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FOREIGN DIRECT INVESTMENT AND ECONOMIC DEVELOPMENT IN NIGERIA: AN APPRAISAL

1 **Akintunde Bashir Busari (PhD)**
E-mail Address:bestmandee@gmail.com
Lead City University Ibadan

ABSTRACT

In recent times, globalization has improved economic relations among nations in their quest for development. Most of the economic relations which depend on domestic and foreign policies of nations are targeted towards wealth creation, to improve the quality of lives of their citizens. The focus of most nations is the provision of basic needs such as education, housing, and health care amongst others, through efficient utilization of available resources. However, in Nigeria and many other nations around the world, economic development connotes the progressive improvement to the socio-economic structure of a nation to encourage investment, innovation, and efficient production and distribution of goods and services. This paper adopted the qualitative research approach by Creswell 2019, gathering information from existing literature. The findings of the study reveal that the Economic Recovery and Growth Plan, the National Integrated Infrastructure Master Plan and Whistle-blower Policy present some prospects for FDI toward enhanced ED in Nigeria. The FGN could leverage these initiatives to enhance FDI inflow to Nigeria. Strategies such as economic restructuring, infrastructure development, political stability, and anti-corruption initiatives were proffered, leading to a 3-phase implementation plan for attracting FDI towards enhanced ED in Nigeria. In line with this, the study recommends among others that the government should restructure the economy and ensure infrastructure development.

Keywords- Foreign Direct Investment, Economic Development, Nigeria

INTRODUCTION

The advent of globalization has encouraged economic relations among nations in their quest for development. Such economic relations form key objectives of domestic and foreign policies of nations and are aimed at wealth creation to improve the quality of lives of their citizens. The focus of most nations is the provision of basic needs such as education, housing, and health care amongst others, through efficient utilization of available resources. The actualization of this objective is often hampered by limited resources, hence nations resort to cross-border economic initiatives such as Foreign Direct Investment (FDI), to enhance revenue generation.

Foreign direct investment refers to an investment aimed at fostering enduring interest in business concerns operating outside the investor's economy. It is an important means of accumulating capital, increasing domestic savings as well as facilitating technology transfer and job creation towards enhancing Economic Development (ED). Economic development connotes the progressive improvement to the socio-economic structure of a nation to encourage investment, innovation and efficient production and distribution of goods and services. Based on the foregoing, this paper seeks to achieve a viable socio-economic structure in a nation, and appraise the effects of FDI on ED in Nigeria to make recommendations.

2. CONCEPTUAL REVIEW

2.1 Foreign Direct Investment

Foreign direct investment is viewed from different perspectives by several organizations and scholars. Obadan asserts that FDI is the transfer of capital, in the form of portfolio and direct investments, mainly from developed countries to developing or under-developed ones, to boost savings and foreign exchange, thus enabling such countries to actualize their economic potential.[1] The assertion considers the transfer of resources only from developed to developing countries and excludes the 10 percent threshold of voting shares. The assertion is restrictive and therefore not adopted.

The International Monetary Fund (IMF) views FDI as a long-term investment made in a business enterprise of a country other than that of the investor, usually involving a 10 percent voting stock aimed at acquiring lasting interest and management control. Such investments provide employment, technology transfer, foreign exchange revenue, and the attainment of economic goals.[2] The IMF view captures key ingredients of FDI such as lasting interest, cross-border transaction, and management control through the 10 percent voting stock. It is comprehensive and therefore adopted for this paper.

2.2 Economic Development

There are several concepts of ED. Spero and Hart view ED as the process of raising the level of prosperity and standard of living of people in society through increased productivity and economic efficiency.[3] The view excludes policy thrust in the concept of ED. It is not suitable and therefore not adopted.

The International Economic and Development Council (IEDC) refer to ED as the development of an economic wealth of countries or regions for the well-being of their inhabitants. It involves improvement to indices such as literacy rate, life expectancy and poverty rate through policies to meet economic objectives, improve business climate as well as provide jobs and essential services for the people.[4]The view captures various indices of ED and the need for policy thrust. It is apt and therefore adopted for this paper.

2.3 Relationship between Foreign Direct Investment and Economic Development

An efficient global economic system encourages FDI which has the benefits of revenue generation, technology transfer, employment opportunities and improved production capacity towards enhancing the ED of a host nation. Also, ED seeks to cater for the well-being of a population through job creation, poverty alleviation and access to basic facilities, thus improving conditions for FDI. Hence, both FDI and ED aim to improve the well-being of society.

In this regard, an increase in FDI would increase revenue, employment opportunities and production capacity, thus enhancing ED. Conversely, a reduction in FDI would mean reduced revenue, employment opportunities, production capacity and increased poverty which impinge negatively on ED. Therefore, there is a direct relationship between FDI and ED. This relationship leads to an overview of FDI and ED in Nigeria.

2.4 Overview of Foreign Direct Investment and Economic Development in Nigeria

Several oil companies like Agip, Texaco and Mobil among others, have continued to exploit investment opportunities in Nigeria since the discovery of oil.[5] The post-civil war period witnessed increased FDI inflow in Nigeria, estimated at USD7.5 billion annually, which made her the wealthiest country in Africa.[6] The feat attracted more FDI thus enhancing ED in Nigeria. However, in 2007, global financial crises led to a decline in FDI to Africa, with the resultant decline in FDI inflow to Nigeria.[7] The FDI inflow in 2007 was estimated at USD6.1 billion.[8] The FDI downturn constrained ED.

In 2011, about USD8.9 billion in FDI accrued to Nigeria after which the country witnessed a steady decline in FDI till 2015.[9] The Nigerian economy is growing gradually out of recession with an urgent need to encourage FDI. Nigeria's economy is mostly oil-based, with petroleum and petroleum products accounting for about 95 per cent of its exports. The fall in global oil prices has adversely affected the country's revenue earnings, owing to over-dependence on oil revenue. The inflow of FDI is dependent on good infrastructure such as roads, ports, and railways as well as power generation and distribution. Nigeria's critical infrastructure is in a state of decay due to poor maintenance and the nation's declining financial capacity and requires urgent attention to attract FDI. There has been so much dependence of Chinese loans in recent times.

Since Nigeria's return to democracy, the political climate has been fairly stable. Agitations by various ethnic groups as well as insurgency and other security threats have constrained FDI inflow. Similarly, successive Nigerian governments made efforts to provide good governance that would impact positively on Nigerians. Nigeria's potential as a leading oil-producing nation had attracted significant revenue from FDI. However, the nation's wealth has not translated to meaningful ED, owing to corruption and economic mismanagement over the years. The overview has raised some issues involved in FDI for enhanced ED in Nigeria.

2.5 Issues Involved In Foreign Direct Investment and Economic Development in Nigeria

The issues involved in FDI and ED in Nigeria include economic structure, infrastructure, political situation and governance. These issues are examined next.

2.5 .1 Economic Structure

Economic structure connotes the changing balance of output, revenue, trade and employment accruing from different economic sectors. Nigeria is mostly dependent on oil for its revenue.

Nigeria attracted more FDI than other African countries between 2010-2013, receiving a total of USD21.3 billion[10].

The oil and gas sector accounts for about 35 per cent of Nigeria's Gross Domestic Product (GDP) and 70 per cent of the government's revenue. [11] It follows therefore that the country is vulnerable to economic fluctuations because of its oil-driven economy, owing to the effects of declining global oil prices.

Global oil prices declined significantly from USD115 per barrel to about USD33 per barrel between 2014-2016. [12] This adversely affected Nigeria's oil revenue which fell by USD10 billion in 2015, resulting in the Nigerian government's projection of low oil revenue of USD4 billion in 2016.[13] Currently, the challenge of oil theft and sabotage has further degraded Nigeria's oil production capacity. According to Alabi, the Nigerian economy plunged into recession, creating intense hardship and widespread poverty as a result of over-dependence on oil revenue. [14] It is instructive therefore to exploit opportunities in the other sectors of the economy to attract FDI for enhanced ED in Nigeria.

2.5 .2 Infrastructure

The state of infrastructure is a strong determinant of global FDI. According to Segun, investors usually aim to reduce transportation and other costs to get sufficient value for their investments.[15] To this end, governments make efforts to address critical infrastructure deficits such as power generation and distribution, road, rail, ports as well as telecommunications among others, to attract FDI. Kunle opined that investment in infrastructure facilitates revenue re-distribution towards enhancing the well-being of citizens.[16] In Nigeria, critical infrastructure is in a deplorable state due to poor maintenance and declining revenue.

According to the Global Competitiveness Report (GCR) 2016-2017, Nigeria is ranked 127 out of 138 countries while her infrastructure is ranked 132 out of 138 countries.[17] The report depicts the deplorable state of the road, rail, port, and power infrastructure among others. For instance, the quality of electricity supply which is critical to any investment drive is rated 137 out of 138 countries. This poor rating of Nigeria's infrastructure restricts FDI inflow. Infrastructure is thus critical to attracting FDI for enhanced ED in Nigeria.

According to Shettima, the Boko Haram insurgency in the North East and other parts of Nigeria has claimed about 100,000 lives, displaced about 2 million people and led to damages worth about USD9 billion.[18] Adamson also averred that attacks on oil facilities in 2016, by militants in the Niger Delta, resulted in the loss of about 40,000 barrels of crude oil per day and about USD4.8 billion.[19] This level of insecurity and losses discourage investors as evident in the low FDI inflow of USD3 billion in 2015. Therefore, political stability is expedient for improved FDI inflow towards enhanced ED in Nigeria.

2.5 .3 Governance

Governance refers to the management process of a government towards the judicious use of state resources for the well-being of citizens. Good governance is characterized by the rule of law, accountability, transparency, equity and responsiveness among others. Nigeria is ranked as Africa's largest oil producer and the sixth largest oil producer in the world, with a maximum production capacity of 2.5 million barrels per day and a 33 billion oil reserve.[20] However, the revenue accruing from this rich profile has not translated to sustainable ED due to years of economic mismanagement and corruption.

According to the GCR 2016-2017, Nigeria is ranked 126 out of 138 countries in terms of wastefulness in government spending, ranked 127 in the diversion of public funds and 131 out of 138 countries in the transparency of government policymaking.[21] Obasanjo averred that Nigeria had lost over USD400 billion to corruption since independence.[22] This view was corroborated by Kamson who also noted that mismanagement and lack of transparency in governance have seriously dented Nigeria's image, thus eroding investors' confidence.[23] Therefore, good governance is necessary to facilitate FDI for enhanced ED in Nigeria. The issues raised underscore the need to analyze the effects of FDI on ED in Nigeria.

2.6 Effects of Foreign Direct Investment on Economic Development in Nigeria

The effects of FDI on ED include revenue generation, job creation and technology transfer. These are highlighted next.

2.6 .1 Revenue Generation

Foreign direct investment has been a major source of revenue in Nigeria over the years. The World Investment Report 2016 puts the total FDI inflow to Nigeria at USD58.42 billion between 2007-2015 .[24] This huge FDI inflow distinguishes Nigeria as a leading economy and a major FDI hub in Africa, with great potential for increased FDI as critical determinants are addressed. The oil sector, among other sectors, contributes significant revenue to the Nigerian economy, accounting for about 35 per cent of its GDP. According to the Nigerian Communications Commission (NCC) Report 2016, the telecommunications sector contributed 8.83 per cent to the nation's GDP in the First Quarter of 2016.

In 2011, the FDI inflow to Nigeria was at its peak, at about USD8.91 billion.[25] This signified a favourable investment environment, though declining global oil prices reversed the trend. According to Inusa, the Nigerian economy is getting stronger from recession due to current economic policies.[26] The Central Intelligence Agency (CIA) Report 2017 predicts a positive outlook for the economy in terms of FDI inflow as global oil prices stabilise.[27] This would translate to increased revenue from FDI. Thus, revenue generation arising from FDI has a positive effect on ED in Nigeria.

2.6 .2 Job Creation

Job creation is a major focus of global FDI. Nigeria, being a leading recipient of FDI in Africa also benefits from the attendant job creation, mostly in the oil and telecommunications sectors. According to Simbi, the oil industry accounts for over 65,000 direct jobs in Nigeria.[28] He further averred that the establishment of the Nigerian Oil and Gas Industry Content Development (NOGICD) Act of 2010 has facilitated the creation of over 35,000 jobs in Nigeria, with over 7000 enrolled in the NOGIC Joint Qualification System, leading to employment.[29] The initiative provides job opportunities for indigenous firms towards improving the lives of Nigerians.

In the telecommunications sector, Nneka hinted that over 3 million direct and indirect jobs related to telecommunications services have been created since its liberalization in 2001.[30] These are mostly skilled labour and self-reliant businesses. However, despite the jobs created, unemployment remains high in Nigeria. According to the National Bureau of Statistics, the unemployment rate increased from 10.4 percent in 2015 to 12.1 percent in 2016.31 This high unemployment rate suggests the need for more FDI inflow to Nigeria, to facilitate more job creation. Therefore, job creation is a positive effect of FDI towards enhanced ED in Nigeria.

2.6 .3 Technology Transfer

The inefficient operations of the Nigerian Telecommunications Limited (NITEL) led to the liberalization of the telecommunications sector in 2001. The initiative gave opportunities to foreign investors to invest in the sector. The FDI inflow to Nigeria in the telecommunications sector has engendered the transfer of technology and research projects among other benefits. For instance, the total number of Global System for Mobile communication (GSM) subscribers in Nigeria as of November 2022 is about 218.6 million.[32] The operations of the various GSM networks have improved communication capacity in Nigeria.

The GSM operators such as MTN, Globacom, Airtel, and Etisalat have undergone technological evolution since the commencement of their operations in Nigeria. According to Deola, in 2003, Globacom commenced operation on a 2.5G network and improved progressively to 3G and 4G, with several value-added services such as Globacom Fleet Manager, a vehicle tracking device, Mobile Office, Mobile Internet and Multi-media messages. Other GSM networks later joined in the transfer of similar technology to Nigeria. Similarly, in 2006, Globacom introduced the BlackBerry handset, which has been an efficient business tool for most Nigerians.[33] These GSM technologies have enhanced access to remote areas, resource management and networking with the developed world. Therefore, technology transfer through FDI has positive effects on ED in Nigeria. The effects analyzed lead to the challenges militating against FDI for enhanced ED in Nigeria.

2.7 Challenges Militating Against Foreign Direct Investment for Enhanced Economic

Development in Nigeria

The challenges militating against FDI for enhanced ED in Nigeria include over-dependence on oil revenue, poor infrastructure, insecurity and corruption. These challenges are analyzed below.

2.7.1. Over-Dependence on Oil Revenue

Nigeria's abundant oil reserves and its lofty position in oil production make oil an important determinant of revenue generation. Nigeria's economy is widely referred to as oil-based because of the huge amount of revenue accruing from oil. Adamson corroborated the fact that revenue from oil is estimated to account for about 70 per cent of government funds.[34] The FDI from oil increased steadily between 2007-2009, from USD6.1 billion to USD8.65 billion due to favourable global prices.[35] However, despite this oil advantage, the 'Dutch disease' effect of mineral deposits seems to have plagued Nigeria. This is evident in widespread poverty and susceptibility to the volatility of global oil prices and politics due to the neglect of other key sectors of the economy.

According to Otoyo, the volatility of global oil prices makes economic planning difficult and restricts investments, leading to stunted ED in many oil-producing nations.[36] The fluctuation of global oil prices between 2007-2016 shows its varying effects on FDI. The trend reflected a sharp drop in oil prices in 2008 and 2014. Following the drop in prices, the Nigerian economy was plunged into a recession, leading to the fall of the Naira and the level of FDI. In 2016, FDI declined significantly and total capital inflows reduced by 75.7 per cent. The economy also contracted by 2.06 per cent while inflation reached 17.1 per cent, the highest over a decade.[37] It is imperative to depend less on oil revenue given the economic downturn. It is important to restructure the economy. Therefore, over-dependence on oil revenue impedes FDI, with negative consequences for ED in Nigeria.

2.7.2 Poor Infrastructure

Nigeria has a fairly extensive network of roads, rails and ports as well as power infrastructure amongst others. It is widely acclaimed that Nigeria's infrastructure is in a poor state compared to global standards, owing to inefficient maintenance over the years and the declining government's financial capacity. This is a direct consequence of infrastructure challenge in Africa. For instance, a Pan-African investment research firm, Hawilti, disclosed that Africa is the most energy-poor continent in the world, despite its holding of more than 8 per cent of the world's proven natural gas reserves. The report concluded that Africa has the lowest energy consumption per capita in the world, specifically indicated by the average electricity use of a resident in sub-Saharan Africa being less than that of a household fridge in the United States. According to the World Bank Report 2017, it is estimated that about USD14.2 billion is required per year to fix Nigeria's poor infrastructure.[38] The report acknowledged the ongoing efforts of the government to address the poor state of infrastructure but asserts that the task is enormous, considering the current state of the Nigerian economy, which is just recovering from a recession. Martins asserted that power, road, rail, and ports are critical infrastructures that determine FDI inflows globally.[39] Accordingly, attracting more FDI depends on the level of improvement to existing infrastructure.

According to the CIA Report 2017, Nigeria has a road network of about 193,200 kilometers, out of which only 28,980 kilometers are paved while her airports are ranked 88 out of 118 in the world. Similarly, out of 3,798 kilometers of railroads, only 293 kilometers have standard gauges.[40] Additionally, in January 2017, the average power generation in Nigeria was 3,687 Megawatts, though a peak value of 5,846 Megawatts was attained in the First Quarter of the year.[41] Salihu averred that this figure falls short of the 10,000 Megawatts current energy needs.[42] This poor state of overall infrastructure discourages foreign investors. It is expedient to embark on infrastructure development. Therefore, poor infrastructure impedes FDI inflow, thus restricting ED in Nigeria.

2.7.3 Insecurity

The global community is currently experiencing widespread terrorist attacks and violence. The trend has spurred several nations to step up security measures to protect lives and property. Nigeria is not exempted from this surge in national security threats. The country is currently contending with terrorism which has devastated the North East in terms of human and material losses. Other crimes which have compounded the security situation in Nigeria include kidnapping, political assassinations, ethnic and religious clashes, armed robbery as well as militancy amongst others. Ishaku hinted that over 2000 kidnap cases were recorded by the Nigeria Police between 2007-2015.[43] The vicious nature of these crimes has negative consequences for the image of the country.

According to the World Economic Forum compiled Global Competitiveness Report(GCR) 2016-2017, Nigeria ranked 110 out of 138 countries in terms of the business costs of crimes and violence, and 132 out of 138 countries in terms of the business costs of terrorism.[44] These low ratings classify Nigeria as an insecure nation with a relatively high cost of doing business, with resultant negative effects on investors' confidence. It is necessary to ensure political stability. Therefore, insecurity is a hindrance to FDI, with adverse effects on ED in Nigeria.

2.7.4 Corruption

Corruption refers to dishonest or unethical conduct by a person in a position of authority. Since the advent of modern public administration in Nigeria, there have been numerous cases of unethical behaviour concerning the utilization of public funds and resources. According to Sule, about USD15 billion was corruptly diverted in the arms deal currently under probe.[45] Also, about USD6.8 billion was diverted between 2010-2014, in the oil subsidy scandal.[46] Corruption has become endemic in Nigeria, denying millions of people who live in abject poverty, the benefits of its oil wealth.

Nigeria is rated as one of the most corrupt countries in the world. According to Transparency International, Corruption Perceptions Index 2016, Nigeria is ranked 136 out of 176 countries. Global FDI thrives in developed countries with less corruption and where rule of law is strictly observed. To this end, the fight against corruption by the Nigerian government is widely applauded as a necessary measure for increased FDI, especially with the recovery of over USD60 billion in the First Quarter of 2017.[47] It is imperative to intensify the anti-corruption drive. Therefore, corruption is a hindrance to FDI, thus impinging negatively on ED in Nigeria. Despite these challenges, there are prospects for FDI towards enhanced ED in Nigeria.

2.8 Prospects for Improving Foreign Direct Investment towards Enhanced Economic Development in Nigeria

The prospects for improving FDI towards enhanced ED in Nigeria include the Economic Recovery and Growth Plan (ERGP), National Integrated Infrastructure Master Plan (NIIMP) and the Whistle-blower Policy. These are discussed below;

2.8.1 Economic Recovery and Growth Plan

The ERGP is a medium-term plan for 2017-2020, launched by the Nigerian government in April 2017. According to Dauda, it is aimed at achieving sustainable economic growth, human capital development, and a globally competitive economy.[48] It addresses the current economic crises in Nigeria. The ERGP focuses on improving public and private sector efficiency, monetary stability and external balance of trade to attract FDI. It also seeks to create jobs and ensure the maximum welfare of citizens as well as reduce regional inequalities in the country. Equally, the ERGP targets economic diversification, especially agricultural transformation, to achieve food security and attract FDI. Therefore, the ERGP, if well implemented, is a prospect for attracting FDI towards enhanced ED in Nigeria.

2.8.2 National Integrated Infrastructure Master Plan

The NIIMP is a long-term plan for building world-class infrastructure that would enhance ED in Nigeria. The objective of the plan is to bridge the infrastructure deficit in Nigeria, through opportunities in the global and domestic economies, to improve the lives of the citizenry. The NIIMP, which was launched in 2014 and inherited by the present government, projected about USD2 trillion for infrastructure development over 30 years and an annual expenditure of USD33 billion from 2014-2019.[49] The NIIMP, if well implemented, would address the poor state of infrastructure in Nigeria, thus a prospect for attracting FDI towards enhanced ED.

2.8.3 Whistle-Blower Policy

The Whistle-blower Policy was an initiative of the Federal Ministry of Finance, as part of efforts to combat corruption in Nigeria. The policy was introduced in 2016, to enable individuals to participate in the fight against corruption, by providing credible information on corrupt practices, through a secure online portal.[50] The information to be provided include mismanagement of public funds, violation of financial regulations and procurement procedures, bribery, fraud and theft of public assets amongst others.

The policy stipulates a reward of 2.5-5 per cent of any recovered loot. According to Arowolo, about USD180 million has been recovered from various corrupt persons through the Whistle-blower Policy.[51] The policy, if sustained, would help to reduce corrupt practices, thus a prospect for attracting FDI towards enhanced ED in Nigeria. The prospects underscore the need to examine strategies to mitigate the challenges of FDI towards enhanced ED in Nigeria.

2.8.4 Strategies to Mitigate the Challenges Militating Against Foreign Direct Investment for Enhanced Economic Development in Nigeria

2.9 The strategies to mitigate the challenges of FDI for enhanced ED in Nigeria include economic restructuring, infrastructure development, political stability and anti-corruption initiatives. These strategies are highlighted.

2.9.1 Economic Restructuring

The objective of restructuring the economy is to exploit opportunities in the other key sectors, for increased FDI. The Federal Government of Nigeria (FGN) could diversify to agriculture, manufacturing, skilled services and tourism to reduce dependence on oil and gas revenues. The FGN could intensify national orientation, through the National Orientation Agency (NOA), to sensitize Nigerians on the relevance of agriculture. Loan facilities could be given to interested individuals to encourage farming and states could be encouraged to intensify agricultural programmes. The FGN could also promote local industries through import restrictions and through the Central Bank and Finance Ministry, to ensure monetary stability. Economic restructuring could be achieved in the medium term by the Fourth Quarter of 2026.

2.9.2 Development of Infrastructure

The objective of developing infrastructure is to attain the world-class standards necessary for attracting FDI. The FGN could increase capital expenditure towards developing critical infrastructure in conjunction with Ministries, Departments and Agencies (MDAs). State governments could be encouraged to do the same by setting appropriate capital budget priorities. The FGN could intensify its critical infrastructure privatization, to increase private sector participation. It could exploit opportunities in the use of renewable energy sources to boost the power supply. The development of infrastructure could be achieved in the long term by the Fourth Quarter of 2030.

2.9.3 Political Stability

Political stability aims to douse political tension and improve national security. The FGN could intensify dialogue with the various interest groups to address ethnic grievances. It could embark on vigorous national orientation through the NOA, to sensitize the citizenry. The FGN could also encourage intense community policing in conjunction with the Nigeria Police and Para-military outfits. The use of technology for border protection could be exploited to address arms proliferation and other cross-border crimes. The FGN could intensify collective efforts with neighbouring countries against insurgency and terrorism. Political stability could be achieved by the Fourth Quarter of 2025.

2.9.4 Anti-Corruption Initiatives

The objective of anti-corruption initiatives is to reduce corrupt practices. The FGN in conjunction with the Federal Ministry of Justice, National Assembly and anti-corruption agencies could initiate stricter legislation against corruption, including denial of bail and long jail terms. The FGN could sign extradition treaties with allies, to facilitate the extradition of fugitives. Additionally, the FGN could ensure strict enforcement of due process in the management of public funds and assets. The emplacement of anti-corruption initiatives could be achieved by the Fourth Quarter of 2024.

2.9.5 Implementation Plan

The proffered strategies would be implemented in 3 phases. Phase 1, which is short-term (0-12 months), would involve working out modalities by committees and stakeholders. Phase 2 is medium-term (12-36 months) and involves the implementation of set policies and other modalities. Phase 3 is long-term (36 months and over) and involves monitoring and evaluation of policies and other set modalities. This is to ascertain progress and degree of compliance with set objectives.

2.10 Conclusion

The paper appraised the effects of FDI on ED in Nigeria. The economic structure of Nigeria, state of infrastructure, political situation and governance were considered critical to FDI inflow for enhanced ED. Equally, revenue generation, job creation and technology transfer were identified as positive effects of FDI on ED in Nigeria. Despite these effects, over-dependence on oil, poor infrastructure, insecurity and corruption were considered impediments to FDI inflow, with negative consequences for ED in Nigeria.

The paper noted that the ERGP, NIIMP and Whistle-blower Policy present some prospects for FDI towards enhanced ED in Nigeria. The FGN could leverage these initiatives to enhance FDI inflow to Nigeria. Strategies such as economic restructuring, infrastructure development, political stability and anti-corruption initiatives were proffered, leading to a 3-phase implementation plan for attracting FDI towards enhanced ED in Nigeria.

2.11 Recommendations

In line with the conclusion, the study recommended that the FGN should:

a. Restructure the economy

b. Ensure infrastructure development.

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c. Ensure political stability.

d. Intensify anti-corruption drive.

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