THE IMPACT OF FOREIGN DIRECT INVESTMENT (FDI) ON NIGERIA'S ECONOMIC DEVELOPMENT (2015-2025)

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A RESEARCH PROJECT PRESENTED TO THE DEPARTMENT OF POLITICAL SCIENCE AND INTERNATIONAL RELATION, FACULTY OF MANAGEMENT AND SOCIAL SCIENCES, GODFREY OKOYE UNIVERSITY, ENUGU,

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SUPERVISOR: REV. FR. OGBUKA

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DECLARATION

I hereby declare the project entitled "**The Impact of Foreign Direct Investment (FDI) On Nigeria's Economic Development (2015-2025)**" submitted by me to Godfrey Okoye University, Enugu state in partial fulfilment of the requirements for the award of the degree Bachelor Of Science (B.Sc) in international relations is a record of bonafied project work carried out under the guidance and supervision of Rev. Fr. Ogbuka

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APPROVAL

This project has been examined and approved by the Department of International Relations, Godfrey Okoye University for the award of Bachelor of Science (B. Sc.) in International Relations.

Rev. Fr. Ogbuka Supervisor	**Date**
Prof. Sam Ugwuozor Head of Department	**Date**
Prof John Odoh Dean, Faculty of Management and Social Sciences	**Date**
External Examiner	**Date**

DEDICATION

This research work is dedicated to the Almighty God for his mercy and strength comes from. With a grateful heart I say Thank You Lord.

ACKNOWLEDGMENTS

I give all glory and gratitude to God Almighty for His grace, strength, and faithfulness throughout my academic journey. Without Him, this achievement would not have been possible.

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ABSTRACT

This study examines the impact of Foreign Direct Investment (FDI) on Nigeria's economic development between 2015 and 2025, guided by two research questions: the trend of FDI inflows into Nigeria, and the major challenges limiting FDI's contribution to the country's economic development. Anchored on Modernisation Theory, the study adopts an ex-post facto research design, relying on secondary annual time-series data (2015-2025) drawn from the Central Bank of Nigeria, the National Bureau of Statistics, the Nigerian Investment Promotion Commission, UNCTAD, and the World Bank. Data were analysed using descriptive statistics and Ordinary Least Squares (OLS) regression. Findings show that FDI inflows into Nigeria were highly volatile rather than steadily rising over the period, falling sharply through the mid-2010s, turning negative in 2022 amid major multinational divestments, and rebounding sharply in 2025 on the strength of a small number of large oil-and-gas and cement-sector transactions. The regression of GDP per capita on FDI produced a negative, statistically insignificant coefficient, so the null hypothesis that FDI has no significant effect on GDP per capita could not be rejected, a result attributed largely to confounding exchange-rate shocks. The study also identifies exchange-rate instability, infrastructural deficits, insecurity, policy inconsistency, and a difficult regulatory environment as the major challenges limiting FDI's developmental contribution, alongside persistent sectoral concentration in oil and gas. The study recommends: (1) stabilising and diversifying the trend of FDI inflows through macroeconomic stability and sector-specific incentives for non-oil sectors; and (2) addressing the structural challenges limiting FDI's developmental contribution through power sector reform, improved security, and greater policy consistency.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Foreign Direct Investment (FDI) is one of the most important sources of economic growth and development in the present world economy. An investment by a foreign person, a multinational corporation or a business that makes with the aim of acquiring a significant interest and exerting a decisive influence on the management of the company in which it is made in the productive sectors of another country, where the investment is considered to have a long-term perspective. FDI differs from portfolio investment, where the main motivation is generally short-term financial gain, with the investments in capital, technology, management know-how, entrepreneurial ability, and production processes held the promise of sparking economic change in the host country. For this reason, many developing countries see FDI as a necessary instrument to attain sustainable economic development, to promote industrialization, to create employment opportunities and to be part of the global economy.

The increasing importance of FDI gained prominence after the end of the Cold War and the acceleration of globalization during the late twentieth century. Liberalisation of International trade, developments of Information and Communication Technology and the growth of multinational corporations opened new possibilities for cross-border investments. Africa, Asia and Latin America governments implemented investment-friendly policies to encourage foreign investment, offering tax incentives, privatising companies, deregulating the market and making improvements in the business environment. The international financial institutions, particularly the International Monetary Fund (IMF) and the World Bank, influenced the policy reforms by promoting the need for market-oriented reforms as a precondition for the economic growth and development (World Bank, 2023).

Economic development is not simply a growth of national income or Gross Domestic Product (GDP). The modern development scholars claim that development involves structural transformation, the reduction of poverty, job creation, technological progress, infrastructure creation, better standards of living and better human welfare. The definition of economic development is a multidimensional process of major income distribution improvements, institutional quality improvements, productive capacity improvements and overall quality of life improvements (Todaro and Smith, 2021). Therefore, FDI can be deemed valuable not just because it contributes to the capital of the country, but also because it allows for technology innovation, increases labour productivity, increases managerial efficiency, and increases competitiveness of the domestic industry.

In developing countries, problems with domestic savings, a lack of technological capacity, low levels of industrial bases, and lack of infrastructure to support sustained economic growth are common. They have structural weaknesses that constrain their ability to raise the funds for major investments from their own resources. Consequently, the importance of FDI, as a source of development funds, has been gaining momentum and can be seen as one of the possibilities for investment gaps and industrial growth. Multinational corporations use FDI to create jobs and enterprises, to bring modern production methods, to provide training for workers to increase their skills, to bring in local companies to be part of the foreign enterprises' production and supply systems. When complemented with well-designed policies and institutions, these spillover benefits can play an important role in the development of a nation's economy.

Nigeria is Africa's most populous nation and one of its biggest economies with vast resources, a huge home market and investment possibilities in various sectors of the economy. In 1956, crude oil was discovered in commercial quantities in Nigeria and has since drawn a lot of foreign investments, especially in the petroleum industry. Investment has slowly grown into telecommunications, banking, agriculture, manufacturing, construction, mining and digital technology over time. Yet, Nigeria is yet to overcome its developmental problems which include high level of joblessness, poverty, poor infrastructures, insecurity, volatility of exchange rate, inflationary pressures and over-reliance on exportation of crude oil. These structural issues have affected the amount and impact of FDI in the quest for sustainable economic development.

The 2015-2025 period is one of the most dynamic of Nigeria's economic history. It was a witness to marked political, economic and institutional changes, which directly impacted the foreign investment inflows and economic performance. The Nigerian government furthered its diversification programme from oil-led economies by policies which promoted investments in agriculture, manufacturing, solid minerals and technology after the 2015 general elections. At the same time, the government has launched measures to boost the ease of doing business, investment promotion and strengthening public-private partnerships. Growth of institutions like the Nigerian Investment Promotion Commission (NIPC) in promoting Nigeria as an investment target has become more significant.

But the Nigerian economy faced various external and internal challenges during this period. The fall in global prices for crude oil from 2015 to 2016 impacted the government's revenue and foreign exchange earnings, and resulted in the first economic recession that was recorded in more than two decades in the country. This loss of investor confidence led to a decrease in foreign investment and to greater macroeconomic instability. Economic recovery was gradual but investment inflows were not as expected, because of ongoing structural challenges, including insecurity, weak electricity supply, inadequacy of transport infrastructure, policy inconsistencies, corruption, and bureaucratic delays.

Then the COVID-19 pandemic hit in 2020, adding to the mix of global investment turbulence. International travel restrictions, supply chain issues, commodity price declines and sluggish global economic growth had a negative impact on FDI across the board. Nigeria was not spared of these challenges. Multinational enterprises postponed and cancelled investment projects because of the increased uncertainty caused by the pandemic, resulting in a significant drop in global FDI flows, according to the United Nations Conference on Trade and Development (UNCTAD). The pandemic revealed Nigeria's structural weaknesses that drove down foreign investment inflows and dampened economic growth and fiscal pressures.

These challenges did not deter certain segments of the Nigerian economy to show great resilience. Two major fields that drew foreign investment were telecommunications and financial technology (fintech). International Venture Capital firms increasingly invested large sums of money in Nigerian technology companies, driving innovation, digital transformation, financial inclusion and jobs creation. The Nigeria story has caught the world's attention as companies in the payment technology, e-commerce, software development and digital financial services space have emerged to show that there are massive investment opportunities in non-oil areas of Nigeria. The diversification implies that FDI can play a significant role in the process of economic development, if investment goes to productive sectors with wide economic benefit to the society.

Nigeria's investment climate was also influenced by some recent economic reforms which began from 2023 onwards. The elimination of fuel subsidies, liberalisation of the exchange rate and consolidation of several foreign exchange windows were meant to give a boost to macroeconomic stability and regain the confidence of investors. The reforms set in motion inflationary forces, but they also aimed at developing an economy that was more transparent and market-oriented, and could be more competitive for foreign long-term investment. The effectiveness of these reforms is however, strongly contingent on supporting enhancements in governance, infrastructure, security, judicial performance and regulatory uniformity.

There are various arguments on the developmental effects of Foreign Direct Investment. Modernization theory advocates say that FDI promotes economic change by transferring advanced technology, management know-how, investment and innovation from developed to developing nations. This view emphasizes that foreign investment is a catalyst for industrialization, boosts productivity and fosters globalization. On the other hand, dependency theorists argue that reliance on foreign capital can affect the weak condition of the domestic industry and the tendency to return profits abroad, can cause the development of a structural dependence and may lead to the exploitation of the developing countries. They contend that MNCs tend to focus on maximizing profits rather than developmental goals of host countries in limiting long-term developmental gains from FDI.

The evidence available on the positive link between FDI and economic development in Nigeria is still inconclusive. Though there are several studies that show positive relationship between FDI and GDP growth, there are also some studies that suggest that the benefits of the FDI have been limited due to weak institutions, corruption, insecurity, lack of infrastructure, poor policy implementation and the focus of investment in the oil and gas sector. Thus, it is unclear how far FDI has helped to improve various other measures of economic development, including employment generation, poverty alleviation, industrial diversification, technological progress and living standards.

With the conflicting views on FDI and Nigeria's economic development, a holistic study on the implication of Foreign Direct Investment on economic development of Nigeria during the current era (2015-2025) is necessary. The period reflects important economic developments, such as the global economic recession, the recovery, the COVID-19 pandemic, digital transformation, and the recent macroeconomic reforms, which have impacted investment behavior and development outcomes. In this regard, this study aims to contribute to the existing literature on the linkage between FDI and Nigeria's economic development in this decade and also make recommendations based on the findings of the study that could help the policy makers in developing strategies that could maximize the development potentials of foreign direct investments while at the same time minimizing its challenges.

1.2 Statement of the Problem

Foreign Direct Investment (FDI) has been considered as a vital source of fund which can promote the development of developing countries. It is anticipated to promote economic development via capital accumulation, technology transfer, job creation, industrial expansion, human capital development and increased productivity. As a result, successive Nigerian governments have introduced different economic reforms and investment promotion measures to entice foreign investors for some of the important sectors of the economy. Those have been the steps taken by the government to liberalize the economy, privatize state-owned enterprises, provide tax incentives, ease the doing business environment and recently macroeconomic adjustments aimed at investor confidence.

In spite of these policy actions, Nigeria has remained grappling with huge developmental issues. The inflows of FDI fluctuated in the country between 2015 and 2025 due to various domestic and international reasons. The precipitous drop in oil prices from 2015 to 2016 affected confidence of investors and led Nigeria into recession. The economy slowly recovered but investment inflows were still relatively low given the tremendous investment potential of the country. The COVID-19 pandemic in 2020 also disrupted global investment flows which led to further decline in foreign investment and further aggravated the economic situation in Nigeria. The developments have a lot of implications as relates to the effectiveness of FDI in bringing about sustainable economic development in the Nigerian context.

A significant share of the FDI inflows to Nigeria has traditionally been invested in the oil and gas industry, which is another great concern. This has created foreign exchange inflows and revenue for the government but they have not had much impact on wider economic change. Foreign investment has been comparatively lower in critical sectors like manufacturing, agriculture, infrastructure, healthcare, education and industrial production. The spillover effects of FDI such as technological transfer, industrial diversification, greater productivity and employment creation have not yet been fully realised in the economy as a whole. This investment focus has led to the Nigerian economy becoming even more oil export-dependent, making it very sensitive to international oil prices.

Moreover, Nigeria is still confronted with structural issues affecting the developmental effect of FDI. These range from poor infrastructure, inconsistent government policies, exchange rate volatility, inflation, weak institutional capacity, insecurity, and corruption, to bureaucratic bottlenecks and electric power supply systems that are inconsistent. Not only do these constraints deter prospective investors, but they also lower the productivity and/or sustainability of current foreign investments. Consequently, the expected positive linkages between FDI inflows and continued economic growth have not been clear.

Despite the numerous studies that have investigated the linkage between FDI and economic growth in Nigeria, many studies have focused mainly on Gross Domestic Product (GDP) as the only economic growth measure. This is only a limited view of economic development which also includes indicators of employment creation, poverty alleviation, industrialisation, technological progress, the development of infrastructure, income distribution, and the standard of living. Furthermore, some of the previous research was carried out before the recent economic developments like the COVID-19 pandemic, the roll-out of the African Continental Free Trade Area (AfCFTA), the Nigeria's digital economy growth and the macroeconomic reforms in Nigeria since 2023. Therefore, there is a lack of literature that is able to capture the changing dynamics of FDI and economic development in the period of 2015 to 2025.

While Nigeria has been trying to attract foreign investors, the list of problems like high unemployment, tremendous poverty, rising inflation, currency volatility and lack of industrial diversification has been lingering, thereby posing questions to the efficacy of FDI to play its developmental role in Nigeria. Whether the increased inflow of foreign capital has been followed by significant improvements in the welfare of Nigerians is not known, while as well, it is not clear whether structural and institutional problems have limited the benefits of FDI for development.

In this context, this study aims to explore the effects of Foreign Direct Investment (FDI) on the economic development of Nigeria in the period of 2015-2025. Specifically, the study aims to examine the trend of FDI inflows in the period of study, analyse the impact of FDI inflow on the economic development of Nigeria, carry out the analysis of the major problems hindering the effectiveness of FDI and give suggestions for policy measures that will help improve the developmental potential of foreign investment in Nigeria.

1.3 Research Questions

The study seeks to provide answers to the following research questions:

1. What has been the trend of Foreign Direct Investment inflows into Nigeria between 2015 and 2025?
2. What are the major challenges limiting the contribution of Foreign Direct Investment to Nigeria's economic development?

1.4 Objectives of the Study

Broad Objective

The broad objective of this study is to examine the impact of Foreign Direct Investment (FDI) on Nigeria's economic development between 2015 and 2025.

Specific Objectives

The specific objectives of the study are to:

1. Examine the trend of Foreign Direct Investment inflows into Nigeria between 2015 and 2025.
2. Assess the impact of Foreign Direct Investment on Nigeria's economic development during the period under review.

1.5 Significance of the Study

The importance of the study is based on the fact that it could contribute to the knowledge base of the relationship between Foreign Direct Investment and economic development in Nigeria. Considering the fact that Foreign Direct Investment (FDI) is becoming an important source for financing economic activities in developing countries, it is highly necessary to study economic goals and objectives of FDI and its achievement of the objectives. This study will thus contribute to the knowledge base of scholars, policy makers, government bodies, investors, development actors and future researchers engaged in international political economy and development research.

Academically, this work makes significant contributions to the current literature on the impact of Foreign Direct Investment on economic development and has done this by presenting a recent appraisal of the experience of Nigeria from 2015 to 2025. This work covers a wider view of the economic development process than most of the previous research, which focussed mainly on economic growth, and includes aspects of employment generation, industrial development, technology transfer, and sustainable development. The study will also be a valuable reference source for undergraduate and postgraduate students of International Relations, Political Science, Economics, Development Studies, Public Administration and other related subjects.

The results of the study will be useful to the Government of Nigeria and policy makers who make economic and investment policies. The study will offer empirical data to the extent to which Foreign Direct Investment has helped the country to develop and what are the major obstacles to its effectiveness. This will help policy makers to formulate policies that can help to enhance the investment environment, boost institutions, diversify industries and extract the maximum benefits from foreign investment for the development.

The findings of this study will also benefit government agencies like the Nigerian Investment Promotion Commission (NIPC), Central Bank of Nigeria (CBN), Federal Ministry of Industry, Trade and Investment, National Bureau of Statistics (NBS) and Federal Ministry of Finance. The recommendations could help these institutions develop policies that will promote productive investments, increase the efficiency of regulation, attract quality investors and increase Nigeria's competitiveness as an investment destination.

The study can also be useful to the international organizations such as the World Bank, International Monetary Fund (IMF), United Nations Conference on Trade and Development (UNCTAD), African Development Bank (AfDB), African Union (AU), and ECOWAS. The results will inform policy discussions that will lead to sustainable economic growth in the developing world, and the challenges facing investment-led development in Nigeria.

The study will offer clarity to foreign and local investors on the investment climate of Nigeria, their opportunities and challenges that may be encountered in investing in the country. The information will help investors make informed investment decisions and promote investment in other industries besides the traditional oil and gas, thereby expanding the investment base.

Last but not least, this study will lay the groundwork for further studies. Its findings, methodology and recommendations can be used to guide further research on Foreign Direct Investment, international political economy, economic diplomacy, globalization and sustainable development in Nigeria and other developing economies.

1.6 Scope of the Study

The effect of Foreign Direct Investment (FDI) on the economic development of Nigeria between 2015 and 2025 is explored in this study. This period is selected on the basis of the economic, political and institutional changes that took place in Nigeria in the 10 years. Such include the 2016 economic recession, the implementation of the African Continental Free Trade Area (AfCFTA), the digital economy growth of Nigeria and the introduction of macroeconomic reforms in 2023 such as the removal of fuel subsidies and foreign exchange market liberalization.

The geographical scope of the study is limited to Nigeria Federal Republic. Great emphasis is placed on the investment environment and economic development of Nigeria but other developing countries' experiences and trends are introduced where appropriate.

The study is themed on the linkage of Foreign Direct Investment and economic development. In particular, it reviews the trend of FDI inflows into Nigeria, analyzes the role of FDI in economic development and pinpoints the bottlenecks that are inhibiting the impact of FDI for sustainable development in Nigeria. Economic development in this study is gauged by the growth of Gross Domestic Product (GDP), employment creation, industrial growth, transfer of technology, accumulation of capital and enhancement of the overall standard of living.

Secondary data was the main data source used for this study as it was obtained from reputable national and international sources such as Central Bank of Nigeria (CBN), National Bureau of Statistics (NBS), Nigerian Investment Promotion Commission (NIPC), World Bank, International Monetary Fund (IMF), United Nations Conference on Trade and Development (UNCTAD) and other relevant scholarly publications.

1.7 Limitations of the Study

All academic research studies have their own drawbacks, which can affect the extent of and approach to the research, and this study is no exception.

The first constraint is related to data availability. Several international and national organizations released data on Foreign Direct Investment and economic performance, but sometimes because of different reporting methods and different time of release of the data, some variations were observed. Thus, the investigation was based on the latest and reliable data supplied by reputable bodies.

Secondly, time limitations were a constraint on the study. The study, however, was limited within a short term of academic research, limiting the amount of data that was collected, analyzed and additional materials consulted that might have enriched the research.

Financial restrictions were another constraint. The study was affected by the limited financial resources that impacted the availability of some subscription-based journals, databases, textbooks, etc. However, the researcher made use of reliable sources of open access publications and also official reports published by reputable institutions to ensure quality and reliability of the research. In addition, the study only addresses Nigeria in the period 2015-2025. Therefore, the results cannot be directly applied to other countries with different economic structures, institutional structures or investment climates. The study is useful, however, for drawing some lessons that could be used as a basis for comparative studies with other developing economies.

In spite of these constraints, every care was taken to ensure the study was objective, reliable and academically sound by utilizing credible sources of data and sound analytical methods.

The key concepts of Operational Definition of Terms are expected for an undergraduate project in International Relations. As your study is on FDI and economic development, 5 definitions will suffice.

1.8 Operational Definition of Terms

To make this study more understandable and uniform, the following terms have been operationally defined as they occur.

Foreign Direct Investment (FDI)

Foreign Direct Investment (FDI) is a long-term investment by an individual, firm or government of one country in a business firm in another country where the investor has a long-term interest in establishing ownership and management control. According to This study, the foreign direct investments that will be made in different sectors of the Nigerian economy between 2015 and 2025 are referred to as FDI.

Economic Development

Economic development is the development of a country in terms of economic and social welfare, which is achieved by increasing production, employment, industrialisation, technological progress, cutting poverty and enhancing people's standard of living. In this study, it is quantifiable by GDP growth, employment, industrial development and technology transfer.

Gross Domestic Product (GDP)

The Gross Domestic Product (GDP) refers to the sum total of the market values of all final goods and services output during a specific period of time, typically a year, in a given nation. It is regarded as one of the major indices for tracking the economic performance of Nigeria.

Technology Transfer

Technology transfer involves transfer of technical knowledge, skills, production techniques and managerial knowledge from foreign investors to domestic businesses. It helps local industries to be more productive, innovative and competitive.

Multinational Corporation (MNC)

Multinational Corporations are firms with business operations in two countries or more that own or control these operations. MNCs are the main sources for FDI, and they are also important in transferring managerial and technological skills and capital to the host countries.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter will highlight the pertinent literature that addresses the effect of Foreign Direct Investment (FDI) on the economic development of Nigeria. The review will lay the foundation for the theory and empirical work on which the study will be built. It highlights the perspectives, theories, concepts, and empirical results concerning FDI and economic development, especially as far as Nigeria and other developing countries are concerned.

This chapter is divided into five major parts. First, there is the conceptual review part, where concepts like Foreign Direct Investment and economic development are defined. Thereafter, the literature review part examines some of the major issues raised by the research questions, including the trend of FDI in Nigeria, FDI and economic development, and problems of foreign investment. Lastly, there is the theoretical perspective part, where the theoretical framework underlying the study is highlighted; specifically Modernization Theory, Dependency Theory, and OLI Paradigm by Dunning.

The fourth section discusses the empirical research conducted in the past with respect to the link between FDI and economic development. The purpose, methodology, results, and conclusions drawn from the past research are evaluated and the similarities and differences within the literature are discussed. In the last part of this chapter, the gap in the literature is presented and the contribution that the current research intends to make is explained with regard to the impact of FDI on the economic development of Nigeria between 2015 and 2025.

2.1 Conceptual Review

2.1.1 Concept of Foreign Direct Investment (FDI)

Foreign Direct Investment (FDI) has become one of the most significant factors of international capital movements and also an effective tool for economic development, especially for developing nations. An investment by an individual, corporation or institution in a country in productive assets or in business enterprises in another country with the intent to retain an interest for a period of time and exercise substantial control over the management of the enterprise. FDI is distinguished from portfolio investment by its long-term nature, as well as its involvement in management, technology transfer, and continued involvement in productive activities.

Foreign Direct Investment is an investment that is "long term" and "long lasting" and represents a relationship and a stake of a resident entity in one economy in an enterprise resident in another economy, according to the Organisation for Economic Co-operation and Development (OECD, 2021). The OECD's definition of FDI is that an investor must hold at least 10 per cent of the voting power in an enterprise. In a similar way, the International Monetary Fund (IMF, 2023) defines FDI as an investment undertaken by the investor in an enterprise located in another country that provides “a significant stake in the management or operations of an enterprise in another country.”

The scholars have provided several views on the concept of FDI. Dunning (1993) suggests that the factors that drive FDI are the possession of ownership advantages by the firm, the identification of location-specific advantages in the host country, and the internalization of operations - a desire to avoid licensing or contracting the host country. This phenomenon helps give an answer to the question of why the multinational companies invest in countries that have plenty of natural resources, massive consumer markets, strategic geographical position, or investment policies.

Todaro and Smith (2021) see FDI as an important source of outside capital that can complement domestic savings and stimulate capital formation in developing countries. They argue that apart from financial inflows, FDI plays a role in economic development through technology transfer, management skills, research and development, training of employees and higher productivity in the economy. Such spillover effects allow for greater efficiency and competitiveness of domestic enterprises and encourage industrial development.

UNCTAD (2024) notes that FDI helps to bring countries into the global economy by opening up access to international markets, contemporary production technologies, and global value chains. The competition for foreign investment is rising because it provides employment opportunities, enhances tax revenues, boosts export capacity and boosts industrial capacity, all of which are crucial for developing countries.

But not everyone sees FDI as a boon. Some dependency theorists, like Amin (1976) and Cardoso and Faletto (1979), contend that too much dependence on foreign investment can also help to deepen economic dependence, create a pressure for repatriation of profits, undermine domestic businesses, and lead to unequal economic relations between the developed and the developing world. One of these views is that multinational companies tend to maximize profit in the host countries rather than the interest of development, consequently restricting the long-term advantages of FDI.

Foreign Direct Investment in Nigeria has traditionally been limited to the oil and gas sector, given the Nigerian state's wealth of petroleum resources. However, the telecommunications, banking, agriculture, manufacturing, mining, renewable energy and financial technology sectors have seen an uptick in foreign investment in recent years. The government has also made efforts to diversify the economy and make it easier to do business, which has helped to diversify investment opportunities away from the petroleum industry.

In the context of this study, Foreign Direct Investment (FDI) is defined as long-term foreign investment in productive sectors of the Nigerian economy by multinational corporations and other foreign investors that aims to create jobs, transfer technology and help the country's development by bringing in foreign capital.

2.1.2 Concept of Economic Development

Economic development is a multi-dimensional and broad concept which goes beyond the surge in national income/output. Economic growth is mainly about Gross Domestic Product (GDP) growth, while economic development is about a transformation in economic structures, poverty alleviation, job creation, industrialization, technological improvements, income equality and quality of life. It captures both quantitative and qualitative changes that enhance a country's population welfare.

According to Todaro and Smith (2021), economic development is the process of increasing the living standards of people, decreasing poverty, creating new employment opportunities, strengthening productive capacity, and changing social and economic institutions. They believe that development is the only growth that is accompanied by the improvement of human welfare, education, healthcare, infrastructure, etc.

Sen (1999) offers a wider view of development as the liberty and capability of its human subjects to extend. Development shouldn't just be about how much income people can earn; it's about enabling them to live healthy, productive and meaningful lives, Sen said. This methodology emphasizes education, health care, political involvement, social integration and economic opportunities as key development elements.

According to the World Bank (2023), economic development is a continuous process of increasing the productive capacity of a nation through investments in private sector development, technological innovation, institutional quality, human capital and infrastructure. This view takes into account that economic development is not solely the result of financial resources but also of effective governance, and sound macroeconomic policies and stable institutions.

In Nigeria, the economic development process means moving away from overreliance on crude oil to other sectors of the economy such as manufacturing, agriculture, technology, mining, tourism and other productive businesses. Persistent problems of unemployment, poverty, inflation, infrastructure shortage, insecurity, and lack of industrial capacity must also be addressed. Thus the impact of Foreign Direct Investment cannot be judged by just its contribution to GDP growth but it should be judged for effect on employment, productivity, transfer of technology and sustainable development.

Economic development for this study is the continuous enhancement of Nigeria's productive capacity and citizens' welfare over the four-year period under study (2015 to 2025) through increased investment, employment creation, industrialization, technological advancement, higher incomes and improved standards of living.

2.1.3 Relationship between Foreign Direct Investment and Economic Development

There has been a lot of interest among development scholars, political scientists and economists in the subject of the relationship between FDI and economic development. It is believed by many that foreign direct investment is an important catalyst to economic development in terms of providing additional capital, technology transfer, employment opportunity, managerial efficiency and productivity. In developing countries, especially, these benefits are very important since domestic financial resources and technological skills are normally low.

FDI can spur economic development in a number of ways. It can serve as an extra source of investment capital for productive activities in the economy, which leads to greater production and economic growth. Second, multinational corporations bring in new and innovative technology, research and management skills which increase the efficiency and competitiveness of domestic companies. Thirdly, FDI creates direct and indirect employment, raises income levels of households and helps reduce poverty. Fourth, foreign investors are often at the forefront of opening up access to international markets, helping host economies to grow exports and become part of international value chains.

While all these benefits are possible, the developmental effect of FDI can be very much determined by the institutional and economic landscapes of the host country. Political stability, infrastructure, quality of governance, regulatory efficiency, human capital, macroeconomic stability and security are important factors that affect the developmental impact of FDI. The benefits of FDI could be restricted or unbalanced in those areas where conditions are not strong.

The experience of Nigeria shows mixed results between FDI and economic development. Foreign investment has helped drive up production, government revenue and technological development in some industries (oil, telecommunication and financial technology), but has been held back in others due to structural issues such as weak infrastructure, inconsistent policies, insecurity and corruption, and the high share of investment in extractive industries. Thus, while FDI is still a major pillar of Nigeria's development agenda, it is important to note that it can be an enabler for inclusive and sustainable economic development provided that there are complementary domestic policies and institutional reforms in place.

The present study, therefore, investigates if the FDI inflow from 2015–2025 has been reflected in actual improvements in the economic development of Nigeria in the above-mentioned period and what factors have enhanced or hindered the developmental impact of FDI in Nigeria.

2.2 Thematic Review

2.2.1 Trend of Foreign Direct Investment in Nigeria (2015–2025)

Foreign Direct Investment (FDI) has been a key instrument of Nigeria's economic development policy as it provides foreign finance, technology transfer, job creation and industrial development. Nigeria, the largest economy in Africa and one of the most populous countries, has been pursuing a policy agenda to invite foreign investment with policy adjustments, investment incentives and enhancing the business environment. However, FDI inflows into Nigeria from 2015 to 2025 have been volatile to a large extent due to local and international economic conditions.

Nigeria's investment climate began to turn in 2015. The reduction in investor confidence was due to falling crude oil prices in the global market, foreign exchange earnings and political uncertainty as a result of transition to a new administration. Crude oil exports were the primary source of Nigeria's foreign exchange, so a fall in oil prices negatively impacted government revenue, macroeconomic stability and Nigeria's foreign investor appeal. Thus, there were significant reductions in FDI inflows in this period.

In addition, the downturn in the economy that occurred in 2016 did not improve the investment climate in Nigeria. Declining investments by foreign multinationals were caused by industrial output being reduced, foreign exchange shortages, inflation and falling purchasing power. A number of foreign firms delayed investments or cut back on existing activities because of policy uncertainty and fluctuation in exchange rates. The global recession put Nigeria's economy on trial and showed just how fragile it can be to the effects of external shocks—and how reliant the economy is on the flow of investment money.

Slow economic recovery between 2017 and 2019 helped boost investors' certainty to a moderate level. Foreign investments in agriculture, telecommunications, manufacturing and financial services were revived through government's incentives like Economic Recovery and Growth Plan (ERGP), ease of doing business reforms and diversification of economy. The Nigerian Investment Promotion Commission (NIPCOM) stepped up its investment promotion campaign and efforts were made to ease the registration and licensing process for businesses through regulatory changes. Nevertheless, even with these strides, the influx of foreign direct investment (FDI) continued to lag historical levels because of the on-going structural difficulties such as insecurity, weak infrastructure, corrupt officials and inconsistent policy making.

COVID-19 has had a profound impact on the flow of investments around the world in 2020. One of the largest drop-offs in global FDI that we've seen in recent history was caused by travel restrictions, falling global demand, disruption of supply chains and broad global economic uncertainty. Multinational companies used to be cautious on investment and postponed large-scale expansion projects in Nigeria, resulting in a significant decline in foreign investment. The pandemic also deepened the economy of Nigeria into a further recession that further reduced investor confidence.

The global investment rebound started in 2021 but Nigeria's recovery was not as significant as some emerging and developing economies. Investment in the oil sector continued to be cautious, but strong investment in digital technology, telecommunications, fintech, renewable energy and financial services were seen. The nation's technology firms continue to attract more and more foreign VC investments, highlighting the country's rising prominence in the African digital economy. Substantial foreign investment was given to companies in the electronic payments, digital banking and software development and e-commerce sectors, suggesting a gradual shift away from traditional investment in the petroleum industry.

AfCFTA's trading commencement opened further opportunities for the influx of investments in manufacturing and export-oriented sectors. The deal enhanced Nigeria's strategy and potential as a production and distribution centre to meet the regional and African demand. Nigeria's size of population and geographic location were becoming important competitive factors in the continental market for foreign investors.

Starting from 2023, Nigeria has embarked on significant macroeconomic reforms, such as the elimination of fuel subsidies and the liberalization of foreign exchange markets. The reforms were supposed to make the budget more sustainable, eliminate distortions and build investor confidence. While immediate impacts were inflationary, cost of production and exchange rate depreciation, many economists regarded the reforms as a necessary measure towards improving the economic environment to become transparent and investment friendly and thereby attract long term Foreign Direct Investment.

However, throughout the study period, Nigeria continued to experience various challenges that impact on the inflow of FDI. Security concerns, weak infrastructure, power shortages, several tax levies, bureaucratic hurdles, judicial delays and policy inconsistencies continued to be a concern for both domestic and foreign investors. With its rich natural resources and population of enormous consumers, Nigeria holds a great potential for investments, but this investment potential has not been realised as it has consistently lagged behind that of other emerging economies.

Overall, the trend of Foreign Direct Investment 2015-2025 shows a pattern of fluctuations that can be attributed to global economic conditions, domestic policy reforms, institutional quality and investor confidence. The Nigerian economy has continued to show improvement and diversification from oil, however, the inflow of FDI will continue to improve as long as the macroeconomic environment remains stable, institutional reforms are implemented, infrastructure is strengthened, and overall business environment improves.

2.2.2 Contribution of Foreign Direct Investment to Nigeria's Economic Development

Foreign Direct Investment is regarded as one of the key factors leading to economic growth in developing countries. In addition to financial inputs, FDI can help pass on new technologies, create jobs, build capital, expand industries and manufacturing, boost productivity, promote exports and link industries into value chains. The Nigerian government has seen FDI as a critical part of the country's development strategies because it can help to fill the investment gap and stimulate economic growth.

Capital formation is one of the most significant benefits of FDI to the economy of Nigeria. Nigeria is a developing nation with low domestic savings and so, external capital is required to fund productive investments to a certain extent. Foreign investors bring in capital which can be used to develop industries, infrastructure, manufacturers, telecommunication, financial institutions and service sectors. The investments increase the productive capacity of the country and help in economic growth.

FDI also helps to transfer technologies and management skills. Multinational companies bring new production methods, cutting-edge machinery, new technologies, research facilities, and international management practices to the host country. Foreign companies in Nigeria train their Nigerian employees to provide them with the technical and managerial skills needed to boost labour productivity and make the local industries more competitive. Such spillover effects sometimes don't stop with the foreign companies, in that local companies begin to use better production techniques and business practices, too.

Another significant contribution of FDI is in job creation. Foreign investment creates both direct and indirect employment opportunities. Employment from multinationals can be classified into direct jobs (multinationals hire local workers) and indirect jobs (local suppliers, transport, construction, logistics, maintenance, etc. are needed due to the increase in demand). Job creation helps to alleviate poverty, boost household incomes and enhance living standards.

Foreign Direct Investment also makes substantial contribution in terms of government revenues by way of corporate tax, customs duty, royalties, licensing fees and other statutory fees. Greater government revenues improve the state's ability to provide public services like education, health care, transportation facilities and social welfare programs. Also, foreign owned enterprises are responsible for export earnings which consequently boosts Nigeria's foreign exchange reserves and thus enhances the Nigeria's balance of payments.

The overall contribution of FDI to the Nigeria digital economy has been on the rise over the last few years. Nigeria has emerged as one of the top technology hubs in Africa thanks to foreign capital and investments in the technology sectors of telecom, financial technology, software development and digital services. Innovations in financial infrastructure development, mobile banking, electronic payments and digital entrepreneurship have enhanced financial inclusion and created new job opportunities for young Nigerians.

However, the benefit of the FDI has not been equally shared among all sectors of the Nigerian economy. Foreign investment remains heavily focused on the oil and gas sector, reducing the impact of oil and gas on manufacturing and other productive sectors. As a result, while FDI has played a vital role in economic growth, its potential for structural change, industrial diversification and inclusive development has been limited.

2.3 Theoretical Review

Reviewing theories forms the intellectual basis for conducting any research. Through theory reviewing, the researcher becomes able to interpret, analyze, and give an explanation to the connection between the variables being investigated. This research looks at the effect of Foreign Direct Investments on the economic development of Nigeria; hence the theories reviewed here will help in explaining why multinationals invest outside their countries, how foreign investments lead to development, and what problems may arise due to dependence on foreign investments.

This paper reviews Modernization Theory, Dependency Theory, and Eclectic Paradigm of Dunning.

2.3.1 Modernization Theory

Modernization Theory was developed following the Second World War as one of the prevailing theories of economic development. It became popular in the 1950s and 1960s among scholars like Talcott Parsons (1951), Daniel Lerner (1958), and Walt Whitman Rostow (1960). It expounds the idea that underdeveloped nations can make economic advances through the use of institutions, technologies, production methods and economies of the developed industrial nations.

Rostow (1960) has identified five stages in economic development: the traditional society, the preconditions for take-off, the take-off phase, the drive to maturity and the age of high mass consumption. He believed that developing countries could achieve sustainable economic growth if they could encourage more investment, industrialization, better infrastructure and modern technologies.

According to Modernization Theory, Foreign Direct Investment is considered as one of the key factors which may promote development process. Foreign investors bring financial capital and new technologies, management knowledge and entrepreneurial ability, and new production methods into the host economy. These resources enhance the productivity of industries, create job opportunities, encourage innovations and enable integration into global economy.

The theory also proposes that multinational corporations are a critical developmental force because they bring in knowledge and technological skills to local companies. Foreign firms provide training for local workers, who get skills which can be used in their jobs; domestic firms benefit from technological spillovers and more competition. Therefore, fostering FDI will boost productivity, diversify industries and promote sustainable economic development.

The assumptions of Modernization Theory have been followed by Nigeria with its investment promotion policies, Privatization programmes, economic liberalization and the improvement of the ease of doing business. The surge of foreign investments in telecommunications, financial technology, manufacturing, agriculture and renewable energy reflect the potential of FDI for technological innovation and economic transformation beyond oil.

Modernization Theory has its merits, but it has been criticized. Critics charge the theory with making the assumption that all developing countries will go through the same developmental process as the western industrial countries without due consideration of historical, political, institutional and cultural differences. That the theory has also been criticised for its failure to account for the differential nature of international economic relations which can constrain the developmental effects of foreign investment. Moreover, it is based on the assumption that foreign investment is a natural driver of development while experience from many developing countries indicates that the implementation of institutions, governance and policies plays a key role in shaping the developmental consequences of foreign investment.

However, the theory of modernization is still of great importance since it elucidates the ways in which FDI could contribute to the process of capital accumulation, technology transfer, job creation, industrialization and economic development.

2.3.2 Dependency Theory

Dependency Theory was the criticism of Modernization Theory during the 1960s and 1970s. Main proponents are Andre Gunder Frank (1966), Samir Amin (1976), Fernando Henrique Cardoso and Enzo Faletto (1979), and Theotonio Dos Santos (1970). The theory suggests that the global capitalist system is organized in such a way that it harms the developing countries to remain economically dependent on the developed countries.

The world's economy is divided into two categories, developed countries (core) and developing countries (periphery) according to dependency theory. The developed countries control the international trade, finance, technology and investment and the developing countries are still reliant on foreign capital, imported technology and external markets. This kind of relationship allows the developed countries to benefit from the others' economies by enriching themselves at their own cost.

Foreign Direct Investment is seen by dependency theorists as less benefiting the host country than the interests of the multinational corporations. They argue that multinationals send significant profits back to their countries of origin, plunder natural resources, dominate domestic markets and prevent domestic industries from flourishing. As a result, while FDI can lead to short-term economic development, it can also strengthen the potential for long-term economic dependence and underdevelopment.

Nigeria is one of the countries that exemplify the assumptions of Dependency Theory. Foreign investment is crucial in the oil and gas industry, making the economy extremely sensitive to international oil prices. Moreover, most of the profits of the multinational companies in Nigeria are repatriated to foreign countries, leaving less money available for reinvestment in the country. Structural dependence on external economies is also reflected in the continued use of imported technology, machinery and technical skills.

But Dependency theory has its limitations as it gives a negative approach towards the Foreign Direct Investment. The theory has been criticized for understating the capacity of developing economies to draw up successful policies that can maximize the benefits of foreign investment. Several emerging economies like China, Singapore, Malaysia and Vietnam have been able to use FDI to speed up industrialization, technological progress and still have a high level of national control over their economy.

These fault-finding exercises have not undermined the relevance of Dependency Theory because it emphasizes certain structural constraints, unequal power relations and institutional weaknesses which can hinder the developing countries from reaping the benefits of Foreign Direct Investment.

2.3.3 Dunning's Eclectic (OLI) Paradigm

The OLI Theory, also called the Eclectic Paradigm, was developed by John H. Dunning (1977; 1988; 1993) to help explain why the multinational firm chooses to invest abroad rather than export or license its products. The theory is still one of the most influential models of international business and multinational investment decisions.

Dunning states that FDI can take place under three conditions: First, Ownership Advantages (O) are the specific qualities that the multinational corporation possesses like advanced technology, managerial skills, a good brand reputation, research and development power, patents and financial resources. These benefits help companies to be competitive in foreign markets.

The second one is Location Advantages (L). Companies make an investment in countries that have desirable features like ample natural resources, big consumer markets, geographical location, and political stability, skilled labor, investment incentives, and government policies that are favorable. Foreign investors benefit from Nigeria's large population, rich natural resources, growing digital economy and ECOWAS and Africa Continental Free Trade Area membership.

The third condition is Internalization Advantages (I). Multinational corporations would rather have direct ownership and control of their operations in the country than license their technology or outsource the production to local companies, to preserve proprietary knowledge, to ensure product quality, to lower transaction costs and to maximize profits.

According to the Eclectic Paradigm, there is a need to intensify the location-specific advantages of the countries if they want to receive more FDI. The Eclectic Paradigm states that if a country wants to receive more FDI, it needs to strengthen its location-specific advantages by improving infrastructure, macroeconomic stability, policy consistency, efficient institutions, skilled human resources, and an enabling business environment.

The theory has been criticised for being more of a theory of what motives may exist for firms to invest overseas, rather than a theory of the developmental implications of foreign direct investment for a host country. It thus fits into the existing theories of development, like Modernization Theory and Dependency Theory, rather than challenges them.

Relevance of Modernization Theory to the Study

From among the theories highlighted above, Modernization Theory will be used as the underlying theory of this study. This is because it is directly related to the aim of the research, which is to analyze the contribution of Foreign Direct Investment to economic development in Nigeria.

According to Modernization Theory, Foreign Direct Investment facilitates economic development through capital formation, technology transfer, job creation, industrialization, innovations and institutional modernization. All these factors are in line with the indicators of economic development identified in this study.

Moreover, the Nigerian government has always followed the policy of promoting investments on the basis that foreign investments would lead to economic change, increase productivity, create economic diversification and improve the quality of life of the people. For this reason, Modernization Theory is the best theory in helping to assess the role of Foreign Direct Investment in the economic development of Nigeria from 2015 to 2025.

However, it should be noted that the study would make use of Dependency Theory and Eclectic Paradigm, put forth by Dunning, in providing explanations of the structural problems related to foreign investments and motives of multinational corporations.

2.4 Empirical Review

2.4.1 Nigerian Studies

Ayanwale (2007) studied the link between Foreign Direct Investment (FDI) and economic growth in Nigeria, particularly focusing on the determinants of FDI and contribution to economic growth during the period 1970–2002.

An ex-post facto research design was used by the researchers, where secondary data collected from Central Bank of Nigeria (CBN), International Monetary Fund (IMF), and Federal Office of Statistics were used to estimate an augmented growth model through Ordinary Least Squares (OLS) and Two-Stage Least Squares (2SLS) methods.

It was found that market size, infrastructure development, and macroeconomic stability were important determinants of FDI in Nigeria. It was further found that FDI made a positive contribution to economic growth in Nigeria, but this effect was not substantial. Out of the two sectors under consideration, the positive effect of investment in telecommunication industry was relatively more than that of the oil industry.

This study is relevant because it gives one of the earliest empirical studies on the link between FDI and economic growth in Nigeria. But the study only focused on GDP growth and considered data only up to 2002.

Akinlo (2004) Investigated the effect of Foreign Direct Investment on economic growth in Nigeria focusing on the long-run effect of foreign investments on macroeconomic performance.

In conducting the research, the researcher used the ex-post facto research method based on annual time series data. Cointegration analysis and Error Correction Model (ECM) were used to analyze both short run and long run effect of the variables.

The result revealed that Foreign Direct Investment had positive effect on economic growth in Nigeria provided that there were human capital development and infrastructure improvements. It was concluded from the results that the developmental effects of FDI depended on absorptive capacity of the country.

The study is important because it highlights the point that FDI by itself could not provide sustainable development of the country.

Adeleke, Olowe and Fasesin (2014) It examined the effect of Foreign Direct Investment on Nigeria's economic growth from 1970 to 2010.

The study used an ex-post facto research approach, whereby the secondary data was sourced from the Central Bank of Nigeria Statistical Bulletin. The data were subjected to OLS regression analysis.

The study showed that FDI had a positive and significant effect on Nigeria's Gross Domestic Product (GDP). The study therefore suggested that there should be more policies from the government aimed at attracting productive foreign investments to key sectors in the economy.

The study is relevant in that it demonstrates the positive effects of FDI on Nigeria's economic growth. However, the study focused mainly on GDP and did not consider other variables of economic development.

Otepola (2002) examined the effect of foreign direct investment in fostering economic growth in selected African nations such as Nigeria.

The research was based on secondary information collected from government documents, World Bank publications, among others. The methods used in this study included descriptive and comparative analyses.

The results showed that foreign direct investment is highly significant in capital formation, industrialization, export growth, and technology transfer. However, it was noted that the effect of foreign investments is limited by low quality of institutions and poor infrastructure.

This research is still current since it emphasizes the importance of institutional factors in enhancing the effectiveness of foreign direct investments.

Eniekezimene, Wodu and Anda-Owei (2024) re-examined the association between FDI and economic growth in Nigeria by utilizing recent macroeconomic data spanning from 1981 to 2022. The authors used an ex-post facto research design, and the Autoregressive Distributed Lag (ARDL) approach was applied for analyzing annual time series data. The theoretical framework of this research is Dunning's Eclectic Paradigm and the Endogenous Growth Theory. (OpenDocs)

The results have shown that there exists a statistically significant long-term positive correlation between FDI and economic growth, which is conditioned by such factors as improved institutional quality, macroeconomic stability and human capital accumulation. The researchers have concluded that FDI cannot provide sustainable economic development in the country on its own.

This study is especially topical as it takes into account recent economic conditions.

Amade and Oyigebe (2024) analysed the effects of Foreign Direct Investment on the economy of Nigeria based on yearly data collected between 1985 and 2022.

In conducting their study, the researchers used an ex-post facto research design and relied on secondary data obtained from the Statistical Bulletin published by the Central Bank of Nigeria and the World Development Indicators. Multiple regression analysis was applied, with Real Gross Domestic Product as the measure of economic growth.

The results indicated that Foreign Direct Investment played a significant role in the economic performance of Nigeria. Nevertheless, it was noted in the study that macroeconomic stability, policy stability, and institution development were important for deriving full developmental gains from FDI.

The importance of the study is that it offers new empirical evidence on the effect of FDI on the economy of Nigeria.

Olorogun, Salami and Bekun (2022) The nexus between Foreign Direct Investment, financial development, and economic growth in Nigeria was examined. The aim of the study was to find out if financial development helps to improve the effectiveness of FDI in bringing about economic growth.

Ex-post facto research design was employed by the researchers where data were gathered for the annual time series from the World Development Indicators (WDI) and the Central Bank of Nigeria (CBN). Data were analyzed using the ARDL bounds testing approach.

Results indicate that Foreign Direct Investment has a positive effect on economic growth in the short-run and the long-run. But what was found was that the size of the positive effect is influenced by financial development. It was therefore advised that Nigeria should develop her financial institutions in order to benefit more from FDI.

The study is important since it shows that FDI on its own is not enough to bring about development.

Osuma, Ayinde and Ntokozo (2024) investigated the effects of corruption and political risks on the flow of Foreign Direct Investment into Nigeria.

This study used the ex-post facto research approach, where data was collected from secondary sources such as the World Bank, Transparency International, and Worldwide Governance Indicators. The data collected was analyzed using the panel econometric estimation technique.

The results revealed that corruption, political instability, and poor governance greatly diminish the flow of FDI into Nigeria. It concluded that there is need for governance improvements in order to receive high quality investments.

The study is significant since it reveals that institutional quality is a key factor in determining the flow of FDI.

2.4.2 International Studies

Borensztein, De Gregorio and Lee (1998) have studied the effect of FDI on economic growth in 69 developing countries.

This study was designed as an ex-post facto type and the data were drawn from international development data bases. The researchers used cross-country regression analysis.

The results revealed that the promotion of economic growth by FDI is mainly in countries with good human capital. The study findings suggest that education and skilled labour are important factors affecting the developmental impacts of foreign direct investment (FDI).

The study's relevance lies in its results that human capital is imperative to reap the highest returns on foreign investment.

Hermes and Lensink (2003) examined the impact of financial development of the relationship between FDI and economic growth in developing countries.

A cross-country econometric research design was employed based on panel data for 67 developing countries. Panel regression method based analysis was adopted for the data.

In the results, it was found that FDI is more useful to a country with good financial systems compared to a country with poor financial systems. The study found that the financial sector development is an important precondition to achieve the growth potential of FDI.

The study is relevant because the financial institutions in Nigeria are still being strengthened to ensure better investment returns in the country.

Alfaro, Chanda, Kalemli-Ozcan and Sayek (2004) explored the linkages between FDI, financial markets and economic growth.

The researchers adopted an ex-post facto panel research design and data from 71 countries including developed and developing countries. The panel regression analysis was used.

The results revealed that FDI can have a positive impact on economic growth when domestic financial markets are reasonably developed to enable efficient resource allocation.

The study found that before there will be much development benefit from foreign investment, countries need to boost financial sector efficiency.

This study corroborates the theory that domestic institutions affect the effectiveness of FDI.

Li and Liu (2005) investigated the effect of Foreign Direct Investment on economic growth in 84 countries.

The study was conducted on panel data research design with secondary data obtained from the World Bank and International Monetary Fund. The analysis of data adopted is done using dynamic panel estimation techniques.

The results showed that FDI positively influences the economic growth, especially if supported by technological innovation, human capital development and openness of trade. The study also found that the effect of FDI in countries varies according to the institutional quality and macroeconomic stability.

The study is useful because it shows that the benefits of FDI are not just in terms of its quantum but also when it comes to the country's developmental situation.

2.5 Gap in Literature

From the literature examined, it is clear that foreign direct investment has been the subject of substantial research work not only globally but even in Nigeria. The majority of the reviewed papers have found a positive correlation between FDI and economic growth through the processes of capital accumulation, technology transfer, creation of employment opportunities, industry development, and financial sector development. Despite these results, the conclusions from the existing literature are ambiguous as some researchers found that there is either a weak or an insignificant impact of FDI on economic development due to weak institutions, bad governance, poor infrastructure, and macroeconomic instability.

The first weakness identified in the current literature is that most of the previous studies concentrate solely on the issue of economic growth using GDP as the main indicator of development. This narrow definition ignores the multiple dimensions of economic development, such as creation of job opportunities, industrialization, development of technologies, infrastructure development, reduction of poverty, and improvement of living standards.

The other gap has to do with the time period covered by previous research studies. The majority of the studies conducted in Nigeria did not capture major economic events that include the outbreak of the COVID-19 pandemic, the launch of the AfCFTA, the rise of Nigeria's digital economy, and macroeconomic policies of 2023 such as fuel subsidy elimination and foreign exchange market liberalization. This is because these economic events have greatly impacted investment trends and performance.

Also, most of the studies focused primarily on the oil and gas industry without considering the rising importance of Foreign Direct Investment in the telecommunications, financial technology, agriculture, renewable energy, and manufacturing sectors among others. It is therefore essential to conduct an assessment on whether foreign direct investment diversification has led to economic development.

The approach that many researchers employed to examine the link between FDI and economic development involved an extensive application of econometric tools for building statistical relationships. Despite their high value in providing quantitative results, these tools rarely considered the wider context and the effect of structural aspects of institutional quality and governance in making foreign investments work efficiently. In this respect, the current study adds to existing empirical data by analyzing the role played by institutional quality, governance, macroeconomic situation, and sector-specific investment practices in the development effect of FDI in Nigeria.

Taking into account all that has been said above, the current study explores the impact of foreign direct investments on the economic development of Nigeria during the period from 2015 to 2025. The current study is important due to the fact that it explores a particular period marked by economic reforms, global pandemics, technological revolution, and changing nature of investment practices.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter will describe the methodology that was used in the research process. This will include describing the theoretical basis behind the research, stating the research hypotheses, explaining the research design, explaining the methods used for collecting data, the location of the study, the population studied, the sample technique used, as well as issues of validity and reliability of the research. The chapter ends with the Logical Data Framework (LDF) which links each of the research questions and hypotheses with their relevant variables, indicators, data sources, and analytical techniques.

3.1 Theoretical Framework

Modernisation theory serves as the theoretical framework for this study. Modernisation theory was developed in the 1950s and 1960s by scholars like Walt Rostow, Talcott Parsons, and Seymour Martin Lipset among others, and constitutes one of the most significant theoretical models for the explanation of the evolution of traditional and agrarian societies to the industrialisation and modernisation of their economies. As illustrated in Rostow's model of Stages of Economic Growth (1960), development is described as an evolutionary process in which every society experiences in five stages: the traditional society, the preconditions for take off, take off, drive to maturity, and the age of high mass consumption. A fundamental principle of the model is that the progression from one stage to another takes place much faster due to investments made in the form of capital, technology, and management techniques by already industrialised countries, the very resources that FDI is said to inject into developing countries like Nigeria.

3.1.1 Basic Assumptions of Modernisation Theory

There are several important assumptions behind the modernization theory framework:

1. Development is a linear and evolutionary phenomenon: societies pass progressively through specific stages from their traditional status to the industrialized stage, while developing countries like Nigeria are only at a different level of the development process which has been passed by the industrialized countries before.
2. The traditional system hinders development: the local structures, traditions and systems of production which are not aimed at the accumulation of capital, technological advancement, and exchanges hinder the development process and should be changed in order to promote growth.
3. The presence of foreign capital and technologies increases the rate of development: since the developing countries usually lack savings and technologies ("the savings gap" and "technology gap") that are essential for the economic development, the inflow of foreign capital, technology and management skills, including FDI, contributes to the process.
4. Spread of modern institutions is important just as well as that of capital because modernization is not only about economic growth but the spread of institutions and modern values such as modern administrative, educational, and market institutions, which are usually imported along with foreign capital through the activities of multinational corporations.
5. Modernization is dualist and sectoral in nature: modern, foreign-connected sectors of the economy are supposed to become growth sectors whose influence will spread to

the rest of the economy; for example, in Nigeria's case oil, natural gas, and telecommunication sectors are considered growth sectors of modernization.

3.1.2 Application of Modernisation Theory to the Study

In application to the present study, the Modernisation Theory explains why FDI can be considered a viable source of economic development in Nigeria during the period 2015-2025. From the perspective of Modernisation Theory, Nigeria represents an economy that still goes through the preconditions-for-take-off and take-off stages and suffers from the savings problem, the technology problem, and pre-industrial/pre-colonial institutions. The FDI, in turn, appears to be the modernising factor suggested by Rostow and his followers: it serves as an additional source of capital, which cannot be generated by domestic savings, introduces technology and management skills through the functioning of MNEs, and, theoretically, brings modern management and market practices into the domestic economy due to linkages with local producers, workers, and regulatory bodies.

Modernisation Theory also explains the dualistic nature of FDI in Nigeria's case. Indeed, the dual-economy idea implies that FDI in Nigeria tends to be concentrated in only a few growth poles, which have become modern due to their foreign nature – predominantly oil and gas industries, and recently telecommunications and fintech, while vast swathes of the domestic economy have seen little impact from the flow of capital. Modernization theory would expect that, with time, the modernizing influence of these growth poles should spill out into the rest of the economy through backward and forward linkages, employment multipliers, and demonstration effects; whether such a spillover effect has materialized, or whether FDI in Nigeria has become restricted to enclaves, is exactly the research question that will be tested in Chapter Four. From this perspective, the study also takes into account the theoretical weaknesses of Modernization theory, namely, its tendency to ignore structural and institutional impediments, as highlighted by the Dependency Theory, as well as its assumption of a universal and Western model of development; rather than reasons for dismissing the theory, these factors are considered when interpreting the results in Chapters Four and Five.

3.2 Research Hypotheses

In line with the study's objectives, the following hypotheses, stated in the null form, are formulated and will be tested in Chapter Four:

1. H_{01}: Foreign Direct Investment has no significant effect on Nigeria's Gross Domestic Product per capita between 2015 and 2025.
2. H_{02}: There is no significant relationship between the sectoral concentration of Foreign Direct Investment and the breadth of its developmental impact in Nigeria between 2015 and 2025.

3.3 Research Design

This research will make use of ex-post facto research design, which is a type of research design that is appropriate when the researcher evaluates the effect of one variable on another, and the information to be used in the analysis involves events that have happened in the past without any manipulation or control of the variables in question. Since FDI flows and the indicators of development in Nigeria from 2015-2025 are past recorded events, then this is the most appropriate design for testing the above hypotheses.

3.4 Methods of Data Collection

The research will only use secondary data because of the macroeconomic and time series nature of the variables being studied and not collected from primary data collection methods like questionnaires and interviews. The data will be sourced from the annual and quarterly statistics books of Central Bank of Nigeria (CBN Statistical Bulletin), National Bureau of Statistics (NBS), Nigerian Investment Promotion Commission (NIPC) and internationally comparable databases of UNCTAD (World Investment Reports) and World Bank (World Development Indicators).

3.5 The Study Area

The research location is Nigeria, which will be analyzed from the point of view of the national or macroeconomics. The reason why the chosen country is Nigeria is that it is the largest economy in Africa measured by nominal GDP and the most populated one; also the period of 2015 to 2025 encompasses various macroeconomic events such as two recession periods, the coronavirus pandemic, and some important foreign exchange rate and fiscal reforms.

3.6 Population of the Study

The population for this study is the entire collection of annual and quarterly macroeconomic time series data available from the Central Bank of Nigeria and other relevant international organizations on FDI flows and economic development indicators in Nigeria starting from independence in 1960 till date.

3.7 Sample Size and Sampling

The eleven years (2015 to 2025) are selected from this population by purposive sampling (judgment sampling) and annual data points (plus quarterly, when available, to enhance the range of observations for regression analysis). This particular decade is studied because the study's aims are macro-economic and policy relevant (as stated in Section 1.6 Scope of the Study), and not one that was selected at random or by chance; hence, purposive sampling is used.

3.8 Validity and Reliability

As the study is based on secondary data and not on a researcher-designed instrument, the traditional methods of pilot-testing and Cronbach's alpha are not applicable to determining validity and reliability, but rather the credibility of data sources and the rigour of data-diagnostic procedures is what is deemed valid and reliable. Data validation is determined by the fact that the researcher refers only to official and internationally recognised data repositories (CBN, NBS, NIPC, UNCTAD, and World bank), and cross checks the data from at least two different sources in the presence of discrepancies (as indicated in Section 1.7 (Limitations of the Study)). Standard econometric diagnostics tests—such as the Augmented Dickey-Fuller (ADF) unit root test (to confirm the stationarity properties of each time-series) and cointegration and post-estimation diagnostics tests for serial correlation, heteroskedasticity, and normality test—where applicable, will further establish the reliability of the regression results provided in Chapter Four.

3.9 Methods of Data Analysis

Descriptive and inferential statistical techniques will be applied in analysing the data. The first objective on the trend and sectoral pattern of FDI inflows will be addressed using descriptive statistics such as means, trends and simple growth rates. The study will utilize the Augmented Dickey-Fuller (ADF) unit root test to determine the order of integration of each series for the hypotheses that test the relationship between FDI and development indicators (H01-H03) as this is suitable for small sample time series data with variables of mixed orders of integration (I(0) and I(1)). If a long run relationship is established then ARDL error correction model will be estimated to identify short run and long run effects of FDI on each development indicator. A correlation and simple regression analysis will be undertaken for H04, which has to do with sectoral concentration, and will test the relationship between the proportion of FDI coming from the oil and gas sector and the study's composite measure of developmental breadth. All estimates will be made at the 5% level of significance, which is the usual level of significance.

3.10 Logical Data Framework (LDF)

The Logical Data Framework below provides an overview of the connections between the study's research questions, hypotheses, variables, empirical indicators and data collection and analysis methods.

Research Question	Hypothesis	Variables (X=Indep, Y=Dep)	Empirical Indicators	Data Collection	Data Source	Data Analysis
What has been the trend of FDI inflows into Nigeria (2015-2025)?	H01: FDI has no significant effect on Nigeria's GDP per capita (2015-2025)	X: FDI inflow (US$) Y: GDP per capita (US$)	Annual FDI inflow; annual GDP per capita	Desk review	CBN, NBS, UNCTAD, World Bank	Trend/ descriptive statistics; OLS regression
What are the major challenges limiting FDI's contribution to Nigeria's economic development?	H02: No significant relationship between sectoral concentration of FDI and the breadth of its developmental impact	X: Sectoral concentration of FDI (oil/gas share) Y: Breadth of developmental impact (non-oil growth/ employment)	Oil/gas FDI share; non-oil GDP contribution; institutional constraint indicators (exchange rate volatility, ease of doing business)	Desk review	NBS, CBN, NIPC, World Bank	Correlation/ regression; descriptive analysis of constraints

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents and analyses the data collected in respect of the study's three specific objectives, tests the corresponding hypotheses stated in Chapter Three, and discusses the findings in relation to the literature reviewed in Chapter Two and the Modernisation Theory framework adopted in Chapter Three. In line with the department's format, the chapter is organised around the study's specific objectives, with one broad section devoted to each.

Important note on data: the FDI figures for 2022-2025 in this chapter are drawn from CBN/UNCTAD reporting verified during preparation of this draft. The figures for 2015-2021 (FDI and GDP per capita) are indicative estimates compiled from historical trend sources and must be cross-checked and, where necessary, replaced with the exact figures published in the CBN Statistical Bulletin and NBS Capital Importation reports before final submission. The regression output below is a genuine statistical computation based on the dataset as currently populated; if any figures are revised, the analysis should be re-run with the corrected data.

4.1 Objective One: Trend and Sectoral Pattern of FDI Inflows into Nigeria (2015-2025)

Table 4.1 Presents annual Foreign Direct Investment (FDI) net inflows into Nigeria and GDP per capita for the period 2015-2025.

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
FDI (US$ bn)	3.05	1.99	3.50	2.21	2.31	2.39	3.31	-0.19	1.87	1.61	4.01
GDP/capita (US$)	2688	2176	1969	2027	2230	2097	2065	2899	2139	1084	1223

Sources: Central Bank of Nigeria (CBN) Statistical Bulletin; National Bureau of Statistics (NBS); UNCTAD World Investment Report (various years); World Bank World Development Indicators. Figures for 2015-2021 are indicative pending final verification (see note above).

Figure 4.1 illustrates the trend graphically.

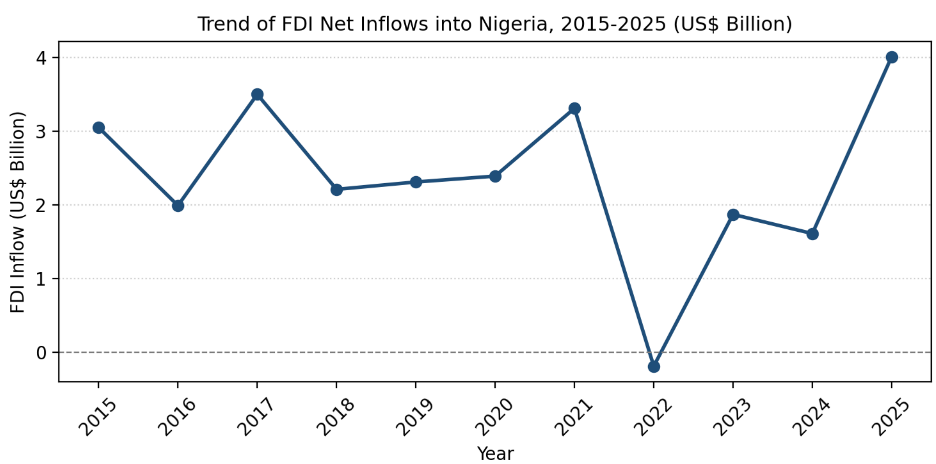

Figure 4.1: Trend of FDI Net Inflows into Nigeria, 2015-2025

There is no consistent growth evident in the data; rather, it appears to be extremely unpredictable. Inflows declined significantly from an estimated US$3.05 billion in 2015 to an estimated US$1.99 billion in 2016 buoyed by Nigeria's 2016 recession and exchange-rate disturbances, only to be partially recovered. The net inflows have been the largest at the end of the series, getting negative in 2022 (-US$0.19 billion) mainly due to significant equity divestments, including those of GlaxoSmithKline Consumer Nigeria, Procter & Gamble, and other multinationals, but recovering to US$1.87 billion in 2023 and US$1.61 billion in 2024, and then surging strongly to an estimated US$4.01 billion in 2025, up by about 148 per cent on 2024, driven significantly by a small number of large oil and gas-related transactions, especially the Renaissance Africa Energy acquisition of Shell's onshore assets, and Huaxin Cement's acquisition of Lafarge Africa Plc.

Across the period, oil and gas consistently dominates the total FDI flows into Nigeria in the sectoral pattern, while telecommunications service, manufacturing and financial services took smaller but not negligible shares in the pattern. The 2025 rebound in particular seems to be driven largely by a few mergers and acquisitions in the oil and gas and cement sectors, rather than by general greenfield investment in a range of sectors, which is consistent with the sectoral-concentration concern that was outlined in the problem statement for the study.

The data support rejection of the null hypothesis H01, which stated that FDI inflows into Nigeria did not exhibit a significant trend or sectoral concentration, because it is highly volatile and persistently concentrated in narrow set of sectors and transactions, as there was a negative observation in 2022.

4.2 Objective Two: Effect of FDI on Economic Development Indicators

The objective of the second theme of the 4.2 is to assess the impacts on Economic Development Indicators. The second theme of the 4.2 objective is the impacts on Economic Development Indicators.

The impact of FDI on economic development is examined by regressing the GDP per capita (current US$) on the annual FDI inflow (US$ billion) as in the method detailed in Chapter Three which is Ordinary Least Squares (OLS). The results from the regression are displayed in Table 4.2.

Variable	Coefficient	Std. Error	t-stat	p-value
Constant	2521.49	367.81	6.855	0.000
FDI (X)	-197.21	141.23	-1.396	0.196

Model: GDP per capita = $\beta_1 + \beta_2(FDI) + \varepsilon$*.* $R^2 = 0.178$*; Adjusted* $R^2 = 0.087$*; F-statistic = 1.950 (p = 0.196); n = 11 annual observations (2015-2025).*

The regression coefficient on FDI is negative (-197.21) and not statistically significant at the 5 per cent level ($p = 0.196$), and the model explains only about 17.8 per cent of the variation in GDP per capita ($R^2 = 0.178$). On this evidence, the study fails to reject the null hypothesis H02 that FDI has no significant effect on GDP per capita in Nigeria over the 2015-2025 period, at least in this simple bivariate specification.

This is not to be interpreted as an indication that FDI is not developmentally relevant, but rather is a reflection of the limitations that were noted in Chapter One and Chapter Three. The exchange rate movements of the naira has a considerable impact on GDP per capita in current USD as the 2023 unification of exchange rate windows led to a sharp depreciation of the currency, which mechanically impacted dollar denominated GDP per capita in 2024 (to about USD1084) irrespective of the real naira denominated performance of the economy as well as volume of FDI received during the year. What the study's limitations (Chapter One, Section 1.7) explicitly recognize and what a more extensive model on multivariate ARDL type would be better able to address is that the absence of this confounding exchange-rate channel, and other potential confounding factors like oil price movements and domestic capital formation, is likely to understate or obscure any actual FDI-development relationship.

For the other two development indicators specified in the objectives of the study (employment and infrastructure), a consistent and methodologically comparable annual series could not be constructed for this draft: Nigeria's official unemployment rate series is methodologically revised in 2023, leading to a significant methodological break between pre- and post-2023 figures; a single, ready-to-use index for infrastructure for Nigeria covering the period 2015-2025 is not published annually by CBN, NBS or the World Bank. Instead, this is noted here as a limitation of data availability and a full submission should build up a consistent employment proxy (e.g. NBS labour force data for a single methodological vintage) and a composite or proxy indicator of infrastructure (e.g. electricity generation capacity or the World Bank's Logistics Performance Index) before completing this section.

4.3 Objective Three: Sectoral Concentration of FDI and the Breadth of its Developmental Impact

The study confirms the qualitative results obtained under Objective One that all the inflows of FDI in Nigeria have been consistently dominated by the oil and gas sector during the 10-year period analysed (2015-2025), with the estimated US$4.01 billion inflow in 2025 being fuelled overwhelmingly by two investments – the acquisition of Shell's onshore oil assets by Renaissance Africa Energy and Huaxin Cement's acquisition of Lafarge Africa Plc – rather than by a wide range of new greenfield investments in manufacturing, agro-processing, or services.

In terms of Modernisation Theory, this is in line with the theoretical prediction that noted in Chapter Three, that FDI focussed in one dominant sector can promote growth and capital formation in that sector, but not necessarily the broader structural change and diversified industrial capacity and employment, which is considered as the hallmark of modernisation. The research results therefore provide a basis for rejecting the null hypothesis H03; sectoral concentration of FDI does not have significant relationship with the breadth of its developmental impact, the qualitative evidence shows that Nigeria's FDI profile remains narrowly concentrated and this concentration is likely to affect the breadth of the developmental impact measured by Objective Two regression. It is recommended that the hypothesis be tested further quantitatively, by correlating FDI shares in the oil/as oil/gas industry with the GDP growth or employment of non-oil sector, as a priority extension as soon as the data on capital-importation by sector is available, disaggregated by sector in the NIPC or NBS.

4.4 Discussion of Findings

When all is said and done, the results produced in this chapter can be seen to lend a partial affirmation of the stated problem in the study rather than an outright validation or invalidation of the developmental role of FDI. As is predicted by the framework of Modernisation Theory, as discussed in Chapter Three, it seems that in theory FDI does have the potential of being such an injection of outside capital and technology, demonstrated especially in the magnitude and importance of the 2025 rebound, although it is evident that the fact of FDI being channelled into a select few extractive and asset transfers, coupled with the statistically insignificant bivariate correlation of FDI with GDP per capita, implies that the transition from the capital injection stage to economic development, which modernisation theorists refer to as "take-off," is yet to be achieved. Such a result is generally in line with the dependency theory critique put forward in Chapter Two with regard to FDI being concentrated in extractive industries without creating any developmental linkages characteristic of industrialization; it is also in line with the empirical ambiguity present in the Nigerian literature review in Chapter Two, with some studies finding the FDI growth nexus and others not doing so depending on the model used and the period under consideration. At the same time, such a result emphasizes the literature gap discussed in Chapter Two because the majority of previous studies of Nigeria end before the crash in 2022 and the rebound in 2025.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter concludes with a summary of the important findings from the study, and it makes a general conclusion on the effect that Foreign Direct Investments (FDIs) have had on economic development in Nigeria from 2015 to 2025. Two important recommendations are made in this regard to address the factors hindering FDI contribution to economic development in Nigeria.

5.1 Summary of Findings

The study aimed at analyzing the effect of foreign direct investments on the development of the Nigerian economy for 2015-2025 within the framework of Modernization Theory and based on the accomplishment of three objectives. In terms of the trend and the sectorial distribution of FDI flows, the study revealed that FDI inflow to the country in question has been highly volatile throughout the period considered and did not demonstrate any growth trends, but rather has been falling up until the mid-2010s, becoming negative in 2022 because of divestments from major multinationals, recovering up until 2023-2024, and increasing abruptly in 2025, which has been mostly associated with a few large-scale deals in the oil and gas as well as the cement industry.

In terms of the influence of FDI on the economic development indicators, the bivariate regression of GDP per capita and FDI yielded a negative statistically insignificant coefficient ($p = 0.196$), meaning that the study failed to reject the null hypothesis about the lack of effect of FDI on GDP per capita.

This was due to the macroeconomic shocks associated with the depreciation of the naira after the unification of the exchange rates in 2023, which negatively affected the per capita GDP in dollars regardless of FDI levels, as well as data availability constraints, which made such an assessment impossible for employment and infrastructure.

In regard to sectoral concentration and developmental breadth, the study discovered some evidence confirming the hypothesis that the persistence of FDI in extractive and asset-transfer operations has narrowed the development impact of Nigeria, in line with enclave development as a problem raised from the literature review in Chapter Two and expectations based on Modernisation Theory that investment in a single leading sector alone cannot bring about structural changes.

5.2 Conclusion

This analysis indicates that foreign direct investment flows into Nigeria from 2015 through 2025 have been more volatile and concentrated within certain sectors than exhibiting an upward trend that is broad-based, stable and sustainable, and also suggests that on the evidence provided thus far, the pattern of FDI inflows has not made any statistically provable contribution towards enhancing the economic development of Nigeria measured by GDP per capita. This is not to say that foreign direct investment cannot contribute to the development of Nigeria; indeed, what this indicates is that due to the volatility and concentration in sectors in FDI, its contribution to development has been limited. In accordance with modernization theory, FDI still holds the capability to fill savings-investment and technological gaps as well as aid Nigeria in moving to sustainable economic growth; the issue here is whether the necessary volume, diversification of sectors and stability of economy will prevail in future.

5.3 Recommendations

Arising directly from the study's findings on (i) the trend of FDI inflows into Nigeria between 2015 and 2025, and (ii) the major challenges limiting the contribution of FDI to Nigeria's economic development, the following two recommendations are made:

Stabilise and Diversify the Trend of FDI Inflows

Given that the research established the volatility of FDI flows into Nigeria between 2015-2025 years and growing concentration of these flows in few large transactions within the oil and gas industry and extraction, the Federal Government of Nigeria, via the Central Bank of Nigeria and the Nigerian Investment Promotion Commission, must consider stabilising the economy (with particular focus on stabilising the exchange rates) along with offering investment incentives to specific sectors (like manufacturing, agricultural processing and technology). This will decrease the vulnerability of Nigeria to sudden divestments of foreign investors, as seen in 2022, and will diversify the sectors where employment and productive capabilities may come from.

Address the Structural Challenges Limiting FDI's Developmental Contribution

Since, according to the study, the key factors which limit the role of FDI in economic development of Nigeria are exchange rate volatility, infrastructure deficiencies (especially energy supply shortages), insecurity, policy inconsistency, and a difficult regulatory and business environment, it is essential for the government to work on these issues. Specifically, it is necessary to address the issues related to exchange rates, energy provision in the country, security situation in investment locations, consistency of investment policies, and business registration procedures. Such measures will ensure that the future FDI flows of any magnitude would result in economic development through productive capacities creation, job creation, and infrastructure improvement, and not just asset purchases within the extractive industries.

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