed for economic growth to exist. Thus the choice of our dependent variables (GDP, GFCF and NS) rests on Harrod – Domar theory of growth. Other theories that supported this research work are also discussed in 2.2.2 to 2.2.5. Most of these theories emphasized on increment of government expenditure as a means for increasing industrialization and economic growth.

2.2.2 Adolph Wagner's law of increasing state activity

Again, this work is also related to Adolph Wagner's law of "increasing state activity". Wagner (1890), a German economist, in his law of increasing state activity argued that government growth is a function of increased industrialization and economic development.

i.e. the advent of modern industrial society will result in increasing political pressure for social progress and increased allowance for social consideration by industry. Wagner stated that during the industrialization process, as the real income per capita of a nation increases, the share of public expenditures in total expenditures increases. He designed three focal bases for the increase in state expenditure. Firstly, during industrialization process, public sector activity will replace private sector activity. State functions like administrative and protective functions will increase. Secondly, governments need to provide cultural and welfare services like education, public health, old age pension or retirement insurance, food subsidy, natural disaster aid, environmental protection programs and other welfare functions. Thirdly, increased industrialization will bring out technological change and large firms that tend to monopolize. Governments will have to offset these effects by providing social and merit goods through budgetary means (Ukessays, 2010). This is also supported by Anyanwaokoro in his book "Element of Public Finance" where he discussed reasons for increase in government expenditure, he asserted "as industries grow, one would expect a reduction in public expenditure so that the private sector will spend more, but this does not often happen. Instead government expenditure grows as industrial and economic developments grow" (Anyanwaokoro, 2004).

2.2.3 Dalton's theory of public expenditure

According to Dalton's theory of Maximum Social Advantage, public expenditure in every direction must be carried out in a way that there will be a cycle where money collected from the public as taxes, will directly or indirectly go back to them in the form of public expenditure programmes. Then Pigou (1932) in his theory of "Economics of Welfare" states that tax rate is used to internalize negative externalities and taxes are used as subsidy for positive externalities. Thus the condition of maximum social advantage is that situation in which, "Expenditure should be pushed in a direction to the point at which satisfaction obtained from the last shilling spent is equal to the satisfaction lost in respect of the last shilling paid as taxes to the government. Reducing government expenditure and increasing tax rate as conditions for borrowing from IMF is against this theory.

2.2.4 Musgrave and Rostow Development Model

Musgrave and Rostow (1960) in their Development Model suggest that the growth of public expenditure might be related to the pattern of economic growth and development in societies. This is to say that at early development stage, government expenditure must be on a high proportion of total output because considerable expenditure is required on education and

infrastructure of the economy (also known as social overhead capital) as private saving is inadequate to finance this necessary expenditure (strategistng, 2013).

2.2.5 Debt Overhang Theory

This work is also anchored on Debt Overhang Theory. This theory, according to Diamond and Zhiguo (2014), states that if there is some likelihood that future debt will be larger than the country's repayment ability; expected debt-service costs will discourage further domestic and foreign investment. This is because the expected rate of return from the productive investment projects will be very low to support the economy as the significant portion of any subsequent economic progress will be accrued to the creditor country, which eventually will further reduce both domestic and foreign investments and hence downsize economic growth (Ukessays, 2015). With the use of simultaneous equation models for output and investment demand, Iyoha (1999) was able to conclude that, there is a significant debt overhang and crowding out effect in Sub-Saharann Africa (SSA). In other words, the large stock of external debt and heavy debt service payments had a depressing effect on investment in SSA. Nigeria is also one of the developing economies whose foreign debt profile is very high, yet in the year 2016 Nigeria attempted bargaining for new loan with IMF. Expected debt-service cost according to this theory will definitely discourage gross fixed capital formation.

2.3 Empirical Review of Related Literature

Alexander, Thomas and Lawrence (2016) reviewed IMF ways of offering financial assistance to countries in economic distress by determining whether IMF programmes have evolved to allow for more *policy space* and also to evaluate whether programmes allow for the protection of labour and social policies. They used relevant materials collected from IMF's lending operations and identified all policy conditionality in IMF loan agreements between 1985 and 2014, extracting 55,465 individual conditions across 131 countries in total and concluded that the organization's post-2008 programmes reincorporated many of the mandated reforms that the organization claims outdated; the number of conditions has been on increase; and the policies introduced to ameliorate the social consequences of IMF macroeconomic advice have been inadequately incorporated into programme design.

Kruger, Lavigne and McKay (2016) assessed the impact of United States approval of legislation to increase the representation of developing countries in the Fund's governance structure. They concluded that much has been accomplished by the Fund's management and staffing since the 2008 global crisis and that there is still a pressing need for member countries to push for further reforms if the IMF is to remain a relevant player in the rapidly evolving global economic and financial system. They proposed reforms aimed at improving country representation, granting the IMF real operational independence and enhancing its catalytic role.

Udeh, Ugwu, and Onwuka, (2016) ascertained the impact of external debt on economic growth in Nigeria from 1980-2013. The study was based on Keynesian theory of increasing government activity as catalyst to economic growth. The variables studied were Gross Domestic Product (GDP), External Debt Stock, External Debt Service Payment and Exchange Rate. They obtained the data from World Bank International Debt Statistics and Central Bank of Nigeria Statistical Bulletin, 2013. The formulated models were analyzed using Ordinary Least Square. Diagnostic tests were conducted using Augmented Dick Fuller Unit Root Test, Co-integration and Error Correction Model. They discovered that External Debt had a positive relationship with Gross Domestic Product at short run, but a negative relationship 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 set mechanism in motion to ensure that loans were utilized for purposes for which they were acquired and also set a ceiling for borrowing for states and federal governments based on well-defined criteria.

Daryl (2015) determined the factors that affect IMF program design and implementation in borrower countries. He emphasised that understanding the problems programs are designed to address and the circumstances behind their interruption or completion, is essential for an accurate evaluation of their effects. He argued that a more nuanced approach which incorporates the interaction between these factors is required. Synthesizing theories of functionalism, structuralism, and principal-agent relationships with a domestic political economy approach, he offer a dynamic framework that evaluates the importance of political, institutional, and economic variables under varying circumstances. Applying this framework

to the case of Argentina (1991-2002), he found that the IMF's institutional priorities gave Argentina enormous leverage over the IMF, that makes IMF to maintain support for Argentina despite non-compliance until deteriorating economic conditions indicated that collapse was inevitable.

Kanu and Nwaimo (2015) explored the relationship between capital expenditures and gross fixed capital formation in Nigeria from 1981 to 2011. A least square regression analysis and unit root tests were carried out on a time series data. Other econometric tools like co-integration, Vector Auto Regression technique as well as Granger causality tests were deployed to ascertain the order of co integration and the level of relationships that exist between the dependent and independent variables. Findings of study reveal that Capital Expenditures (CAPEX) maintained a negative significant relationship with Gross Fixed Capital Formation (GFCF) in Nigeria, Imports and National Savings had a positive significant relationship with GFCF at both the short and long runs. They conclude that for sustainable gross fixed capital formation to be achieved, the federal government of Nigeria should cut down on her recurrent expenditure profile in favour of an increased CAPEX. Again, efforts must be made to mobilize the desired level of gross national savings that could attract foreign direct investments. Lastly, government is also advised to work on her potentially exportable goods and services that are needed elsewhere in the larger world and to reduce the level of inflationary trends

Jesse and Konstantinos (2014) analysed the difference between the previous IMF conditionality and the reviewed Fund conditionality of 2011 using bar chat and pie chart in other to ascertain the truthfulness of IMF claims to have made its conditions limited in scope to critical reforms agreed by recipient governments. They focused on two critical issues: the overall numbers of conditions; and whether the IMF is including less conditionality in the most politically controversial areas. The research revealed that the average number of conditions per loan has actually risen since the 2011 conditionality review because the IMF often counts several policy actions 'bundled' together as a single condition. The researcher concluded that;

- the IMF's latest review of conditionality of 2011, recognised that work still needed to be done, calling for conditionality that is more appropriate to the needs of each country.

- the IMF should focus on its true mandate as a lender of last resort to countries that are facing temporary balance of payments crises

Ejigayehu and Person (2013) examined whether external debt affects the economic growth of selected heavily indebted poor African countries through the debt overhang and debt crowding out effect. The variables of study are Initial per capita GDP, growth rate of investment, population growth rate, trade balance, Debt service export ratio, Ratio of Total external debt to GNI and Net total Debt service of selected countries. This is carried out by using data for eight heavily indebted poor African countries from 1991 to 2010. These countries are Benin, Ethiopia, Madagascar, Mali, Mozambique, Senegal, Tanzania and Uganda. The result from estimation shows that external debt affects economic growth by the debt crowding out effect rather than debt overhang.

Greer (2013) evaluated the structural adjustment programme of IMF in the developing world in order to formulate expectations for its performance in Europe. He argued that the Economic Adjustment Programmes (EAPs) that came with loans to peripheral Euro-zone members; Greece, Ireland, and Portugal are very similar to the loans with conditionality, also known as Structural Adjustment Programs which international financial institutions used as a policy tool during the 1980s and 1990s. From the large literature on structural adjustment policies he concluded that the EAPs if badly implemented will; be neutral or bad for growth; be bad for equity and the poor; have unpredictable policy consequences; and will allow incumbent elites to preserve their positions.

Breen (2012) investigated the truth in the assertion that IMF policies are driven by the powerful states which intervene to align policy with their preferences, stating that many have argued that the United States uses its position as the Fund's largest shareholder to achieve its foreign policy objectives. As a result, a substantial volume of literature argues and presents evidence to support the claim that IMF decisions faithfully reflect US interests. His findings extend these claims that the United States uses its position as the Fund's largest shareholder to achieve its foreign policy objectives. He suggested that IMF agreements contain fewer binding conditions when a suspension of IMF lending plausibly would impose greater hardship on creditor country banks and exporters.

Jost and Seitz (2012) studied the role of the IMF in the European debt crisis. They described the rescue packages and the involvement of the IMF by discussing the pros and cons of the

participation of the IMF in elaborating and monitoring the economic adjustment programs for the countries in crisis. They concluded that strict conditionality is crucial for the success of the programs and the credibility of the whole process, because softening of the programs could destroy the credibility and reputation of the IMF.

Johnston, and Montecino, (2011) Examined the effects of Jamaica's 2010 debt restructuring agreement with the International Monetary Fund (IMF) on Jamaica's indebtedness and experience during the global economic downturn. Variables of interest include; Jamaica's debt stock, debt service and GDP. They found that Jamaica's economic and social progress has suffered considerably from the burden of an unsustainable debt; and that even after the debt restructuring of 2010, this burden remains unsustainable and very damaging. Again, macroeconomic policies, implemented under IMF, have also damaged Jamaica's recent and current economic prospects because Jamaica has been burdened by heavy debt servicing costs due to both the size of its debt and very high interest rates, and the large debt burden has effectively crowded out most other public expenditure, especially public investment in education and infrastructure.

Andre (2010) assessed how much IMF lending policies have changed in practice compared with earlier international crisis episodes. The researcher found out that the IMF is developing a more flexible approach to crisis management in borrowing member states, such as greater tolerance for unorthodox policies at short-term capital controls, greater differentiation in the treatment of borrowers based on their economic circumstances, easier access to precautionary IMF financing for prime borrowers, and more flexibility in the use of loan conditionality.

Ogege and Ekpudu (2010) ascertained the effect of debt burden on the growth of the Nigerian economy from1970-2007. They employed ordinary least squares (OLS) to test the relationship between debt burden and the growth in the Nigerian economy. The finding shows that there is a negative relationship between debt stock (internal and external debt) and gross domestic product, meaning that an increase in debt stock will lead to reduction on the growth rate of Nigerian economy. Thus they recommended that the nation should avoid both external and internal borrowing in other to avoid huge debt problem.

Cabello, Sekulova and Schmidt (2008) assessed the effectiveness of IMF in aiding the recipient countries overcome poverty through the IMF economic conditionality. They discovered that despite the optimistic World Bank-released progress reviews on adoption of

several good practices to be linked to conditionality, the use of economic policy conditions (such as privatisation and liberalisation) in development lending remains the normal way of doing business for the Bank. This report presents conditionality as a method, used by the Bank to implement economic policies, based on a conservative and market-fundamentalist view, rather than on a sincere attempt to reduce poverty in aid-recipient countries.

Dennis (2008) assessed the effectiveness of Millennium Challenge Account in addressing a distressing paradox of developing countries not getting many trillions of dollars being giving to them as foreign aid support. He observed that the efforts of Millennium Challenge Account appear to have provided few or no benefits to the intended aid recipients, but have generously lined the pockets of corrupt government officials. He suggested an approach that emphasizes the careful selection of aid recipients, rather than the imposition of restrictive conditions on how the aid may be used.

Murray and King (2008) examined the effect IMF programs on tuberculosis (TB) outcomes in post-communist countries. They argue that health outcomes suffer from reduced government spending on health care and on other inputs to health, such as food, as well as from the capping of public sector wages. The authors noted that the nature of many health interventions makes them especially sensitive to fiscal decisions, because of the imperative of ensuring continuity in services and drug supply for HIV/AIDS and tuberculosis and any temporary interruptions in funding can have very serious consequences for health outcomes.

Allegret and Dulbecco (2007) proposed an analytical framework integrating the diverse explanations of the failure of IMF conditionality. Their analysis was based on the idea that the IMF is a key player in the running of markets in a global economy. They analysed most of the criticisms concerning conditionality through institutional failures of IMF conditionality. They appreciated the institutional failures at two complementary levels: the first level refers to the intrinsic bureaucratic bias of the IMF while the second deals with the inability of the IMF to manage the institutional change required for the development of market processes and hence to maintain the institutional order in recipient countries. They suggested that the role of the IMF as financial backer should be separated from its role as adviser to countries confronted by the globalization process.

Bernes (2007) undertook an evaluation of the use of structural conditionality in IMF-supported programs in respect of the backdrop of continuing debate over the use and effectiveness of structural conditions. He focused on two distinct issues: the effectiveness of

structural conditionality at bringing about lasting economic change and the impact of the 2000 Streamlining Initiative to achieve greater focus in the use of conditionality in Fund arrangements. He discovered that a significant number of structural conditions are very detailed, not obviously critical, and often felt to be intrusive and to undermine domestic ownership of programs. He finds that compliance with structural conditionality, at about 50 percent, is low compared to about 85 percent for macroeconomic conditionality. The evaluation finds that the average number of structural conditions in IMF-supported programs has not declined since the launching of the streamlining initiative in 2000 and remains at about 17 conditions per program year. However, progress has been made in that the composition of structural conditionality has changed, showing a significant shift toward core areas of IMF expertise.

Martin and Randall (2007) carried out quantitative studies of participation in IMF programs, design of IMF conditionality, implementation and enforcement of IMF conditions, conventional program effects and catalytic effects. They conclude that IMF programs are not homogeneous, ie the programs vary substantially in their breadth and in the types of problems they are designed to address. Again, IMF is able to credibly commit to enforcing programs in small, poor countries, but finds it difficult to enforce programs when the borrowers are important clients of the United States or other major shareholder countries.

Randall (2007) studied the politics of IMF on conditionality from 1992 to 2002 in order to ascertain the degree of the IMF autonomy. He used the probability of participation to test for effects of bargaining on the design of conditionality and concluded that the IMF does not impose a one-size-fits-all template of conditions to borrowers; lending to important recipients who received United State (U.S.) foreign aids is associated with narrower conditionality; that Fund as a bureaucratic agency pushes for influence and strives to maximize conditionality; and that the bargaining between the Fund and the borrowing member can be adversarial.

Kenen (2007) tries to assess the arguments of some scholars who are of the opinion that the IMF should be abolished. He rejects the arguments of the abolitionists and goes on to contend that efforts to reform the Fund deserve U.S. support. He argues that many countries remain at risk for financial crises, and a strong Fund that can take the lead in responding is in the U.S. interest. He believed that with well-managed reform, IMF could also play a useful role in resolving global economic imbalances. So he recommends that with reasonable reform

of its activities and structures, IMF can remain relevant to the pressing global economic challenges countries are facing.

Bull, Jerve, and Sigvaldsen (2006) evaluated the extent at which World Bank (WB) and the International Monetary Fund (IMF) still support programs that are made conditional on liberalization and privatization; and the extent at which they follow their own recently published guidelines. Through sectoral review of current IMF strategies in the areas of utilities, social sectors (health and education) and trade, they observed that IMF and WB have put undue pressure on governments to privatize or liberalize, and the extent of focus on privatization and liberalization has been replaced by a broader view regarding institutional reform and complementary policies. Also there seems to be less of a change in the policies promoted by the IMF than those promoted by the World Bank. So they concluded that their disagreement about current conditionality practices is partly attributable to their different understandings of the concept

Dennis and Zuckerman (2006) described the impact of World Bank and International Monetary Fund (IMF) policy-based loans on people's lives, especially on women, i.e. loans to developing countries that require governments to reform economic, financial and trade policies. They said that these reforms also known as loan conditionality, generally bypass local democratic processes and contribute to the feminization of poverty. They highlighted four reforms often tied to World Bank and IMF policy-based loans that intensify gender inequality and undermine the ability of women and girls to break out of poverty as privatization; decreased government spending; trade and labour market reforms; and financial sector reforms. They concluded that policy-based loans often help creditors more than women and men in developing countries because governments of the recipient countries are forced to use these loans to repay old debts incurred under dubious circumstances. Loan conditionality tend to benefit foreign companies by opening up markets at the expense of local industries and working women and men.

Dreher (2004) ascertained the effects of different stakeholders bargaining power on IMF and World Bank lending and conditionality. Using panel data for 43 countries between 1987–99 it is shown that the number of Fund conditions seems to be influenced by contemporaneous World Bank activity and bad policies.

Nancy, Geoffrey and Bruce (2004) determined the impact of International Financial Institutions (IFI) conditionality on privatization in countries that owe the IMF. They found that IMF conditionality, in particular, has an important indirect economic benefit to countries that owe the IMF, as that will attract foreign investors and the additional capital drawn into developing countries as a result of the IMF - privatization nexus is no doubt helpful to these economies. Though this may not justify the policy conditions typically imposed by the IMF

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.

Lee (2003) examined the creation of the IMF and its purposes, history, and development; the Asian economies before the crisis and explores possible causes of the Asian financial crisis; and discusses the South Korean economic crisis and the conditionality imposed by the IMF in exchange for the rescue loan. Despite the fact that Asian countries had experienced low budget deficits, relatively low public debt, inflation in single digits, rapid economic growth, and high savings and investment rates, it was still understood that the IMF, prior to making its resources available, could ask for certain conditions from a potential borrower-state. However, much of the IMF's conditionality was focused on macroeconomic variables until the Asian financial crisis. It seemed, at least to the IMF, that the cause of the Asian financial crisis was failure of the internal management. IMF required an unprecedented broad range of structural reforms in Asia, because it believed that no economic recovery was possible without curing fundamental, structural defects in Asia. IMF's argument, then, was that the policies and decisions that were normally within the purview of purely domestic governance were a major contributor to the subsequent economic woes. However, outcomes in Malaysia and Thailand suggested that the success of economic recovery does not provide the justification of eroding sovereignty through the IMF conditionality.

William (2003) ascertained the effect of IMF and World Bank adjustment lending on growth of exchange rate, interest rate, indirect tax, inflation, and black market premium. These variables were regressed against change in poverty rate as the dependent variable. He found out that IMF and World Bank adjustment lending lowers the growth elasticity of poverty, that

is, the amount of change in poverty rates for a given amount of growth. This means that economic expansions benefit the poor less under structural adjustment, but at the same time economic contractions hurt the poor less.

Scholte (2002) assessed the relations between civil society associations and the IMF and attempts to answer questions like; who in civil society has engaged the Fund? What initiatives has the IMF taken toward civil society? What aims have civil society groups and the Fund pursued in their relations with each other? How have civil society activities affected the IMF? He discovered that;

a. IMF is made of multiple institutional parts, offering civil society associations different potential points of contact with and influence on the organization.
b. Various sectors of civil society have come to concern themselves with the Fund, including research institutes, business forums, labour unions, NGOs, philanthropic foundations and religious bodies, as well as a range of informally organized groups.
c. Fund has generally maintained greater contacts with more sympathetic civil society quarters (such as economic research institutes and forums of big business) than with more critical circles (such as trade unions and many NGOs).
d. IMF, its objectives in engaging civil society associations have included intelligence gathering, public relations to garner support and repel criticism and securing funding increases.
e. Civil society involvement has encouraged the Fund to alter various institutional procedures, including measures related to public consultation, transparency and policy evaluation.

They concluded that if relationships between civil society associations and the Fund are handled well, they can help to reduce the severe governance deficits that have marked contemporary monetary and financial globalization.

Giulio (2001) studied various rationales for conditionality which has been put forward since the inception of this practice in the 1950s, and to analyse their mutual consistency and interaction by employing a principal-agent framework. The findings revealed that two of the basic functions which can be identified with IMF conditionality contracts: the protection of Fund resources and the provision of commitment technology to the recipient country are mutually compatible if the balance of payments disequilibrium (or capital outflow) which triggers IMF intervention is not too large; that IMF bail-outs can lead to debtor moral hazard

if the IMF's commitment power is limited; and that if the crisis is large, ex-post Private Sector Involvement (PSI) in the form of debt-relief is a pre-condition for effective conditionality.

Ibenta (1988) evaluated the effect of IMF supported Structural Adjustment Programme on economies of third World countries with special reference to Nigeria. Studying some macro-economic indicators like exchange rate, balance of payment and external reserve, he concluded that Structural Adjustment Programme has not helped in the development of Nigerian economy because SAP does not take into account the particular circumstances of the developing countries.

2.3.1 **Summary of Empirical Review**

The summary of the empirical review are presented in table 2.1 stating clearly the problem studied, the theoretical frameworks, methods and variables studies and various findings of the authors.

Table 2.19 Summary of Literature Review

Title/Date/Author	Problem of the study	Theoretical Framework	Methods/ Variables	Findings
IMF conditionality and development policy space, 1985_2014 2016 Alexander E. K., Thomas H. S. & Lawrence P. K.	Asses the changes in IMF condition for lending in pre and post 2008 IMF conditionality amendment.		Pre and Post IMF conditionality	They found out that the organization's post-2008 programmes reincorporated many of the mandated reforms that the organization claims to no longer advocate for, and the number of conditions have been increasing
External debt and economic growth: the Nigerian experience, (2016) Udeh, Ugwu, & Onwuka	Ascertain impact of external debt on economic growth in Nigeria from 1980-2013	Keynesian theory of increasing government activity as catalyst to economic growth.	Gross Domestic Product (GDP), External Debt Stock, External Debt Service Payment and Exchange Rate.	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
The Role of the International Monetary Fund in the Post-Crisis World (2016) Kruger M, Lavigne, R. & McKay, J.	Re-launch the debate by assessing the impact of United States approval of legislation to increase the representation of developing countries in the Fund's governance structure		Developing countries quota and representation, i.e. voting power with the IMF after global crisis	Much has been accomplished by the Fund's management and staff since the global crisis and there is still a pressing need for member countries to push for further reforms if the IMF is to remain a relevant player in the rapidly evolving global economic and financial system.

	changes and identifying areas where progress is still needed			
International Institutions and State Leverage: IMF Program Design and Implementation in Argentina, 1991–2002 (2015) Daryl, G.J.	To determine the factors that affect IMF program design and implementation in borrower countries	Theories of functionalism, structuralism, principal-agent relationships & domestic political economy approach	Graphs and chart/Argentina's Real GDP, rate of inflation, unemployment and poverty indicators.	IMF's institutional priorities gave Argentina enormous leverage over the IMF that makes IMF to maintain support for Argentina despite non-compliance until deteriorating economic conditions indicated that collapse was inevitable.
Capital expenditures and gross fixed capital formation in Nigeria (2015) Kanu S.I. & Nwaimo, C.E.	Explored the relationship between capital expenditures and gross fixed capital formation in Nigeria from 1981 to 2011.	Marginal Efficiency of Capital Hypothesis	Capital Expenditures, Gross Fixed Capital Formation, Imports, Export and National Savings	Capital Expenditures (CAPEX) maintained a negative significant relationship with Gross Fixed Capital Formation (GFCF) in Nigeria, Imports and National Savings had a positive significant relationship with GFCF at both the short and long runs.
Conditionally yours An analysis of the policy conditions attached to IMF loans 2014 Jesse & Konstantinos	The difference between the previous IMF conditionality and the reviewed Fund conditionality of 2011		Use of bar chat and pie chart/ Taxation, Government expenditures, privatisation and liberalisation	The research revealed that the average number of conditions per loan has actually risen since the 2011 conditionality review because the IMF often counts several policy actions 'bundled' together as a single condition
Greer S.L. (2013) Why did we forget about history; Lessons for the Euro-zone from the Failed Conditionality Debates in the 80s	evaluates the structural adjustment programme of IMF in the developing world in order to formulate expectations for its performance in Europe		Opinion paper on Structural Adjustment Programs	EAPs if badly implemented will; be neutral or bad for growth, equity and will have unpredictable policy consequences. Also it will allow incumbent elites to preserve their positions
The Effect of External Debt on Economic growth – A panel data analysis on the relationship between external debt and economic growth (2013) Ejigayehu, D. A & person J.	Examined whether external debt affects the economic growth of selected heavily indebted poor African countries through the debt overhang and debt crowding out effect	Theory of debt overhang and debt crowding effect	Initial per capita GDP, growth rate of investment, population growth rate, trade balance, Debt service export ratio, Ratio of Total external debt to GNI and Net total Debt service	External debt affects economic growth by the debt crowding out effect rather than debt overhang
IMF conditionality and the economic exposure of its shareholders (2012) Breen, M.	Investigated the truth in the assertion that IMF policies are driven by the powerful states which intervene to align policy with their preferences		Opinion paper/ Bank exposure, trade exposure	United States uses its position as the Fund's largest shareholder to achieve its foreign policy objectives
The Role of the	Overview of the role		Opinion paper/ pros and	Strict conditionality is crucial for

IMF in the European Debt Crisis (2012) Jost, T & Seitz, F.	of the IMF in the European debt crisis		cons of the participation of the IMF	the success of the programs and the credibility of IMF borrowing, because softening of the programs could destroy the credibility and reputation of the IMF
The International Monetary Fund crisis management and the credit crunch (2010) Andre, Broome	assess how much IMF lending policies have changed in practice compared with earlier international crisis episodes		Opinion paper/ IMF old and new approach to conditionality	IMF is developing a more flexible approach to crisis management in borrowing member states
Jamaica: macroeconomic policy, debt and the IMF (2011) Johnston, J. & Montecino, J.A.	Examined the effects of Jamaica's 2010 debt restructuring agreement with the International Monetary Fund (IMF) on Jamaica's indebtedness and experience during the global economic downturn		Debt stock, debt service and GDP	They found that Jamaica's economic and social progress has suffered considerably from the burden of an unsustainable debt; and that even after the debt restructuring of 2010, this burden remains unsustainable and very damaging
Effects of debt burden on the Nigerian economy (2010) Ogege S. & Ekpudu E. J	ascertain the effect of debt burden on the growth of the Nigerian economy from1970-2007	Theory of debt overhang	Ordinary least squares; Nigerian debt burden, debt stock & gross domestic product	There is a negative relationship between debt stock (internal and external debt) and gross domestic product
World Bank conditionality, poor deal for poor countries (2008) Cabello, D, Sekulova, F. & Schmidt, D	Assess the effectiveness of IMF in aiding the recipient countries overcome poverty through the IMF Economic conditionality		Opinion paper/IMF conditionalities	They see conditionality as a method, used by the Bank to implement economic policies, based on a conservative and market-fundamentalist view, rather than on a sincere attempt to reduce poverty in aid-recipient countries.
A new approach to foreign aid: a case study of the millennium challenge account (2008) Dennis, M	assessed the effectiveness of Millennium Challenge Account in addressing a distressing paradox of developing countries not getting many trillions of dollars being giving to them as foreign aid support		IMF involvement and growth	He observed that the efforts of Millennium Challenge Account appear to have provided few or no benefits to the intended aid recipients, but have generously lined the pockets of corrupt government officials
The Effects of International Monetary Fund Loans on Health Outcomes 2008 Murray and King (2008)	the effects IMF programs on tuberculosis (TB) outcomes in post-communist countries.	Theory of government expenditure	Opinion paper/ Government expenditure, Health care input, HIV/AIDS drug supply.	Reduced government spending on health care can have very serious consequences for health outcomes.

The Institutional Failures of International Monetary Fund Conditionality (2007), Allegret, J.P. and Dulbecco, P.H.	Analytical framework that integrates the diverse explanations of the failure of IMF conditionality	Austrian theory of institutions	Opinion paper/ IMF conditionality to LIC's	The role of the IMF as financial banker should be separated from its role as adviser to countries confronted by the globalization process
The International Monetary Fund: A review of the recent evidence (2007) Martin and Randall	Quantitative review studies of participation in IMF programs, design of IMF conditionality, implementation and enforcement of IMF conditions, conventional program effects and catalytic effects.	public choice theory	Quantitative analysis/ GDP, Debt services, Exchange rate, Inflation, and Trade openness	IMF programs are not homogeneous
Structural Conditionality in IMF-Supported Programs: Evaluation Report of the International Monetary Fund ((2007) Bernes, T.A.	Evaluation of the use of structural conditionality in IMF-supported programs in respect of the backdrop of continuing debate over the use and effectiveness of structural conditions.		Structural conditionality & macro-economic conditionality.	The evaluation finds that the average number of structural conditions in IMF-supported programs has not declined since the launching of the streamlining initiative in 2000 and remains at about 17 conditions per program year. However, progress has been made in that the composition of structural conditionality has changed, showing a significant shift toward core areas of IMF expertise.
The Scope of IMF Conditionality 2007 Randall W. Stone	Assessed the degree of autonomy the Fund enjoys vis-à-vis its borrowers and principals and the ways in which conditionality reflects bargaining.	Theory of Public Choice and Constrained Autonomy	He used probability of participation to test for bargaining effects using bivariate probit model with partial observability	1) Conditionality has been narrower where the borrowing country was an important recipient of U.S. aid that faces external vulnerability. 2) The Fund does not impose maximum levels of conditionality when countries are vulnerable. 3) Conditionality has been scaled back in deference to domestic political opposition.
Reform of the International Monetary Fund 2007 Kenen, P.B	Assess the arguments of some scholars who are of the opinion that the IMF should be abolished		Opinion paper/ Percentages of Total Votes for Countries and their Constituency	With reasonable reform of its activities and structures, IMF can remain relevant to the pressing global economic challenges countries are facing.
The World Bank's and the IMF's use of conditionality to encourage privatization and liberalization: current issues and practices (2006)	Evaluate to what extent the World Bank and the International Monetary Fund (IMF) still support programs that are made conditional on liberalization and		Sectoral review of current IFI strategies in the areas of utilities, social sectors (health and education) and trade	Narrow focus on privatization and liberalization has been replaced by a broader view regarding institutional reform and complementary policies, and there also seems to be less of a change in the policies promoted by the IMF than those promoted by the World Bank

Bull, A, Jerve, A.M & Sigvaldsen, E	privatization, put undue pressure on governments to privatize or liberalize, and followed their own recently published guidelines?			
Gender guide to World Bank and IMF policy-based lending (2006) Dennis, S. & Zuckerman, E.	Described the impact of World Bank and International Monetary Fund (IMF) policy-based loans on people's lives, especially on women		Advocacy paper/ privatization, decreased government spending, trade and labour market reforms, and financial sector reforms.	policy-based loans often help creditors more than women and men in developing countries because governments of the recipient countries are forced to use these loans to repay old debts incurred under dubious circumstances. Again Loan conditionalities tend to benefit foreign companies by opening up markets at the expense of local industries and working women and men.
A public choice perspective of IMF and World Bank lending and conditionality 2004 Axel Dreher	examines the effects of different stakeholders bargaining power on IMF and World Bank lending and conditionality	public choice theory	panel data for 43 countries between 1987–99	the number of Fund conditions seems to be influenced by contemporaneous World Bank activity and bad policies.
The International Monetary Fund and the Global Spread of Privatization. (2004) Nancy, Geoffrey, and Bruce	examine the impact of International Financial Institutions (IFI) conditionality on privatization in countries that owe the IMF		Graphs/ IMF privatization conditionality from 1985-1999	IMF privatization conditionality, in particular, has an important indirect economic benefit to countries that owe the IMF
The IMF and Economic Development (2003), James Raymond Vreeland	ascertain whether IMF should impose specific policy prescription known as conditionality in oder to promote economic growth of member nations		percentage change/ GDP, foreign reserve, inflation, current account budget deficit	IMF should focus on crisis prevention instead of providing loans with condition after the country has entered into crisis.
To thine Own self be true: IMF conditionality and erosion of economic sovereignty in the Asian financial crisis (2003) Lee, C.H.	examined a) the creation of the IMF and its purposes, history, and development, b) the Asian economies before the crisis and explores possible causes of the Asian financial crisis and c) discusses the South Korean economic crisis and the conditionality imposed by the IMF in exchange for the		public debt, inflation economic growth, savings and investment rates	The success of economic recovery does not provide the justification of eroding sovereignty through the IMF conditionality

	rescue loan.			
IMF and World Bank Structural Adjustment Programs and Poverty 2003 William Easterly	examines the effect of IMF and World Bank adjustment lending on poverty reduction		OLS/ growth, exchange rate, interest rate, indirect tax inflation, black market premium and poverty rate	IMF and World Bank adjustment lending lowers the growth elasticity of poverty
Civil Society Voices and the International Monetary Fund (2002) Scholte, A.J	To ascertain the relations between civil society associations and the IMF		Opinion /discussion paper	If relationships between civil society associations and the Fund are handled well, they can help to reduce the severe governance deficits that have marked contemporary monetary and financial globalization
IMF Conditionality 2001 Giulio Federico	The effects of debtor moral hazard and private sector involvement (PSI) on IMF intervention	Principal-agent theory	baseline model/ conditionality as commitment technology, debtor moral hazard, and PSI;	PSI in the solution of balance of payments crisis is a central determinant of the effectiveness of both crisis prevention and resolution.

Source: Listed Reviewed Literature

2.3.2 Identified Gap in Literature:

From the various reviewed research work, the researcher identified the following types of gap which this research work seeks to fill;

Methodological gap and Facility gap: most of the reviewed literatures are opinion papers, but this study employed econometrics approach in analysing the effect of IMF conditionality on each selected country. Again, the work seeks to evaluate the effect of IMF conditionality on nations that assessed the IMF Policy Support Instrument.

Geographical gap; the effect of IMF conditionality on various nations have been evaluated by various researchers, but the study on effect of IMF conditionality on Sub-Saharan African nations is still an area to be explored. This study employed panel analyses to show the overall effect of IMF conditionality on sub-Saharan Africa nation.

Political gap; the work seeks to examine the reason for the disparity of effect of IMF conditionality on beneficial nations

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The researcher employed a panel research in evaluating the impact of IMF conditionality on selected macroeconomic variables among the five Sub Saharan African nations that obtained PSI from IMF.

3.2 Area of the Study

This study covered Sub-Saharan African region and five out of seven Sub-Saharan African nations that accessed IMF Policy Support Instruments. Sub-Saharan Africa is the area of the continent of Africa that lies south of the Sahara. So it consists of all African countries that are fully or partially located south of the Sahara. According to the 2017 revision of the World Population Prospects, the population of sub-Saharan Africa was 995,694,907 in 2016. The current growth rate is 2.3%. The UN predicts for the region a population between 1.5 and 2 billion by 2050 with a population density of 80 per km^2. More than 40% of the population in sub-Saharan countries is younger than 15 years old. Currently, there are forty nine countries in sub Saharan African. Among that forty nine countries in sub-Saharan, seven nations collected the IMF PSI. Those countries are discussed below with their locations:

1. The Federal Republic of Nigeria commonly referred to as Nigeria, is a Federal Republic in West Africa, bordering Republic of Benin in the west, Chad and Cameroon in the east, and Niger in the north. Its coast in the south lies on the Gulf of Guinea in the Atlantic Ocean. It comprises 36 states and the Federal Capital Territory is Abuja
2. The Republic of Cape Verde is an island country spanning an archipelago of 10 volcanic islands in the central Atlantic Ocean. Located 570 kilometres (350 mi) west of the Cape Verde Peninsula in West Africa, the islands cover a combined area of slightly over 4,000 square kilometres (1,500 sq mi).
3. Republic of Mozambique is a country in Southeast Africa bordered by the Indian Ocean to the east, Tanzania to the north, Malawi and Zambia to the northwest, Zimbabwe to the west, and Swaziland and South Africa to the southwest (Neto &

Lobo, 2010). It is separated from Madagascar by the Mozambique Channel to the east. The capital and largest city is Maputo (known as Lourenço Marques).

4. The Republic of Rwanda is a sovereign state in Central and East Africa and one of the smallest countries on the African mainland. Rwanda is Located a few degrees south of the Equator, and bordered by Uganda, Tanzania, Burundi and the Democratic Republic of the Congo
5. The Republic of Senegal is a country in West Africa. Senegal is bordered by Mauritania in the north, Mali to the east, Guinea to the southeast, and Guinea-Bissau to the southwest.
6. Tanzania is a country in eastern Africa within the African Great Lakes region. It borders Kenya and Uganda to the north; Rwanda, Burundi, and the Democratic Republic of the Congo to the west; Zambia, Malawi, and Mozambique to the south; and the Indian Ocean to the east
7. The Republic of Uganda is a landlocked country in East Africa. It is bordered to the east by Kenya, to the north by South Sudan, to the west by the Democratic Republic of the Congo, to the south-west by Rwanda, and to the south by Tanzania.

3.3 Sources and methods of data collection

The work made use of secondary data only. These data were sourced from institutional publications such as Central Bank of Nigeria (CBN) Statistical Bulletin, IMF publications and data bank of Word Bank.

3.4 Instruments and methods of Data Analysis

Data collected for the research work were analysed using descriptive Statistics and the diagnostic test of the formulated models were carried out using co-integration, impulse response function, error correction model, Unit Root, LLC and Breitung panel unit test and serial correlation test. The Breusch – Pagan heteroskedasticity was also used to test for autoregressive conditional heteroskedasticity in the models. The formulated research hypotheses for individual countries were tested using Granger Causality Tests and Panel OLS (fixed, pooled and random effect) variance decomposition; Granger causality test was used to test for the effects of IMF conditionality on each selected sub Saharan nation, while Non granger causality test known as W-Stat and Zbar-Stat of Dumitrescu Hurlin panel test was used to test our stated hypothses. i.e. the effect of IMF conditionality on sub Saharan nations in general. The data were produce with the e. View package version 9.0

3.5 Decision Rule

Using Granger Causality and Panel Analysis, if the p-value, of f-statistic, W-Stat. and Zbar-Stat in Dumitrescu Hurlin panel analysis is less than 0.05, the null hypothesis is rejected. Likewise, if the p-value, f-statistics, W-Stat. and Zbar-Stat in Dumitrescu Hurlin panel analysis is greater than 0.05, the null hypothesis is accepted.

3.6 Specification of research model

This work adopted the models of Kanu and Nwaimo (2015) that evaluated the effect of capital expenditures on gross fixed capital formation in Nigeria for various years.

The functional form of Kanu and Nwaimo's model is stated as:

$Y1 = \beta0+\beta1x1+\beta2x2 + \beta3x3 + \beta4x4 + \beta5\ x5+ \beta6x6+ \beta7x7 + e.$

Where Y1 = dependent variable and x1, x2, x3, x4 x5, x6 and x7 = independent variable

GFCFt = F(CAPEX ,EXP , IMP , FDI , TNSV ,INFL, GDP)

While the econometric form of the model is stated below:

$GFCFt = \beta0+ \beta1\ CAPEXt + \beta2EXPt + \beta3\ IMPt + \beta4\ FDIt + \beta5\ TNSVt + \beta6\ INFL\ t + \beta7\ GDPt + \varepsilon$

Explanation variables

Where GFCFt = Gross fixed capital formation in Nigeria in year t

CAPEX t = Capital expenditure profile of Nigeria in year t

EXP t = Total exports out of the country in year t

IMP t = Total imports into the country in year t

FDIt = Foreign direct investments into the country in year t

TNSVt= Total national savings in the country in year t

INFLt =Inflationary trends in the country in year t

GDPt = Gross domestic product of Nigeria in year t

and ε = The error term assumed to be normally and independently distributed with zero mean and constant variance, which captures all other explanatory variables which influences gross fixed capital formation in a country but are not captured in the model

Three of major macro-economic variables of growth as discussed in Harrod Domar theory of growth constitute the dependent variables, while the independent variables consist of various IMF conditions for lending. Specifically, the dependent variables are Gross Domestic Products (GDP), Gross fixed capital formation (GFCF), and National Savings (NS), while the independent variables are Reduction in government expenditure; proxied by changes in Government Expenditure (TGE), Devaluation of local currency; proxy by Real Exchange Rate (RER) and Trade liberalization; proxy by Trade Openness (TO) of the five selected Sub-Saharan African Nations; i.e. Nigeria, Rwanda, Senegal, Tanzania, and Uganda.

Functional form of the Models

Model one: GDPSSSAN = f(TGESSSAN, RERSSSAN, TOSSSAN)

Model two: GFCFSSSAN = f(TGESSSAN, RERSSSAN, TOSSSAN)

Model three: NSSSSAN = f(TGESSSAN, RERSSSAN, TOSSSAN)

Econometrics form of the models:

Model one: $Y_1 = ß_o + ß_1 x\,1 + ß_2 x\,2 + ß_3 x\,3 + \mu_t$

Model two: $Y_2 = \gamma_o + \gamma_1 x\,1 + \gamma_2 x\,2 + \gamma_3 x3 + \varepsilon_t$

Model three: $Y_3 = \alpha_o + \alpha_1 x\,1 + \alpha_2 x2 + \alpha_3 x3 + \xi_t$

Model one: $LGDPN_t = ß_o + (ß_1 LCGEN + ß_2 LRERN + ß_3 LTON) + \mu_t$

Model two: $LGFCFN_t = \gamma_o + (\gamma_1 LCGEN + \gamma_2 LRERN + \gamma_3 LTON) + \varepsilon_t$

Model three: $LNSN_t = \alpha_o + (\alpha_1 LCGEN + \alpha_2 LRERN + \alpha_3 LTON) + \xi_t$

Explanation of the variables:

LGDPN =log Gross Domestic Product of selected sub Saharan African nations

LGFCFN = log Gross Fixed Capital Formation of selected sub Saharan African nations

LNSN = log National Savings of selected sub Saharan African nations

LRERN= log Real Exchange Rate of selected Nations

LCGEN= log changes in Government Expenditure of the selected Nations

LTON= log Trade Openness of the selected Nations

$ß_o$, γ_o, and α_o = Intercepts of models 1, 2, and 3 respectively.

$ß_1$- $ß_3$, γ_1- γ_3, and α_1- α_3, = slope of the intercepts of the models

μ_t, ε_t, and ξ_t, = error terms of models 1, 2 and 3 respectively.

3.6 The apriori Expectations

This is a common sense expectation from the results of the analysis, which might conform to the result of the analysis. The apriori expectation is stated to negate the null hypotheses.

Table 3.1 Apriori Expectations

Dependent Variable	**Independent Variables**		
	TGE	**RER**	**TO**
GDP	-	-	-
GFCF	-	-	-
NS	-	-	-

Sources: common sense expectation of the researcher

Table 3.1 showed that the null hypotheses of hypotheses 1, 2 and 3 are expected to be rejected. This means that:

a. Total government expenditure, real exchange rate and trade openness are expected to have a significant negative effect on GDP of the five selected sub Saharan African Nations.
b. Total government expenditure, real exchange rate and trade openness are expected to have a significant negative effect on Gross Fixed Capital Formation of the five selected sub Saharan African Nations
c. Total government expenditure, real exchange rate and trade openness are expected to have a significant negative effect on National Savings of the five selected sub Saharan African Nations

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Data Presentation

In this chapter, the data used for the analysis are presented in a tabular form. These data were also analysed and presented with help of graphs and chart. Also the developed hypotheses were restated and test in this chapter.

Table 4.1.1: Variable of interest from 1986 to 2016

Year	Gross Domestic Product ($ Million)	Gross Fixed Capital Formation ($ Million)	Gross National Savings ($ Million)	Total Government Expenditure ($ Million)	Changes in Total Government Expenditure (%)	Real Exchange Rate (per US Dollar)	Trade Openness (%)
1986	6,860.00	958.00	814.00	820.00	-6.00	96.00	30.40
1987	8,380.00	1,120.00	935.00	745.00	12.00	98.00	27.40
1988	8,450.00	1,084.00	1,214.00	799.00	10.00	117.00	26.30
1989	8,250.00	1,103.00	1,833.00	695.00	1.00	155.00	28.60
1990	9,520.00	1,486.00	14,506.00	784.00	4.00	198.00	28.60
1991	8,640.00	1,368.00	1,645.00	752.00	-5.00	274.00	34.10
1992	8,960.00	1,377.00	1,382.00	852.00	9.00	369.00	33.80
1993	6,180.00	1,010.00	615.00	683.00	-15.00	410.00	43.80
1994	6,240.00	1,057.00	533.00	1,026.00	-42.00	441.00	46.20
1995	9,150.00	1,017.00	1,154.00	1,097.00	11.00	465.00	39.30
1996	10,800.00	1,174.00	1,219.00	1,165.00	11.00	493.00	36.20
1997	11,300.00	1,270.00	1,557.00	1,386.00	4.00	520.00	35.60
1998	11,000.00	1,417.00	754.00	1,461.00	11.00	566.00	31.70
1999	11,700.00	1,342.00	2,024.00	1,087.00	-8.00	648.00	33.00
2000	13,800.00	1,478.00	3,310.00	1,376.00	8.00	730.00	37.00
2001	13,400.00	1,512.00	1,503.00	1,342.00	-0.00	784.00	40.90
2002	16,600.00	1,748.00	1,616.00	1,492.00	10.00	811.00	33.30
2003	18,900.00	2,387.00	1,500.00	1,504.00	6.00	850.00	36.10
2004	23,700.00	2,604.00	2,983.00	2,130.00	19.00	828.00	39.10

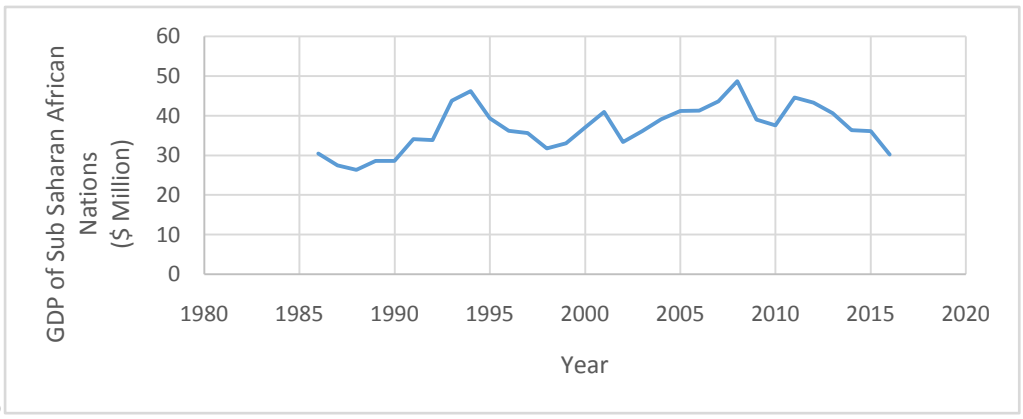
2005	29,900.00	5,677.00	5,704.00	2,690.00	18.00	825.00	41.20
2006	37,300.00	4,443.00	12,815.00	3,305.00	13.00	857.00	41.30
2007	43,100.00	5,700.00	7,316.00	4,943.00	19.00	824.00	43.60
2008	53,600.00	6,901.00	13,118.00	6,537.00	12.00	806.00	48.70
2009	47,500.00	7,474.00	7,213.00	6,241.00	4.00	908.00	39.00
2010	87,900.00	15,872.00	21,419.00	8,290.00	13.00	960.00	37.50
2011	97,400.00	15,110.00	24,129.00	9,064.00	10.00	1,061.00	44.60
2012	110,900.00	17,727.00	33,706.00	9,731.00	1.00	1,072.00	43.30
2013	112,100.00	19,811.00	23,176.00	9,878.00	6.00	1,096.00	40.60
2014	113,400.00	20,857.00	28,786.00	9,892.00	6.00	1,118.00	36.30
2015	111,500.00	19,857.00	20,630.00	8,154.00	-8.00	1,347.00	36.10
2016	110,000.00	18,463.00	25,044.00	8,768.00	-9.00	1,434.00	30.20

Source: www//http:worldbank.org and output data from e-views 9.0 version.

The panel average data of the Sub Saharan countries: Nigeria, Rwanda, Senegal, Tanzania and Uganda based on the E-views 9.0 econometric package were detailed in this segment. In computation of the average panel for each of the variable were hinged to the default "*Mean plus SD Bound"* of E-views 9.0. Table 4.1.1 displays data on gross domestic product, gross fixed capital formation, national savings, changes in government expenditure, real exchange rate and trade openness of selected Sub Saharan African countries from 1986 to 2016.

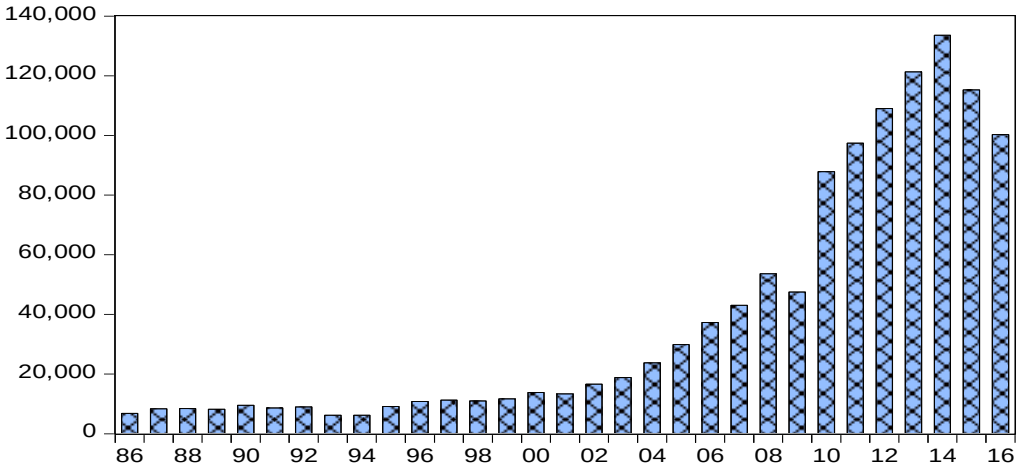
4.1.1 Gross Domestic Product of Sub Saharan African Nations (GDPSSAN)

Fig.4.1.1: Graph presentation of Variation in GDP of Sub Saharan Nations from 1986 to 2016



Source: www//http: worldbank.org; and output data from Microsoft chart tool 2015 version.

Fig. 4.1.2: Bar Chat Variation in GDP of Sub Saharan Nations from 1986 to 2016

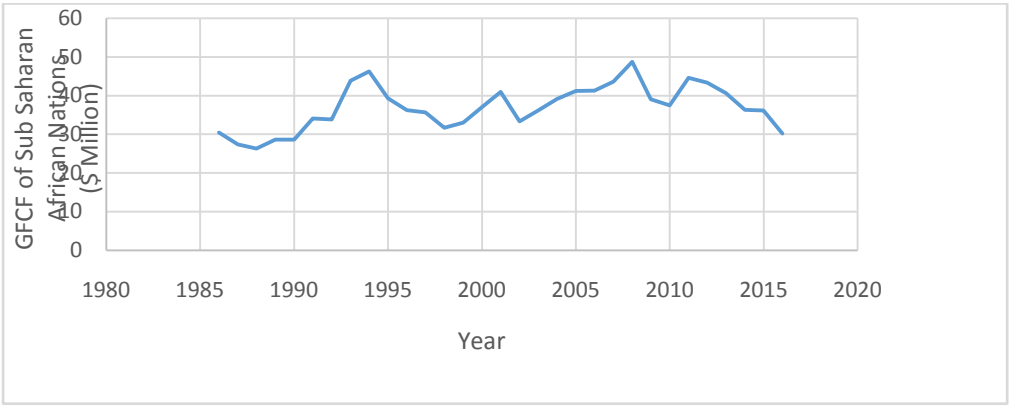


Source: www//http: worldbank.org; and output data from e-views 9.0 version.

The mean gross domestic product of selected sub Saharan African countries was $6, 860 million in 1986, but has risen by 50.29% to stabilize at $13, 800 in 2000. The gross domestic product of selected sub Saharan African countries continued to upsurge higher from 2001 to 2008 before witnessing a sharp decline in 2009. As shown in Table 4.1.1, Fig.4.1.1 and 4.1.2 gross domestic product of selected sub Saharan African rose by 45.96% to anchor on 87, 900 in 2010. There was a sustained rise in gross domestic product from 2011 to 2014 prior to a marginal decline in 2015 which continued until to 2016.

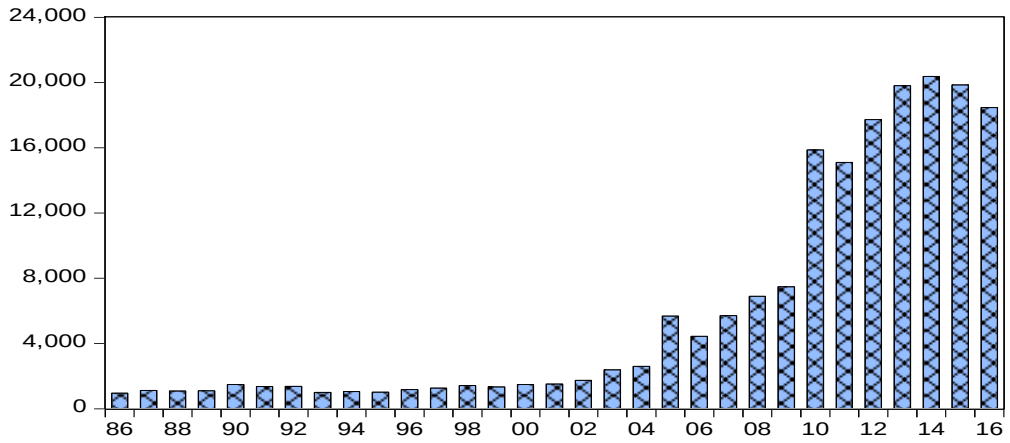
4.1.2 Gross Fixed Capital Formation of Sub Saharan African Nations (GFCFSSAN)

Fig 4.1.3: Graph Variation in GFCF of Sub Saharan Nations from 1986 to 2016



Source: www//http: worldbank.org; and output data from Microsoft chart tool 2015 version.

Fig4.1.4: Bar Chart Variation on GFCF of Sub Saharan Nations from 1986 to 2016

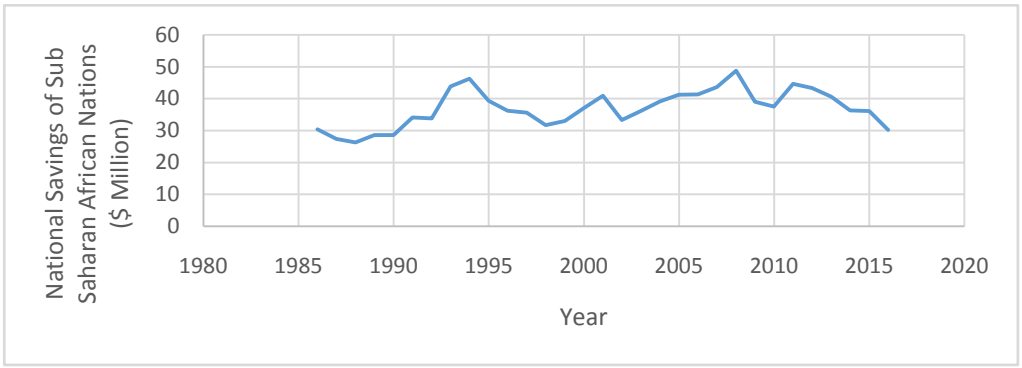


Source: www//http: worldbank.org; and output data from e-views 9.0 version.

The average gross fixed capital formation of selected Sub Saharan African nations experienced distortion relative to gross domestic product within the same period under consideration. From $958 million in 1986 to $1, 486 million in 1990, then 8.63% depreciation in 1991 and further deteriorated to $1, 017 million in 1995. Gross fixed capital formation, consistently grew from $1, 174 million in 1996 to $5, 677 million in 2005 before declining to $4, 443 in 2006. From 2007 to 2014, gross fixed capital formation surged upward but went down in 2015 and 2016 to $19, 857 million and $18, 463 million respectively. Fig. 4.1.3 and 4.1.4 illustrate the variation in gross fixed capital formation of selected Sub Saharan African nations.

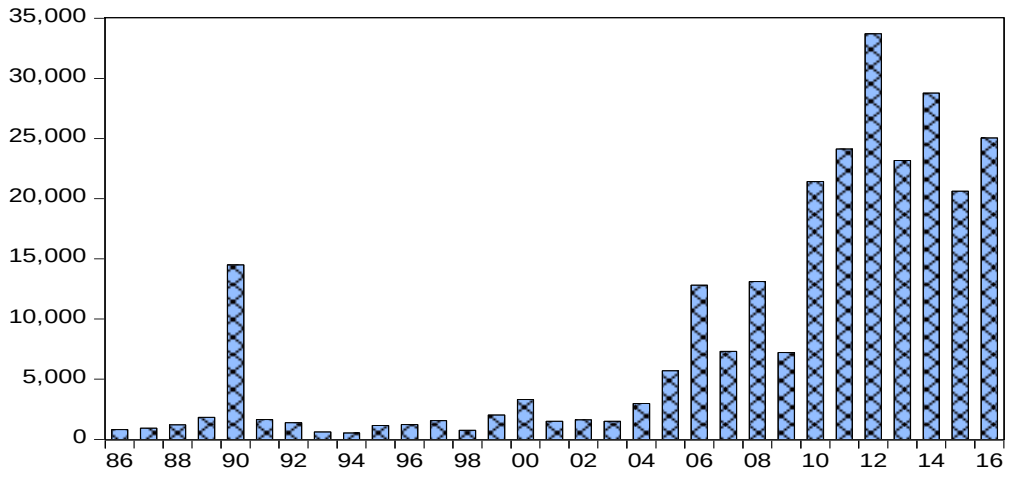
4.1.3 National Savings of Sub Saharan African Nations (NSSSAN)

Fig4.1.5: Graph Variation in NS of Sub Saharan Nations from 1986 to 2016



Source: www//http: worldbank.org; and output data from Microsoft chart tool 2015 version.

Fig 4.1.6: Bar Chart Variation in NS of Sub Saharan Nations from 1986 to 2016

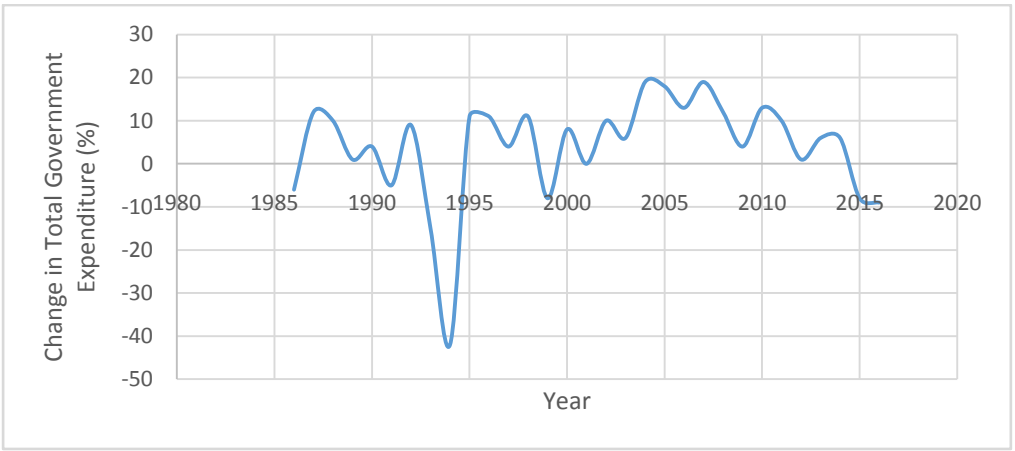


Source: www//http: worldbank.org; and output data from e-views 9.0 version.

The mean of national savings of selected Sub Saharan African nations was $814 million in 1986 but tremendously rose by 1, 782.1% to settle at $14, 506 million in 1990 just within a span of four years. The national savings of selected Sub Saharan African nations fluctuated marginally from 1990 to 2005, closing at $5, 704 million in 2005 relative to $2, 024 million in 1999. From 2010 to 2016, as shown in Table 4.1.1, Fig.4.1. 5 and 4.1. 6, national savings of selected Sub Saharan African nations marginally varied before finally closing at $25, 044 million in 2016.

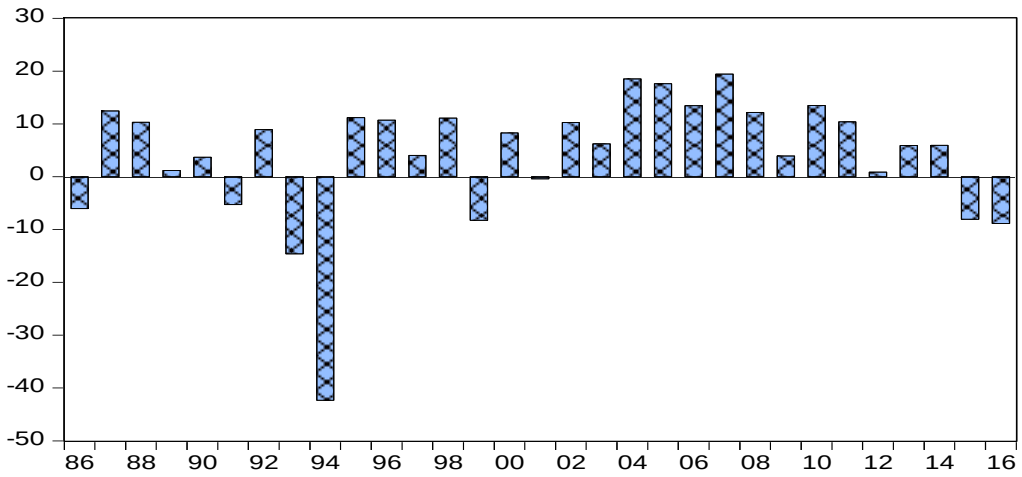
4.1.4 Changes in Government Expenditure of Sub Saharan African Nations (CGEN)

Fig 4.1.7: Graph Variation of changes in GE of Sub Saharan Nations from 1986 to 2016



Source: www//http: worldbank.org; and output data from Microsoft chart tool 2015 version.

Fig 4.1.8: Bar Chart Variation in CGE of Sub Saharan Nations from 1986 to 2016

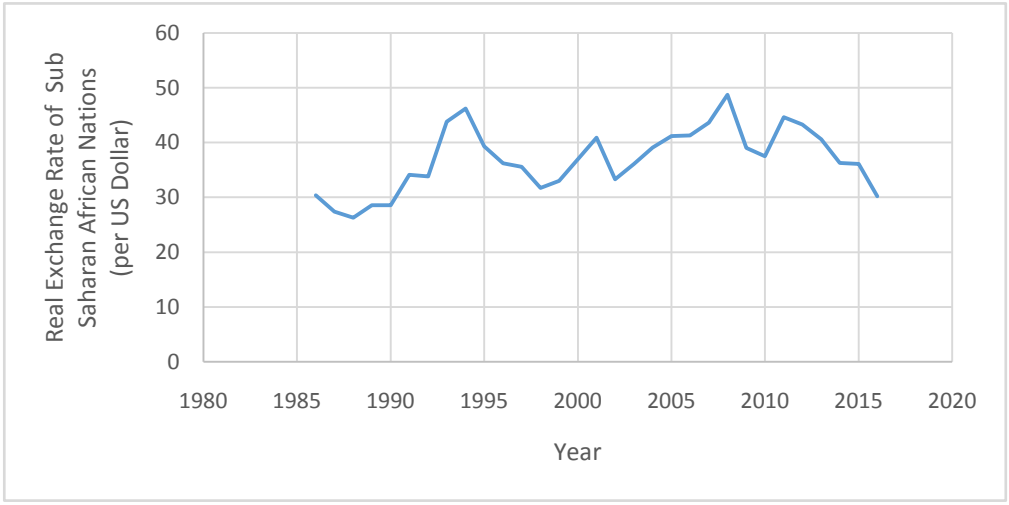


Source: www//http: worldbank.org; and output data from e-views 9.0 version.

Table 4.1, Fig.4.1.7 and Fig. 4.1.8 show how changes in government expenditure of selected Sub Saharan African nations varied within the period studied. During the period of 1986 to 2016, change in total government expenditure of selected Sub Saharan African nations was -6.00% in 1986 before it got to the peak of 19.00% in 2004 and 2007. There was no change in total government expenditure of selected Sub Saharan African nations in 2001, however, in 2016 and 2017, there were decline in expenditure as evidence by growth rate of -8.00% and -9.00% respectively.

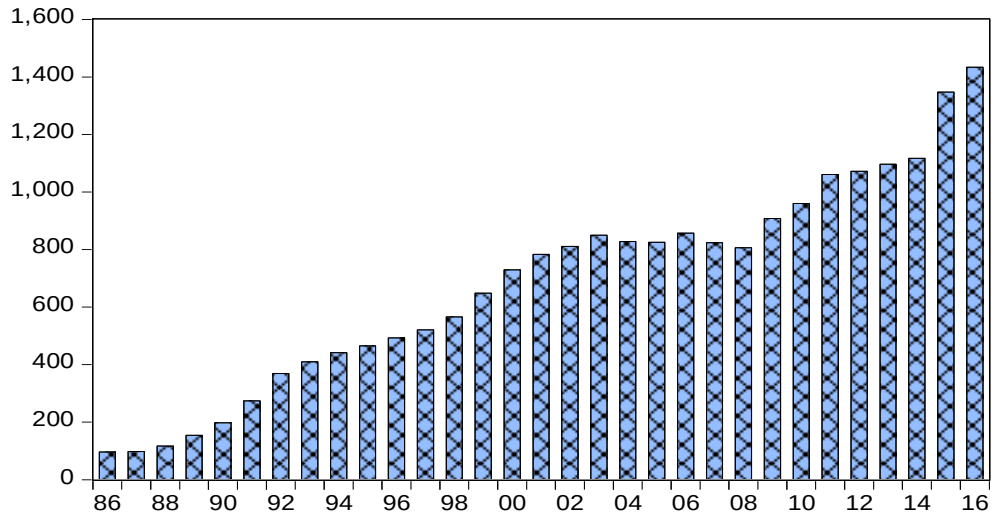
4.1.5 Real Exchange Rate of Sub Saharan African Nations (RERSSAN)

Fig4.1.9: Graph Variation in RER of Sub Saharan Nations from 1986 to 2016



Source: www//http: worldbank.org; and output data from Microsoft chart tool 2015 version.

Fig 4.1.10: Bar Chart Variation in RER of Sub Saharan Nations from 1986 to 2016

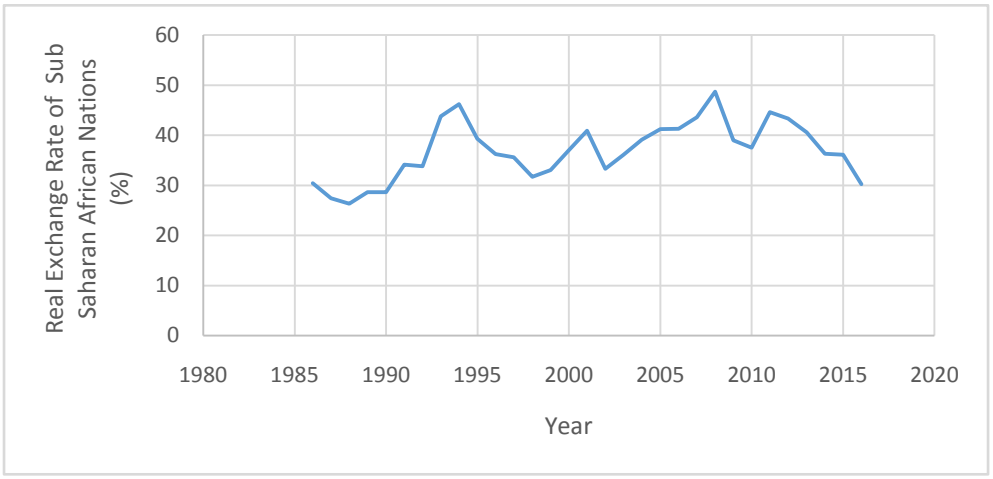


Source: www//http: worldbank.org; and output data from e-views 9.0 version.

The mean real exchange rate per US Dollar of selected Sub Saharan African nations in 2009 was 908, a depreciation of 11.23% from 806 in 2008. In 2010, real exchange rate further surged to 960. As can be seen from Table 4.1.1, Fig. 4.1.9 and Fig. 4.1.10, from 1986 to 2016, real exchange rate of selected Sub Saharan African nations have witnessed continuous depreciation the US dollar. In 2016, mean real exchange rate was 1, 434 compared to 1, 347 in 2015.

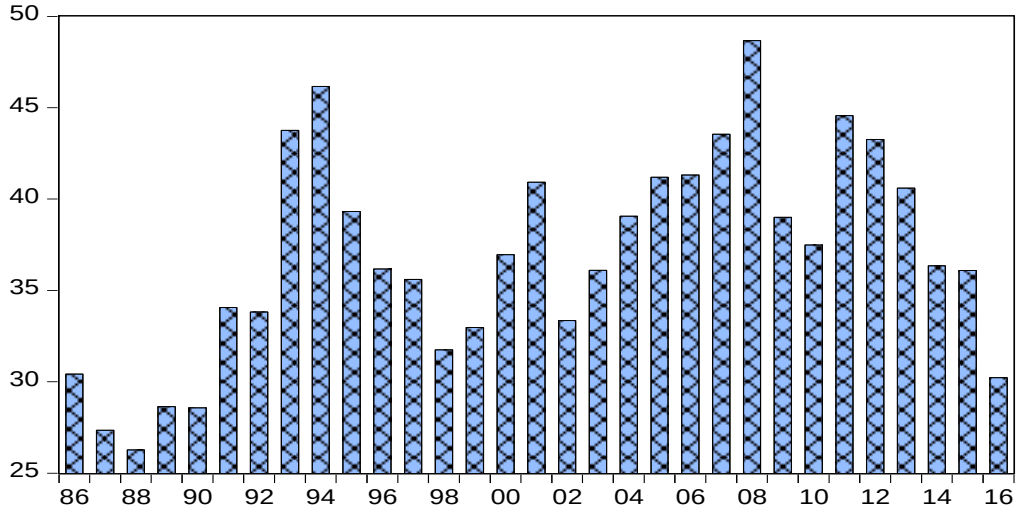
4.1.6 Trade Openness of Sub Saharan African Nations (TOSSAN)

Fig. 4.1.11: Graph Variation in TO of Sub Saharan Nations from 1986 to 2016



Source: www//http: worldbank.org; and output data from Microsoft chart tool 2015 version.

Fig. 4.1.12: Bar Chart Variation in TO of Sub Saharan Nations from 1986 to 2016



Source: www//http: worldbank.org; and output data from e-views 9.0 version.

The trade openness of selected Sub Saharan nations averaged 39% in 2009, a fall of 24.87% from 48.70% in 2008. In 2011, trade openness appreciated to 44.60% relative to 39.0% in 2010. As can be seen from Table 4.1.1, Fig. 4.1.11 and Fig. 4.1.12, from 1986 to 2016, there has been up and down in trade openness movement. In 2016, trade openness declined heavily to 30.2% against 36.10% in 2015.

4.1.7 Analysis of data

Table 4.1.2 Descriptive Properties of Data

	GDPSSAN	GFCFSSAN	NASSAN	TGE	RER	TO
Mean	38319.53	5932.957	8521.182	4.071742	682.7039	36.88890
Median	8016.300	1665.600	1196.100	7.600000	509.6300	31.81000
Maximum	568499.0	72964.70	153651.7	68.17000	3420.100	110.3000
Minimum	753.6000	173.5000	110.4000	-232.5900	1.750000	10.22000
Std. Dev.	97493.95	14195.30	24298.51	28.46244	698.2349	17.11484
Skewness	3.968876	3.968102	3.968606	-4.121784	1.549389	1.068588
Kurtosis	18.24049	17.87774	18.61651	33.05300	5.190515	4.315520
Jarque-Bera	1907.020	1836.301	1981.899	6271.942	93.00505	40.67533
Probability	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	5939528.	919608.4	1320783.	631.1200	105819.1	5717.780
Sum Sq. Dev.	1.46E+12	3.10E+10	9.09E+10	124757.1	75079917	45109.32
Observations	155	155	155	155	155	155

Source: Computer output data using E-views 9.0

The descriptive properties of the data were detailed in Table 3. The descriptive properties encompass the mean, median, minimum, maximum, standard deviation, sjewness and kurtosis. The Jarque-Bera statistics were used to adjudge the normality of the data to make sure there is no outlier that might result in bias in regression result. The mean of the data are 38319.53, 5932.96, 8521.18, 4.07, 682.1 and 36.89 accordingly for Sub Saharan African nations gross domestic product, gross fixed capital formation, national savings, total government expenditure, real exchange rate and trade openness. The median were observe to be 8016.3, 1665.6, 1196.1, 7.60, 509.63 and 61.81 for gross domestic product, gross fixed capital formation, national savings, total government expenditure, real exchange rate and trade openness respectively. The maximum and minimum values are 568499 and 753.6 for gross domestic product, 72964.7 and 173.5 for gross fixed capital formation, 153651.7 and 110.4 for national savings, 68.17 and -232.59 for total government expenditure, 3420.1 and 1.75 for real exchange rate, 110.3 and 10.22 for trade openness. The standard deviation are 97493.95, 14195.3, 24298.51, 28.46, 698.23 and 17.11 respectively for gross domestic

product, gross fixed capital formation, national savings, total government expenditure, real exchange rate and trade openness. The data were positively skewed towards normality with the exception of changes in total government expenditure. From the kurtosis values, the data are leptokurtic in nature (18.24 > 3 for gross domestic product; 17.87 > 3 for gross fixed capital formation; 18.61 > 3 for national savings; 14.72 >3 for total government expenditure; 5.19 > 3 for real exchange rate; 4.13 > 3 for trade openness). As shown by the p-value of Jarque-Bera statistic (significant at 5% level of significance), the data were normally distributed and devoid of any outlier that affect regression outcome.

4.1.8 Panel Unit Root Test

Levin, Lin and Chu (LLC) Test

Table 4.1.3 LLC Test Result at Level: Individual Intercept

Variables	LLC Test Statistic	Pooled Coefficient	Pooled t-Stat.	Remark
GDPSSAN	3.43838 (0.99)	0.02315	1.354	Not Stationary
GFCFSSAN	1.33718 (0.91)	-0.00941	-0.443	Not Stationary
NSSSAN	4.64190 (1.00)	0.05919	2.439	Not Stationary
TGE	-4.22091 (0.00)*	-0.95546	-8.368	Stationary
RER	1.80009 (0.96)	0.00541	0.352	Not Stationary
TO	-0.34204 (0.36)	-0.14815	-3.306	Not Stationary

Source: Computer Output using E-view 9.0.

Note: The optimal lag for LLC test is selected based on the Schwarz Info Criteria (SIC), p-values are in parentheses where (*) and (**) denote significance at 1% and 5% respectively.

Table 4.1.4 LLC Test Result at Level: Individual Intercept and Trend

Variables	LLC Test Statistic	Pooled Coefficient	Pooled t-Stat.	Remark
GDPSSAN	-0.46665 (0.32)	-0.09970	-3.464	Not Stationary
GFCFSSAN	-0.58538 (0.28)	-0.14051	-3.803	Not Stationary
NSSSAN	-0.21005 (0.42)	-0.09949	-2.170	Not Stationary
TGE	-4.20565 (0.00)*	-0.98781	-8.532	Stationary

RER	1.97413 (0.98)	-0.28783	-4.662	Not Stationary
TO	0.14438 (0.56)	-0.36701	-5.134	Not Stationary

Source: Computer Output using E-view 9.0.

Note: The optimal lag for LLC test is selected based on the Schwarz Info Criteria (SIC), p-values are in parentheses where (*) and (**) denote significance at 1% and 5% respectively.

Table 4.1.5 LLC Test Result at First Difference: Individual Intercept

Variables	LLC Test Statistic	Pooled Coefficient	Pooled t-Stat.	Remark
GDPSSAN	-4.71911 (0.00)	-0.45326	-4.885	Stationary
GFCFSSAN	-2.75213 (0.00)*	-0.97039	-7.765	Stationary
NSSSAN	-4.08019 (0.00)*	-1.01166	-7.816	Stationary
TGE	-10.3068 (0.00)*	-2.06266	-15.329	Stationary
RER	-1.76412 (0.03)**	-0.97914	-7.823	Stationary
TO	-4.80764 (0.00)*	-1.21162	-9.265	Stationary

Source: Computer Output using E-view 9.0.

Note: The optimal lag for LLC test is selected based on the Schwarz Info Criteria (SIC), p-values are in parentheses where (*) and (**) denote significance at 1% and 5% respectively.

Table 4.1.6 LLC Test Result at First Difference: Individual Intercept and Trend

Variables	LLC Test Statistic	Pooled Coefficient	Pooled t-Stat.	Remark
GDPSSAN	-4.71911 (0.00)*	-0.45326	-4.885	Stationary
GFCFSSAN	-6.25297 (0.00)*	-0.72262	-6.479	Stationary
NSSSAN	-4.19487 (0.00)*	-1.34018	-9.797	Stationary
TGE	-8.16650 (0.00)*	-2.07425	-15.447	Stationary
RER	-4.50011 (0.00)*	-0.48753	-4.653	Stationary
TO	-4.03866 (0.00)*	-1.25527	-9.544	Stationary

Source: Computer Output using E-view 9.0.

Note: The optimal lag for LLC test is selected based on the Schwarz Info Criteria (SIC), p-values are in parentheses where (*) and (**) denote significance at 1% and 5% respectively.

At level and first difference estimated at individual intercept and individual intercept and trend, the LLC test was performed. The null hypothesis of the LLC test is that the variable is stationary. The null hypothesis of stationarity is accepted only when the p-value is less than 0.05. Table 4.1.3 and 4.1.4 detail the LLC stationarity test at level form estimated at individual intercept and individual intercept and trend. The LLC result unveils that all the variables were not stationary at level thus the need for first differencing which was estimated based on the criteria of level form.

Owing to non-stationarity of the data at level form, the first difference estimation was performed at individual intercept and individual intercept and trend. The LLC in Table 4.1.5 and 4.1.6 disclose that all the variables are stationary at first difference thus the data have no stationarity defect that may distort result of regression analysis. Put differently, the data are integrated at order one i.e. 1(1). With stationarity of the data, spurious regression result is technically avoided and makes inferences statistically reliable and robust.

4.1.9 Breitung Unit Root Test

Table 4.1.7 Breitung Test Output at Level: Individual Intercept and Trend

Variables	Breitung Test Statistic	Pooled Coefficient	Pooled t-Stat.	Remark
GDPSSAN	2.45577 (0.99)	0.05505	2.456	Not Stationary
GFCFSSAN	1.75533 (0.96)	0.03644	1.755	Not Stationary
NSSSAN	3.08965 (0.99)	0.05048	3.090	Not Stationary
TGE	-0.52754 (0.29)	-0.03469	-0.528	Not Stationary
RER	-0.32586 (0.37)	-0.01418	-0.326	Not Stationary
TO	-0.13704 (0.45)	-0.00683	-0.137	Not Stationary

Source: Computer Output using E-view 9.0.

Note: No spectral estimation method for Breitung unit root test, p-values are in parentheses where (*) and (**) denote significance at 1% and 5% respectively.

Table 4.1.8 Breitung Test Output at First Difference: Individual Intercept and Trend

Variables	Breitung Test Statistic	Pooled Coefficient	Pooled t-Stat.	Remark
GDPSSAN	-2.95131 (0.00)*	-0.37672	-2.951	Stationary
GFCFSSAN	-3.88906 (0.00)*	-0.49220	-3.889	Stationary
NSSSAN	-5.16206 (0.00)*	-0.66445	-5.162	Stationary
TGE	-4.59223 (0.00)*	-0.65637	-4.592	Stationary
RER	-3.99451 (0.00)*	-0.53301	-3.995	Stationary
TO	-4.47815 (0.00)*	-0.63015	-4.478	Stationary

Source: Computer Output using E-view 9.0.

Note: No spectral estimation method for Breitung unit root test, p-values are in parentheses where (*) and (**) denote significance at 1% and 5% respectively.

The Breitung unit root test is another type of panel test of stationarity that is different LLC test. Breitung unit root test has nice power properties within a certain local neighbourhood of unity. Estimating the Breitung unit root is the same as in the LLC, except that deterministic terms are not included. Breitung panel unit root test was estimated at level and first difference at individual intercept and trend. Under the Breitung assumption, the null hypothesis of stationarity is would be accepted if the p-value of the estimated Breitung unit statistic is significant 5% level of significance. The level form estimated at individual intercept and trend is presented Table 4.1.7, while Table 4.1.8 unearth the first difference results for the data. From Table 4.1.7, all the variables were not stationary at level forms, hence output estimate at first difference in Table 4.1.8 which shows that data were stationary. With this results: LLC and Breitung panel unit test, co-integration relationship between the variables are determined.

4.1.10 Panel Residual Diagnostic Test

4.10.1 Serial Correlation Test

Table 4.1.9 Breusch-Godfrey Serial Correlation LM Test

Model	F-statistic	P-value
GDPSSAN → TGE, RER, TO	1.936026	0.3100
GFCFSSAN → TGE, RER, TO	3.983273	0.4600
NSSSAN → TGE, RER, TO	3.462969	0.1000

Source: Computer Output using E-view 9.0.

Serial correlation test in dynamic panel data is also a test for autocorrelation between the variables in a model. In other words, it is test for autocorrelation based on residual of estimation. The presence of autocorrelation may lead to spurious regression result. To determine the presence or absent of serial correlation, the models were estimated using stepwise least square technique and dependent variable at first difference. From Table 4.1.9, the p-values of the F-statistic are insignificant at 5% indicates no autocorrelation in the panel models.

4.1.10.2 Breusch-Pagan Test for Heteroskedasticity

Table 4.1.10: Breusch-Pagan Heteroskedasticity

Model	F-statistic	P-value
GDPSSAN → TGE, RER, TO	12.067428	0.2095
GFCFSSAN → TGE, RER, TO	11.888822	0.2197
NSSSAN → TGE, RER, TO	10.994650	0.2761

Source: Computer Output using E-view 9.0.

The Breusch – Pagan heteroskedasticity test for autoregressive conditional heteroskedasticity in the residuals was applied to diagnose the models heteroskedasticity problem. In many financial time series, the magnitude of residuals appears to be related to the magnitude of recent residuals thus the need for this type of test. As can be seen in Table 4.1.10, the p-value of the Chq. statistic for the models are insignificant at 5% level of significance thus no heteroskedasticity issues in the models.

4.1.10.3 Ramsey RESET Specification

Table 4.1.11: Ramsey RESET Specification

Model	t-statistic	df	p-value
GDPSSAN → TGE, RER, TO	3.025381	(2,149)	0.0515
GFCFSSAN → TGE, RER, TO	1.161472	(2,149)	0.3160
NSSSAN → TGE, RER, TO	2.465311	(2,149)	0.0884

Source: Computer Output using Gretl Software.

In an attempt to ensure that the models were well-fitted, the Ramsey RESET test estimates were performed and the result presented in Table 4.1.11. If non-linear combinations of the exogenous variable (s) is capable of effectively influencing the explained variable, then is model misspecification which needs to be corrected. The p-values for all the models are insignificant at 5% level of significance suggesting the models were properly specified.

4.1.10.4 Test for Multicollinearity

Table 4.1.12: Correlation Matrix

	GDPSSAN	GFCFSSAN	NSSSAN	TGE	RER	TO
GDPSSAN	1.000000	0.974645	0.948307	0.022993	-0.165364	0.041109
GFCFSSAN	0.974645	1.000000	0.929560	0.015471	-0.078477	-0.016090
NSSSAN	0.948307	0.929560	1.000000	0.045537	-0.168952	0.052634
TGE	0.022993	0.015471	0.045537	1.000000	-0.004675	-0.002062
RER	-0.165364	-0.078477	-0.168952	-0.004675	1.000000	-0.192875
TO	0.041109	-0.016090	0.052634	-0.002062	-0.192875	1.000000

Source: Computer output data using E-views 9.0

To avoid the problem of multicollinearity between the independent variables, a correlation matrix was performed. Econometrically, high degree of correlation between the dependent and independent variable (s) is not considered an issue but becomes a problem when it exists between the independent variables. The correlation between the three independent variables: total government expenditure, real exchange rate and trade openness is very weak. A break down from Table 4.1.12 discloses that the correlation between TGE and RER is -0.0046, while TGE and TO is -0.0021. In the light of this, there is no correlation between the independent variables thus multicollinearity issue does not arise by virtue of amalgamating

total government expenditure, real exchange rate and trade openness as the explanatory variables in the models.

4.2 Test of effect of IMF conditionality on individual countries

Analysis of Short and Long Run Relationship between IMF conditionality and Sub Saharan African countries

This section portrays the short and long run relationship between International Monetary Fund conditionality (total government expenditure, real exchange rate and trade openness) and the effect of International Monetary Fund conditionality on growth of each of the selected nation in Sub Saharan Africa. The ARDL was employed in ascertaining the short run and long run relationship, while effect determination was aided by granger causality analysis.

4.2.1 The relationship between IMF conditionality and GDP in Nigeria

Table4.2.1: ARDL Short and Long Run Relationship GDP→TGE, RER and TO

Short Run Co-integrating Form				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(TGE)	-123.8806830	299.213179	-0.414021	0.6825
D(RER)	-1427.455599	524.183135	-2.723200	0.0119
D(TO)	-764.6842360	629.464295	-1.214817	0.2363
CointEq(-1)	-0.128708000	0.08355700	-1.540362	0.1366
Long Run Coefficient				
TGE	-962.4919340	2244.752514	-0.428774	0.6719
RER	2607.135079	1512.614938	1.723595	0.0976
TO	-5941.220141	4447.240462	-1.335934	0.1941
C	457820.2642	355460.1373	1.287965	0.2100

Source: Data output via E-views 9.0

Table 4.2.1 depicts that all IMF conditionality: total government expenditure, real exchange and trade openness has negative relationship with gross domestic product with gross domestic product in Nigeria in the short run. The relationship between real exchange rate and gross domestic product is statistically significant at 5% level of significance. On the other hand, total government expenditure and trade openness have insignificant negative relationship

with gross domestic product, while real exchange rate has negative insignificant relationship with gross domestic product in the long run. In terms of the effect of IMF conditionality on economic growth fundamentals in Nigeria.

4.2.2; The relationship between IMF conditionality and GFCF in Nigeria

Table 4.2.2: ARDL Short and Long Run Relationship GFCF→TGE, RER and TO

Short Run Co-integrating Form				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(TGE)	-125.817164	74.326499	-1.692763	0.1087
D(RER)	-218.225482	104.055062	-2.097212	0.0512
D(RER(-1))	268.035564	138.329338	1.937662	0.0695
D(RER(-2))	125.062063	143.510863	0.871447	0.3957
D(RER(-3))	-246.658249	108.485072	-2.273661	0.0362
D(TO)	-414.321960	159.036637	-2.605198	0.0185
CointEq(-1)	-0.164153	0.097618	-1.681584	0.1109
Long Run Coefficient				
TGE	-766.464744	606.115689	-1.264552	0.2231
RER	443.834792	336.116702	1.320478	0.2042
TO	-663.106876	878.432998	-0.754875	0.4607
C	53033.0381	71013.0352	0.746807	0.4654

Source: Data output via E-views 9.0

With regard to gross fixed capital formation in Table 4.2.2, IMF conditionality: total government expenditure, real exchange rate and trade openness have negative short run relationship with gross fixed capital formation. The relationship between trade openness and gross fixed capital formation is statistically significant at 5% significance level. In the long run, only IMF conditionality of trade openness related positively with gross fixed capital formation, whereas total government expenditure and real exchange rate showed negative insignificant relationship.

4.2.3 The relationship between IMF conditionality and NS in Nigeria

Table 4.2.3: ARDL Short and Long Run Relationship NS→TGE, RER and TO

Short Run Co-integrating Form				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(NS(-1))	-0.306156	0.241168	-1.269473	0.2204
D(NS(-2))	-0.015979	0.276659	-0.057757	0.9546
D(NS(-3))	-0.531262	0.298920	-1.777270	0.0924
D(TGE)	-395.8219	286.5103	-1.381528	0.1840
D(RER)	-794.0383	445.1604	-1.783713	0.0913
D(TO)	-501.2611	483.0521	-1.037696	0.3132
CointEq(-1)	-0.273915	0.206245	-1.328101	0.2007
Long Run Coefficient				
TGE	-1445.05550	1465.01029	-0.986379	0.3370
RER	522.181257	574.159420	0.909471	0.3751
TO	-1829.98965	1757.01703	-1.041532	0.3114
C	152017.870	150790.063	1.008142	0.3267

Source: Data output via E-views 9.0

On the analysis of the short run relationship of IMF conditionality with national savings in Nigeria, Table 4.2.3 reveals that total government expenditure, real exchange rate and trade openness have negative but insignificant relationship with national savings. From the long run perspective, total government expenditure and trade openness were found to have negatively and insignificantly related with national savings, while real exchange rate has positive insignificant relationship.

4.2.4: The effect of IMF conditionality on Nigeria Economic growth

Restatement of Hypotheses for Nigeria

1. H_0: IMF conditionality albeit total government expenditure, real exchange rate and trade openness has no significant effect on gross domestic product of Nigeria.
2. H_0: IMF conditionality albeit total government expenditure, real exchange rate and trade openness has no significant effect on gross fixed capital of Nigeria.
3. H_0: IMF conditionality albeit total government expenditure, real exchange rate and trade openness has no significant effect on national savings of Nigeria.

Table 4.2.4a: Granger Causality test result (Nigeria)

Null Hypothesis:	Obs	F-Statistic	Prob.	Remarks
TGE does not Granger Cause GDP		0.09781	0.7569	No Causality
GDP does not Granger Cause TGE	30	0.05387	0.8182	No Causality
RER does not Granger Cause GDP		3.61893	0.0678	No Causality
GDP does not Granger Cause RER	30	1.61596	0.2145	No Causality
TO does not Granger Cause GDP		0.00533	0.9424	No Causality
GDP does not Granger Cause TO	30	7.17092	0.0125	Causality
TGE does not Granger Cause GFCF		0.01348	0.9084	No Causality
GFCF does not Granger Cause TGE	30	0.10752	0.7455	No Causality
RER does not Granger Cause GFCF		4.77536	0.0025	Causality
GFCF does not Granger Cause RER	30	1.32632	0.2596	No Causality
TO does not Granger Cause GFCF		0.04029	0.8424	No Causality
GFCF does not Granger Cause TO	30	5.92878	0.0218	Causality
TGE does not Granger Cause NS		0.01527	0.9026	No Causality
NS does not Granger Cause TGE	23	0.11918	0.7326	No Causality
RER does not Granger Cause NS		5.28810	0.0294	Causality
NS does not Granger Cause RER	23	0.12889	0.7244	No Causality
TO does not Granger Cause NS		2.50801	0.1249	No Causality
NS does not Granger Cause TO	22	2.34178	0.1376	No Causality

Source: Data output via E-views 9.0

Table 4.2.4b: Summary Statistics-Testing Hypotheses (Nigeria)

Hypothesis	Variables	F-statistic	P-Value	Decision
Hypothesis 1	GDP → TGE, RER, TO			
	TGE	0.09781	0.7569	Accept H_0
	RER	3.61893	0.0678	Accept H_0
	TO	0.00533	0.9424	Accept H_0
Hypothesis 2	GFCF → TGE, RER, TO			
	TGE	0.01348	0.9084	Accept H_0
	RER	4.77536	0.0025	Reject H_0
	TO	0.04029	0.8424	Accept H_0

Hypothesis 3	NS → TGE, RER, TO			
	TGE	0.01527	0.9026	Accept H_0
	RER	5.28810	0.0294	Reject H_0
	TO	2.50801	0.1294	Accept H_0

Source: Granger Causality Analysis Output from Table 4.2.4

In considering the effect of IMF conditionality on economic growth of Nigeria, all the null hypotheses were accepted with exception of RER. Table 4.2.4 discloses that IMF conditionality: total government expenditure, real exchange rate and trade openness have no significant effect on gross domestic product, whereas trade openness significantly affected by gross domestic product and gross fixed capital formation. Real Exchange rate has significant effect on gross fixed capital formation (domestic investment) and national savings.

4.2.5 The relationship between IMF conditionality and GDP in Rwanda

Table 4.2.5: ARDL Short and Long Run Relationship GDP→TGE, RER and TO

Short Run Co-integrating Form				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(TGE)	5.755624	1.121298	5.133003	0.0001
D(RER)	-5.337310	1.793971	-2.975138	0.0085
D(RER(-1))	-1.839107	2.419121	-0.760238	0.4575
D(RER(-2))	2.609012	2.320273	1.124442	0.2765
D(RER(-3))	-3.685146	1.572394	-2.343653	0.0315
D(TO)	10.293757	8.785619	1.171660	0.2575
CointEq(-1)	-0.179253	0.042130	-4.254807	0.0005
Long Run Coefficient				
TGE	32.108924	10.574083	3.036568	0.0075
RER	7.479418	1.822835	4.103179	0.0007
TO	245.837630	45.828860	5.364254	0.0001
C	-2948.121669	949.233411	-3.105792	0.0064

Source: Data output via E-views 9.0

In Rwanda's output data as shown in Table 4.2.5, total government expenditure and trade openness as IMF conditionality have positive relationship with economic growth in the short run. Total government expenditure related positively with economic growth of Rwanda. Real exchange rate portrayed significant negative relationship with gross domestic product of Rwanda in the short run. In the long run, total government expenditure, real exchange rate and trade openness have significant positive relationship with Rwanda's gross domestic product.

4.2.6The relationship between IMF conditionality and GFCF in Rwanda

Table 4.2.6: ARDL Short and Long Run Relationship GFCF→TGE, RER and TO

Short Run Co-integrating Form				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(GFCF(-1))	-0.427295	0.211842	-2.017048	0.0633
D(GFCF(-2))	-0.569491	0.177188	-3.214045	0.0062
D(GFCF(-3))	-0.470973	0.182237	-2.584395	0.0216

D(TGE)	-0.859496	0.383286	-2.242439	0.0416
D(RER)	-1.878037	0.723205	-2.596825	0.0211
D(RER(-1))	1.286360	1.572452	0.818060	0.4270
D(RER(-2))	-0.047103	1.525990	-0.030867	0.9758
D(RER(-3))	-2.130147	1.007082	-2.115167	0.0528
D(TO)	12.488861	2.992228	4.173767	0.0009
CointEq(-1)	-0.048100	0.041047	-1.171841	0.2608
Long Run Coefficient				
TGE	-2.383009	14.461655	-0.164781	0.8715
RER	13.29191	11.560765	1.149743	0.2695
TO	259.6436	213.45829	1.216367	0.2440
C	-4715.310	3973.9445	-1.186557	0.2551

Source: Data output via E-views 9.0

When gross fixed capital formation was factored in the model as shown table 4.2.6, it was clear that in Rwanda, IMF conditionality with respect to total government expenditure and real exchange rate related negatively and significantly with gross fixed capital formation in the short run. Trade openness positively but insignificantly related with gross fixed capital formation in short run. Nevertheless, in the long run, real exchange rate and trade openness have positive relationship with gross fixed capital formation in Rwanda, while expenditure of the government related negatively with gross fixed capital formation.

4.2.7: The relationship between IMF conditionality and NS in Rwanda

Table 4.2.7: ARDL Short and Long Run Relationship NS→TGE, RER and TO

Short Run Co-integrating Form				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(TGE)	2.318695	0.999896	2.318935	0.0331
D(RER)	-1.789796	1.600183	-1.118494	0.2789
D(RER(-1))	1.368367	2.597256	0.526851	0.6051
D(RER(-2))	-3.893256	1.623333	-2.398309	0.0282
D(TO)	23.757797	8.375682	2.836521	0.0114
D(TO(-1))	-4.493814	10.644038	-0.422191	0.6782

D(TO(-2))	-8.585721	9.504545	-0.903328	0.3790
CointEq(-1)	-1.084199	0.201959	-5.368401	0.0001
Long Run Coefficient				
TGE	2.138624	0.919416	2.326068	0.0326
RER	0.542119	0.230588	2.351026	0.0310
TO	33.332996	6.472996	5.149547	0.0001
C	-355.001279	139.040957	-2.553214	0.0206

Source: Data output via E-views 9.0

The assimilation of national savings in Rwanda evidences that real exchange rate has negative insignificant relationship with national savings, while total government expenditure and trade openness have positive and significant relationship with national savings in the short run. From the long run angle, all IMF conditionality have significant positive long run relationship with national savings in Rwanda.

4.2.8: Effect of IMF Conditionality on Economic Growth of Rwanda

Restatement of Hypotheses for Rwanda

1. H_0: IMF conditionality albeit total government expenditure, real exchange rate and trade openness has no significant effect on gross domestic product of Rwanda.
2. H_0: IMF conditionality albeit total government expenditure, real exchange rate and trade openness has no significant effect on gross fixed capital of Rwanda.
3. H_0: IMF conditionality albeit total government expenditure, real exchange rate and trade openness has no significant effect on national savings of Rwanda.

Table 4.2.8a: Granger Causality test result (Rwanda)

Null Hypothesis:	Obs	F-Statistic	Prob.	Remarks
TGE does not Granger Cause GDP		0.51386	0.4796	No Causality
GDP does not Granger Cause TGE	29	0.19659	0.6610	No Causality
RER does not Granger Cause GDP		6.80679	0.0146	Causality
GDP does not Granger Cause RER	29	0.33815	0.5657	No Causality
TO does not Granger Cause GDP		5.61319	0.0480 0.0322	Causality

GDP does not Granger Cause TO	29	8.04766		Causality
TGE does not Granger Cause GFCF		21.7183	0.0000	Causality
GFCF does not Granger Cause TGE	29	0.23838	0.6293	No Causality
RER does not Granger Cause GFCF		3.90255	0.0585	No Causality
GFCF does not Granger Cause RER	29	0.41254	0.5261	Causality
TO does not Granger Cause GFCF		1.81578	0.1890	No Causality
GFCF does not Granger Cause TO	29	1.28333	0.2675	No Causality
TGE does not Granger Cause NS		0.00414	0.9492	No Causality
NS does not Granger Cause TGE	29	0.45314	0.5066	No Causality
RER does not Granger Cause NS		4.03179	0.0548	No Causality
NS does not Granger Cause RER	29	0.09516	0.7601	No Causality
TO does not Granger Cause NS		1.21358	0.2803	No Causality
NS does not Granger Cause TO	29	6.50350	0.0168	Causality

Source: Data output via E-views 9.0

Table 4.2.8b: Summary Statistics – Testing Hypotheses (Rwanda)

Hypothesis	Variables	F-statistic	P-Value	Decision
Hypothesis 1	GDP → TGE, RER, TO			
	TGE	0.51386	0.4796	Accept H_0
	RER	6.80679	0.0146	Reject H_0
	TO	5.61319	0.0480	Reject H_0
Hypothesis 2	GFCF → TGE, RER, TO			
	TGE	21.7183	0.0000	Reject H_0
	RER	3.90255	0.0585	Accept H_0
	TO	1.81578	0.1890	Accept H_0
Hypothesis 3	NS → TGE, RER, TO			
	TGE	0.00414	0.9492	Accept H_0
	RER	4.03179	0.0548	Accept H_0
	TO	1.21358	0.2803	Accept H_0

Source: Granger Causality Analysis Output from Table 4.2.8

On the effect of IMF conditionality on Rwanda's growth variables IMF conditionality affect GFC and NS but it does not effect GDP. Thus the first hypothesis was rejected while the second and third hypotheses were accepted. Also, table 4.2.8 evidenced that real exchange rate and trade openness have significant effect on gross domestic product on one hand, while on the other hand, gross domestic product exerts significant influence on trade openness. For gross fixed capital formation, IMF conditionality: trade openness is significantly affected by fluctuation in Rwanda's gross fixed capital formation, total government expenditure significantly affects gross fixed capital formation. Rwanda's national savings was found to have significant influence on IMF conditionality of trade openness, while national savings is not affected by IMF conditionality.

4.2.9 The relationship between IMF conditionality and GDP of Senegal

Table 4.2.9: ARDL Short and Long Run Relationship GDP→TGE, RER and TO

Short Run Co-integrating Form				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(GDP(-1))	0.024817	0.326226	0.076074	0.9409
D(GDP(-2))	0.416265	0.350460	1.187768	0.2624
D(TGE)	-7.551582	5.462031	-1.382559	0.1969
D(TGE(-1))	-4.527848	4.493097	-1.007734	0.3373
D(TGE(-2))	5.141020	2.378552	2.161408	0.0560
D(RER)	-16.559772	4.055549	-4.083238	0.0022
D(RER(-1))	-7.440401	10.548935	-0.705322	0.4967
D(RER(-2))	11.728649	6.422271	1.826246	0.0978
D(TO)	48.327781	22.350399	2.162278	0.0459
D(TO(-1))	32.119730	39.893673	0.805133	0.4395
D(TO(-2))	-53.842756	34.600008	-1.556149	0.1507
D(TO(-3))	-37.332484	24.792863	-1.505775	0.1630
CointEq(-1)	-0.178030	0.135563	-1.313259	0.2184
Long Run Coefficient				
TGE	-38.802399	70.66761	-0.549083	0.5950
RER	-16.110647	9.480547	-1.699337	0.1201
TO	355.42840	61.91645	5.740452	0.0002
C	3037.0112	3680.049	0.825264	0.4285

Source: Data output via E-views 9.0

From the Senegalese economy based on output data in Table 4.2.9, total government expenditure and real exchange rate have negative relationship (real exchange rate is significant) with gross domestic product, while trade openness has positive significant relationship with gross domestic product in both short run and long run.

4.2.10: The relationship between IMF conditionality and GFCF of Senegal

Table 4.2.10: ARDL Short and Long Run Relationship GFCF→TGE, RER and TO

Short Run Co-integrating Form				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(TGE)	-4.169900	1.814791	-2.297730	0.0375
D(TGE(-1))	0.707363	1.656819	0.426940	0.6759
D(TGE(-2))	3.703283	1.646506	2.249177	0.0411
D(RER)	-5.550259	1.352940	-4.102369	0.0011
D(RER(-1))	0.854577	1.794586	0.476197	0.6413
D(RER(-2))	2.687150	1.804338	1.489272	0.1586
D(RER(-3))	-2.649058	1.207296	-2.194208	0.0456
D(TO)	29.267368	9.472702	3.089654	0.0080
CointEq(-1)	0.085593	0.149039	0.574301	0.5749
Long Run Coefficient				
TGE	80.45257	118.2563	0.680324	0.5074
RER	-5.411860	7.040303	-0.768697	0.4548
TO	33.94366	100.9411	0.336272	0.7417
C	1495.827	2652.649	0.563899	0.5817

Source: Data output via E-views 9.0

With reference to gross fixed capital formation in Table 4.1.10, all IMF conditionality: total government expenditure and real exchange rate were found to have significant negative relationship with Senegalese gross fixed capital formation, while trade openness showed a significant positive relationship in short run. In the long run, total government expenditure and trade openness have insignificant positive relationship as real exchange rate dispels insignificant relationship with Senegalese gross fixed capital formation.

4.2.11: The relationship between IMF conditionality and NS of Senegal

Table 4.2.11: ARDL Short and Long Run Relationship NS→TGE, RER and TO

Short Run Co-integrating Form				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(NS(-1))	0.222334	0.148135	1.500886	0.1643
D(NS(-2))	0.255853	0.127924	2.000040	0.0734
D(NS(-3))	-0.429335	0.118796	-3.614056	0.0047
D(TGE)	1.325902	1.032066	1.284706	0.2279
D(TGE(-1))	-1.501961	1.022857	-1.468398	0.1727
D(TGE(-2))	1.233905	0.556234	2.218322	0.0508
D(RER)	-1.567901	0.667300	-2.349617	0.0407
D(RER(-1))	1.358800	1.189610	1.142224	0.2800
D(RER(-2))	3.090966	0.983353	3.143292	0.0105
D(TO)	22.566453	5.476457	4.120630	0.0021
D(TO(-1))	-17.476205	8.166533	-2.139979	0.0580
D(TO(-2))	-26.227926	6.753364	-3.883683	0.0030
CointEq(-1)	-0.615312	0.125044	-4.920770	0.0006
Long Run Coefficient				
TGE	7.345078	2.767795	2.653765	0.0242
RER	-3.650085	0.523112	-6.977643	0.0000
TO	73.23461	4.360661	16.79438	0.0000
C	-103.8695	239.3474	-0.433970	0.6735

Source: Data output via E-views 9.0

In national savings statistics, Table 4.2.11 unveils that total government expenditure and trade openness have significant positive relationship (total government expenditure is insignificant in short run only) with national saving in both short and long run, while real exchange rate has significant negative relationship with national savings in both short run and long run.

4.2.12: Effect of IMF Conditionality on Economic Growth of Senegal

Restatement of Hypotheses for Senegal

1. H_0: IMF conditionality albeit total government expenditure, real exchange rate and trade openness has no significant effect on gross domestic product of Senegal.
2. H_0: IMF conditionality albeit total government expenditure, real exchange rate and trade openness has no significant effect on gross fixed capital of Senegal.
3. H_0: IMF conditionality albeit total government expenditure, real exchange rate and trade openness has no significant effect on national savings of Senegal.

Table 4.2.12a: Granger Causality test result (Senegal)

Null Hypothesis:	Obs	F-Statistic	Prob.	Remarks
TGE does not Granger Cause GDP		0.72096	0.4033	No Causality
GDP does not Granger Cause TGE	30	0.34430	0.5622	No Causality
RER does not Granger Cause GDP		3.00705	0.0943	No Causality
GDP does not Granger Cause RER	30	0.17238	0.6813	No Causality
TO does not Granger Cause GDP		7.18023	0.0124	Causality
GDP does not Granger Cause TO	30	0.10302	0.7507	No Causality
TGE does not Granger Cause GFCF		0.00010	0.9921	No Causality
GFCF does not Granger Cause TGE	30	0.54035	0.4686	No Causality
RER does not Granger Cause GFCF		1.43473	0.2414	No Causality
GFCF does not Granger Cause RER	30	0.18569	0.6700	No Causality
TO does not Granger Cause GFCF		4.07987	0.0534	No Causality
GFCF does not Granger Cause TO	30	0.11532	0.7368	No Causality
TGE does not Granger Cause NS		0.00415	0.9494	No Causality
NS does not Granger Cause TGE	30	0.99189	0.3281	No Causality
RER does not Granger Cause NS		2.34640	0.1372	No Causality
NS does not Granger Cause RER	30	0.00719	0.9330	No Causality
TO does not Granger Cause NS		4.87101	0.0366	Causality
NS does not Granger Cause TO	30	0.08045	0.7788	No Causality

Source: Data output via E-views 9.0

Table 4.2.12b: Summary Statistics-Testing Hypotheses (Senegal)

Hypothesis	Variables	F-statistic	P-Value	Decision
Hypothesis 1	GDP → TGE, RER, TO			
	TGE	0.72096	0.4033	Accept H_0
	RER	3.00705	0.0943	Accept H_0
	TO	7.18023	0.0124	Reject H_0
Hypothesis 2	GFCF → TGE, RER, TO			
	TGE	0.00010	0.9921	Accept H_0
	RER	1.43473	0.2414	Accept H_0
	TO	4.07987	0.0534	Accept H_0
Hypothesis 3	NS → TGE, RER, TO			
	TGE	0.00415	0.9494	Accept H_0
	RER	2.34640	0.1372	Accept H_0
	TO	4.87101	0.0366	Reject H_0

Source: Granger Causality Analysis Output from Table 4.2.12

In considering the effect of IMF conditionality on Senegal, all the null hypotheses were accepted indicating that IMF has affected the economy of Senegal through conditionality. Also table 4.2.12 on the effect of IMF conditionality on growth of Senegal's economy depicts that the growth of Senegal economy albeit gross domestic product and national savings are affected by trade openness. In Senegalese economy, gross fixed capital formation is not affected by IMF conditionality.

4.2.13: The relationship between IMF conditionality and GDP of Tanzania

Table 4.2.13: ARDL Short and Long Run Relationship GDP→TGE, RER and TO

Short Run Co-integrating Form				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(GDP(-1))	-0.435888	0.259835	-1.677552	0.1320
D(GDP(-2))	-1.278518	0.488598	-2.616708	0.0308
D(GDP(-3))	-0.543185	0.514418	-1.055920	0.3218
D(TGE)	-15.28023	17.55954	-0.870195	0.4095
D(TGE(-1))	-47.52134	17.39161	-2.732428	0.0257
D(TGE(-2))	-25.25330	17.83966	-1.415571	0.1946
D(RER)	-26.56579	5.861087	-4.532570	0.0019
D(RER(-1))	6.745026	8.004703	0.842633	0.4239
D(RER(-2))	5.324121	9.966014	0.534228	0.6077
D(RER(-3))	-26.99453	13.86086	-1.947536	0.0873
D(TO)	-81.70676	54.33936	-1.503639	0.1711
D(TO(-1))	-104.4418	48.32461	-2.161254	0.0627
D(TO(-2))	-1.160381	52.55525	-0.022079	0.9829
D(TO(-3))	-56.13173	36.26670	-1.547749	0.1603
CointEq(-1)	0.052556	0.069773	0.753236	0.4729
Long Run Coefficient				
TGE	-1138.66907	1849.44960	-0.615680	0.5552
RER	-157.758533	195.085546	-0.808663	0.4421
TO	-3488.12385	4643.40012	-0.751200	0.4740
C	86117.1145	134488.773	0.640329	0.5399

Source: Data output via E-views 9.0

The output in Table 4.2.13 in Tanzania reveals that it is only IMF conditionality of total government expenditure, real exchange rate and trade openness that have insignificant negative relationship with gross domestic product in short run and long run.

4.2.14: The relationship between IMF conditionality and GFCF of Tanzania

Table 4.2.14: ARDL Short and Long Run Relationship GFCF→TGE, RER and TO

Short Run Co-integrating Form				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(GFCF(-1))	0.023388	0.315109	0.074222	0.9421
D(GFCF(-2))	0.153674	0.217718	0.705839	0.4938
D(GFCF(-3))	0.665067	0.193005	3.445860	0.0048
D(TGE)	31.47733	37.62478	0.836612	0.4192
D(TGE(-1))	-179.7784	37.10521	-4.845100	0.0004
D(TGE(-2))	-70.65452	46.31363	-1.525567	0.1530
D(RER)	45.32753	12.34702	3.671131	0.0032
D(TO)	-909.0246	169.1310	-5.374679	0.0002
D(TO(-1))	-589.2027	123.2318	-4.781256	0.0004
D(TO(-2))	400.6903	143.0818	2.800428	0.0160
CointEq(-1)	-1.511800	0.364280	-4.150102	0.0013
Long Run Coefficient				
TGE	276.51332	65.28177	4.235690	0.0012
RER	6.2301330	0.721119	8.639540	0.0000
TO	82.100181	60.92174	1.347634	0.2027
C	-8476.4219	2121.359	-3.995751	0.0018

Source: Data output via E-views 9.0

When gross fixed capital formation was considered, Table 4.2.14 showcases that IMF conditionality in the place of real exchange rate have significant positive relationship both in short and long run with gross fixed capital formation. In the long run analysis, IMF conditionality: total government expenditure is significantly and positively related with gross fixed capital formation but insignificant in the short run. Trade openness has significant negative relationship in the short run but insignificant positive relationship in the long run with gross fixed capital formation.

4.2.15: The relationship between IMF conditionality and NS of Tanzania

Table 4.2.15: ARDL Short and Long Run Relationship NS→TGE, RER and TO

Short Run Co-integrating Form				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(TGE)	2.139557	5.385519	0.397280	0.6988
D(TGE(-1))	-15.663108	6.274467	-2.496325	0.0297
D(TGE(-2))	-18.175868	7.337962	-2.476964	0.0307
D(TGE(-3))	-14.236795	6.807730	-2.091269	0.0605
D(RER)	-2.195561	1.556885	-1.410227	0.1861
D(RER(-1))	-2.126050	1.859063	-1.143614	0.2771
D(RER(-2))	5.071670	1.843541	2.751048	0.0189
D(TO)	-15.636492	17.730456	-0.881900	0.3967
D(TO(-1))	-45.171269	20.629115	-2.189685	0.0510
D(TO(-2))	-82.564989	22.505273	-3.668695	0.0037
D(TO(-3))	30.587421	19.360550	1.579884	0.1424
CointEq(-1)	-0.131242	0.134124	-0.978509	0.3489
Long Run Coefficient				
TGE	412.248896	345.846470	1.192000	0.2583
RER	8.859769	3.666157	2.416637	0.0342
TO	92.393983	117.571463	0.785854	0.4486
C	-12115.215957	6116.371297	-1.980785	0.0732

Source: Data output via E-views 9.0

In the light of national savings in Tanzania, Table 4.2.15 unveils that total government expenditure have insignificant positive relationship with national savings as real exchange rate and trade openness related negatively with national savings in short run. In the long run, total government expenditure and trade openness have significant positive relationship with national savings, while real exchange rate has insignificant positive relationship with national savings.

4.2.16: Effect of IMF Conditionality on Economic Growth of Tanzania

Restatement of Hypotheses for Tanzania

1. H_0: IMF conditionality albeit total government expenditure, real exchange rate and trade openness has no significant effect on gross domestic product of Tanzania.
2. H_0: IMF conditionality albeit total government expenditure, real exchange rate and trade openness has no significant effect on gross fixed capital of Tanzania.
3. H_0: IMF conditionality albeit total government expenditure, real exchange rate and trade openness has no significant effect on national savings of Tanzania.

Table 4.2.16a: Granger Causality test result (Tanzania)

Null Hypothesis:	Obs	F-Statistic	Prob.	Remarks
TGE does not Granger Cause GDP		0.59659	0.4466	No Causality
GDP does not Granger Cause TGE	30	0.96247	0.3355	No Causality
RER does not Granger Cause GDP		5.89490	0.0221	Causality
GDP does not Granger Cause RER	30	4.89930	0.0355	Causality
TO does not Granger Cause GDP		4.30618	0.0476	Causality
GDP does not Granger Cause TO	30	0.02181	0.8837	No Causality
TGE does not Granger Cause GFCF		0.00099	0.9751	No Causality
GFCF does not Granger Cause TGE	30	1.32047	0.2606	No Causality
RER does not Granger Cause GFCF		11.8354	0.0019	Causality
GFCF does not Granger Cause RER	30	7.62200	0.0102	Causality
TO does not Granger Cause GFCF		0.78897	0.3832	No Causality
GFCF does not Granger Cause TO	30	0.17332	0.6805	No Causality
TGE does not Granger Cause NS		0.03033	0.8321	No Causality
NS does not Granger Cause TGE	30	0.79220	0.3813	No Causality
RER does not Granger Cause NS		4.45447	0.0442	Causality
NS does not Granger Cause RER	30	4.69735	0.0392	Causality
TO does not Granger Cause NS		0.38812	0.5385	No Causality
NS does not Granger Cause TO	30	0.07927	0.7804	No Causality

Source: Data output via E-views 9.0

Table 4.2.16b: Summary Statistics –Testing Hypotheses (Tanzania)

Hypothesis	Variables	F-statistic	P-Value	Decision
Hypothesis 1	GDP → TGE, RER, TO			
	TGE	0.59659	0.4466	Accept H_0
	RER	5.89490	0.0221	Reject H_0
	TO	4.30618	0.0476	Reject H_0
Hypothesis 2	GFCF → TGE, RER, TO			
	TGE	0.00099	0.9751	Accept H_0
	RER	11.8354	0.0019	Reject H_0
	TO	0.78897	0.3832	Accept H_0
Hypothesis 3	NS → TGE, RER, TO			
	TGE	0.03033	0.8321	Accept H_0
	RER	4.45447	0.0442	Reject H_0
	TO	0.38812	0.5385	Accept H_0

Source: Granger Causality Analysis Output from Table 4.2.16

In ascertaining the effect of IMF conditionality on growth of Tanzania economy, the null hypotheses two and three were accepted with exception of exchange rate, while hypothesis one was rejected except the issue of change in total government expenditure. Again, table 4.2.16 shows that IMF conditionality: total government expenditure has no significant effect on gross domestic product, gross fixed capital formation and national savings, while trade openness was observe to have significantly affected only gross domestic product. IMF conditionality in the place of real exchange rate exerts significant influe

nce on gross domestic product, gross fixed capital formation and national savings on one hand, while on the other hand, gross domestic product, gross fixed capital formation and national savings significantly influence real exchange rate.

4.2.17 The relationship between IMF conditionality and GDP of Uganda

Table 4.2.17: ARDL Short and Long Run Relationship GDP→TGE, RER and TO

Short Run Co-integrating Form				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(TGE)	6.116667	13.738471	0.445222	0.6607
D(TGE(-1))	27.457391	14.468885	1.897685	0.0716
D(RER)	-0.797207	0.677654	-1.176423	0.2526
D(TO)	-58.051025	52.518622	-1.105342	0.2815
CointEq(-1)	0.013627	0.058156	0.234315	0.8170
Long Run Coefficient				
TGE	2449.0647	10920.5801	0.224261	0.8247
RER	58.502855	212.943710	0.274734	0.7862
TO	-14544.422	61539.3530	-0.236343	0.8155
C	262398.84	1121683.97	0.233933	0.8173

Source: Data output via E-views 9.0

In Uganda as shown in Table 4.2.17, IMF conditionality of total government expenditure has insignificant positive relationship with gross domestic product in both short and long run. Trade openness portrays negative relationship with gross domestic product in both short and long run. Real exchange rate negatively relates with gross domestic product in short run but positive in long run.

4.2.18: The relationship between IMF conditionality and GFCF of Uganda

Table 4.2.18: ARDL Short and Long Run Relationship GFCF→TGE, RER and TO

Short Run Co-integrating Form				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(GFCF(-1))	0.704862	0.231141	3.049496	0.0081
D(GFCF(-2))	0.940986	0.329743	2.853698	0.0121
D(TGE)	-6.387079	3.016177	-2.117607	0.0500
D(TGE(-1))	6.180079	3.199995	1.931278	0.0726
D(RER)	-0.510928	0.307458	-1.661782	0.1173
D(TO)	-5.162171	10.68424	-0.483157	0.6360

D(TO(-1))	-6.396712	13.19761	-0.484687	0.6349
D(TO(-2))	23.40369	11.81249	1.981267	0.0662
CointEq(-1)	-0.194786	0.076544	-2.544767	0.0224
Long Run Coefficient				
TGE	-113.0415	45.27839	-2.496589	0.0247
RER	0.845676	0.840872	1.005713	0.3305
TO	91.76089	99.63402	0.920979	0.3716
C	-1863.958	1515.251	-1.230131	0.2376

Source: Data output via E-views 9.0

From Table 4.2.18, in both short and long run, total government expenditure has significant negative relationship with gross fixed capital formation. Real exchange rate and trade openness have insignificant negative relationship with gross fixed capital formation in the short run but positive in the long run.

4.2.19: The relationship between IMF conditionality and NS of Uganda

Table 4.2.19: ARDL Short and Long Run Relationship NS→TGE, RER and TO

Short Run Co-integrating Form				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(TGE)	-8.055616	2.894256	-2.783312	0.0103
D(RER)	-1.369776	0.366082	-3.741721	0.0010
D(TO)	12.74001	10.95173	1.163287	0.2561
CointEq(-1)	0.064134	0.072244	0.887736	0.3835
Long Run Coefficient				
TGE	125.6062	144.5066	0.869207	0.3933
RER	0.920954	1.897343	0.485391	0.6318
TO	-198.6469	250.1555	-0.794094	0.4349
C	506.2484	3648.005	0.138774	0.8908

Source: Data output via E-views 9.0

On the side of national savings, Table4.2.19 discloses that IMF conditionality: total government expenditure and real exchange rate have significant negative relationship with national savings of Uganda in the short run but insignificant positive relationship in the long

run. In the short run, trade openness was observe to have negatively related with national savings but positively in long run.

4.2.20: Effect of IMF Conditionality on Economic Growth of Uganda

Restatement of Hypotheses for Uganda

1. H_0: IMF conditionality albeit total government expenditure, real exchange rate and trade openness has no significant effect on gross domestic product of Uganda.
2. H_0: IMF conditionality albeit total government expenditure, real exchange rate and trade openness has no significant effect on gross fixed capital of Uganda.
3. H_0: IMF conditionality albeit total government expenditure, real exchange rate and trade openness has no significant effect on national savings of Uganda.

Table 4.2.20a: Granger Causality test result (Uganda)

Null Hypothesis:	Obs	F-Statistic	Prob.	Remarks
TGE does not Granger Cause GDP		0.00688	0.9345	No Causality
GDP does not Granger Cause TGE	30	2.18534	0.1509	No Causality
RER does not Granger Cause GDP		0.57336	0.4555	No Causality
GDP does not Granger Cause RER	30	6.88176	0.0141	Causality
TO does not Granger Cause GDP		17.8766	0.0002	Causality
GDP does not Granger Cause TO	30	0.04830	0.8227	No Causality
TGE does not Granger Cause GFCF		0.08594	0.7716	No Causality
GFCF does not Granger Cause TGE	30	1.45177	0.2387	No Causality
RER does not Granger Cause GFCF		0.16754	0.6855	No Causality
GFCF does not Granger Cause RER	30	6.92597	0.0139	Causality
TO does not Granger Cause GFCF		11.5563	0.0021	Causality
GFCF does not Granger Cause TO	30	0.10850	0.7444	No Causality
TGE does not Granger Cause NS		0.06496	0.8007	No Causality
NS does not Granger Cause TGE	30	0.75776	0.3917	No Causality
RER does not Granger Cause NS		3.35990	0.0779	No Causality
NS does not Granger Cause RER	30	8.46269	0.0072	Causality
TO does not Granger Cause NS		1.56286	0.2220	No Causality
NS does not Granger Cause TO	30	0.07125	0.7916	No Causality

Source: Data output via E-views 9.0

Table 4.2.20b: Summary Statistics – Testing Hypotheses (Uganda)

Hypothesis	Variables	F-statistic	P-Value	Decision
Hypothesis 1	GDP → TGE, RER, TO			
	TGE	0.00688	0.9345	Accept H_0
	RER	0.57336	0.4555	Accept H_0
	TO	17.8766	0.0002	Reject H_0
Hypothesis 2	GFCF → TGE, RER, TO			
	TGE	0.08594	0.7716	Accept H_0
	RER	0.16754	0.6855	Accept H_0
	TO	11.5563	0.0021	Reject H_0
Hypothesis 3	NS → TGE, RER, TO			
	TGE	0.06496	0.8007	Accept H_0
	RER	3.35990	0.0779	Accept H_0
	TO	1.56286	0.2220	Accept H_0

Source: Granger Causality Analysis Output from Table 4.2.20

With regard to the effect of IMF conditionality on growth fundamentals in Uganda all the null hypotheses were accepted indicating that IMF conditionality actually affected the economy of Uganda. However, Trade Openness exerts negative effect on GDP and GFCF of Uganda. Table 4.2.20 also unveils that IMF conditionality: total government expenditure, real exchange rate and trade openness have no significant effect on gross domestic product, gross fixed capital formation and national savings. Gross domestic product and gross fixed capital formation were observed to have been significantly influenced by trade openness. The mechanism of gross domestic product, gross fixed capital formation and national savings in Uganda determine real exchange rate as IMF conditionality.

4.2.21 Sub Saharan African Nations Panel Co-integration Test/Long Run Relationship

The panel unit root test through LLC and Breitung unit root test in Tables 4.1.3, to 4.1.8 affirm the stationarity of the variable at first difference thus testing the co-integration equilibrium relationship between the variables of interest is justified. Kao's residual and Johansen Fisher panel co-integration were the two structure of panel analysis co-integration that was employed. The results of the Kao's residual co-integration test for the models are summarized in Table 35, while that of Johansen Fisher panel co-integration is highlighted in Tables 36 – 38.

4.2.21.1 Kao Residual Co-integration Test

Table 4.2.21.1 Kao Residual Co-integration Test

Models	Argumented Dickey-Fuller		Decision
	t-Statistic	Prob.	
GDPSSAN → TGE, RER, TO	-7.757076	0.0045	Reject H_0
GFCFSSAN → TGE, RER, TO	-8.466490	0.0004	Reject H_0
NSSSAN → TGE, RER, TO	-6.819085	0.0464	Reject H_0

Source: Computer output data using E-views 9.0

Notes: The ADF is the residual-based ADF statistic. The null hypothesis is no co-integration. (*) and (**) indicate that the estimated parameters are significant at the 1% and 5% level respectively

Kao panel co-integration is a follow up of the Engle-Granger co-integration mechanism. The Kao co-integration test has two tests statistics: Dickey-Fuller types test and Argumented Dickey-Fuller type test. Table 4.2.21.1 divulges that the p-values of the t-statistic for the three models are significant at 5% level of significance thus the null hypothesis of no co-integration is rejected. With this as the case, there is a clear long run equilibrium relationship between gross domestic product, gross fixed capital formation, national savings of Sub Saharan African nations and International Monetary Fund conditionality.

4.2.21.2 Johansen Fisher Panel Co-integration

In the estimation of the long run relationship between variables of interest using the Johansen Fisher co-integration, two approaches are considered to make inference: likelihood ratio trace statistics and maximum eigenvalue statistics. Johansen Fisher panel co-integration is a follow up of the conventional Johansen's time-series co-integration test where mixed order of integration is allowed or considered. This is to say in essence that possible bias by virtue that all variables are not integrated in the same order is perfectly taking into consideration. The addition of the Johansen Fisher panel co-integration is to further authenticate the outcome of the Kao's residual co-integration test depicted in Table 4.2.21.1

Table 4.2.21.2: GDPSSAN → TGE, RER, TO Johansen Fisher Panel Co-integration Test

Unrestricted Co-integration Rank Test (Trace and Maximum Eigen Value)				
Hypothesized Number of CE(s)	**Fisher's Stat. (from Trace Test)**	**Prob.****	**Fisher's Stat. (from Maximum Eigen Test)**	**Prob.****
None	38.95***	0.0000	26.51***	0.0031
At most 1	19.20	0.0378	16.60	0.0837
At most 2	10.14	0.4287	6.420	0.7788
At most 3	18.20	0.0517	18.20	0.0517

Source: Computer output data using E-views 9.0

*Notes: P-values are computed using asymptotic Chi-square distribution. *** indicate that the test statistics are significant at the 1% level. Fisher's test applies regardless of the dependent variable.*

Table 4.2.21.3: GFCFN → TGE, RER, TO Johansen Fisher Panel Co-integration Test

Unrestricted Co-integration Rank Test (Trace and Maximum Eigen Value)				
Hypothesized Number of CE(s)	**Fisher's Stat. (from Trace Test)**	**Prob.****	**Fisher's Stat. (from Maximum Eigen Test)**	**Prob.****
None	32.51***	0.0003	30.57***	0.0007
At most 1	10.76	0.3768	10.88	0.3670
At most 2	5.234	0.8750	4.870	0.8997
At most 3	10.08	0.4336	10.08	0.4336

Source: Computer output data using E-views 9.0

*Notes: P-values are computed using asymptotic Chi-square distribution. *** indicate that the test statistics are significant at the 1% level. Fisher's test applies regardless of the dependent variable.*

Table 4.2.21.4: NSSSAN → TGE, RER, TO Johansen Fisher Panel Co-integration Test

Unrestricted Co-integration Rank Test (Trace and Maximum Eigen Value)				
Hypothesized Number of CE(s)	**Fisher's Stat. (from Trace Test)**	**Prob.****	**Fisher's Stat. (from Maximum Eigen Test)**	**Prob.****
None	27.95***	0.0018	23.15***	0.0102
At most 1	12.69	0.2414	12.14	0.2758
At most 2	6.734	0.7503	4.375	0.9289
At most 3	13.76	0.1843	13.76	0.1843

Source: Computer output data using E-views 9.0

*Notes: P-values are computed using asymptotic Chi-square distribution. *** indicate that the test statistics are significant at the 1% level. Fisher's test applies regardless of the dependent variable.*

The result of the Johansen's Fisher panel co-integration test as presented in Tables 4.2.21.2-4.2.21.3 for the three models envisage the presence of one co-integrating equation each at the 1% significant level. The test of co-integration using the two panel co-integration tools: Kao co-integration (Table 4.2.21.1) and Johansen Fisher co-integration (Tables 4.2.21.2-4.2.21.4) affirm the presence of a long run relationship between International Monetary Fund conditionality and economic growth of selected Sub Saharan African countries with respect to gross domestic product, gross fixed capital formation and national savings.

4.2.22 Nature of Sub Saharan African Nations Panel Co-integration/Long Run Relationship

Table 4.2.22.1: PMG/ARDL for GDPSSAN→TGE, RER and TO

Long Run Equation				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
TGE	-6.993997	89.25753	-0.078357	0.9377
RER	-35.95544	16.11777	-2.230795	0.0277
TO	437.9495	129.0163	3.394530	0.0010
Short Run Equation				
COINTEQ01	0.003784	0.022171	0.170680	0.8648
D(TGE)	-36.10595	46.44122	-0.777455	0.4385

D(TGE(-1))	-46.46631	53.57702	-0.867281	0.3876
D(RER)	-352.1992	342.7405	-1.027597	0.3064
D(RER(-1))	157.7225	160.0999	0.985151	0.3267
D(TO)	-216.7886	204.2476	-1.061401	0.2908
D(TO(-1))	-158.5731	195.3675	-0.811666	0.4187
C	4757.042	4014.045	1.185099	0.2385

Source: Data output via E-views 9.0

Table 4.2.22.2: PMG/ARDL for GFCFSSAN→TGE, RER and TO

Long Run Equation				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
TGE	239.5860	51.06412	4.691867	0.0000
RER	6.403404	0.465278	13.76254	0.0000
TO	103.2077	34.57513	2.985026	0.0037
Short Run Equation				
COINTEQ01	-0.347467	0.341685	-1.016921	0.3122
D(GFCFSSAN(-1))	0.268524	0.219371	1.224067	0.2244
D(GFCFSSAN(-2))	0.124072	0.129874	0.955326	0.3422
D(GFCFSSAN(-3))	0.057826	0.260117	0.222307	0.8246
D(TGE)	-95.68953	73.79016	-1.296779	0.1983
D(TGE(-1))	-75.58020	47.94768	-1.576306	0.1188
D(TGE(-2))	-25.34637	15.05668	-1.683397	0.0961
D(RER)	-24.40338	31.19543	-0.782274	0.4363
D(RER(-1))	36.00452	36.01631	0.999673	0.3204
D(RER(-2))	-3.021930	3.044218	-0.992679	0.3238
D(TO)	-263.9396	204.2139	-1.292467	0.1998
D(TO(-1))	-50.47372	40.04130	-1.260542	0.2110
D(TO(-2))	91.93467	69.08234	1.330799	0.1869
C	-2399.791	2952.070	-0.812918	0.4186

Source: Data output via E-views 9.0

Table 4.2.22.3: PMG/ARDL for NSSSAN→TGE, RER and TO

Long Run Equation				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
TGE	66.84537	24.19669	2.762583	0.0069
RER	-3.603069	0.808758	-4.455066	0.0000
TO	73.71287	8.226854	8.960031	0.0000
Short Run Equation				
COINTEQ01	-0.024113	0.085871	-0.280806	0.7795
D(NSSSAN(-1))	-0.196830	0.177094	-1.111447	0.2691
D(NSSSAN(-2))	-0.227738	0.058097	-3.919973	0.0002
D(NSSSAN(-3))	-0.313912	0.141882	-2.212476	0.0293
D(TGE)	-74.47935	71.89959	-1.035880	0.3028
D(TGE(-1))	-20.21751	18.16399	-1.113055	0.2684
D(RER)	-143.3273	141.2648	-1.014600	0.3128
D(RER(-1))	127.6557	127.1432	1.004030	0.3179
D(TO)	-1.096190	13.56715	-0.080797	0.9358
D(TO(-1))	-37.44371	17.25308	-2.170263	0.0324
C	1503.490	1312.149	1.145822	0.2547

Source: Data output via E-views 9.0

The panel co-integration analysis in Tables 4.2.22.1-4.2.22.3 infers a long run relationship between International Monetary Fund and economic growth in Sub Saharan Africa Nations thus there is the necessity to ascertain the nature of this equilibrium long run relationship. The Pooled Mean Group (PMG)/AR Distributive Lag method of estimation in panel data structure was applied and the result presented in Tables 4.2.23.1 – 4.2.23.3. The result in Table 39 divulges that nature of long run relationship between International Monetary Fund conditionality: total government expenditure (0.93>0.05) and real exchange rate (0.02<0.05) have negative relationship with gross domestic product of Sub Saharan African nations, while trade openness (0.00<0.05) and gross domestic product of Sub Saharan African nations are positively related. In terms of gross fixed capital formation and International Monetary Fund (IMF) conditionality, Table 40 showcases a positive relationship between International Monetary Fund (IMF) conditionality's and gross fixed capital formation: total government

expenditure (0.00<0.05), real exchange rate (0.008<0.05) and trade openness (0.00<0.05). The nature of the long run relationship between International Monetary Fund (IMF) and national savings of Sub Saharan Africa nations is also positive except for real exchange rate. As show in Table 41, total government expenditure and trade openness are positively related with national savings and statistically significant, while real exchange rate. This points the reality that in fulfilment of International Monetary Fund to accessing aid by most countries in Sub Saharan is detrimental to savings.

4.2.23 Sub Saharan African Nations Panel Short Run Relationship

In analysing the short relationship between IMF conditionality and economic growth in Sub Saharan African nations, Ordinary Least Square (OLS) technique as structured in panel data was employed. The estimation was done in three set: pooled, fixed effect and random effect. The weaknesses associated with the pooled OLS necessitate estimations in fixed and random effect. The Hausman test was applied to select the appropriateness of either fixed effect or random effect estimation. Due to the different environment the selected Sub Saharan African nations, the period and cross sectional effect were specified. The panel short run relationship outputs are depicted in Tables 4.2.23.1– 4.2.23.3. Interpretations were on the bases of relative and global utility of the estimated output.

4.2.23.1 GDP and International Monetary Fund Conditionality Relative Statistics Output

Table 4.2.23.1: Gross Domestic Product and International Monetary Fund Conditionality

Variables	Pooled OLS		Fixed Effect		Random Effect	
	Coefficient	Prob.	Coefficient	Prob.	Coefficient	Prob.
C	**-679.8181**	**0.8918**	**2444.462**	**0.6975**	**-679.8181**	**0.8923**
TGE	119.2822	0.0547	73.54395	0.2851	119.2822	0.0460
RER	-1.437658	0.5779	-2.300942	0.5069	-1.437658	0.5800
TO	**93.71908**	**0.3650**	**31.83067**	**0.7840**	**93.71908**	**0.3676**
GDPSSAN(-1)	1.022029	0.0000	1.021475	0.0000	1.022029	0.0000

R-squared	**0.954984**	**0.963593**	**0.954984**
Adjusted R-squared	0.953742	0.953236	0.953742
S.E. of regression	**21278.62**	**21394.55**	**21278.62**
Sum squared resid	6.57E+10	5.31E+10	6.57E+10
Log likelihood	**-1705.117**	**-1689.196**	
F-statistic	769.0117	93.03740	769.0117
Prob(F-statistic)	**0.000000**	**0.000000**	**0.000000**
Durbin-Watson stat	1.725091	1.710544	1.725091

Hausman Specification Test	
Chi-Sq. Statistic	5.595346
P-value	0.231500

Source: Computer output data using E-views 9.0

Note: Periods included: 30, Cross-sections included: 5, Total Number of Observations: 150

The Hausman specification test in Table 4.2.23.1 unveils that the suitability of the random effect estimation which reveals that total government expenditure (significant) and trade openness (insignificant) have positive relationship, while real exchange rate has insignificant negative relationship with gross domestic product of Sub Saharan African nations. Holding the three IMF conditionality albeit total government expenditure, real exchange rate and trade openness constant, Sub Saharan African nations gross domestic product would stand at $-679.82 million. A unit rise in total government expenditure and trade openness result in $119.28 million and $93.72 million increase in Saharan African nations' gross domestic product respectively. On the contrary, a percentage increase in real exchange rate depreciation evidences $1.43 million depreciation in Saharan African nations' gross domestic product.

The adjusted R-square shows that 95.37% changes in Saharan African nations' gross domestic product was as a result of variations in IMF conditionality, and this is highly significant as exhibited by the p-value of the f-statistic (0.00 < 0.05). This is to say that IMF conditionality with regard to total government expenditure, real exchange rate and trade openness significantly explained the changes in Saharan African nations' gross domestic product within the period studies. The Durbin Watson value of 1.72 is within the accepted range of no autocorrelation in the regression panel model.

4.2.23.2 GFCF and IMF Conditionality Relative Statistics Output

Table 4.2.23.2: GFCF and IMF Conditionality

Variables	**Pooled OLS**		**Fixed Effect**		**Random Effect**	
	Coefficient	**Prob.**	**Coefficient**	**Prob.**	**Coefficient**	**Prob.**
C	661.8315	0.4797	1586.916	0.1800	661.8315	0.4812
TGE	17.17318	0.1391	11.82114	0.3581	17.17318	0.1404
RER	-0.454177	0.3435	-0.913904	0.1473	-0.454177	0.3452
TO	-0.757178	0.9688	-14.63490	0.5036	-0.757178	0.9689
GFCFSSAN(-1)	1.034996	0.0000	1.023442	0.0000	1.034996	0.0000
R-squared	0.925333		0.939857		0.925333	
Adjusted R-squared	0.923273		0.922748		0.923273	
S.E. of regression	3988.843		4002.475		3988.843	
Sum squared resid	2.31E+09		1.86E+09		2.31E+09	
Log likelihood	-1453.987		-1437.763			
F-statistic	449.2379		54.93169		449.2379	
Prob(F-statistic)	0.000000		0.000000		0.000000	
Durbin-Watson stat	2.182072		2.118301		2.182072	
	Hausman Specification Test					
	Chi-Sq. Statistic	3.332660				
	P-value	0.503800				

Source: Computer output data using E-views 9.0

Note: Periods included: 30, Cross-sections included: 5, Total Number of Observations: 150

From the hausman test in Table 4.2.23.2, the random effect estimation is favoured as the p-value of the Chi-square is insignificant at 5% level. IMF conditionality of trade openness and real exchange rate have negative relationship, whereas total government expenditure has positive insignificant relationship with gross fixed capital formation in Sub Saharan African nations. Keeping IMF conditionality constant, gross fixed capital formation in Sub Saharan African nations would amount to $661.83 million. A percentage rise in trade openness and real exchange rate result in $0.75 million and $0.45 corresponding decrease in gross fixed capital formation in Sub Saharan African nations. Sub Saharan African nations gross fixed capital formation would be up by $17.17 million following a percentage rise in total government expenditure.

The f-statistic of 449.24 with p-value (0.00) depicts that IMF conditionality through total government expenditure, real exchange rate and trade openness significantly discussed the variation in Sub Saharan African nation's gross fixed capital formation. Judging from the coefficient of the adjusted R-square, 92.33% variation in Sub Saharan African nation's gross fixed capital formation was attributed to joint influence of IMF conditionality indices. The Durbin Watson value of 2.1 reveals no autocorrelation in the estimated model.

4.2.23.3 National Savings and International Monetary Fund Conditionality

Relative Statistics Output

Table 4.2.23.3: National Savings and IMF Conditionality

Variables	**Pooled OLS**		**Fixed Effect**		**Random Effect**	
	Coefficient	**Prob.**	**Coefficient**	**Prob.**	**Coefficient**	**Prob.**
C	2390.486	0.4221	5143.954	0.1563	2445.344	0.4122
TGE	55.71253	0.1340	48.78893	0.2327	55.53194	0.1343
RER	-1.159311	0.4548	-3.066991	0.1284	-1.199737	0.4397
TO	-5.823563	0.9252	-38.68356	0.5715	-6.479206	0.9165
R-squared	0.739006		0.793555		0.739349	
Adjusted R-squared	0.731806		0.734825		0.732159	
S.E. of regression	12771.14		12699.06		12724.37	
Sum squared resid	2.36E+10		1.87E+10		2.35E+10	
Log likelihood	-1628.540		-1610.955			
F-statistic	102.6422		13.51193		102.8250	
Prob(F-statistic)	0.000000		0.000000		0.000000	
Durbin-Watson stat	2.858725		2.818458		2.858091	
	Hausman Specification Test					
	Chi-Sq. Statistic	4.578598				
	P-value	0.333333				

Source: Computer output data using E-views 9.0

Note: Periods included: 30, Cross-sections included: 5, Total Number of Observations: 150

The hausman test in Table 44 suggests the acceptability of the random effect estimation as a result of insignificant p-value of the Chi-square. Total government expenditure has insignificant positive relationship with national savings in Sub Saharan African nations, whereas real exchange rate and trade openness evidence negative insignificant relationship. Total government expenditure, real exchange rate and trade openness at constant would improve national savings by $2,445.34 million. A unit rise in total government expenditure would significantly cause an upsurge in national savings by a magnitude of $55.53 million. Continuous depreciation of exchange rate of Sub Saharan African nations coupled with volatility in trade balance would equivalently decline national savings by $1.19 million and $6.47 million respectively.

The F-statistic value (102.83) and p-value (0.00) is a clear evidence that IMF conditionality as expressed through total government expenditure, real exchange rate and trade openness significantly explained the variation in national savings of Sub Saharan African nations. From the adjusted R-square coefficient, 73.22% variation in national savings in Sub Saharan African nations was accounted by IMF conditionality. There was no autocorrelation problem in the model based on Durbin Watson statistic of 2.8.

4.2.24 Variance Decomposition

To assess the components of IMF conditionality that greatly affects the economy of Sub Saharan Africa nations, the variance decomposition analysis was conducted. Based on the principle governing variance decomposition estimation, the models were transformed to Vector Autoregressive (VAR) albeit Beyesian technique and the results condensed in Tables 4.2.24.1 – 4.2.24.3

4.2.24.1: Decomposition of Sub Saharan African Nations' Gross Domestic Product

Table 4.2.24.1: Variance Decomposition of Sub Saharan African Nations' GDP

Period	S.E.	GDPSSAN	TGE	RER	TO
1	21836.63	100.0000	0.000000	0.000000	0.000000
2	33521.30	99.56730	0.000877	0.007036	0.424791
3	45949.48	99.61429	0.128804	0.019927	0.236980
4	57182.28	99.27912	0.549445	0.013256	0.158183
5	67233.97	99.10812	0.767610	0.009714	0.114558
6	76403.81	98.87996	1.023167	0.007523	0.089349

7	84768.23	98.68693	1.234095	0.006379	0.072598
8	92474.85	98.53499	1.398205	0.005798	0.061005
9	99622.50	98.41587	1.526141	0.005419	0.052567
10	106316.8	98.31784	1.630824	0.005176	0.046155

Source: Computer analysis using E-views 9.0

As can be seen in Table 4.2.24.1, IMF conditionality of total government expenditure is greater in explaining the variation in Sub Saharan Africa nation's gross domestic product. This is followed by trade openness and real exchange rate, while fluctuation in Sub Saharan Africa nation's gross domestic product was more explained by variations gross domestic product itself.

4.2.24.2: Decomposition of Sub Saharan African Nations' Gross Fixed Capital Formation

Table 4.2.24.2: Variance Decomposition of Sub Saharan African Nations' GFCF

Period	S.E.	GFCFSSAN	TGE	RER	TO
1	4131.401	100.0000	0.000000	0.000000	0.000000
2	5851.434	98.72590	0.006764	0.010636	1.256699
3	7305.918	98.87932	0.301878	0.008025	0.810776
4	8654.855	98.16656	1.187645	0.067780	0.578011
5	9785.069	97.96367	1.465129	0.119002	0.452204
6	10820.18	97.66403	1.832022	0.133001	0.370947
7	11775.17	97.38469	2.146466	0.155623	0.313218
8	12660.25	97.19995	2.353259	0.175822	0.270967
9	13486.04	97.05777	2.513994	0.189355	0.238877
10	14266.07	96.93381	2.652246	0.200453	0.213486

Source: Computer analysis using E-views 9.0

Considering gross fixed capital formation of Sub Saharan Africa nations based on the regression output in Table 4.2.24.2, total government expenditure as a facet of IMF conditionality explained more of the changes in Sub Saharan Africa nation's gross fixed capital formation. In the second place is trade openness, while in third place is real exchange rate.

4.2.24.3: Variance Decomposition of Sub Saharan African Nations' National Savings

Table 4.2.24.3: Variance Decomposition of Sub Saharan African N.S

Period	S.E.	NSSSAN	TGE	RER	TO
1	11552.02	100.0000	0.000000	0.000000	0.000000
2	13462.40	99.04570	0.403076	0.013701	0.537523
3	17595.21	98.50958	0.261452	0.109560	1.119408
4	19648.92	98.22363	0.249249	0.165386	1.361733
5	22368.78	98.10643	0.193464	0.198886	1.501225
6	24171.80	97.98476	0.190180	0.249201	1.575858
7	26265.41	97.93316	0.170897	0.270679	1.625260
8	27893.54	97.87361	0.165749	0.294582	1.666058
9	29645.58	97.84573	0.153981	0.308782	1.691506
10	31146.80	97.81114	0.149724	0.323746	1.715392

Source: Computer analysis using E-views 9.0

For national savings, trade openness dominated in influencing variation in saving relative to total government expenditure and real exchange rate.

4.2.25 Impulse Response Function

4.2.25.1: Response Function of Sub Saharan African Nations' Gross Domestic Product

Table 4.2.25.1: Impulse Response Function of Sub Saharan African Nations' GDP

Period	GDPSSAN	TGE	RER	TO
1	21836.63	0.000000	0.000000	0.000000
2	25337.26	99.25530	281.1814	-2184.783
3	31375.09	1646.103	584.5213	-479.8134
4	33808.74	3904.653	112.7110	-410.8442
5	35126.18	4090.635	-75.50006	-78.64467
6	35945.37	5002.866	7.258999	-193.1668
7	36319.98	5380.520	-138.6145	-28.65769

8	36537.85	5557.971	-193.3688	-16.44540
9	36621.14	5647.582	-204.9835	-12.95202
10	36683.79	5733.438	-217.4371	0.306317

Source: Computer analysis using E-views 9.0

Gross domestic product of Sub Saharan African nations responds positively to any shock in total government expenditure from period one to ten; gross domestic product responds negatively to shocks in real exchange rate depreciation in the long run but positive in the short run. Shocks in trade openness influences gross domestic product negatively both in short run and long run (period 1 – 10).

4.2.25.2: Impulse Response Function of Sub Saharan African Nations' GFCF

Table 4.2.25.2: Impulse Response Function of Sub Saharan African Nations' GFCF

Period	GFCFSSAN	TGE	RER	TO
1	4131.401	0.000000	0.000000	0.000000
2	4090.789	48.12582	-60.34679	-655.9607
3	4356.057	398.5169	-25.33523	-49.78899
4	4555.754	853.5173	-215.6103	14.29790
5	4501.630	716.3809	-251.3358	-2.474990
6	4532.511	861.4168	-204.3815	-36.28667
7	4548.297	911.7635	-245.0836	-0.657825
8	4556.913	892.0041	-256.9680	-4.388125
9	4552.825	894.6706	-250.1481	-11.94946
10	4556.127	908.6189	-252.1484	-6.006515

Source: Computer analysis using E-views 9.0

As can be seen in Table 4.2.25.2, As can be seen in Table 49, gross fixed capital formation positively respond to any shock in total government expenditure as IMF conditionality but negative to any shock in real exchange rate depreciation and trade openness in short and long run (see period 1 – 10).

4.2.25.3: Impulse Response Function of Sub Saharan African Nations' National Savings

Table 4.2.25.3: Impulse Response Function of Sub Saharan African Nations' NS

Period	NSSSAN	TGE	RER	TO
1	11552.02	0.000000	0.000000	0.000000
2	6786.567	854.7047	-157.5800	-987.0087
3	11201.36	280.9137	-560.6758	-1578.418
4	8616.529	-390.9854	-547.1153	-1338.577
5	10567.21	-75.62085	-597.1810	-1501.396
6	9034.026	-378.3608	-678.8746	-1302.225
7	10154.41	-260.3769	-641.3404	-1415.928
8	9267.774	-332.6216	-651.6579	-1323.083
9	9920.798	-252.3270	-649.4340	-1379.571
10	9431.923	-314.9975	-653.4356	-1332.457

Period	NSSSAN	TGE	RER	TO
1	9569.073	0.000000	0.000000	0.000000
2	1998.427	2876.051	-114.3531	101.9427
3	2417.294	3508.168	-216.0576	119.6547
4	2147.951	3558.575	-254.6641	432.7416
5	2235.601	3591.477	-301.0423	669.8249
6	2267.341	3589.499	-350.1803	894.2389
7	2310.580	3585.189	-404.4451	1089.006
8	2344.048	3576.103	-463.3865	1261.594
9	2372.789	3564.228	-526.9171	1414.122
10	2396.327	3549.627	-594.8676	1549.638

Source: Computer analysis using E-views 9.0

In Table 4.2.25.3, national savings of Sub Saharan Africa nations respond positively to any shock in total government expenditure only in short run (period 2 – 3) but negatively in the long run (period 4 – 10). National savings of Sub Saharan Africa nations also responds negatively to shocks in real exchange rate and trade openness in short and long run. In essence, exchange rate depreciation has negatively affected development in Sub Saharan Africa nations.

4.2.26 IMF Conditionality Effect on Growth of Sub Saharan African Nations

To determine the effect of IMF conditionality on economic growth of Sub Saharan African nations, this study applied the Dumitrescu Hurlin panel causality test developed by Dumitrescu Elena-Ivona and Hurlin Christophe in 2012. This is a departure from conventional literature in the context of Sub Saharan Africa based on the subject matter and intent of this research work. This choice of Dumitrescu Hurlin panel causality is on the framework that these Sub Saharan African nations operate in different macroeconomic conditions and rate of development are not same. Dumitrescu Hurlin panel analysis is on vitrine to dispel the individual effect of IMFconditionality on economic growth considering divergence of macroeconomic performance across Sub Saharan African nations. Dumitrescu Hurlin panel analysis takes into account two different statistics. The first statistics Wbar-statistic, takes average of the test statistics, while the Zbar-statistic shows a standard (asymptotic) normal distribution. Table 4.2.26.2 divulges the result of the Dumitrescu Hurlin panel analysis.

4.2.26.1: Test of formulated Hypotheses:

The hypotheses are restated and tested using W-Stat. and Zbar-Statistic of Dumitrescu Hurlin panel analysis

Restatement of Hypotheses

1. H_0: IMF conditionality (total government expenditure, real exchange rate and trade openness) has no significant effect on gross domestic product of Sub Saharan African nations.

   H_i: IMF conditionality (total government expenditure, real exchange rate and trade openness) has significant effect on gross domestic product of Sub Saharan African nations.
2. H_0: IMF conditionality (total government expenditure, real exchange rate and trade openness) has no significant effect on gross fixed capital formation of Sub Saharan African nations.

   H_i: IMF conditionality (total government expenditure, real exchange rate and trade openness) has significant effect on gross fixed capital formation of Sub Saharan African nations.

3. H_0: IMF conditionality (total government expenditure, real exchange rate and trade openness) has no significant effect on national savings of Sub Saharan African nations.

   H_i: IMF conditionality (total government expenditure, real exchange rate and trade openness) has significant effect on national savings of Sub Saharan African nations.

Decision Criteria: If the p-value of W-Stat. and Z bar-Stat in Dumitrescu Hurlin panel analysis is less than 0.05, the null hypothesis is rejected. Likewise, if the p-value of W-Stat. and Z bar-Stat in Dumitrescu Hurlin panel analysis is greater than 0.05, the null hypothesis is accepted.

Table 4.2.26.1: Effect of IMF Conditionality on Economic Growth of Sub Saharan African Nations

Null Hypothesis:	W-Stat.	Zbar-Stat	Prob.	Remarks
TGE does not homogeneously cause GDPSSAN	0.25027	-1.14251	0.2532	No Causality
GDPSSAN does not homogeneously cause TGE	0.68132	-0.54897	0.5830	No Causality
RER does not homogeneously cause GDPSSAN	3.98021	3.99349	0.0000	Causality
GDPSSAN does not homogeneously cause RER	2.78151	2.34292	0.0191	Causality
TO does not homogeneously cause GDPSSAN	6.59631	7.59577	0.0000	Causality
GDPSSAN does not homogeneously cause TO	2.07834	1.37468	0.1692	No Causality
TGE does not homogeneously cause GFCFSSAN	4.36978	4.52992	0.0000	Causality
GFCFSSAN does not homogeneously cause TGE	0.63820	-0.60835	0.5430	No Causality
RER does not homogeneously cause GFCFSSAN	4.22312	4.32797	0.0000	Causality
GFCFSSAN does not homogeneously cause RER	3.29450	3.04930	0.0023	Causality
TO does not homogeneously cause GFCFSSAN	3.65625	3.54741	0.0004	Causality
GFCFSSAN does not homogeneously cause TO	1.52185	0.60841	0.5429	No Causality

TGE does not homogeneously cause NSSSAN	0.09620	-1.35466	0.1755	No Causality
NSSSAN does not homogeneously cause TGE	0.53840	-0.74577	0.4558	No Causality
RER does not homogeneously cause NSSSAN	3.89613	3.87772	0.0001	Causality
NSSSAN does not homogeneously cause RER	2.67826	2.20075	0.0278	Causality
TO does not homogeneously cause NSSSAN	5.26324	8.47121	0.0000	Causality
NSSSAN does not homogeneously cause TO	1.81525	1.01241	0.3113	No Causality

Source: Data output via E-views 9.0

Note: Number of Lag Length: 1; Number of Observations: 150

Table 4.2.26.1 showed that all IMF conditionality have significant effect on GDP, CFCF and NS of sub-Saharan African nations.

Table 4.2.26.2: Result of the Test of Hypotheses

Hypothesis	Variables	P-Value	W-Stat.	Zbar-Stat	Decision
Hypothesis 1	GDPSSAN → TGE, RER, TO				
	TGE	0.2532	0.25027	-1.14251	Accept H_0
	RER	0.0000	3.98021	3.99349	Reject H_0
	TO	0.0000	6.59631	7.59577	Reject H_0
Hypothesis 2	GFCFSSAN → TGE, RER, TO				
	TGE	0.0000	4.36978	4.52992	Reject H_0
	RER	0.0000	4.22312	4.32797	Reject H_0
	TO	0.0004	3.65625	3.54741	Reject H_0
Hypothesis 3	NSSSAN → TGE, RER, TO				
	TGE	0.1755	0.09620	-1.35466	Accept H_0
	RER	0.0001	3.98613	3.87772	Reject H_0
	TO	0.0000	4.10872	4.41651	Reject H_0

Source: Dumitrescu Hurlin Panel Causality Analysis Output from Table4.2.26.1

Generally, IMF conditionality affect GDP, GFCF and NS of Sub-Saharan African nations as whole, though changes in total government expenditure affected GDP and NS differently. As divulged in Table 4.2.26.2, there is a unidirectional causality between two IMF conditionality's and economic growth fundamentals in Sub Saharan African nations at 5% level of significance evidence by the W-Stat. and Zbar-Stat values. This causality runs from IMF conditionality: real exchange rate and trade openness to gross domestic product, gross fixed capital formation and national savings. This suggests that two indices of IMF conditionality: real exchange rate and trade openness have significant effect on economic growth of Sub Saharan African nations. Total government expenditure was found to have significantly affected gross fixed capital formation in Sub Saharan African nations. A further brake down from analysis in Table 4.2.26.2, stipulates that there is bidirectional/feedback relationship between real exchange rate and gross domestic product; real exchange rate and gross fixed capital formation; real exchange rate and national savings. This is an indication that exchange rate is the greatest IMF conditionality that exerts great influence on economic growth of Sub Saharan African nations.

Again, it shows that IMF grants conditions to Sub Saharan African nations is dependent on mechanism of the value of the local currency relative to world currencies majorly the US Dollar. This findings point towards the reality on Sub Saharan African nations where IMF will ask countries facing exchange rate volatilities to devalue their currencies to bounce to normality. The call by IMF to further devalue the value of the Nigerian Naira during the serious exchange crisis that engulfed the economy in 2016 is not an exemption. IMF conditionality with regard to total government expenditure and national savings in Sub Saharan African nations have a two way relationship flowing from total government expenditure to national savings, from national savings back to total government expenditure. It would be infer that national savings in Sub Saharan African nations are greatly affected by IMF conditionality hinging on expenditure to certain segments of the economy.

Having ascertained the effects and nature of the effect of IMF conditionality on selected Sub-Saharan African nation, the researcher also wishes to ascertain the reason for disparity on the effect of IMF conditionality on Sub-Saharan African nations that accessed PSI of IMF. This is done by ascertaining the democratic economic situations of the selected economy.

4.2.26.2. The World democracy Index

The **Democracy Index** is an index compiled by the UK-based company: the Economist Intelligence Unit (EIU) that intends to measure the state of democracy in 167 countries. The index is based on 60 indicators grouped in five different categories. The categories are electoral process and pluralism; civil liberties; the functioning of government; political participation; and political culture. Each category has a rating of 0 to 10 scales, and the overall index of democracy is the simple average of the five category indexes (Democracy index, 2015).

In addition to a numeric score and a ranking, the index categorizes countries as one of the following four regimes: Full democracies, Flawed democracies, Hybrid regimes and Authoritarian democracies.

The index values of the four types of regimes are as follows:

1. Full democracies--scores of 8-10
2. Flawed democracies--score of 6 to 7.9
3. Hybrid regimes--scores of 4 to 5.9
4 Authoritarian regimes--scores below 4

Full democracies: they are nations where civil liberties and basic political freedoms are not only respected, but also reinforced by a political culture conducive to the thriving of democratic principles. These nations have a valid system of governmental checks and balances, independent judiciary whose decisions are enforced, governments that function adequately, and media that is diverse and independent. These nations have only limited problems in democratic functioning. (Democracy index, 2015).

Flawed democracies: these are nations where elections are fair and free and basic civil liberties are honored but may have issues (e.g. media freedom infringement). Nonetheless, these nations have significant faults in other democratic aspects, including underdeveloped political culture, low levels of participation in politics, and issues in the functioning of governance.

Hybrid regimes: they are nations where consequential irregularities exist in elections regularly preventing them from being fair and free. These nations commonly have governments that apply pressure on political opponents, non independent judiciaries, and have widespread corruption, harassment and pressure placed on the media, anemic rule of

law, and more pronounced faults than flawed democracies in the realms of underdeveloped political culture, low levels of participation in politics, and issues in the functioning of governance .

Authoritarian regimes: they are nations where political pluralism has vanished or is extremely limited. These nations are often absolute dictatorships, may have some conventional institutions of democracy but with meager significance, infringements and abuses of civil liberties are commonplace, elections (if they take place) are not fair and free, the media is often state-owned or controlled by groups associated with the ruling regime, the judiciary is not independent, and the presence of omnipresent censorship and suppression of governmental criticism (Persecondnews, 2018). The democracy index of the studied nations are displayed in table 4.2.26.3

Table 4.2.26.3 Democracy index 2017

Rank	Country	Score	Electoral process & pluralism	Functioning of Government	Political participation	Political Culture	Civil liberty	Category of Democracy
1	Senegal		7.50	6.07	4.44	6.25	6.47	Flawed
2	Tanzania		7.00	5.00	5.00	5.63	4.71	Hybrid
3	Uganda		5.25	3.57	3.89	6.88	5.88	Hybrid
4	Nigeria		6.08	4.64	3.33	3.75	4.41	Hybrid
5	Rwanda		0.83	5.00	2.78	4.38	2.94	Authoritarian

Source; Economist intelligence unit 2017

Table 4.2.26.3 shows that among the five Sub Saharan African nations that accessed the IMF PSI, Senegal has flawed democracy. Tanzania, Uganda and Nigeria have hybrid democracy, while Rwanda is authoritarian. Though Senegal had no full democracy, but it responded more positively to IMF conditionality than other countries with hybrid and authoritarian democratic economic policy.

4.2.27.1. Discussion of Findings

The finding of this research work is discussed based on individual effect of IMF conditionality on economic growth of the selected five countries, and the general effect of IMF conditionality on sub Saharan African nations.

The economy of Nigeria

In Nigeria, at long run, total government expenditure and real exchange rate have positive and significant relationship with gross domestic product, whereas trade openness has negative and insignificant relationship with gross domestic product. Considering the GFCF; all the IMF conditionality related positively with gross fixed capital formation especially the total government expenditure that shows significant relationship. Looking at NS, total government expenditure was found to be positively and significantly related with national savings, while real exchange rate and trade openness have negative significant relationship with NS.

The result of the granger causality test in table 4.2.4 shows that TGE and RER affect GDP, GFCF and NA, while TO do not affect GDP GFCF and NS, rather it was the GDP and GFCF that effected TO. That means that reduction in government expenditure and devaluation of Nigerian currency effects the economic growth of Nigeria. On the other hand, TO being affected by both GDP and GFCF indicates that the economy affects trade liberalization instead of trade liberalization affecting the economy. This means that both individual and government tend to import more when there is increase in revenue. That is to say that opening our boarder for free trade is not at our advantage because we have the tendency of importing more than we are exporting. Excess importation will further depreciate our exchange rate, leading to many more economic problems.

The economy of Rwanda

Taking a look at the long run relationship between Rwanda economy and IMF conditionality; we can see that total government expenditure and trade openness have positive relationship with Rwanda's gross domestic product, whereas real exchange rate exhibited a negative relationship. In respect to GFCF and NS, all the IMF conditionality was found to have positive relationship with gross fixed capital formation and National Savings in Rwanda. Considering the effect of IMF conditionality of macroeconomic variables of Rwanda, table 4.2.8 revealed that TGE only affects the NS, against GDP and GFCF, but the GDP affects TGE. It was also discovered that RER affects the GDP, but do not affect the GFCF and NS. While TO affects GDP but does not affect GFCF and NS. This means that none of the IMF conditionality affects GFCF, and only TGE affect NS. It is interesting to note that in Rwanda, TGE does not affect the GDP, but affects only NS and GFCF. This means that the government either does not spend enough on development factors like

infrastructures and education but on recurrent expenditures salaries and wages. Though real exchange rate and TO effect the GDP, but the effect of RER on GDP is negative as we can see in table 4.2.5. A negative effect of RER on economy will eventually reduce the purchasing power of both individuals and government, which will reduce the per capita income of the people and inversely increase the poverty level of the people.

The Economy of Senegal

In Senegal, total government expenditure and trade openness have positive relationship with gross domestic product, while real exchange rate has negative insignificant relationship with gross domestic product in both short run and long run. In respect to GFCF, all IMF conditionality: total government expenditure, real exchange rate and trade openness were found to have positive relationship with Senegalese gross fixed capital formation in short run and long run. TGE and TO have positive relationship with NS, but RER has negative relationship with NS in Senegal. This means that IMF conditionality except RER, have positive relationship with GDP, GFCF and NS of Senegal. This could be attributed to level of democracy of Senegal against other studied nations. The democracy index in table 4.2.26.3 shows that among the selected countries; only Senegal has flawed democracy, while others have hybrid democracy (Persecondnews, 2018).

Considering the granger causality result in table 4.2.12, the result showed that IMF conditionality did not affect the GDP, GFCF and NS in Senegal except TO that affects the GDP. That means that Senegal interactions with IMF have not affected the economic growth of the country, though positive relationships exist. It may be that the relationship is not strong enough to cause a significant effect that could lead to economic growth. But RER still exhibits a negative relationship with the GDP and NS of Senegal.

The Economy of Tanzania

In the economy of Tanzania, all IMF conditionality was found to have related positively with gross domestic product in Tanzania. All IMF conditionality (total government expenditure, trade openness and real exchange rate) have negative significant relationship with GFCF. Real exchange rate and trade openness depict negative relationship with national savings, but total government continued to show a positive and significant relationship with national savings.

In respect to granger causality test, IMF conditionality affects the GDP, GFCF and NS of Tanzania, except TO that does not affect GFCF and NS. The long run relationship

shows that the conditionality effect of IMF on GFCF and NS is negative, but positive on GDP. The ARDL result on table 4.2.13 showed that RER and TO have a negative relationship with Tanzania GDP while TGE has positive relationship GDP. With this result, one might be tempted to conclude that IMF conditionality has not favoured the economy of Tanzania. This is because Harrod-Domar theory of growth upon which this work is anchored maintains that growth can only be achieved through savings and investment which will lead to increase in GDP.

The Economy of Uganda

Real exchange rate and trade openness portray negative relationship with gross domestic product, while total government expenditure has significant positive relationship with gross domestic product in both short and long run. In respect to GFCG, total government expenditure has insignificant positive relationship but, real exchange rate and trade openness have negative relationship with gross fixed capital formation in short and long run. Considering the NS, all the IMF conditionality (total government expenditure, real exchange rate and trade openness) display significant negative relationship at short run. While IMF conditionality (total government expenditure and trade openness) except RER was observe to have positive relationship with national savings at long run. This means that IMF conditionality of TGE has favoured GDP and GFCF of Uganda at both short and long run, but RER and TO are at variance with GDP, GFCF and NS of Uganda. The growth of economy according to Harrod Domar theory should come from savings and investment and not the other way round.

4.2.27.2: General conditionality effect on selected nations

IMF conditionality and GDP of sub Saharan African Nations

The adjusted R-square shows that 98.18% changes in Saharan African nations' gross domestic product was as a result of variations in IMF conditionality, and this is highly significant as exhibited by the p-value of the f-statistic ($0.00 < 0.005$). This is to say that IMF conditionality with regard to total government expenditure, real exchange rate and trade openness significantly explained the changes in Saharan African nations' gross domestic product within the period studies. Again as can be seen in Table 4.2.24.1, IMF conditionality of total government expenditure is greater in explaining the variation in Sub Saharan Africa nation's gross domestic product. This is followed by trade openness and real exchange rate,

while fluctuation in Sub Saharan Africa nation's gross domestic product was more explained by variations in gross domestic product itself.

IMF conditionality and GFCF of sub Saharan African Nations

The f-statistic of 906.3 with p-value (0.00) depicts that IMF conditionality through total government expenditure, real exchange rate and trade openness significantly discussed the variation in Sub Saharan African nation's gross fixed capital formation. Judging from the coefficient of the adjusted R-square, 96.01% variation in Sub Sahara n African nation's gross fixed capital formation was attributed to joint influence of IMF conditionality indices. Also Considering gross fixed capital formation of Sub Saharan Africa nations based on the regression output in Table 4.2.24.2, total government expenditure as a facet of IMF conditionality explained more of the changes in Sub Saharan Africa nation's gross fixed capital formation. In the second place is real exchange rate; while in third place is trade openness.

IMF conditionality and GDP of sub Saharan African Nations

The F-statistic value (366.97) and p-value (0.00) is clear evidence that IMF conditionality as expressed through total government expenditure, real exchange rate and trade openness significantly explained the variation in national savings of Sub Saharan African nations. From the adjusted R-square coefficient, 84.15% variation in national savings in Sub Saharan African nations was accounted by IMF conditionality. National savings of Sub Saharan Africa nations respond positively to any shock in total government expenditure and trade openness but negatively to continuous depreciation in exchange rate. In essence, exchange rate depreciation has negatively affected development in Sub Saharan Africa nations. Thus the results of our analyses conform to all our appropri expectations.

Effects of IMF conditionality on GDP, GFCF and NS of sub Saharan African Nations

As divulged in Table 4.2.26.2, there is a unidirectional causality between all IMF conditionality and economic growth fundamentals in Sub Saharan African nations at 5% level of significance evidence by the W-Stat. and Zbar-Stat values. This causality runs from IMF conditionality: total government expenditure, real exchange rate and trade openness to gross domestic product, gross fixed capital formation and national savings.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of findings

5.5.1 Findings on individual countries

The findings on the effect of International Monetary Fund conditionality on economic growth of selected sub-Sahara African nations from 1986 to 2016 are discussed below; firstly, base on the effect of IMF conditionality on the selected individual countries and secondary base on the sub-Saharan African nations.

The effect of IMF conditionality on the individual Sub-Saharan African nations revealed that;

1. Reduction in government expenditure has a significant positive effect on economic growth of Nigeria and Tanzania only, while it displayed a positive but non-significant effect on economic growth of the other three countries: Rwanda, Senegal and Uganda.
2. Devaluation of local currency displayed a negative relationship on economic growth of all the selected nations. The negative relationship is more significant in Nigerian and Tanzanian economies.
3. Trade Openness showed a non significant positive effect on economic growth of Nigeria, Rwanda and Senegal, and also a non significant negative effect of economic growth of Tanzania and Uganda.
4. Generally, all the IMF conditionality except currency devaluation has positive but insignificant effect on the economy of Senegal.

5.1.2 Effect of IMF conditionality on sub Saharan African

From the result of the panel analysis, all the null hypotheses were rejected. That revealed that;

1. IMF conditionality (total government expenditure, real exchange rate and trade openness) has significant effect on gross domestic product of Sub Saharan African nations.
2. IMF conditionality (total government expenditure, real exchange rate and trade openness) has significant effect on gross fixed capital formation of Sub Saharan African nations.

3. IMF conditionality (total government expenditure, real exchange rate and trade openness) has significant effect on national savings of Sub Saharan African nations.
4. IMF conditionality has a direct relationship with level of democracy.

5.2 Conclusion

Based on the result of the analysis, the researcher concludes that all the indices of IMF conditionality have significant effect on economic growth of selected Sub Saharan African nations. These effects are positive with mainly GDP in respect to TGE, but negative on GFCF and NS in respect to RER and TO. Thus the results of the analysis conform to our approri expectation. Devaluation of local currency is the greatest IMF conditionality that exerts great negative influence on economic growth of Sub Saharan African nations. The devaluation of local currency hardly favours any developing economy as most developing economies are import base, and those few that export, exports mainly raw materials. Though positive relationships exist in respect of TGE to GDP, GFCF and NS against other variables; but the relationship is insignificant. Thus reduction in government expenditure has not led to economic growth of selected nations. The so called development loan can give a temporal relief to a desperate economy, but the long run effect will definitely lead to more economic crisis. So depending on developed economies to achieve a better economic growth can only make the developed economy to develop at expense of the developing nations

IMF conditionality has positive effect on economic growth of Senegal. This could be attributed to the level of democracy of Senegal against other studied nations, as Senegal is more democratic than other four studied nations.

5.3 Recommendations

1. Given that variations in TGE, RER and TO significantly affect GDP, GFCF and NS of sub Saharan African Nations, the sub-Saharan African nations should resist devaluation of local currency. In exchange of devaluation of local currency, every Sub Saharan African nation should employ protectionist policy in order to encourage local production and use of locally produced products. In so doing, employment will be

created, leading to increase in savings and investment, and at long run, lead to persistent increase in GDP.

2. Sub Saharan African authorities should make efforts to move their various nations towards full democracy or at least flawed democracy before attempting IMF facilities.
3. African development financial institutions such as African Development bank group, Central bank of West African States, East African development banks etc. should be adequately funded by the member nation so as to be properly equipped for loan extentions. When that is done, Loans for economic development could be sourced from such institutions rather than IMF with her unfavourable conditionality. Such funding could be made statutory for all the member nations.
4. TGE showing significant positive effect on GDP, GFCF and NS is an indication that government can positively influence the economic positions of the countries through the adjustment of government capital expenditure, instead of adopting economic policies that are detrimental to growth of the economy.
5. The sub-Saharan African government can approach financial experts for development of effective economic policy that will correct economic crisis peculiar to their individual economies instead of accessing the PSI of IMF that demands for adjustments of economic policies that are not necessary.

5.4 Contributions to knowledge

This research work has contributed to knowledge in the following way;

a. There is a relationship between the level of democracy and success of IMF conditionality. The IMF conditionality works better in a more democratic nation than low democratic nation.
b. The monetary authority of Sub-Saharan African nations can manage the economic situations of their countries using adequate fiscal policy. This is evidenced by reduction of Government expenditure exhibiting positive effect on economic growth of the selected nations.
c. Using an econometric model, IMF conditionality still exhibits negative effect on economic growth of the borrowing nations. Thus this work disagreed with the work of Bumba (2008) and Murray and King (2008).

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APPENDIX ONE

Tabled 6.1; Selected macroeconomic data of Nigeria

Year	Trade Openness (%)	Total Exports ($ Million)	Total Imports ($ Million)	Official Exchange Rate (per 1 USD)	Government Expenditure ($ Million)	Change in Government Expenditure (%)	Gross Fixed Capital Formation ($ Million)	National Savings ($ Million)	Gross Domestic Product ($ Million
1986	44.32	5,150.0	4,034.0	1.75	2,607.1	-41.01	3,140.1	2,296.5	20,721.5
1987	46.81	7,365.0	3,912.0	4.02	1,736.1	-50.17	3,278.5	3,580.8	24,093.2
1988	49.81	6,875.0	4,717.0	4.54	1,779.3	2.43	2,762.7	4,189.3	23,272.2
1989	58.55	10,000.0	4,187.0	7.36	1,319.9	34.81	2,845.3	7,567.6	24,231.2
1990	62.50	13,596.0	5,627.0	8.04	1,526.9	13.56	4,382.9	7,0659.2	30,757.1
1991	77.57	12,264.0	8,986.0	9.91	1,324.0	-15.32	3,761.8	7,141.1	27,392.9
1992	68.81	11,886.0	8,275.0	17.30	1,746.9	24.21	3,735.3	5,653.0	29,300.9
1993	110.30	9,908.0	7,508.0	22.07	1,033.0	-69.11	2,139.4	2,123.1	15,789.0
1994	88.62	9,415.0	6,613.0	21.99	3,245.4	68.17	2,019.4	1,311.2	18,086.4
1995	72.04	12,342.0	8,222.0	21.90	3,449.9	5.93	2,017.1	3,956.0	28,547.0
1996	64.57	16,153.0	6,438.0	21.88	3,504.8	1.57	2,550.6	3,643.7	34,988.0
1997	68.97	15,207.0	9,501.0	21.89	4,655.9	24.72	2,993.6	5,075.6	35,822.3
1998	59.57	9,855.0	9,211.0	21.89	4,472.1	-4.11	2,752.9	671.0	32,004.6
1999	62.57	13,856.0	8,588.0	92.34	2,504.8	-78.54	2,508.8	6,597.0	35,870.8
2000	64.02	20,975.0	8,721.0	101.70	3,869.8	35.97	3,255.3	13,621.0	46,386.0
2001	66.95	18,045.0	11,506.0	111.23	3,642.0	-6.25	3,345.6	4,632.3	44,138.0
2002	42.33	17,475.0	7,547.0	120.58	3,966.7	8.19	4,144.0	4,519.2	59,116.8
2003	51.12	24,031.0	10,853.0	129.22	3,486.2	-13.78	6,700.7	3,046.3	67,655.8
2004	60.10	38,631.0	14,164.0	132.89	5,913.3	41.04	6,494.7	9,325.9	87,845.4
2005	63.45	50,467.0	20,754.0	131.27	7,641.3	22.69	6,127.6	22,026.6	112,248.4
2006	58.62	58,726.0	26,522.5	128.65	9,975.8	23.40	12,021.0	56,619.6	145,429.8
2007	60.94	66,606.1	34,830.0	125.81	16,944.9	41.13	15,396.1	27,090.1	166,451.2
2008	65.47	86,274.0	49,951.0	118.55	24,221.6	30.04	17,318.2	53,352.0	208,064.8
2009	53.49	56,742.0	33,906.0	148.90	21,960.3	-10.30	20487.2	24,846.7	169,481.3
2010	34.75	84,000.0	44,235.7	150.30	32,150.4	31.70	61,099.0	94,080.0	369,062.5
2011	41.77	116,000.0	56,000.0	153.86	34,974.8	8.08	63,960.0	106,523.8	411,743.8
2012	35.95	114,700.0	51,000.0	157.50	37,798.5	7.47	65,282.8	153,651.7	460,953.8
2013	30.76	102,400.0	56,000.0	157.31	36,847.0	-2.58	72,964.2	99,044.3	514,966.3
2014	27.12	94,200.0	60,000.0	158.55	36,750.5	-0.26	72,964.7	125,771.6	568,499.0
2015	20.66	51,400.0	48,000.0	192.44	28,552.0	-28.82	71,328.5	85,044.6	481,066.2
2016	17.72	32,800.0	39,000.0	253.49	32,651.0	12.55	72,146.6	105,408.1	405,082.7

Source: World Bank; www.worldbank.org

APPENDIX TWO

Tabled 6.2; Selected macroeconomic data of Rwanda

Year	Trade Openness (%)	Total Exports ($ Million)	Total Imports ($ Million)	Official Exchange Rate (per 1 USD)	Government Expenditure ($ Million)	Change in Government Expenditure (%)	Gross Fixed Capital Formation ($ Million)	National Savings ($ Million)	Gross Domestic Product ($ Million)
1986	27.66	189.0	349.0	87.59	232.3	16.75	305.9	274.9	1,944.8
1987	21.60	114.0	352.0	79.46	291.4	20.28	338.8	197.4	2,157.4
1988	19.95	108.0	370.0	76.45	323.2	9.84	334.2	219.7	2,395.5
1989	17.38	88.0	330.0	80.41	305.1	-5.93	321.1	181.2	2,405.0
1990	15.61	110.0	288.0	83.70	258.6	-17.98	373.6	288.8	2,550.2
1991	20.87	93.0	306.0	125.16	230.6	-12.14	268.0	232.7	1,911.6
1992	17.45	66.0	288.0	133.94	293.6	24.46	317.2	231.8	2,029.0
1993	20.19	66.0	332.0	144.24	281.7	-4.22	330.2	201.2	1,971.5
1994	36.76	41.0	236.0	140.70	84.7	-232.59	752.3	253.7	753.6
1995	22.42	54.0	236.0	262.18	133.4	36.51	173.5	261.5	1,293.5
1996	23.01	60.0	258.0	306.82	158.8	15.99	198.6	196.4	1,382.3
1997	21.04	88.0	297.0	301.53	177.4	10.48	255.7	195.2	1,851.6
1998	17.34	60.0	285.0	312.31	199.8	11.21	294.6	159.4	1,989.3
1999	17.22	60.0	253.0	333.94	344.4	41.99	239.6	924.1	1,817.7
2000	15.16	52.0	211.0	389.70	323.3	-6.53	230.9	110.4	1,734.5
2001	21.91	86.0	281.0	442.19	313.8	-3.03	230.3	136.5	1,674.7
2002	18.66	65.0	248.0	475.37	328.2	4.39	227.2	122.5	1,677.4
2003	17.44	63.0	259.0	537.65	355.2	7.60	256.7	173.4	1,846.0
2004	18.28	98.2	283.7	577.49	382.7	7.19	313.4	308.0	2,089.1
2005	23.09	124.6	471.4	557.71	469.7	18.52	407.0	392.1	2,581.4
2006	23.44	147.3	591.4	551.70	547.4	14.19	505.7	421.6	3,152.0
2007	24.77	176.8	770.6	546.96	592.4	7.60	694.7	801.4	3,824.5
2008	29.66	267.7	1,174.0	546.85	652.8	9.25	1,130.1	809.3	4,861.0
2009	28.69	235.0	1,308.5	568.28	742.6	12.09	1,217.7	859.2	5,379.4
2010	29.93	297.3	1,431.0	583.13	821.4	9.59	1,284.4	902.3	5,774.0
2011	38.56	464.2	2,039.0	600.13	849.6	3.43	1,477.6	1,255.3	6,491.7
2012	39.52	590.8	2,300.0	614.30	1,017.4	16.49	1,820.0	1,121.3	7,315.7
2013	39.42	703.0	2,301.6	646.64	1,031.5	1.37	1,939.3	1,325.1	7,622.5
2014	39.81	723.1	2,468.3	681.86	1,208.5	14.65	1,954.9	914.2	8,016.3
2015	37.06	683.7	2,378.0	720.98	1,212.2	0.31	2,137.4	792.8	8,261.0
2016	17.56	744.4	2,293.0	726.41	1,272.0	4.70	2,140.2	776.9	8,376.0

Source: World Bank; www.worldbank.org

APPENDIX THREE

Tabled 6.3; Selected macroeconomic data of Senegal

Year	Trade Openness (%)	Total Exports ($ Million)	Total Imports ($ Million)	Official Exchange Rate (per 1 USD)	Government Expenditure ($ Million)	Change in Government Expenditure (%)	Gross Fixed Capital Formation ($ Million)	National Savings ($ Million)	Gross Domestic Product ($ Million)
1986	24.42	62.5	961.0	346.31	736.0	29.89	568.2	824.2	4,189.8
1987	21.52	60.6	1,024.0	300.54	883.2	16.67	767.1	263.1	5,040.7
1988	22.85	59.1	1,080.0	297.85	903.1	2.20	848.9	933.9	4,985.2
1989	26.26	69.3	1,221.0	319.01	872.7	-3.48	827.0	689.9	4,913.1
1990	22.66	76.1	1,219.0	272.26	1,054.4	17.23	1,028.6	913.2	5,716.6
1991	22.13	70.1	1,173.0	282.11	974.9	-8.15	1,016.1	126.4	5,617.2
1992	18.34	67.3	1,034.0	264.69	1,040.6	6.31	1,134.5	188.4	6,004.9
1993	20.39	70.7	1,087.0	283.16	917.9	-13.37	1,031.5	243.8	5,678.8
1994	28.40	79.1	1,022.0	555.20	560.9	-63.65	826.5	203.1	3,877.2
1995	30.98	99.3	1,412.0	499.15	650.4	13.76	923.5	389.5	4,878.7
1996	30.30	98.8	1,436.0	511.55	701.2	7.24	1,025.7	395.2	5,065.8
1997	30.94	90.5	1,335.0	583.67	626.9	-11.85	910.8	506.1	4,672.5
1998	30.85	96.8	1,455.0	589.95	642.6	2.44	1,163.0	565.4	5,030.3
1999	32.40	102.7	1,564.0	615.70	685.9	6.31	1,150.8	626.8	5,144.0
2000	52.12	920.0	1,519.0	711.97	598.5	-7.37	1,047.8	646.0	4,679.6
2001	56.03	1,003.0	1,730.0	733.04	614.8	2.65	1,108.4	678.5	4,877.6
2002	56.71	1,067.0	1,958.0	696.99	707.6	13.11	1,323.8	627.5	5,333.9
2003	53.18	1,257.0	2,390.9	581.20	891.8	20.65	1,475.6	1,133.4	6,859.0
2004	54.14	1,509.0	2,839.1	528.28	1,080.9	17.49	1,787.1	1,264.3	8,031.3
2005	58.30	1,578.1	3,497.7	527.47	1,157.7	6.63	2,031.1	1,388.8	8,707.0
2006	56.26	1,594.0	3,671.0	522.89	1,277.8	9.40	2,447.4	1,425.3	9,358.7
2007	58.00	1,673.9	4,871.4	479.27	1,600.6	20.17	2,950.5	1,966.9	11,284.6
2008	64.77	2,170.5	6,527.6	447.81	1,807.9	11.47	3,604.0	2,294.2	13,428.5
2009	52.54	2,017.4	4,712.0	472.19	1,828.9	1.14	2,944.3	1,965.6	12,809.0
2010	53.67	2,161.1	4,782.2	495.28	1,916.4	4.57	2,875.2	2,258.3	12,937.3
2011	58.81	2,541.7	5,909.0	471.87	2,233.1	14.18	3,522.0	2,514.6	14,368.3
2012	63.13	2,531.7	6,434.2	510.53	2,176.5	-2.60	3,350.7	2,602.7	14,202.4
2013	62.21	2,661.0	6,552.2	494.04	2,309.6	5.76	3,767.6	2,528.9	14,811.0
2014	60.44	2,750.2	6,502.6	494.41	2,538.5	9.02	3,921.7	2,445.1	15,309.0
2015	60.30	2,611.7	5,595.4	591.45	2,238.3	-13.41	3,514.0	2,441.7	13,610.0
2016	54.98	2,640.3	5,478.0	593.01	2,345.2	4.56	3,818.3	2,528.5	14,765.5

Source: World Bank; www.worldbank.org

APPENDIX FOUR

Table 6.4; Selected macroeconomic data of Tanzania

Year	Trade Openness (%)	Total Exports ($ Million)	Total Imports ($ Million)	Official Exchange Rate (per 1 USD)	Government Expenditure ($ Million)	Change in Government Expenditure (%)	Gross Fixed Capital Formation ($ Million)	National Savings ($ Million)	Gross Domestic Product ($ Million)
1986	36.76	361.0	937.0	32.70	170.5	8.80	444.1	417.4	3,530.6
1987	28.22	289.0	929.0	64.26	317.1	46.23	607.3	420.5	4,315.5
1988	21.53	275.0	823.0	99.29	463.7	31.62	770.5	423.6	5,100.4
1989	30.65	365.0	990.0	143.38	610.3	24.02	933.8	426.7	4,420.2
1990	31.89	331.0	1,027.0	195.06	756.9	19.37	1,097.0	429.8	4,258.7
1991	37.82	342.0	1,533.0	219.16	938.7	19.37	1,288.7	433.0	4,956.6
1992	41.86	416.0	1,510.0	297.71	903.6	-3.88	1,240.7	442.2	4,601.4
1993	45.73	450.0	1,497.0	405.27	825.4	-9.47	1,059.9	152.5	4,257.7
1994	44.85	519.0	1,504.0	509.63	772.1	-6.90	1,102.4	280.2	4,510.8
1995	44.85	682.0	1,675.0	574.76	605.5	-27.51	1,029.8	389.1	5,255.2
1996	33.57	784.0	1,388.0	579.97	750.6	19.33	1,070.0	665.5	6,496.2
1997	27.20	753.0	1,337.0	612.12	636.6	-17.91	1,131.1	697.8	7,683.9
1998	21.85	589.0	1,453.0	664.67	1,143.4	44.32	1,827.2	1,154.2	9,345.2
1999	21.64	543.0	1,556.0	744.75	1,128.4	-1.33	1,653.6	941.3	9,697.8
2000	22.17	733.7	1,524.0	800.41	1,190.0	5.18	1,665.6	1,284.8	10,185.8
2001	24.69	851.3	1,712.0	876.41	1,231.5	3.37	1,765.4	1,246.8	10,383.6
2002	24.43	979.6	1,660.0	966.58	1,420.2	13.29	1,811.3	1,811.7	10,806.0
2003	28.66	1,216.1	2,125.2	1,038.42	1,790.0	20.66	2,192.9	2,055.7	11,659.1
2004	32.79	1,479.1	2,726.3	1,089.33	2,168.4	17.45	2,841.7	2,431.0	12,825.8
2005	29.33	1,679.1	3,287.1	1,128.93	2,875.1	24.58	17,819.4	2,886.4	16,930.0
2006	32.84	1,864.7	4,246.2	1,251.90	3,321.6	13.44	5,161.3	3,940.7	18,610.5
2007	34.77	2,139.3	5,337.1	1,245.04	3,990.4	16.76	6,769.0	4,775.7	21,501.7
2008	39.55	3,121.1	7,702.7	1,196.31	4,406.7	9.45	9,213.7	5,975.8	27,368.4
2009	32.87	2,982.4	6,410.9	1320.31	4,998.1	11.83	8,243.2	5,228.4	28,573.8
2010	37.97	4,050.5	7,874.2	1,395.62	4,622.6	8.12	9,007.8	6,032.9	31,407.9
2011	45.85	4,735.0	10,799.4	1,557.43	4,683.3	1.30	1,112.4	6,726.6	33,878.6
2012	42.01	5,075.0	11,346.0	1,571.70	5,761.4	18.71	11,952.6	6,752.4	39,087.7
2013	37.56	4,558.5	12,091.5	1,597.56	7,235.8	21.62	13,512.1	7,860.0	44,333.5
2014	24.49	4,627.5	11,993.5	1,653.23	6,648.5	-8.83	15,700.6	9,480.8	48,197.2
2015	34.45	4,931.1	10,788.9	1,991.39	6,250.7	-6.36	15,740.3	10,287.7	45,628.2
2016	30.94	5,071.7	9,601.5	2,177.09	6,020.2	-3.83	8,277.2	11,093.8	47,431.0

Source: World Bank; www.worldbank.org

APPENDIX FIVE

Tabled 6.5; Selected macroeconomic data of Uganda

Year	Trade Openness (%)	Total Exports ($ Million)	Total Imports ($ Million)	Official Exchange Rate (per 1 USD)	Government Expenditure ($ Million)	Gross Fixed Capital Formation ($ Million)	National Savings ($ Million)	Gross Domestic Product ($ Million)
1986	18.94	436.0	307.0	14.00	353.6	331.4	257.6	3,923.0
1987	18.61	319.0	848.0	42.84	499.1	609.3	214.3	6,269.5
1988	17.19	271.0	887.0	106.14	527.6	702.5	303.7	6,509.0
1989	10.33	274.0	271.0	223.09	367.9	587.6	298.2	5,276.5
1990	10.22	152.0	288.0	428.85	323.3	546.8	240.79	4,304.4
1991	11.92	200.0	196.0	734.01	293.6	503.9	294.0	3,321.7
1992	22.64	142.0	505.0	1,133.83	275.9	454.8	394.2	2,857.5
1993	22.17	179.0	535.0	1,195.02	359.1	490.0	353.1	3,220.4
1994	32.18	409.0	875.0	979.45	468.7	584.0	617.8	3,990.4
1995	26.34	460.0	1,056.0	968.92	643.4	942.1	775.4	5,755.8
1996	29.41	587.0	1,191.0	1,046.08	710.7	1,025.9	1,196.1	6,044.6
1997	29.84	555.0	1,316.0	1,083.01	833.2	1,059.0	1,310.4	6,269.3
1998	29.11	501.0	1,416.0	1,240.31	847.3	1,048.6	1,219.1	6,584.8
1999	31.02	519.0	1,342.0	1,454.83	771.7	1,155.6	1,030.5	5,998.6
2000	31.31	403.0	1,536.0	1,644.48	898.3	1,191.2	889.1	6,193.2
2001	35.01	451.0	1,594.0	1,755.66	910.1	1,112.5	821.2	5,840.5
2002	24.61	467.4	1,053.0	1,797.55	1,037.5	1,233.4	1,000.7	6,178.6
2003	30.09	531.6	1,375.0	1,963.72	997.8	1,310.6	1,089.6	6,336.7
2004	29.97	653.5	1,726.0	1,810.30	1,102.7	1,584.0	1,587.4	7,940.4
2005	31.81	812.8	2,054.4	1,780.67	1,306.4	2,001.2	1,827.6	9,013.8
2006	35.40	962.2	2,557.3	1,831.45	1,402.1	2,080.5	1,667.8	9,942.6
2007	39.29	1,336.7	3,493.4	1,723.50	1,584.9	2,688.3	1,948.1	12,292.8
2008	43.89	1,724.3	4,525.9	1,720.44	1,596.3	3,239.3	3,157.6	14,239.0
2009	27.42	1,567.6	4,247.4	2,030.49	1,676.1	4,477.6	3,165.0	21,203.8
2010	31.14	1,618.6	4,664.3	2,177.56	1,936.7	5,093.9	3,821.9	20,179.1
2011	37.85	2,159.1	5,603.9	2,522.75	2,580.1	5,476.5	3,625.9	20,508.6
2012	35.73	2,357.5	6,044.1	2,504.56	1,900.4	6,231.0	4,404.3	23,516.1
2013	33.06	2,407.7	5,817.5	2,586.90	1,966.4	6,872.9	5,121.3	24,879.1
2014	29.85	2,262.0	6,073.5	2,599.79	2,315.7	7,323.6	5,320.6	27,927.9
2015	27.98	2,267.1	5,528.1	3,240.65	2,517.3	6,567.0	4,583.8	27,856.4
2016	29.94	2,543.7	5,099.4	3,420.10	1,552.1	5,933.7	5,412.6	25,527.9

Source: World Bank; www.worldbank.org

APPENDIX SIX

Table 6.6: World democracy index

Democracy Index 2017								
Rank	**Country**	**Score**	**Electoral process and pluralism**	**Functioning of government**	**Political participation**	**Political culture**	**Civil liberties**	**Category**
1	Norway	**9.87**	10.00	9.64	10.00	10.00	9.71	**Full democracy**
2	Iceland	**9.58**	10.00	9.29	8.89	10.00	9.71	**Full democracy**
3	Sweden	**9.39**	9.58	9.64	8.33	10.00	9.41	**Full democracy**
4	New Zealand	**9.26**	10.00	9.29	8.89	8.13	10.00	**Full democracy**
5	Denmark	**9.22**	10.00	9.29	8.33	9.38	9.12	**Full democracy**
=6	Ireland	**9.15**	9.58	7.86	8.33	10.00	10.00	**Full democracy**
=6	Canada	**9.15**	9.58	9.64	7.78	8.75	10.00	**Full democracy**
8	Australia	**9.09**	10.00	8.93	7.78	8.75	10.00	**Full democracy**
=9	Finland	**9.03**	10.00	8.93	7.78	8.75	9.71	**Full democracy**
=9	Switzerland	**9.03**	9.58	9.29	7.78	9.38	9.12	**Full democracy**
11	Netherlands	**8.89**	9.58	9.29	8.33	8.13	9.12	**Full democracy**

Democracy Index 2017								
Rank	**Country**	**Score**	**Electoral process and pluralism**	**Functioning of government**	**Political participation**	**Political culture**	**Civil liberties**	**Category**
12	Luxembourg	**8.81**	10.00	8.93	6.67	8.75	9.71	**Full democracy**
13	Germany	**8.61**	9.58	8.21	8.33	7.50	9.41	**Full democracy**
14	United Kingdom	**8.53**	9.58	7.50	8.33	8.13	9.12	**Full democracy**
15	Austria	**8.42**	9.58	8.21	8.33	6.88	9.12	**Full democracy**
16	Mauritius	**8.22**	9.17	8.21	5.56	8.75	9.41	**Full democracy**
17	Malta	**8.15**	9.17	8.21	6.11	8.75	8.53	**Full democracy**
18	Uruguay	**8.12**	10.00	8.93	4.44	7.50	9.71	**Full democracy**
19	Spain	**8.08**	9.17	7.14	7.78	7.50	8.82	**Full democracy**
Rank	**Country**	**Score**	**Electoral process and pluralism**	**Functioning of government**	**Political participation**	**Political culture**	**Civil liberties**	**Category**
20	South Korea	**8.00**	9.17	7.89	7.22	7.50	8.24	**Flawed democracy**
=21	United States	**7.98**	9.17	7.14	7.22	8.13	8.24	**Flawed democracy**
=21	Italy	**7.98**	9.58	6.43	7.22	8.13	8.53	**Flawed**

Democracy Index 2017								
Rank	**Country**	**Score**	**Electoral process and pluralism**	**Functioning of government**	**Political participation**	**Political culture**	**Civil liberties**	**Category**
								democracy
=23	Japan	**7.88**	8.75	8.21	6.11	7.50	8.82	**Flawed democracy**
=23	Cape Verde	**7.88**	9.17	7.86	6.67	6.88	9.12	**Flawed democracy**
=23	Costa Rica	**7.88**	9.58	7.14	6.67	6.88	9.12	**Flawed democracy**
=26	Chile	**7.84**	9.58	8.57	4.44	7.50	9.12	**Flawed democracy**
=26	Portugal	**7.84**	9.58	7.50	6.11	6.88	9.12	**Flawed democracy**
28	Botswana	**7.81**	9.17	7.14	6.11	7.50	9.12	**Flawed democracy**
29	France	**7.80**	9.58	7.50	7.78	5.63	8.53	**Flawed democracy**
=30	Estonia	**7.79**	9.58	7.86	6.11	6.88	8.53	**Flawed democracy**
=30	Israel	**7.79**	9.17	7.50	8.89	7.50	5.88	**Flawed democracy**
32	Belgium	**7.78**	9.58	8.93	5.00	6.88	8.53	**Flawed democracy**
33	Taiwan	**7.73**	9.58	8.21	6.11	5.63	9.12	**Flawed democracy**
34	Czech	**7.62**	9.58	6.43	6.67	6.88	8.53	**Flawed**

Democracy Index 2017								
Rank	**Country**	**Score**	**Electoral process and pluralism**	**Functioning of government**	**Political participation**	**Political culture**	**Civil liberties**	**Category**
	Republic							**democracy**
35	Cyprus	**7.59**	9.17	6.43	6.67	6.88	8.82	**Flawed democracy**
36	Slovenia	**7.50**	9.58	6.79	6.67	6.25	8.24	**Flawed democracy**
37	Lithuania	**7.41**	9.58	5.71	6.11	6.25	9.41	**Flawed democracy**
=38	Greece	**7.29**	9.58	5.36	6.11	6.88	8.53	**Flawed democracy**
=38	Jamaica	**7.29**	9.17	7.14	4.44	6.88	8.82	**Flawed democracy**
40	Latvia	**7.25**	9.58	5.71	5.56	6.88	8.53	**Flawed democracy**
41	South Africa	**7.24**	7.42	7.50	8.33	5.00	7.94	**Flawed democracy**
42	India	**7.23**	9.17	6.97	7.22	5.63	7.35	**Flawed democracy**
43	Timor-Leste	**7.19**	9.08	6.97	5.56	6.88	7.65	**Flawed democracy**
44	Slovakia	**7.16**	9.58	6.97	5.56	5.63	8.24	**Flawed democracy**
45	Panama	**7.08**	9.58	6.97	6.11	5.00	7.94	**Flawed democracy**

Democracy Index 2017								
Rank	**Country**	**Score**	**Electoral process and pluralism**	**Functioning of government**	**Political participation**	**Political culture**	**Civil liberties**	**Category**
46	Trinidad and Tobago	**7.04**	9.58	7.14	5.56	5.00	7.94	**Flawed democracy**
47	Bulgaria	**7.03**	9.17	6.43	7.22	4.38	7.94	**Flawed democracy**
48	Argentina	**6.96**	9.17	5.00	6.11	6.88	7.65	**Flawed democracy**
49	Brazil	**6.86**	9.58	5.36	6.11	3.75	8.24	**Flawed democracy**
50	Suriname	**6.76**	9.17	6.43	5.56	5.00	7.65	**Flawed democracy**
51	Philippines	**6.71**	9.17	5.71	7.22	4.38	7.06	**Flawed democracy**
52	Ghana	**6.69**	8.33	5.71	6.67	6.25	6.47	**Flawed democracy**
=53	Poland	**6.67**	9.17	6.07	6.11	4.38	7.65	**Flawed democracy**
=53	Colombia	**6.67**	9.17	6.79	4.44	4.38	7.94	**Flawed democracy**
55	Dominican Republic	**6.66**	9.17	5.36	6.11	6.25	7.06	**Flawed democracy**
=56	Lesotho	**6.64**	9.17	5.00	6.67	5.63	6.76	**Flawed democracy**
=56	Hungary	**6.64**	8.75	6.07	4.44	6.88	7.06	**Flawed democracy**

Democracy Index 2017								
Rank	**Country**	**Score**	**Electoral process and pluralism**	**Functioning of government**	**Political participation**	**Political culture**	**Civil liberties**	**Category**
58	Croatia	**6.63**	9.17	5.36	5.56	5.00	6.76	**Flawed democracy**
59	Malaysia	**6.54**	6.92	7.14	6.11	6.25	7.06	**Flawed democracy**
60	Mongolia	**6.50**	9.17	5.71	5.56	5.00	6.76	**Flawed democracy**
61	Peru	**6.49**	9.17	5.36	5.56	5.00	7.35	**Flawed democracy**
62	Sri Lanka	**6.48**	7.83	7.14	5.00	6.25	6.18	**Flawed democracy**
63	Guyana	**6.46**	8.75	5.71	6.11	4.38	7.35	**Flawed democracy**
64	Romania	**6.44**	9.17	5.71	5.00	4.38	7.94	**Flawed democracy**
65	El Salvador	**6.43**	9.17	5.36	4.44	5.00	7.06	**Flawed democracy**
=66	Serbia	**6.41**	8.25	5.36	6.67	5.00	7.35	**Flawed democracy**
=66	Mexico	**6.41**	7.83	6.43	7.22	4.38	6.18	**Flawed democracy**
68	Indonesia	**6.39**	6.92	7.14	6.67	5.63	5.59	**Flawed democracy**
=69	Tunisia	**6.32**	6.00	5.71	7.78	6.25	5.88	**Flawed democracy**

Democracy Index 2017								
Rank	**Country**	**Score**	**Electoral process and pluralism**	**Functioning of government**	**Political participation**	**Political culture**	**Civil liberties**	**Category**
=69	Singapore	**6.32**	4.33	7.86	6.11	6.25	7.06	**Flawed democracy**
=71	Hong Kong	**6.31**	3.92	6.07	5.56	7.50	8.53	**Flawed democracy**
=71	Namibia	**6.31**	5.67	5.36	6.67	5.63	8.24	**Flawed democracy**
=71	Paraguay	**6.31**	8.75	6.07	5.00	4.38	7.35	**Flawed democracy**
74	Senegal	**6.15**	7.50	6.07	4.44	6.25	6.47	**Flawed democracy**
75	Papua New Guinea	**6.03**	6.92	6.07	3.89	5.63	7.65	**Flawed democracy**
76	Ecuador	**6.02**	8.75	4.64	5.56	4.38	6.76	**Flawed democracy**
Rank	**Country**	**Score**	**Electoral process and pluralism**	**Functioning of government**	**Political participation**	**Political culture**	**Civil liberties**	**Category**
77	Albania	**5.98**	7.00	4.71	5.56	5.00	7.65	**Hybrid regime**
78	Moldova	**5.94**	7.50	4.64	6.11	4.38	7.06	**Hybrid regime**
79	Georgia	**5.93**	8.67	4.29	6.11	5.00	5.59	**Hybrid regime**
80	Guatemala	**5.86**	7.92	5.71	3.89	5.00	6.76	**Hybrid regime**

Democracy Index 2017								
Rank	**Country**	**Score**	**Electoral process and pluralism**	**Functioning of government**	**Political participation**	**Political culture**	**Civil liberties**	**Category**
81	Fiji	**5.85**	6.58	5.36	6.11	5.63	5.59	**Hybrid regime**
82	Honduras	**5.72**	8.25	5.36	4.44	4.38	6.18	**Hybrid regime**
=83	Ukraine	**5.69**	6.17	3.21	6.67	6.25	6.18	**Hybrid regime**
=83	Montenegro	**5.69**	6.08	5.36	5.56	4.38	7.06	**Hybrid regime**
85	Zambia	**5.68**	6.17	5.00	3.89	6.88	6.47	**Hybrid regime**
86	Mali	**5.64**	7.42	3.93	4.44	6.25	6.18	**Hybrid regime**
87	Benin	**5.61**	6.50	5.36	5.00	5.63	5.59	**Hybrid regime**
88	Macedonia	**5.57**	6.50	5.00	5.56	3.75	7.06	**Hybrid regime**
=89	Bolivia	**5.49**	7.00	4.64	5.00	3.75	7.06	**Hybrid regime**
=89	Malawi	**5.49**	6.58	4.29	4.44	6.25	5.88	**Hybrid regime**
91	Tanzania	**5.47**	7.00	5.00	5.00	5.63	4.71	**Hybrid regime**
92	Bangladesh	**5.43**	7.42	5.07	5.00	4.38	5.29	**Hybrid regime**
93	Liberia	**5.23**	7.42	2.57	5.56	5.00	5.59	**Hybrid regime**
94	Nepal	**5.18**	4.33	5.36	5.00	5.63	5.59	**Hybrid regime**

Democracy Index 2017								
Rank	**Country**	**Score**	**Electoral process and pluralism**	**Functioning of government**	**Political participation**	**Political culture**	**Civil liberties**	**Category**
=95	Kenya	**5.11**	3.50	5.36	6.67	5.63	4.41	**Hybrid regime**
=95	Kyrgyzstan	**5.11**	6.58	2.93	6.67	4.38	5.00	**Hybrid regime**
=95	Madagascar	**5.11**	6.08	3.57	5.56	5.63	4.71	**Hybrid regime**
98	Uganda	**5.09**	5.25	3.57	3.89	6.88	5.88	**Hybrid regime**
99	Bhutan	**5.08**	8.33	6.07	2.78	4.38	3.82	**Hybrid regime**
100	Turkey	**4.88**	5.33	6.07	5.00	5.63	2.35	**Hybrid regime**
=101	Morocco	**4.87**	5.25	4.64	4.44	5.63	4.41	**Hybrid regime**
=101	Bosnia and Herzegovina	**4.87**	6.50	2.93	5.00	3.75	6.18	**Hybrid regime**
103	Burkina Faso	**4.75**	4.42	4.29	4.44	5.63	5.00	**Hybrid regime**
104	Lebanon	**4.72**	3.50	2.57	7.22	5.63	4.71	**Hybrid regime**
=105	Sierra Leone	**4.66**	6.58	1.86	3.33	6.25	5.29	**Hybrid regime**
=105	Nicaragua	**4.66**	3.42	3.29	3.89	5.63	7.06	**Hybrid regime**
107	Thailand	**4.63**	3.00	4.29	5.00	5.00	5.88	**Hybrid regime**

Democracy Index 2017								
Rank	**Country**	**Score**	**Electoral process and pluralism**	**Functioning of government**	**Political participation**	**Political culture**	**Civil liberties**	**Category**
108	Palestine	**4.46**	3.83	2.50	7.78	4.38	3.82	**Hybrid regime**
109	Nigeria	**4.44**	6.08	4.64	3.33	3.75	4.41	**Hybrid regime**
110	Pakistan	**4.26**	6.50	5.36	2.22	2.50	4.71	**Hybrid regime**
111	Armenia	**4.11**	5.25	2.86	5.00	1.88	5.59	**Hybrid regime**
112	Iraq	**4.09**	4.33	0.07	7.22	5.00	3.82	**Hybrid regime**
113	Gambia	**4.06**	4.48	3.93	3.33	5.63	2.94	**Hybrid regime**
114	Haiti	**4.03**	5.17	2.21	2.22	4.38	6.18	**Hybrid regime**
115	Mozambique	**4.02**	4.42	2.14	5.00	5.00	3.53	**Hybrid regime**
Rank	**Country**	**Score**	**Electoral process and pluralism**	**Functioning of government**	**Political participation**	**Political culture**	**Civil liberties**	**Category**
116	Ivory Coast	**3.93**	4.42	2.14	3.33	5.63	4.12	**Authoritarian**
=117	Jordan	**3.87**	3.58	4.29	3.89	4.38	3.24	**Authoritarian**
=117	Venezuela	**3.87**	2.17	2.86	6.11	4.38	3.82	**Authoritarian**
119	Kuwait	**3.85**	3.17	4.29	3.89	4.38	3.53	**Authoritarian**

Democracy Index 2017								
Rank	**Country**	**Score**	**Electoral process and pluralism**	**Functioning of government**	**Political participation**	**Political culture**	**Civil liberties**	**Category**
120	Myanmar	**3.83**	3.67	3.93	3.89	5.63	2.06	**Authoritarian**
121	Mauritania	**3.82**	3.00	3.57	5.00	3.13	4.41	**Authoritarian**
122	Niger	**3.76**	5.25	1.14	3.33	4.38	4.71	**Authoritarian**
123	Comoros	**3.71**	4.33	2.21	4.44	3.75	3.82	**Authoritarian**
124	Cambodia	**3.63**	1.33	5.71	2.22	5.63	3.24	**Authoritarian**
125	Angola	**3.62**	1.75	2.86	5.56	5.00	2.94	**Authoritarian**
=126	Gabon	**3.61**	2.58	2.21	4.44	5.00	3.82	**Authoritarian**
=126	Cameroon	**3.61**	4.00	2.86	3.89	4.38	2.94	**Authoritarian**
128	Algeria	**3.56**	2.58	2.21	3.89	5.00	4.12	**Authoritarian**
129	Ethiopia	**3.42**	0.00	3.57	5.56	5.63	2.35	**Authoritarian**
130	Egypt	**3.36**	3.58	3.21	3.33	3.75	2.94	**Authoritarian**
131	Cuba	**3.31**	1.33	4.29	3.89	4.38	2.65	**Authoritarian**
132	Republic of the Congo	**3.25**	3.17	2.50	3.89	3.75	2.94	**Authoritarian**

Democracy Index 2017								
Rank	**Country**	**Score**	**Electoral process and pluralism**	**Functioning of government**	**Political participation**	**Political culture**	**Civil liberties**	**Category**
=133	Qatar	**3.19**	0.00	4.29	2.22	5.63	3.82	**Authoritarian**
=133	Rwanda	**3.19**	0.83	5.00	2.78	4.38	2.94	**Authoritarian**
135	Russia	**3.17**	2.17	1.79	5.00	2.50	4.41	**Authoritarian**
136	Zimbabwe	**3.16**	0.50	2.00	4.44	5.63	3.24	**Authoritarian**
137	Guinea	**3.14**	3.50	0.43	4.44	4.38	2.94	**Authoritarian**
138	Belarus	**3.13**	0.92	2.86	3.89	5.63	2.35	**Authoritarian**
139	China	**3.10**	0.00	5.00	2.78	6.25	1.47	**Authoritarian**
140	Vietnam	**3.08**	0.00	3.21	3.89	5.63	2.65	**Authoritarian**
141	Kazakhstan	**3.06**	0.50	2.14	4.44	4.38	3.82	**Authoritarian**
142	Togo	**3.05**	3.17	0.79	2.78	5.00	3.53	**Authoritarian**
143	Oman	**3.04**	0.00	3.93	2.78	4.38	4.12	**Authoritarian**
144	Swaziland	**3.03**	0.92	2.86	2.22	5.63	3.53	**Authoritarian**
145	Djibouti	**2.76**	0.42	1.79	3.33	5.63	2.65	**Authoritarian**
146	Bahrain	**2.71**	0.83	3.21	2.78	4.38	2.35	**Authoritarian**

Democracy Index 2017								
Rank	**Country**	**Score**	**Electoral process and pluralism**	**Functioning of government**	**Political participation**	**Political culture**	**Civil liberties**	**Category**
147	United Arab Emirates	**2.69**	0.00	3.57	2.22	5.00	2.65	**Authoritarian**
148	Azerbaijan	**2.65**	0.50	2.14	3.33	3.75	3.53	**Authoritarian**
149	Afghanistan	**2.55**	2.50	1.14	2.78	2.50	3.82	**Authoritarian**
150	Iran	**2.45**	0.00	3.21	4.44	3.13	1.47	**Authoritarian**
=151	Eritrea	**2.37**	0.00	2.14	1.67	6.88	1.18	**Authoritarian**
=151	Laos	**2.37**	0.83	2.86	1.67	5.00	1.47	**Authoritarian**
153	Burundi	**2.33**	0.00	0.43	3.89	5.00	2.35	**Authoritarian**
154	Libya	**2.32**	1.00	0.36	1.67	5.63	2.94	**Authoritarian**
155	Sudan	**2.15**	0.00	1.79	2.78	5.00	1.18	**Authoritarian**
156	Yemen	**2.07**	0.00	0.00	4.44	5.00	0.88	**Authoritarian**
157	Guinea-Bissau	**1.98**	1.67	0.00	2.78	3.13	2.35	**Authoritarian**
158	Uzbekistan	**1.95**	0.08	1.86	2.22	5.00	0.59	**Authoritarian**
=159	Saudi Arabia	**1.93**	0.00	2.86	2.22	3.13	1.47	**Authoritarian**

Democracy Index 2017								
Rank	**Country**	**Score**	**Electoral process and pluralism**	**Functioning of government**	**Political participation**	**Political culture**	**Civil liberties**	**Category**
=159	Tajikistan	**1.93**	0.08	0.79	1.67	6.25	0.88	**Authoritarian**
161	Equatorial Guinea	**1.81**	0.00	0.43	2.78	4.38	1.47	**Authoritarian**
162	Turkmenistan	**1.72**	0.00	0.79	2.22	5.00	0.59	**Authoritarian**
163	Democratic Republic of the Congo	**1.61**	0.50	0.71	2.22	3.75	0.88	**Authoritarian**
164	Central African Republic	**1.52**	2.25	0.00	1.11	1.88	2.35	**Authoritarian**
165	Chad	**1.50**	0.00	0.00	1.11	3.75	2.65	**Authoritarian**
166	Syria	**1.43**	0.00	0.00	2.78	4.38	0.00	**Authoritarian**
167	North Korea	**1.08**	0.00	2.50	1.67	1.25	0.00	**Authoritarian**

Source: Economist intelligence unit 2017