

# Kidnapping and Banditry in Northwest Nigeria: Implications for Foreign Direct Investment

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## **Abstract**

Statistics have shown that Kidnapping and banditry are on the increase in Nigeria for the period under study. The circumstances not only force citizens to avoid traveling by road and living in fear at home but pose fear to investors in Nigeria's economic environment. Data generated from reputable media indicated that as the situation increases, kidnapping and banditry appear to constitute almost a number one challenge to the Nigerian government, as the GDP of the nation continues to decline through the incessant closure of companies in some affected regions. The menace has attracted scholars from different walks of life on the most effective antidote for eradicating insecurity such as kidnapping and banditry in the nation. This informs the interest in this study. Thus, the assessment of kidnapping and banditry in the northwest Nigeria and its implications on Nigeria's foreign direct investment. The study is from 2015 to 2022. This is the period in Nigeria as a nation witnessed incessant insecurity and its deleterious effects on the economy. The study utilized qualitative research design to unearth the masquerading areas in the study. This was achieved through the use of secondary sources. Useful documents

from NGOs' sites, Newspaper, journals, the internets and the NBS were utilized accordingly. The study concludes that the present poor GDP growth rate in Nigeria can be attributed to the incessant insecurity in Nigeria, such as kidnapping and banditry as this will continue to discourage foreigners from investing in the country. The study recommended among others that responsible authorities should fight insecurity with a mindset of sincerity.

**Keywords:** Kidnapping, Banditry, GDP, FDI, Northwest, Nigeria

## **Introduction**

Insecurity has worldwide been tacked as a cankerworm on many nations' social, technological, religious, cultural, and even economic development. This has caused a concern not only among citizens of Nigeria but among foreigners a situation that, if not addressed, has the potential to bring any economy to its knees. There is no doubt that no meaningful progress can be recorded until the nation is rid of incessant kidnapping and banditry and other organized crimes. According to Ibrahim and Ahmad (2020), the recent kidnapping wave in Nigeria can be traced back to the 2006 abduction of expatriate of oil company employees in the Niger Delta region, which was displayed as an open message to the world for many years of marginalization, injustice, exploitation, and underdevelopment of the region. Afterward, the menace became boldly commercialized in several parts of the country, especially in the northern region of the country.

Currently in Nigeria, the consequences of kidnapping affect not only locals, such as the poor and rich, the elderly and children, but also foreigners, particularly those on investment missions. Earlier research from Slack (2016) has shown that, contrary to the original belief that kidnapping is initially considered a problem for the rich and wealthy; its pandemic spread to significant proportions among the middle class and the poor is a pointer that it should today be everybody's concern in Nigeria and beyond.

The current situation has not left the government silent on the issue. This has made the Senate President warned that the current insecurity situation in the country is crippling socioeconomic activities and scaring away investors, which has left the development of Nigeria in stagnation. Thus, he called for a concerted effort from all arms of government to tackle the problem (Umoru 2019). Evidence from Olaniyi (2020) showed that the situation imposed Nigeria into the United States visa ban countries. The work of Samuel, (2019); Ibrahim; and Ahmad, (2020) attest that the incessant incidences of kidnapping and banditry have incurred immense threats to the government, the security agencies, and all related stakeholders in the country.

Furthermore, available data from the United Nations Office on Drugs and Crime showed that Nigeria ranks third (behind South Africa and Cameroun) in the number of kidnapping cases in Sub-Saharan Africa (SSA) (UNODC, 2020). It is important to note that kidnapping and banditry are two of several typologies of crime, and the macroeconomic implications of crime can be very devastating. In recent times, the economic consequences of crime, particularly at the level of foreign direct investment (FDI) in Nigeria, have become of immense interest and worthy of academic discourse. These interests stem from the fact that the FDI of a nation has a relationship with the economic development of emerging markets. FDI provides capital to finance domestic projects as well as expertise to undertake such projects. The competition for getting FDI inflow has become stiffer as both advanced and developing countries are showing a growing interest in attracting FDI (Ayoola, 2022).

The importance of FDI to a developing country like Nigeria is very key to the economy, which is shaky if not in shambles due to the incessant kidnapping and banditry. The extent to which FDI contributes to growth depends on the economic and social conditions of a country. FDI can foster and maintain economic growth, in both the recipient country and the country making the

investment. In one hand, developing countries have encouraged FDI as a means of financing the construction of new infrastructure and the creation of jobs for their local workers. On the other hand, multinational companies benefit from FDI as a means of expanding their footprints into international markets. Investors hold the view that political stability in the host country is important in considering their choice of investment locations and deciding the amount and volume of investment in that country (Ayoola, 2022).

The report by the National Bureau of Statistics (NBS) reveals that no state in Nigeria has not experienced incidences of kidnapping (NBS, 2017). While kidnapping within the Niger Delta region started as a result of agitation for fair treatment by the people of the Niger Delta, kidnapping and banditry for ransom have turned into a lucrative businesses. For example, about 18.3 million US dollars was paid as ransom to kidnappers in Nigeria a decade ago (SBM, 2020). Currently, the report shows that most of the kidnapping and banditry incidents in Nigeria occur in the northern region (SBM, 2020). Olaniyan and Yahaya, (2016) stated that the pervasive banditry and its associated threats to security, which have enveloped the northwest region of Nigeria, particularly, Zamfara, Katsina, Kaduna, Sokoto, and Niger States, have become a worrisome national security issue for public concern. It was reported that about 330 attacks were made by bandits and 1,460 deaths were recorded between January and July 2019 (Abdullahi, 2019).

In most cases, the bandits killed and maimed the people and raped the women before dispossessing them of their cows while in some instances, they also kidnapped girls or women in the process (Adeniyi, 2015; Yusuf, 2015). In 2021, tracked data from the NexTier Violent Conflict Database shows that Zamfara State was Nigeria's most violent state, with 848 deaths in 71 incidents. Kaduna and Borno states follow from a distance with 550 and 481 deaths, respectively. Benue and Niger states are also among the top five most violent Nigerian states in 2021. Regular crisis types in

these states include armed banditry, jihadist insurgency, farmer-herder clashes, and a handful of cult wars.

The database also shows that some incidents resulted in large-scale kidnappings. Within the 2021 review period, 2,012 persons were kidnapped in these top five most violent states. In the first half of 2022, Plateau State joined the list of Nigeria's most violent states. Sitting in fifth place with 38 incidents leading to 212 deaths, crisis types in the state include banditry and a few episodes of farmer-herder conflict. Niger State has witnessed increased banditry that has seen the state become the most violent Nigerian state between January and May 2022, from a fifth position recorded last year ([reliefweb.int/report/nigeria/nigerias-most-violent-states-june-21-2022](https://reliefweb.int/report/nigeria/nigerias-most-violent-states-june-21-2022)). The primary objective of every investor is to maximize profit and this may not be achievable if so much capital is invested to ensure the security of lives and property thus affecting the nation's FDI. Counting the cost of various security challenges featured in the country, the statistics could be discouraging for any potential investor as they portend danger. The study will therefore, elucidate factors responsible for kidnapping and banditry in the region and the implications of kidnapping and banditry on FDI in Nigeria.

## **The Problematique**

The unabated instances of kidnapping and banditry that have proven too difficult for all Nigerians to handle have no doubt had a major negative impact on Nigeria's ability to draw foreign direct investment into its economy. Nigerians have endured unspeakable agony as a result of the unfavorable investment environment for foreign direct investors, which has also caused our economy to collapse with ongoing inflation and youth unemployment.

The Nextier Violent Conflict Database indicates that troubled states have continued to witness a spike in terror attacks. For instance, Niger state recorded 322 deaths in 55 incidents in 2021. Between January and May 2022, the state has recorded 602 deaths

in 50 cases. From January to May 2022, the top five most violent states in Nigeria recorded 900 kidnap victims, according to the Nextier Violent Conflict Database. Beyond Nigeria's top five most volatile states for 2021 and the first five months of 2022, other states across the country are witnessing multiple attacks. Furthermore, data from the Nextier Violent Conflict Database (2022), once more shows that Nigeria's most troublesome regions are portions of the northwest and north-central regions. Other places, like southeast Nigeria, have unstable security because of violent pro-secession agitators and "unknown gunmen" (UGM). Violent attacks have been ongoing for over a year, particularly in the states of Anambra and Imo.

In terms of commercial activities, insecurity is capable of destroying investor confidence, leading to mass exodus of local and foreign companies and can immediately retards the inflows of foreign capital meant for investment. Insecurity does not only destroy physical infrastructure and diverting government expenditure, insecurity can also slows down domestic and international business activities of a country.

The area of discourse has attracted widespread concerns from academics. Ibrahim and Mukhtar (2017), carried out an analysis on the causes and consequences of kidnapping in Nigeria. The study found out that kidnapping has been taking place in Nigeria due to the activities of insurgent groups in the Niger Delta region, but it increased with the emergence of "Boko Haram" terrorism in the North-eastern Nigeria. Similarly, Olapeju and Peter (2021) wrote on the impact of banditry on Nigeria's security in the fourth republic. The paper posited that the presence of scarcely governed spaces, the high level of unemployment with the attendant poverty, weak security system, porosity of Nigeria's borders and arms proliferations, among others, are the driving factors accelerating banditry in the Northwest region of Nigeria. Ibrahim and Ahmad (2020) on the causes of kidnapping and its implications on Nigeria revealed that the government's reluctance to address such

challenges is the force igniting heinous crimes in the country. It is due to the negligence of the Nigerian government to address the root-causes of the phenomenon such as; youth unemployment, quick-money syndrome, hard-drug influence, and others. Saminu and Shuaibu (2022) carried out study on "Understanding Kidnapping and its Effects on Nigeria's National Security". The study found that poor intelligence gathering, government mishandling of the situation, and a weak criminal justice framework for prosecuting abductors and accomplices are factors contributing to kidnapping's rapid evolution into a lucrative political economy venture involving multiple actors. In all the related available studies on kidnapping and banditry in Nigeria, none dwelled extensively on examining effects of kidnapping and banditry on foreign direct investment from 2015 to 2022. Thus the gap, to explore how kidnapping and banditry in the northwest Nigeria has affected foreign direct investment in Nigeria.

## **Conceptual Clarifications**

### **Insecurity**

The term "insecurity" has a variety of connotations, including "absence of safety," "risk," "hazard," "uncertainty," "lack of protection," and "lack of safety." According to Beland (2005), insecurity is the feeling of worry or anxiety brought on by a real or perceived lack of safety. It alludes to a lack of or insufficient freedom from risk. From two different angles, Achumba, Ighomereho, and AkporRabaro (2013) define insecurity. Insecurity is firstly the condition of being exposed to risk or the threat of danger, whereas danger is the state of being vulnerable to harm or injury. The second definition of insecurity is the condition of being exposed to risk or anxiety, where anxiety is a generalized negative emotion felt in expectation of some unfavorable event.

The explanation given above indicates that the phenomenon of security or insecurity involves both a physical occurrence and a psychological state of mind that endangers peace and the growth

of both people and societies. These definitions of security and insecurity imply that a sizable number of individuals are harmed by insecurity in northwest Nigeria. A situation of insecurity is one in which people and property are at risk of attack, loss, harm, or damage as a result of a failure to safeguard them (Adegoke, 2014). It is the opposite of security, which can also be referred to as a state of danger, peril, vulnerability, jeopardy, or hazard, according to Achumba, Ighomereho, and Akpu-Robaro (2013). Insecurity denotes a condition in which people feel unsafe and unprotected from victimization. This means that the victims are at risk of being hurt, maltreated, and persecuted. The corollary of this is that a state of insecurity is a state in which criminal activities thrive.

### **Kidnapping**

While abduction (Ibrahim & Mukhtar, 2017), and hijacking (Albert et al., 2020) can be distinguished by their objectives and stage-managing strategies, the term "kidnapping" is usually used synonymously with these crimes (Tillyer et al., 2015). A number of theories have been put up to try and explain what it is, how it came to be, and who normally partakes in it. It can be difficult to fully understand the image due to the wide range of concepts involved and the various applications for them. Reading through several definitions gives the reader the perplexing impression that the various acts may be distinguished in every circumstance, at every moment, and everywhere. While it is easy to separate it by time and location, it would be difficult to distinguish it by purpose because the objective is a subjective one.

To illicitly accomplish the abductor's goal, a person is kidnapped when they are forcibly taken to a location without their will and permission (Ishaya, Ubong, & Gadu, 2019). It entails the violent or forced detention of individuals and transportation to a secret location where they are held against their will until the fulfillment of the abductor's intent, such as the collection of a ransom. Uzorma and Nwanegbo-Ben (2014) have defined



kidnapping as the “act of seizing and detaining or carrying away a person by unlawful force or by fraud, and often with a demand for ransom. It involves taking a person from their family forcefully without their consent with the motive of holding the person as a hostage and earning a profit from their family”. Ojema (2015) concluded that, armed robbers and other sorts of criminals are fast abandoning their trades for the more lucrative business of kidnapping. This is a very worrisome practice on improving FDI in Nigeria. This study rests its case on the idea of Inyang and Abraham, (2013), Onuoha and Okolie-Osemene, (2019) that kidnapping involves imprisoning a person against their will in violation of the law, which includes moving the victim to a place that is difficult to find or identify.

## **Banditry**

Banditry is conceptually derived from the term "bandit," which refers to an unlawful armed group that terrorizes people and takes their possessions. It is synonymous with the formation of gangs that carry out attacks on people with small and light weapons. In this context, banditry could refer to a planned illegal behavior that is executed for one's own benefit. Egwu (2016) only loosely defined banditry as the activity of stealing cattle and other animals from herders or raiding cattle from their ranches due to the complicated nature of bandits' actions. In a similar vein, banditry is reflected in criminal activities like cattle rustling, kidnapping, armed robbery, drug use, arson, rape, and the blatant and horrifying murder of members of agrarian communities with high-tech weapons by suspected herdsman, followed by retaliatory attacks from the survivors, an event that has thrust national security to the forefront (Uche & Iwuamadi, 2018).

Shalangwa (2013) defines banditry, in his opinion, as the practice of raiding and attacking victims by members of an armed group, whether or not premeditatedly, using weapons of offence or defense, especially in semi-organized groups for the purpose of

overpowering the victim and obtaining loot or achieving some political goals. These bandits are typically viewed as desperate, lawless marauders who traverse the mountains and forests in order to avoid being recognized, apprehended, and identified as outlaws.

Banditry means occurrence or prevalence of armed robbery or violent crime. It involves the use of force, or threat to that effect, to intimidate a person with the intent to rob rape or kill. Banditry is a crime against persons. It has been a common genre of crime, as well as cause violence in contemporary societies (Nigeria Watch, 2011). In Dami (2021), banditry refers to armed violence driven principally by the criminal intent to steal and plunder. It is motivated by the quest for economic accumulation. The victims are individuals and communities with material valuables. The most common examples of banditry in Nigeria is rural banditry such as armed robbery, kidnapping, cattle rustling and village raids. According to Dami banditry is prevalent in the northwestern states of Zamfara, Kaduna, Katsina, and Zamfara state. It has reached alarming heights in recent years to the extent that bandits terrorise villages with impunity (Dami, 2021). They have actually settled in the Zamfara state, setting up fortified enclaves in the hinterland and on the frontiers, from where they plot and carry out their operations.

### **Foreign Direct Investment**

The establishment of business enterprises in a country by foreign nationals is known as foreign direct investment (Meyer, 2015). In a similar vein, Chen and Boyle (2020) described it as international investors' investments in businesses and assets located in other nations. In a similar spirit, Sudha (2013) defined foreign direct investment as an investment made by a company in the business enterprises of a country by foreign corporations or an investment made by residents of other countries in business enterprises in another country. Development is facilitated by foreign direct investment (Organisation for Economic Co-Operation and

Development, 2002). Therefore, foreign direct investment is advantageous to both the foreign investors and the host nation.

An ownership stake in a foreign company or project is known as a foreign direct investment (FDI) and is made by a foreign investor, business, or government. Typically, the phrase refers to a business decision to buy a sizable portion of a foreign company or to buy it outright in order to expand operations to a new area. The phrase is typically not used to refer to a stock purchase in a single overseas firm. FDI is a crucial component of global economic integration since it forges strong, long-lasting ties between nations' economy (Hayes, Murry, & Rathburn, 2022).

In a nutshell, Hayes et al (2022) concluded that companies or governments considering a foreign direct investment (FDI) generally consider target firms or projects in open economies that offer a skilled workforce and above-average growth prospects for the investor. Light government regulation also tends to be prized. FDI frequently goes beyond mere capital investment. It may include the provision of management, technology, and equipment as well. A key feature of foreign direct investment is that it establishes effective control of the foreign business or at least substantial influence over its decision making.

## **Review of Empirical Studies**

Six studies in relation to kidnapping, banditry and foreign direct investment in Nigeria are reviewed in this section. Mattila (2015) seeks to advance our understanding of FDI decisions by conducting a thorough investigation of location-specific factors. The most important factors influencing FDI in Sweden were specifically to be found and assessed. The study's primary findings were that one of the factors influencing foreign direct investment in Sweden is the search for resources and markets. The policy influencing business and income taxation as well as the labor market was another noteworthy element. Government incentives for promoting investment were also excluded. The study did find

that economic growth and the availability of trained labor were the two most important characteristics that supported foreign direct investment.

The analysis of the factors that influence foreign direct investment into advanced economies, particularly the euro area, was Dellis, Sondermann, and Vansteenkisle's main focus in their 2017 study. The research deviates from previous studies by giving developed countries preference over FDI and developing economies. The study also supports earlier findings in the literature regarding the significance of other factors that affect FDI inflows, including labor costs, the size of the target market (as determined by its economic activity), the recipient country's trade openness, and its propensity to tax economic actors. The central concern of Dellis, Sondermann and Vansteenkisle (2017) was the investigation of the determinants of FDI into advanced countries especially the euro area. The paper as a deviation from other literature makes the advanced countries its priority rather the usual FDI and the developing economies. The study also supports earlier findings in the literature regarding the significance of other factors that affect FDI inflows, including labor costs, the size of the target market (as determined by its economic activity), the recipient country's trade openness, and its propensity to tax economic actors. Comparing the empirical results using new FDI data, cleaned of statistical artefacts, such as financial round tripping, with those using series that do not correct for such artefacts, it was found out that results indeed differ somewhat, but remain overall robust.

Alwell, (2020) conducted research on to examine how funds expended on security have affected economic growth in Nigeria. To achieve this purpose, data on external, internal security expenditure, education and health care expenditure and growth of GDP were sourced from the CBN bulletin and analysed using the Autoregressive and distributed lag (ARDL) model. The results show that security expenditure (external and internal) stimulated real economic growth significantly in the long run and in the short

run at lags levels. However, at level in the short run, security expenditure retarded economic growth significantly. This implies that security expenditure has serious implications on the growth of Nigeria's economy.

Dami, (2021) conducted research on the impact of terrorism, banditry and kidnapping on human security in Nigeria. The documentary research method was used in gathering and analyzing data for this work. The paper asserts that between terrorists, bandits, and kidnappers, there is very little differences as one set of activities apparently service the other. The paper concludes that the indices that point to national security in which human security is the chief has been challenged seriously by terrorism, banditry and kidnapping. The paper focused on terrorism and the effect on security in Nigeria and not on foreign direct investment.

Ifeoma, Purity, and Anagbogu (2015) conducted a conceptual research study on the implications of security problems to the business operation and investment in Nigeria. The study adopts the Democratic Peace Theory. Secondary data was mostly used in the study. The study identifies the root causes of insecurity in Nigeria which has hindered business activities and some Security challenges confronting Nigeria was also highlighted. The study concludes that security challenges in any environment constitute threat to lives and properties, hindered business activities, and discourage local and foreign investors, which effect and retards socio-economic development of a country. The study recommends effective formulation and implementation of policies capable of tackling the root causes of insecurity in Nigeria. Though the study attempted to look at investment in Nigeria but was not specific on the type of investment in Nigeria.

Study from Offiong and Atsu (2014), explored the factors that influenced FDI in Nigeria between 1980 and 2011 as part of their addition to the economic literature on FDI. The goal of the study was to ascertain the functional linkages between GDP, wage rate, interest rate, and relative openness index, as well as the degree to

which each variable has affected FDI influx to Nigeria. By use multiple regression analysis to determine if the set of independent variables explained the dependent variable, the work adds to previously published research. According to the study, there is a strong correlation between real wage rates and FDI influx as well as GDP. It was discovered, namely, that growth in GDP would increase FDI influx. To efficiently attract FDI into industries that will produce positive externalities, per capita income must be raised. The amount of FDI that enters Nigeria will grow when wage rates rise. It was advised that the government implement the reform programs, pursue policies to raise GDP and income per capita, address the issue of low pay rates, examine trade and investment policies, as well as customs and banking rules, in order to address the issue. The issue is that people have to work and receive reasonable incomes, environment must attract these technical know-how in the country for these big dreams to be achieved. When the environment is not secured and safe none of these dreams would be achieved. They would only end up as wishes and not in reality.

From the review of empirical studies, it is obvious that the potential benefits of FDI are solely dependent on the conditions in the recipient nation which among them is security. The host nation must meet a few requirements in order to encourage the FDI. The economic and social characteristics of a country determine how much FDI contributes to growth. This is a reference to the recipient country's environmental quality. More so, some of the studies reviewed were carried out in different locations, with different research methods and different theories to underpin the study. This may also determine their findings. However, the present study is restricted to North-west Nigeria and kidnapping and banditry on FDI from 2015-2022.

## **Theoretical Framework**

In this work, Rational Choice Theory by Philosopher Adam Smith (1776) is considered better to explain the study. The originator of rational choice theory which anchored its argument on the economic principle of “cost-benefit analysis”. According to these neoclassical criminologists, people commit crimes after weighing their options and being convinced that the benefits of committing the crime outweigh its risks and costs. How individuals decide what will serve them best is dependent on personal preferences. For example, one individual may decide that abstaining from smoking is best for them because they want to protect their health. Another individual will decide they want to smoke because it relieves their stress. Although the choices are opposite, both individuals make these choices to get the best result for themselves.

They insist that “crime will decrease when the opportunities are limited, benefits are reduced, and costs are increased” (Schmallegger, 2012). This dysfunction within the society causes deprivation as well as marginalization. It also causes high level of poverty, unemployment, low per capita and discourages foreign direct investment as GDP of the country keeps going low. The result is visualized in the high crime rate of kidnapping and banditry at the fore front. This crime has been identified as profitable and functional to its perpetrators and disastrous to the economy at large.

## **Methodology**

Secondary data was used for this study. The secondary source here included both published and unpublished written text that provided information already recorded for research purpose such as magazines, websites, journals, internets, dissertations, and newspapers. The qualitative design was employed in this study in order to explore and analyse data from the existing records on the implications of kidnapping and banditry on foreign direct investment in Nigeria from 2015 to 2022.

## **Discussions**

In discussing the implications of kidnapping and banditry on foreign direct investment in Nigeria during the ongoing tenure of President Muhammadu Buhari administration, two perspectives analysis would be given below; the perspective of potential Foreign Direct Investment and the perspective of the Impact on GDP growth rate in Nigeria. To further buttress the point, the following indicators such as; Trade and Investment, and economic activities, are also examined since FDI cannot perform well without these variables under consideration.

### **Impact on Potential Foreign Direct Investment**

Nigerian insecurity deters commerce and investment because it has the potential to make both domestic and foreign investors undesirable. By raising the cost of doing business in the nation, such as the expense of safe-guiding business hazards and uncertainty, insecurity in Nigeria has resulted in the loss of products and property. In a research by the World Bank on the investment climate in nine African nations, Ujah and Eboh (2006) found that 36% of company operators in Nigeria and 29% of business operators in Africa viewed insecurity as a key barrier to investment.

For instance, a sizable area of around 216,065 square miles may be found in the northwest of Nigeria, which includes the cities of Katsina, Kaduna, Kano, Kebbi, Zamfara, Jigawa, and Sokoto (National Population Commission, 2006 census). Farming accounts for 85% of the population, with the remaining 15% working in trade, commerce, and animal husbandry. The actions of bandits have seriously disrupted economic activity. When local farmers refuse to pay a "tax," these groups may erect checkpoints and encircle agriculturally oriented communities to prevent them from accessing their property. In some instances, communities have paid armed groups \$800 to \$1000 so they can gather food for their



families. In other regions, farmers have given up on their farms and are now forced to beg on the streets (Mohammed, 2021).

A rise in food insecurity has been brought on by the interruption of agricultural productivity in addition to pushing communities into poverty. The robbers' traditional tactic for getting people to pay up is to set fire to houses and grain bins. Mohammed (2021) reports that Abdulaziz Yari, the former governor of Zamfara State, claimed that between 2011 and 2018, 2,835 people were slain, and over 500 communities and 13,000 hectares of land were devastated. All Nigerians have suffered as a result of these activities' expanding scope and scale, which has increased food prices. According to the Consumer Price Index report for June 2021, the month-over-month increase in food prices reached 21.83%.

The worst part is that the inaccessibility of farmlands seized by violent herdsmen and roving bandits as a result of protracted conflict might be directly connected to the growing food prices. Due to the ongoing Boko Haram conflict, one of the largest fish markets in West Africa, which is located in Baga near the Lake Chad basin in North East Nigeria, has long been abandoned (Igwe, 2020). Statistics from the Central Bank of Nigeria shows that federal government expenditure on internal security increased from 4.4billion in 1994 to 25.15billion in 2000. By 2005, it increased to 81.95billion, 196.90billion in 2008, 224.20billion in 2010, 410.20billion in 2015 and a whopping sum of 4.9trillion in 2019 (Nteegah, 2020). Though security expenditure has been rising, economic growth seems not to follow a rising trend security spending as economic growth during same period. For instance, growth rate of real GDP in 1994 was 0.3 percent, increased to 5.5 percent in 2000 by 2005 real GDP growth rate rose to 7.0 percent, 11.3 percent in 2010 felled to 2.7 percent in 2015, declined further to 1.9 percent in 2018 and 2.2 percent in 2019 (International Monetary Fund, 2019). Statistics from the Central Bank of Nigeria shows that federal government expenditure on internal security

increased from 4.4billion in 1994 to 25.15billion in 2000. By 2005, it increased to 81.95billion, 196.90billion in 2008, 224.20billion in 2010, 410.20billion in 2015 and a whopping sum of 4.9trillion in 2019 (Nteegah, 2020). Though security expenditure has been rising, economic growth seems not to follow a rising trend security spending as economic growth during same period. For instance, growth rate of real GDP in 1994 was 0.3 percent, increased to 5.5 percent in 2000 by 2005 real GDP growth rate rose to 7.0 percent, 11.3 percent in 2010 felled to 2.7 percent in 2015, declined further to 1.9 percent in 2018 and 2.2 percent in 2019 (International Monetary Fund, 2019). This circumstance has the negative effect of sending a message to the world that Nigeria is not a safe and secure location and is therefore unsuitable for business and investment activity. This is crucial given the efforts being made to establish the ideal environment to attract foreign direct investment. In that scenario, foreign businesses and entrepreneurs would decline to invest. As a result, it serves as a powerful deterrent to business investment because it deters potential investors. Due to the high level of uncertainty regarding the safety of investments and the lives of managers and their workers, such environments or economies are regarded as high risk areas. There is a strong likelihood that FDI will be badly impacted when new factories are not developed and production activities that can generate jobs are not engaged.

### **Impact on GDP Growth Rate in Nigeria**

The banditry has also interfered with the lives of international traders, who feel driven to leave the country out of fear of attacks and kidnapping. In some instances, traders have merely given up on their enterprises and moved to different nations. Even while this is an extreme response, it is nevertheless logical given the costs of staying, which might seriously harm their investment. For instance, on May 26, 2021, an armed group blocked the road, stopping traders on their way to the Garin Gadi weekly market in

the state of Sokoto, and robbing them of products and cash valued about 12,000,000. This loss not only hurt the traders but also deters them from making new investments in the region (Mohammed, 2021).

In March 2020, hundreds of highly armed bandits raided another weekly market in the Birnin Tsaba hamlet of Birnin Magaji Local Government Area, Zamfara State. In this incident, bandits opened fire erratically on neighborhood merchants, killing a number of people before setting fire to the marketplace. In some local government districts, revenue generation is expected to decrease by as much as 40% between 2017 and 2021, according to a state report for Zamfara. Before the amnesty program for remorseful bandits and livestock rustlers failed, Mustapha Inuwa, the Secretary to the Katsina State Government, claimed that his state had spent roughly \$73,000 (or \$30,000,000). (Mohammed, 2021). On a scale of important global security trends and terrorism patterns, the 2020 Global Terrorism Index study places Nigeria third out of 163 nations. Afghanistan and Iraq are ranked first and second, respectively. Since 2015, Nigeria has remained in third place, indicating that efforts to reduce security concerns have not yielded the best outcomes. This has a higher influence on the GDP of the nation and always has a negative impact on FDI.

Evidently, there has been a decline of foreign direct investment in Nigeria. A look at Nigeria GDP growth rate since 2010 to 2020 and its analysis will tell more. According to [www.macrotrends.net](http://www.macrotrends.net) (2021), the GDP growth rate in Nigeria as of 2010 was 8.01%, 5.31% in 2011, 4.23% in 2012, 6.67% in 2013, 6.31% in 2014, in 2015, it felled to 2.65%, -1.62% in 2016, 0.81% in 2017, it rose a bit in 2018 at 1.92%, 2.21% in 2019, and -1.79% in 2020. The GDP growth rate figures show that in 2015 there was a decrease of -3.66% from 2014, 2016 has a decrease of -4.27% from 2015, 2017 has an increase of 2.42% from 2016, 2018 has an increase of 1.12% from 2017, 2019 has an increase of 0.29% from 2018 while 2020 has a decrease of 4% from 2019. The results show that since 2015 to

date, Nigeria GDP growth rate has been significantly poor. According to Trading Economics and Central Bank of Nigeria (2020), the FDI in 2017 was 1269.22, which drop to 959.52 in 2018 and also declined to 909.54 in 2019, due to incessant insecurity incidences such as kidnapping, Banditry, Boko haram, and others.

The present poor GDP growth rate in Nigeria can be attributed to the incessant insecurity in Nigeria such as kidnapping and banditry. According to Ewetan and Ese (2014) the alarming level of insecurity in Nigeria has fuelled the crime rate and terrorist's attacks in different parts of the country, leaving a devastating consequences for the nation's economy and its growth. Statistics from the Central Bank of Nigeria shows that federal government expenditure on internal security increased from 4.4billion in 1994 to 25.15billion in 2000. By 2005, it increased to 81.95billion, 196.90billion in 2008, 224.20billion in 2010, 410.20billion in 2015 and a whopping sum of 4.9trillion in 2019 (Nteegah, 2020). Though security expenditure has been rising, economic growth seems not to follow a rising trend security spending as economic growth during same period. For instance, growth rate of real GDP in 1994 was 0.3 percent, increased to 5.5 percent in 2000 by 2005 real GDP growth rate rose to 7.0 percent, 11.3 percent in 2010 felled to 2.7 percent in 2015, declined further to 1.9 percent in 2018 and 2.2 percent in 2019 (International Monetary Fund, 2019). When insecurity affects GDP growth rate of a country, it affects the FDI of that country and when FDI is affected, there is every tendency that unemployment will increase.

## **Conclusion**

The study assesses impact of insecurity such as kidnapping and banditry on foreign direct investment in Northwest Nigeria. The literature reviewed in this study shows that about N1.415billion was demanded as a ransom for 321 kidnapped victims across the country as of 8<sup>th</sup> August, 2021. According to the data generated from humanglemedia.com, the statistics shows that mass

abductions have increased dramatically and burden of kidnapping, which used to be borne by the Northeast and South-south, has shifted to the Northwest and North-central regions since 2015 to 2021. Furthermore, the current big ransom demanding strategy in banditry and kidnapping has left the miscreants of the crime with the choice of making it a source of their livelihood in today's Nigeria. This has not only become a serious social problem for the Government and people of Nigeria, it also affected Nigeria's quest to attract foreign direct investment (FDI) and also an attempt to develop a viable tourism industry as visitors are regularly warned by their countries to be wary of coming to Nigeria.

When banditry and kidnapping hampered agricultural activities and heightened the risk of acute food insecurity, the resultant effect is nothing but discouraging the establishment of industries, leading to low GDP, and low FDI investment. It is like a vicious circle. The current security situation in Nigeria indicates a clear reason Nigeria GDP will keep diminishing and capable of leading to economic recession. No economy can make progress in FDI in an insecure environment. In other words, the dream or target to achieve vision 2030 of sustainable development goals may end up in futility. A lot of factors have also been identified in the literature as causes of insecurity in Nigeria like; high rate of unemployment, moral decadence, ineffective law enforcement in the country, the proliferation of arms as a result of political patronage of miscreant who were dumped after elections may indirectly encourage and enhance kidnapping, the quest to get rich quick syndrome, political corruption, porous border and poverty just to mention but a few.

Based on the findings and conclusion of the study, the following recommendations are put forward for consideration.

Since there is a significant difference between the previous administration and the present administration of Nigeria in terms of GDP of the country which can be attributed to the height of banditry and kidnapping since 2015 to 2021, therefore, the

responsible authorities should fight insecurity with mind-set of sincerity. This can be achieved by shunning any form of undue favoritism in the system, a call for moral values, and above all ensure ethical leadership.

Since unemployment and other related factors like politicisation of security matters were identified by the reviewed empirical studies as factors responsible for insecurity leading to a low FDI in Nigeria, government should therefore, make job creation an utmost priority to absorb the teeming unemployed youths and then sacrifice politics when security matters are concerned in the country.

The Nigerian borders should be guided with the sense of sincerity, this and more will encourage foreign investors into the country with the hope that their life will be secured as well as their capital for investment and then Nigeria FDI will be increased simultaneously.

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