

IMPACT OF INSECURITY ON INVESTMENT IN NIGERIA

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Abstract

This paper examines the relevant issue of insecurity in Nigeria and its implication for socio-economic development, with the available data on the level and magnitude of insecurity in Nigeria exposes an increase over time, which constitutes serious threat to lives and properties, obstructs commercial activities and discourages local and foreign investors, all which suppresses Nigeria's socio-economic growth. This rising wave of insecurity has not subsided but has assumed an unsafe facet which is threatening the communal existence of the country as one geographical entity. In the light of the above, the paper recommends that government must be pre-emptive in dealing with security issues and threats, in view of managing security challenges. The real solution lies in government accelerating the pace of economic growth by creating an economy with a relevant social, economic and physical infrastructure to support business and industrial growth. This research paper carries out empirical research on the effect of insecurity and investment on the economy of Nigeria from 2007 to 2017, using three variables as input Nigeria Terrorism Index, Foreign Direct Investment [Inflow], Oil Prices. The study employed the use of correlation and regression techniques to analyse the collected data. Using Nigeria Terrorism Index as a proxy for insecurity and Foreign Direct Investment [Inflow] as a proxy for investment.

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1. Introduction

After the 70s in Nigeria, the security circumstance in Nigeria has been moderately steady. Individuals had tranquillity and could move openly initial from one part of the nation onto the next without badgering or attack. Live was accommodating. No issues among various ethnic gatherings living respectively. Everyone attempted to make a decent living. Lives and properties of individuals were secure, given the alarm of security operators like the police, the military, and diverse societal vigilante gatherings. Individuals dreaded to cause issues in light of the anger of the law. Security in the nation was exceedingly kept up. Be that as it may, the instance of difficulty was seen in Nigeria as far back as the year 2000 in some government's territories in the nation. However, the carelessness of this quick demonstration by the constituted expert at that point influenced it to spread to various parts of the country. Possibly the legislatures at that point were not able to understand its unfavourable impact over the long haul. As of late, their activities have constituted a great deal of danger to the whole populace and appear to have exacerbated with high-security investors in the nation. The inquiry is in the presence of this large pattern, what at that point is security in the country? Security as per (Nwagboso, 2012) is the demonstration of being sheltered from damage or peril, the safeguard, assurance, and protection of qualities, and the nonattendance of dangers to gained esteems. Security is about survival and the state of human presence.

Security likewise exists when individuals live respectively in a specific domain without unsettling influence or savage. In a similar vein, (Adejumo, 2011) states that security is the demonstration of keeping peace inside the overseeing regions. It is done by maintaining the national law and protecting the hidden security dangers in various territories of the nation. In like manner, (Adebakin, 2012) likewise saw security as the opportunity from peril or risks, and the capacity of a country to ensure and create itself, advance and treasure esteems and honest to goodness premiums and upgrade the prosperity of its kin. It can be kept up through an interior security framework. Usually, inner security framework in any general public is imperative since it is utilised to anticipate brutality and criminal exercises in various social orders. Inside security additionally guarantees opportunity of individuals from any unsettling criminal influences and guarantees the nonattendance of criminal inclinations which can undermine interior union and co-work presence of the country and its capacity to keep up its centre admirations and meet the honest to goodness yearning of the general population. (Dr. Idoko Cletus Usman, Dasuma Arida Mathew, September 2014). The straining condition of business alludes to uncertainty factors that influence the execution of a transaction yet finished which

the business endeavour has next to zero direct control. In Nigeria, the elements go from burglary to composed furnished theft, capturing and interest for delivery, death, repeated attack and barring of business establishments, social foul play, and joblessness, the absence of access to occupation assets, increasing average cost for essential items, and bombings, pipelines pulverisation. Every one of these factors of violations and social diseases has made the Nigerian security condition to be intricate.

Notwithstanding the standard wrongdoings, the organised assaults from the Boko Haram group in the northern part of the nation, other than making life hopeless for Nigerians, has influenced such vast numbers of organisations working in that district. The bomb blasts started by these individuals have been on the expansion prompting massive death toll and property and a general air of dread and social pressure in the nation. Measurements have likewise demonstrated that in the year 2012, there is a vast decrease in peace as Nigeria dropped four spots to 146th out of 158 countries in the 2012 Worldwide Peace Positioning. Nigeria viewed as the minimum serene nation in West Africa (GPI, 2012). West Africa is among the most unsecured area on the planet, and Nigeria is the most unsecured nation in the locale as it has reliably positioned high among the countries in West Africa. Despite the expectations, Ghana, a neighbouring country to Nigeria has reliably placed low and taken as the most peaceful nation in the locale. The ramifications of the Nigeria instability circumstance for organisations business exercises cannot be emphasised. We battle that when there is the broad weakness, it could influence business investment, the whole business association or a few parts of its operations which incorporate generation, promoting, finance and human asset.

The ramifications of the difficult circumstance in Nigeria for business exercises can be viewed from two broad points of view, the viewpoint of potential business investment and the point of view of existing business endeavour. Potential Business Venture Difficulty disheartens investment as it makes venture ugly to businesspeople. This is because it expands the cost of working together either through direct loss of merchandise and properties or the cost of playing it safe against business dangers and vulnerability. These expenses negatively affect business improvement and advance. The thick bolt interfacing the uncertainty condition and business venture implies that instability has been a significant bar to business investment. World Bet on venture atmosphere in nine African nations in which it discovered that 29% of business administrators in Africa and 36% in Nigeria saw instability as a noteworthy imperative on investment. This circumstance has the harming outcome of offering sign to the global group

that Nigeria isn't a sheltered and secure place, and in that capacity not reasonable for venture and business exercises.

Outside firms and business visionaries would decline to invest, and this is especially imperative in perspective of the endeavours being made to make the coveted environment to draw in foreign direct investment. Along these lines, it is a substantial disincentive to business venture as it drives off potential investors. This is on account of such conditions or economies are viewed as high hazard zones because of the abnormal state of vulnerability about the security of investment and lives of the chiefs and their staff. There has been a decrease in foreign direct investment in Nigeria. Foreign direct investment (FDI) usually is investment focused on building new industrial facilities or putting resources into real generation exercises which create employment. Outside financial investors in the Nigerian economy are moving far from beginning new organisations or creation plants and are purchasing up offers of cited institutions. Figures from the 2010 Central Bank of Nigeria (CBN) yearly report demonstrate a precarious 78.1 per cent decrease in outside direct investment while likewise showing a critical 87.2 per cent expansion in portfolio venture into the Nigerian economy to exploit the misery in the Nigeria securities exchange.

Safety is the act of seeing the survival of all sundry in the society. It is the search to prevent, reduce, or resolve conflict in any community. General peace and security in any community associated with lack of violence, an absence of civil disorder and insurgency, however, this study attempts to show the relationship and effects of insecurity on investment in Nigeria, some security challenges in Nigeria concerning growth.

2. Literature Review

The possibility of Insecurity is a crosscutting and multi-dimensional thought which has been subject to wrangle about. Insecurity is seen distinctively by various investors, and some link it with how it influences human lives and property. (UNITED NATIONS DEVELOPMENT PROGRAMME, 1994) Sees human security to incorporate constant dangers like appetite, sickness and constraint. The condition of dread or tension originating from an absolute or claimed absence of security or lacking opportunity from risk is viewed as insecurity (Beland, 2005). (Achumba, I.C, Ighomereho, I. and Akpor-Robaro, M.O., 2013) In another view, (Achumba, 2013) opined that insecurity is a condition of being liable to threat, presented to hazard or tension. A man or item is said to be secured when not being presented to any peril or

danger of real or bad animosity, misfortune, burglary or breakdown (Eme, O.I and Anyadike, N). There is no accord meaning of insecurity since it is regularly drawn closer from alternate points of view. Researchers have analysed diverse sources of Shortcoming. (William Bruce Cameron and Thomas C. McCormick, May 1954) Brought up a few wellsprings of vulnerability. They include enthusiasm reaction to sudden outer danger from inside; consistent undermining outward circumstance; the risk from the inside; threat to convictions particularly religion. (Achumba, I.C, Ighomereho, I. and Akpor-Robaro, M.O., 2013) Distinguished two noteworthy sources of different uncertainty components, prompt and proximate elements. The independent variables include the absence of institutional limit bringing about government disappointment; inescapable material disparities and injustice, ethno-religious clashes, the struggle of discernment between the society and government, feeble security framework, loss of socio-social and public esteem encouragement. Then again, prompt and proximate variables include porous borders, local and urban area, political recklessness of organisations, terror-mongering, joblessness and hardship.

2.1. The Concept of Foreign Direct Investment

Foreign direct investment (FDI) is portrayed as a unique occurrence in the current influx of globalisation (Baltagi, 2006). There is an immense pool of writing on foreign trade and investment dating as far back as the Smithian time (1776). While the trade monetary structure caused development in an economy, the Smithian financial framework was known for its recommendation of the facilitated commerce and open market framework (Adelopo I., Omoteso K. and Obalola M., 2010) The contentions for foreign investment likewise become to a great extent out of the conventional neoclassical furthermore, new development hypothesis examination of the determinants of economic development. For example, the neoclassical holds the perspectives that facilitated commerce and investment improves the aggregation of capital stock gave that sufficient thought is given to factor costs and innovation. Foreign direct investment (FDI) is observed as a remarkable and fundamental piece of an open and global financial framework and a noteworthy impetus for improvement (OECD, 2002). It alludes to investment made to obtain an enduring administration premium (for the most part no less than 10 % of voting stock) and procuring no less than 10% of value share in an endeavour working in a nation other than the nation of origin of the financial investors, it can appear as either "greenfield" investment (additionally called "mortar and block" investment) or merger and acquisition, contingent upon whether the investment includes chiefly recently made resources or only an exchange from nearby to foreign firms (Mwilima, 2003). It includes the assembly

of investment reserves from foreign financial investors into the host economy. It might bring about an exchange of proprietorship from household to foreign investors or as an extension of profitable limit and capital arrangement in a nation (Adelopo I., Omoteso K. and Obalola M., 2010). FDI is additionally an investment in genuine resources where genuine resources comprise of physical things such as manufacturing plants, land, capital products, enterprise and inventories (Adeleke, 2010) FDI is additionally observed as a motor of development as it gives the genuinely necessary funding to investment, expands competition in the host nation ventures, and helps neighbourhood firms to turn out to be more beneficial by receiving more product innovation or by putting resources into human as well as physical capital (Ajayi). The Organization for Economic Cooperation and Development (1983) characterizes Direct Investment undertaking as a consolidated or unincorporated venture in which a solitary foreign speculator either Controls 10 percent or a greater amount of the normal offers unless it can be built up this does not permit the financial investors a successful portrayal in the administration of the endeavour or controls under 10 percent (or more) of the customary offers or voting power of the endeavour yet has a successful depiction in the direction of the undertaking. FDI may likewise be viewed as an investment that acquires the enthusiasm for big business which works outside the residential region of the speculator (Kamaraj, 2008). It requires a business connection between a parent organisation and its foreign auxiliary. This foreign direct business relationship offers to ascend to multinational enterprises, and for an investment to be viewed as an FDI, the parent firm needs no less than 10 per cent of the normal offers of its foreign members. The contributing firm may likewise meet all requirements for an FDI on the off chance that it claims voting power in business ventures working in a foreign nation. FDI fills in as a methods for incorporating immature nations into the worldwide market furthermore, rising capital accessibility for investment (Dinda S. , 2006) FDI is additionally observed to be investment including a long haul relationship and mirroring an enduring interest and controlled by an occupant element in one economy (foreign direct investor or parent endeavour) in an undertaking occupant in an economy other than that of the foreign direct investors (FDI endeavour or offshoot venture or foreign participant). It infers that the financial investors apply a noteworthy level of impact on the administration of the undertaking occupant in the other economy. People may similarly attempt FDI and additionally business elements. (UNCTAD, 2008) It is for the most part surely understood that the unassuming levels of, and divergence in, the dissemination of FDI inflows, are because of elements, for example, an insufficient administrative system, a poor business condition and openings, frail FDI strategies and

impetuses, poor institutional systems, constrained market get to, horrible relative expenses and absence of political reliability (UNCTAD, Training Manual on Statistic for FDI and the Openness of TNCS, Vol. 1, 95., 2009). The Nigerian Government in perceiving the benefits of FDI embraced a few arrangements to draw in FDI into the Nigerian economy as of late. Especially, the legislature actualised the IMF customised progression of its economy, got foreign financial investors in the assembling sub-area and give motivating forces for value possession taking all things together enterprises with the exception of key industry like military hardware (Udoh E. and Egwaikhide F.O, 2008),

2.2. Empirical Review

A few studies have demonstrated that terrorism and insecurity thwart the development and improvement of a country. (Nwanegbo, C.J and Odigbo, 2013), Noticed that security profits the open door for the advancement of a country. (Ewetan, O. and Urhie, E, 2014) Noticed that insecurity obstructs business exercises and debilitates distant and close financial patrons. (Adegbami, 2013) In his investigation opined that insecurity is inconvenient to the general prosperity of the individuals, and prompts the obliteration of business, properties, and migration of projects. (Udeh, S.C and Ihezue, U.R, 2013) Likewise noticed that insecurity challenges in Nigeria's exertion towards national economic improvement and effects its vision 2020, and alarms the fascination of outside venture and their commitments to monetary improvement in Nigeria. (Gaibullov, K and Sandler, T., 2009) Noticed that terrorism (transnational fear based oppressor assaults) had a huge growth limiting impacts and that psychological militant episode per million people lessens GDP for each capita development by 1.5% in Asia. Then again, terrorism expands hazard and vulnerability that breaking points venture and impedes outside organise venture (Gaibullov, K and Sandler, T., 2009),(Abadie, A. and Gardeazabal, J, 2008). Terrorism influences businesses like aviation, tourism, industries and exports, which can decrease total national output and development (Sandler, T and Enders, W. , 2008), (Blomberg, S.B, Hess, G.D, Orphanides, A, 2004) completed an examination on 177 nations running from 1968 to 2000 (pooled cross segment information). The board measures demonstrated that insignificant terrorism effects per capita growth in income for all tests, and it decreases investment. (Tavares, 2004)Completed another investigation on the cost of terrorism, utilising some variables going from 1987 to 2001. The outcome demonstrated that terrorism had a huge negative effect on Gross domestic product and development. (Gupta, S. Clements, B. Bhattacharya, R. and Chakravarti, S., 2004) Considered the effect of outfitted clash and terrorism on macroeconomic factors, utilising a test size of 66 low and centre wage

nations. It was noticed that contention in a roundabout way lessens monetary development by expanding the security spending offer of government consumption. (Eckstein, Z. and Tsiddon, D., 2004) Researched the impact of terrorism on the large-scale economy of Israel, utilising quarterly information from 1980 through 2003. Applying vector auto regression (VAR), the outcome demonstrated that terrorism has a remarkable negative effect on per capita Gross domestic product, venture and fares. (Gaibulloev, K and Sandler, T., 2009) In their investigation, the effect of terrorism and impact on development in Asia (1070-2004) watched that national terrorist attacks had a noteworthy impact on restricting development. It decreases development by crowding in government expenditures. (Achumba, 2013; Achumba, I.C, Ighomereho, I. and Akpor-Robaro, M.O., 2013) In their investigation of insecurity in Nigeria and their suggestion for business investment and maintainable advancement showed that insecurity challenges in the nation are colossal and complex, which would keep on being a problem on development if the circumstance stays unabated. (Godly Otto and Wilfred I. Ukpere, 2012), did an investigation on national security and advancement in Nigeria. They watched that there is a positive connection between security and economic progress while insecurity is crippling to the monetary advancement of many less developed economies. (Sandler, T and Enders, W., 2008) Reasoned that given the low power of most terrorist, the financial outcomes of terrorism are for the most part exceptionally unobtrusive and brief. The financial impact of terrorism is expected to surface in particular segments that face an upgraded terrorism chance, for example, the vacationer business or FDI. These conclusions were drawn from their examination economic results of terrorism in developed and developing nations.

3. Research Methodology

3.1 Study Area: Nigeria



FIG 1. Map of Nigeria

3.2. Sources of Data

The study covered a period of 2007-2017 using secondary data from these sources, the data for this analysis was gotten from www.cbn.gov.ng, www.worldbank.org, www.knoema.com, www.tradingeconomics.com. We used a period of 10 years for the analysis because of the lack of availability of extended data for some variables used in the research.

3.3. Method of Data Analysis

Analyzing the effects of insecurity on investment on economic growth in Nigeria, the paper adopted the following procedures, using descriptive charts and graphs, correlation and regression methods using Excel 2013.

This paper focuses on the connection between Nigeria Terrorism Index (NTI), Foreign Direct Investment (FDI) and Oil Prices (OPS) on the growth of the economy (GDP) for ten years. The model for this analysis follows the condition indicated below:

$$\text{GDP} = \text{NTI} + \text{FDI} + \text{OPS} + \text{E}$$

Where,

GDP = Gross Domestic Product,

NTI = Nigeria Terrorism Index [Scale: 1-10],

FDI = Foreign Direct Investment [Inflow],

OPS = Oil Prices,

E = Error Terms.

Gross Domestic Product is the total value of goods produced and services provided in a country during one year.

Nigeria Terrorism Index measures the direct and indirect impact of terrorism, and its includes the effects on lives lost, injuries, property damage and the psychological after-effects. It is a composite score that ranking impact of terrorism from 0 (no impact) to 10 (highest impact).

Foreign Direct Investment net inflows are the value of an inward direct investment made by non-resident investors in the reporting economy.

Oil Price is referred to the spot price of one barrel of the benchmark crude oil.

Justification of the model:

NIT as an independent variable, is used as a criterion to measure the level at which terrorism exist in the country of Nigeria and it would affect the economic growth of the country, it has a strong significant correlation with GDP.

FDI as an independent variable is used to judge the level at with foreign investment made in the economy and how these investments made affect the economic growth of Nigeria.

OPS as an independent variable used in the model because Nigeria oil sale contributes mainly to government spends and is primarily one of the factors that attract investor into the country, it significantly has a good correlation with economic growth.

GDP as a dependent variable, used in the model as a mean for evaluating the general economic activity and performance that took place within the economy for the years of analysis.

TABLE 1: DATA

YEARS	NTI (NIGERIA TERRORISM INDEX)	FDI (INFLOW - BILLION [US DOLLAR])	OIL PRICES [US DOLLAR]	GDP (BILLION [US DOLLAR])
2007	5.7	6.04	69.04	262.22
2008	5.79	8.20	94.10	330.26
2009	6.44	8.56	60.86	297.46
2010	6.31	6.03	77.38	369.06
2011	6.95	8.84	107.46	414.10
2012	7.96	7.07	109.45	460.95
2013	8.2	5.57	105.87	514.97
2014	8.58	4.66	96.29	568.50
2015	9.21	3.13	49.49	493.84
2016	9.31	4.44	40.68	405.44
2017	9.01	3.81	51.64	394.82

SOURCE: World Bank, CBN, Knoema, trading economics.

3.4. Data Analysis

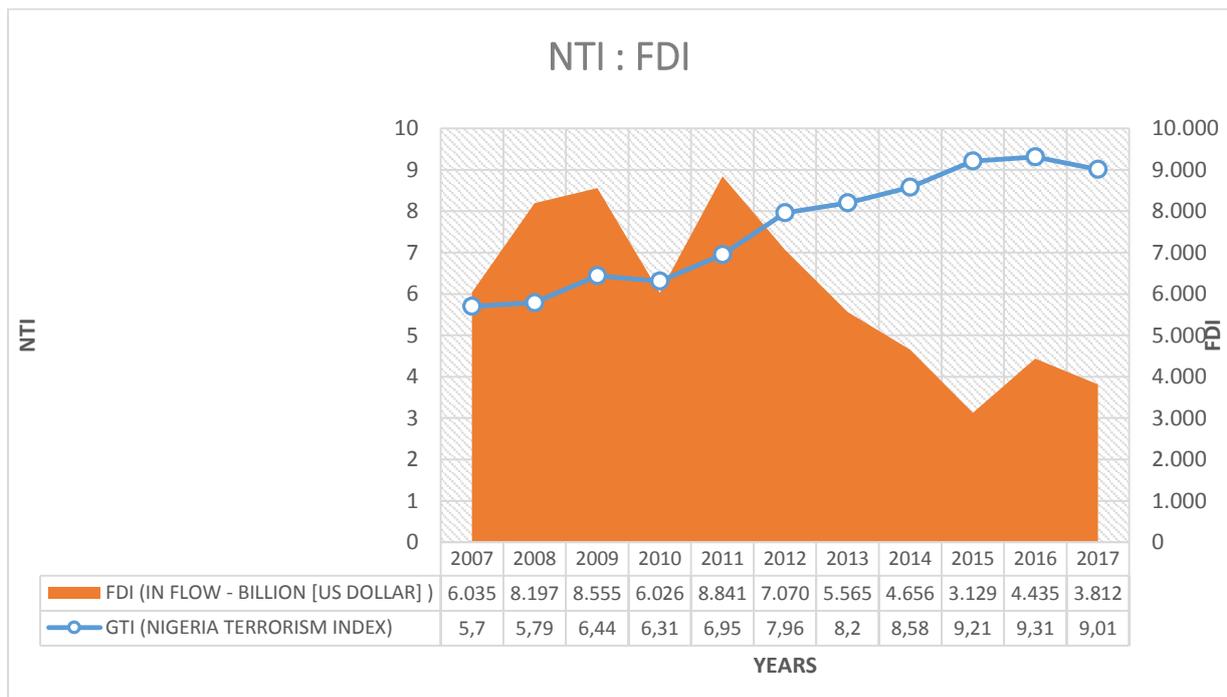
Correlation

TABLE 2: Correlation

	NTI (NIGERIA TERRORISM INDEX)	FDI (IN FLOW - BILLION [US DOLLAR])	OIL PRICES [US DOLLAR]	GDP (BILLION [US DOLLAR])
NTI (NIGERIA TERRORISM INDEX)	1			
FDI (INFLOW - BILLION [US DOLLAR])	-0.75567123	1		
OIL PRICES [US DOLLAR]	-0.314875526	0.542364287	1	
GDP (BILLION [US DOLLAR])	0.725818948	-0.469559657	0.321796589	1

NOTE* POSITIVE OR NEGATIVE VALUES GREATER THAN 0.24 ARE SIGNIFICANT IN RELATIONSHIP.

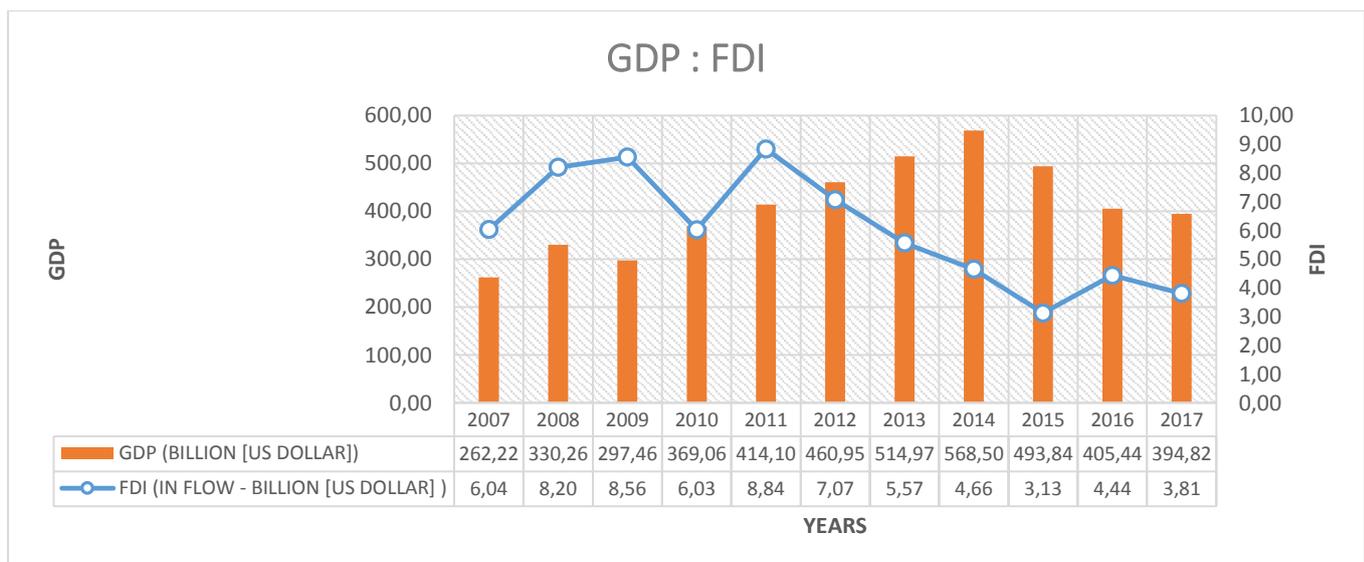
SOURCE: Author's Computation.



SOURCE; Author's Computation.

FIG 2. The relationship between NTI and FDI.

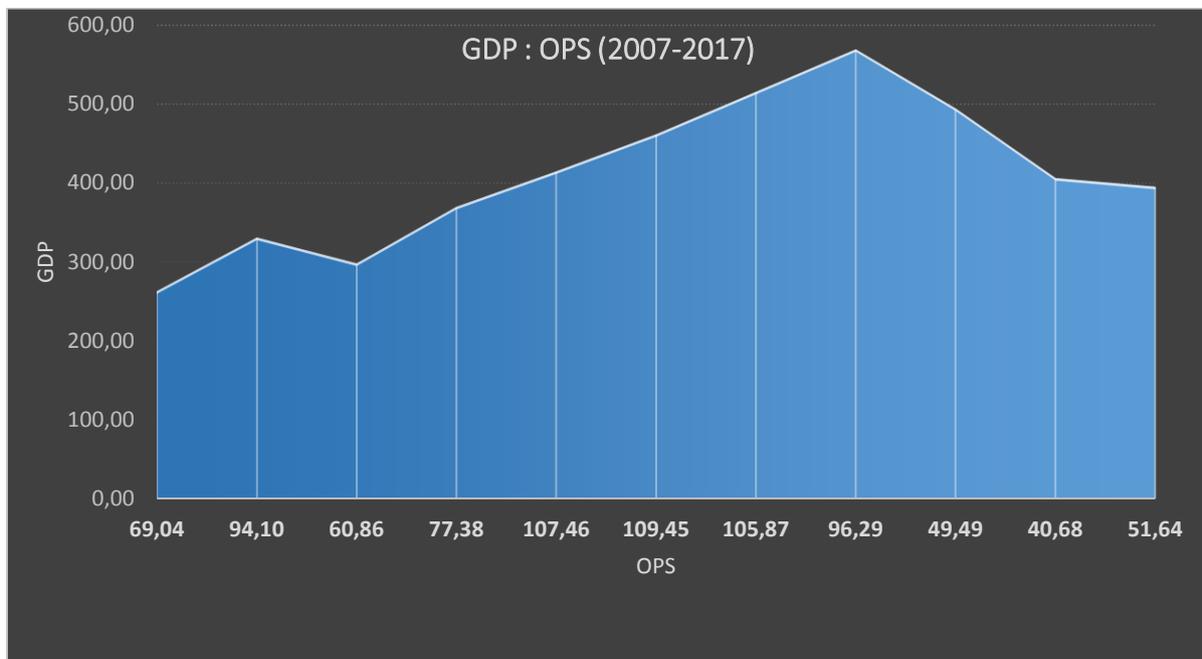
The relationship between Foreign Direct Investment and Nigeria Terrorism Index shows a negative value and is of significances, as Nigeria had an increase in security challenges for the past 10 years Foreign Direct Investment at its peak in 2011 had dropped significantly to a low level in 2015 while Nigeria Terrorism Index where at its highest levels of 9.21 in 2015 and 9.31 in 2016 from 2007.



SOURCE: Author's Computation.

FIG 3. The relationship between GDP and FDI.

The relationship between Gross Domestic Product and Foreign Direct Investment shows a negative value and is of significances, as Nigeria had steady growth in 2009 to 2014 to a decline 2015 to 2017, as Foreign Direct Investment decreased from 2011 to 2015, Nigeria still experienced growth to 2015.



SOURCE: Author's Computation.

FIG 4. The relationship between GDP and OPS

The relationship between Gross Domestic Product and Oil Prices shows a positive value and is of significance, as Nigeria had steady growth from 2007 to 2014 to a decline 2015 to 2017, the growth experienced is directly proportional to Oil Prices, as Oil Prices increased the economy performed better and as it decreased economic growth declined in the nation.

Regression

SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.947715746							
R Square	0.898165135							
Adjusted R Square	0.854521621							
Standard Error	35.89622228							
Observations	11							
ANOVA								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	3	79552.7562	26517.59	20.57957893	0.000752871			
Residual	7	9019.771416	1288.539					
Total	10	88572.52762						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	-65.85601745	140.1855882	-0.46978	0.652796837	-397.342259	265.6302	-397.342	265.6302
NTI (NIGERIA TERRORISM INDEX)	47.79760651	12.67526513	3.770935	0.006974396	17.82536718	77.76985	17.82537	77.76985
FDI (INFLOW - BILLION [US DOLLAR])	-15.84172191	10.19225063	-1.55429	0.164063081	-39.94256493	8.259121	-39.9426	8.259121
OIL PRICES [US DOLLAR]	2.664494226	0.53799978	4.952594	0.00165139	1.392326897	3.936662	1.392327	3.936662

SOURCE: Author's Computation.

Findings from the Result:

The regression analysis show that Multiple R = 0.94 which is above 0.5, indicating that the variables used in the regressed model are not having autocorrelation problem, R Square = 0.89, indicating that 89% of the output variable's variance is explained by the input variable's leaving 11% unexplained, the fit of the model is good. Significance F = 0.0007 which is less than 0.05, indicating that from p-value $\{(1 - 0.0007) * 100 = 99.93\}$, there is only .07% chance that the regression output was merely a chance in occurrence.

NTI (NIGERIA TERRORISM INDEX) p-value = 0.006974396 < 0.05 and a positive coefficient of 47.79, meaning it was of significant and had an impact on Gross Domestic Product (GDP).

H₀: Terrorism does not impact the growth of the Nigerian economy: Rejected.

H₁: Terrorism does impact the growth of the Nigerian economy: Accepted.

FDI (Foreign Direct Investment [Inflow]) p-value = 0.164063081 > 0.05 and a negative coefficient of -15.84, meaning it was not of significant and had no impact on Gross Domestic Product (GDP).

H₀: FDI does not impact the growth of the Nigerian economy: Accepted.

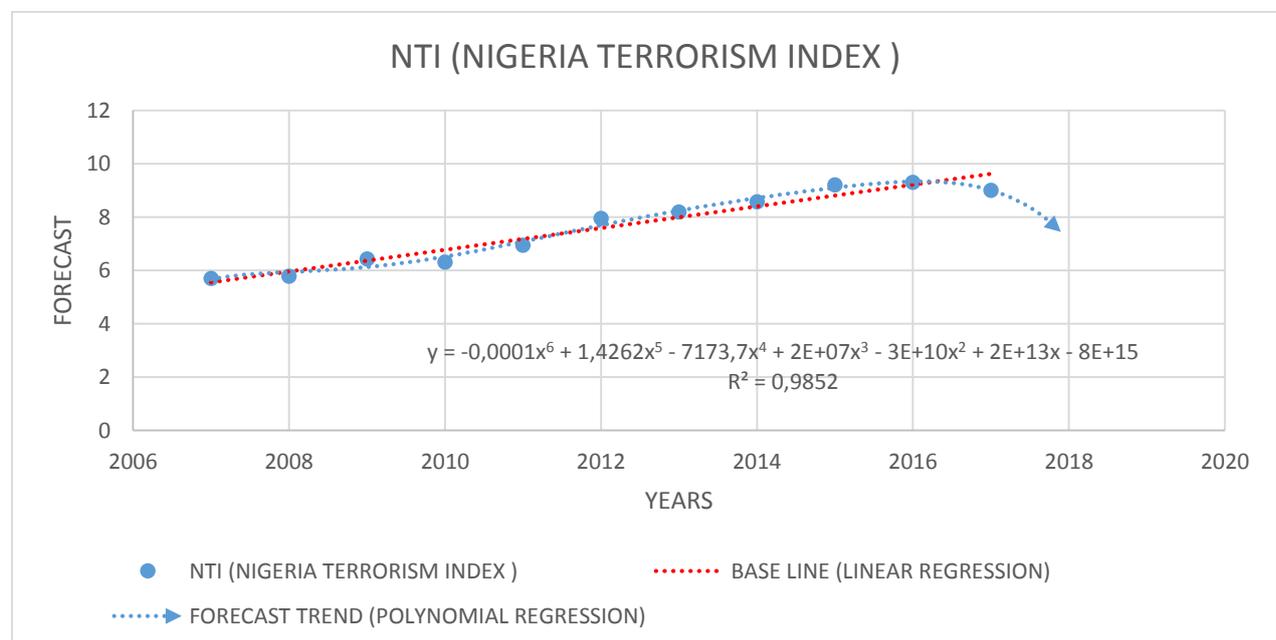
H₁: FDI does impact the growth of Nigerian economy: Rejected.

OPS (Oil Prices) p-value = 0.00165139 < 0.05 and a positive coefficient of 2.66, meaning it was of significant and had an impact on Gross Domestic Product (GDP).

H₀: Oil Prices does not impact the growth of Nigerian economy: Rejected.

H₁: Oil Prices does impact the growth of Nigerian economy: Accepted.

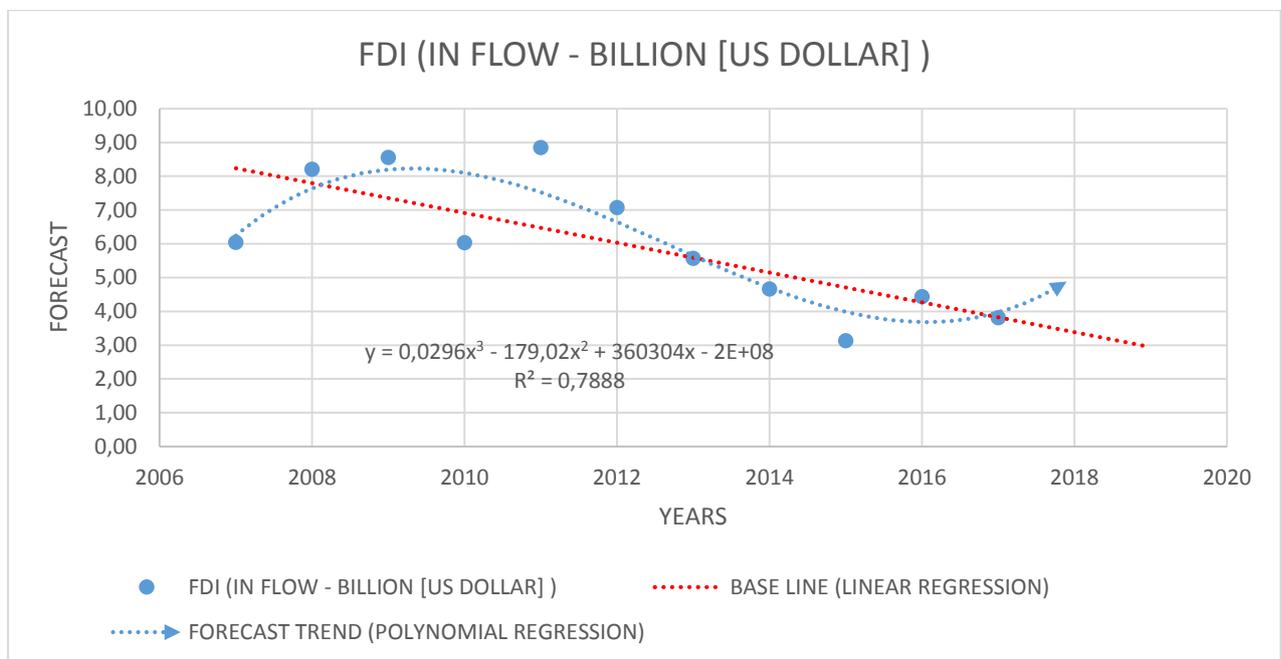
From our results in this analysis, we can see that NTI had an effect on GDP because economically S=I=Y which from our correlation NTI and FDI were negative in nature, and fluctuations in oil prices had effect on GDP, while that for FDI was weak, the t-stat show the effective strength of the variables, values from 2 and above are strong in nature, while values 1.5 to 2 are weak in nature in term of effectiveness.



SOURCE: Author's Computation.

FIG 5. Forecast for NTI

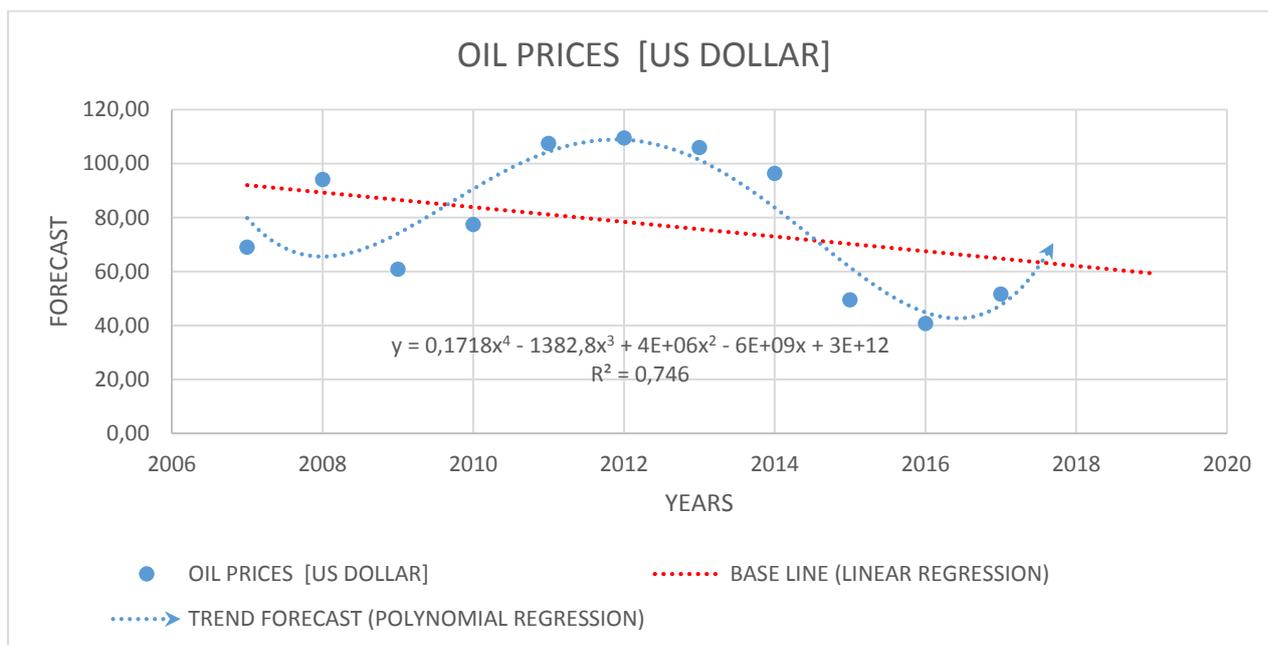
The expectation of NTI (Nigeria Terrorism Index) would be on the decrease since the government has been in a battle with its security challenges, and has been effective in dealing with some of its problems.



SOURCE: Author's Computation.

FIG 6. Forecast for FDI

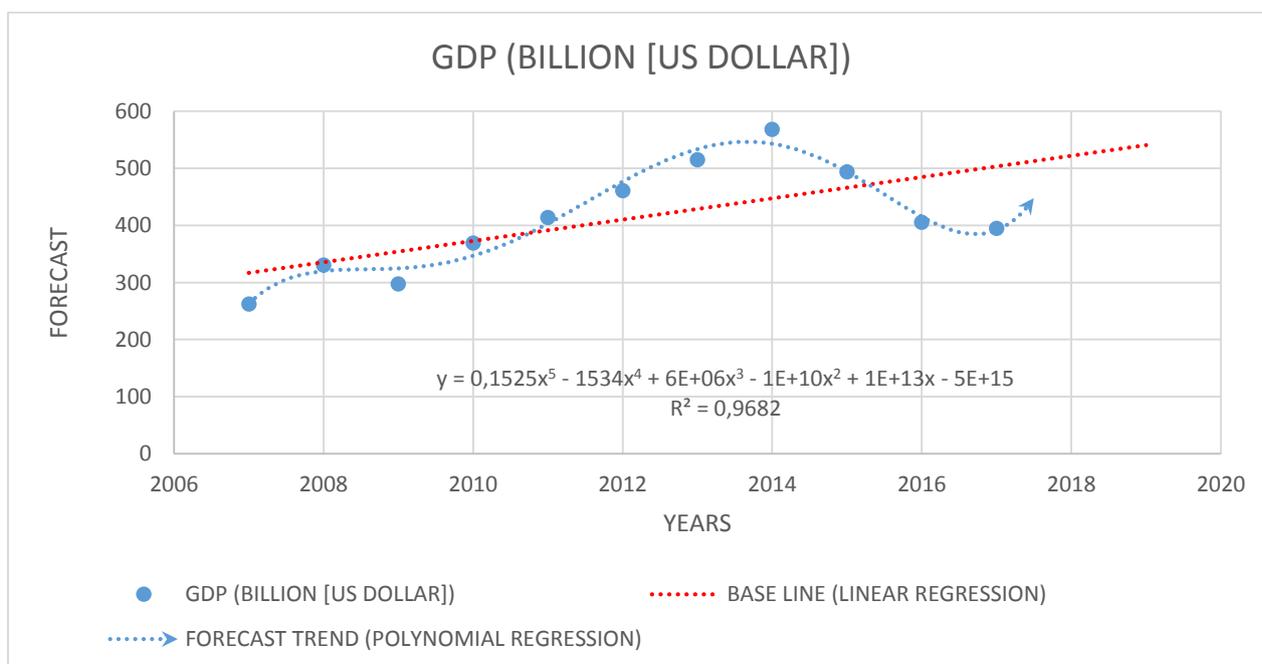
The expectation of FDI (Foreign Direct Investment) would be on the increase, oil prices are on the rise, and NTI is expected to be lower, which both have a significant relationship with FDI, if both have a positive outcome then FDI would be on the rise.



SOURCE: Author's Computation.

FIG 7. Forecast for OPS

The expectation of Oil Price would be on the positive since it has broken the resistance level of 60 dollars, and is indicating a stronger rise in levels having an upward momentum.



SOURCE: Author's Computation

FIG 8. Forecast for GDP

The expectation of GDP would be on the positive and on the increase, Nigeria would benefit from the rise in Oil Price and sale of oil, decrease in NTI would result in an increase of FDI, also better oil price would attract investments to the country and a positive increase in FDI would allow the economy to perform better.

5. Conclusion

Presently oil price level is high which would result to increase in revenue for the government, from our analysis of economic growth (GDP) we see that throughout the years of our analysis oil prices had very strong effect on economic growth with a t-value of 4.952594 and p-value of 0.00165139, which was significant for the economic growth we experienced in the country. Presently, the economy has been in a recession since 2015 due to a drop in oil price which is the main generator of government revenue. Nigeria, being one of the major players in the global market would draw oil investors to the country to take advantage of the opportunity which would result to an increase in Foreign Direct Investment inflow, thereby increasing its effect from the previous t-value -1.55420 and p-value 0.164063081. Currently, with the present increase in oil price, breaking the 60-dollar price level we expect an increase in revenue which would be accrued to the country. This funds should be managed and channelled to other productive sectors which would boost economic growth in times of low oil prices. Policies should be put in place to check corruption and mismanagement.

Furthermore, Nigeria's terrorism index show that terrorist activities have a significant effect on the growth of the economy with a t-value of 3.770935 and a p-value of 0.006974396. This can be resolved if Foreign Direct Investment inflow and oil revenue are channelled appropriately to relevant sectors which could absorb individuals engaged in this vices, thereby reducing the challenges of the nation.

Today in Africa, Nigeria has one of the largest Economy, but the growth of the economy has weakened as a result of low oil prices and exports. However, Nigeria has experienced a lot of insecurity issues throughout the following years which has made the government allocate a lot of resources to the security challenges it faces. A lot of these problems it faces is as a result of social security problems such as unemployment, poverty, porous borders, ethnic conflicts, terrorism.

High level of unemployment and poverty amongst the Nigerian citizens, has led to an increase in crimes. Unfortunately, the preceding administration has not been able to tackle the economic challenges and hence has caused a huge gap in the distribution of wealth and an increase in

insecurity amongst its citizens. Government alone cannot create all the jobs we need in the country but can develop necessary infrastructures such as access to good road networks, power generation and distribution outlets, which in turn would help individuals in generating employment.

Porous borders are one of the causes of increasing insecurity in the country because individual movements across these borders are not tracked, thereby allowing the smuggling of weapons across easily. Weapons coming into Nigeria from other countries have enabled the arming of criminals, militants and terrorist groups in the country. Having access to light weapons and small arms have allowed these entities to destabilise the security state of the nation. Our borders security can be tightened and strongly monitored to ensure that weapons and illegal products are not smuggled in, this would decrease the arming of these groups and their access to the needed firepower which they use to carry out their activities.

Ethnic conflicts have risen in level amongst ethnic groups in the country as a result of tribal trust within the nation, this is also a major source of insecurity within the country, the southern region clamouring for break out and northern herdsmen roaming increasing tension amongst other tribes etc. is putting stress on the nation's unity. The government can use all available means (the media, social networks) to promote the unity of the ethnic regions.

Corruption and Mismanagement, Officials of government put in place to manage resources and infrastructure with Democratic accountability is very shaky and has provoked the minds of the citizens, this manifestation is a result of the incapacity of the government in delivering good public services and providing good basic amenities for the citizens. The process of this failure of the provision of the basic needs of the people in the country has created a lot of frustrated individuals who can engage in violent activities. Nigeria as a Country is rich in resources that it can provide for the needs of its citizens. However, corruption has eaten all levels of the government allowing the office holders not to engage in the management and the provision of resources and infrastructure. When this arises unfairness and inequalities take place within the system. This is one of the major problems in Nigeria, and we mismanage almost everything at our disposal from public funds to national assets, which in turn has slowed down the growth and development of our nation. These can be addressed, and policies can be put in place to address these issues.

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