

## **EFFECTS OF ETHNIC MILITIA ACTIVITIES ON FOREIGN DIRECT INVESTMENT IN NIGERIA (2004-2016)**

UJOMU Rose A. & FOLARIN Sherrif

Department of Political Science and International Relations, Covenant University, Ota,  
Ogun State, Nigeria

### **Abstract**

*The coming together of peoples divided along socio-political and ideological lines gave birth to the Nigerian state besieged with several socio-economic and political problems. The objective of the paper is to assess the effects of ethnic militia activities on Foreign Direct Investment in Nigeria. Foreign direct investment occurs when foreigners along with local investors to establish a place in another country. This paper adopts the ex post facto research design which relies on secondary data from journals, newspaper, internet and books. The findings are that the emergence of ethnic militia groups and their activities has placed a fluctuation on foreign direct investment percentages over the years and put a strain on Nigeria's overall growth, development and presence in the economic world platform. It is against this backdrop the paper draws conclusions that ethnic militia activities have specific negative effects on Nigeria's Foreign Direct investment with investors scared of coming into the country to invest and those who have invested over time fleeing due to fears on insecurity. The paper recommends that the government should place more attractive incentives which would lure investors into the country and also ensure insecurity is tackled for a swift economic boom.*

**Keywords:** *Ethnic, Militia Activities, Violence, Investment, Peace.*

### **INTRODUCTION**

The people of present-day Nigeria had existed under different well-established and identifiable forms of political organisations long before colonial rule. Each polity was confined, more or less, to its respective nationalities. The colonization process of the pre-colonial Nigeria started in 1861 with the succession of Lagos as a British colony; before this period, Nigeria had established and sustained relations with the outside world since 15<sup>th</sup> century. These relations between Nigeria and foreign powers were mainly economic in nature. It was through this same process that the

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British became interested in the acquisition of Nigeria as a colony because of her immense resource endowment (Imuetinyan, 2010).

Aibieyi (2008) opined that the indirect rule system introduced by Lord Lugard excluded the few educated elites from participation in the affairs of their own country. It was this exclusion of educated Nigerians from the administration of their country that constituted the bane of British administration in Nigeria. Their desire for participation sparked off agitations that were later organised into anti-colonial movements. However, the decolonization mode in Nigeria was consensual. Agitations for independence took the form of anti-colonial nationalism without any major use of violence. Also, the advent of the Second World War and its adverse effects on Britain's economic base, as well as Britain's conviction that she did not really need political power to carry on her economic domination and exploitation of Nigeria, led her to decide that there had to be a gradual and cautious movement towards Nigeria's independence. Independence was indeed handed out in a way that did not tamper with Britain's economic interests in Nigeria. According to Nnamdi (2000), the effective practice of democratic politics could be said to have begun in 1951 following the Macpherson's constitutional provision for indirect elections to the House of Representative, Council of Ministers, Regional Assemblies and Executives, nationwide political activity heightened. The Action Group Party and Northern People's Congress were formed, out of the Egbe Omo Oduduwa and Jamiyya Mutanen Arewa respectively in 1950 and 1951. In 1950, the Northern Elements Progressive Union was created. The National Council of Nigeria and the Cameroons was inaugurated in August 1944, and was the main party before the developments of 1950 and 1951. There were three major parties as at 1951. These parties were the NCNC, NPC and A.G and they were apart from the NCNC based in the regions. By their formation and initial goals, the NPC and A.G were regional parties. The NCNC had its core base in the East and in the West well supported. The 1951 indirect election, NPC won the North, thereby defeating NEPU; the NCNC won the East, while both the NCNC and A.G. shared the Western Regional Assembly. However following series of switched party identities in favor of the A.G, the party formed the government in Western region.

Thus certain patterns became clear in the politics of the period. First, each of the three main parties were based in one region each and associated with an ethnic base or group. Second, the three region structure was largely in favor of the North, whose population and representative were half of the national figure up till 1959 and more thereafter. Third, the party and leadership base were in the regions, which promoted regional politics and heightened ethnic politics. Fourth, the political and party orientations of the North's NPC were opposed to those of the Southern parties. The strong regional contentment and base of the NPC, heightened by seeming educational and related disadvantages, underlined an attitude of resistance, protection, challenge and threat in the relation to the Southern parties.

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Aibieyi (2008) opined that the coincidence of ethnicity, party and region as the bases for political power turned political competition into a three actor affair, characterized by protection of home bases and competition for the center. This was the explanation to subsequent conflicts over self-government, census, representation, revenue allocation and elections. The 1959 elections marked the high point of electoral and political competition before independence. The campaigns and elections were characterized by ethnic, regional and religious sentiments, repression, violence, intimidation and victimization by implications the welcoming of ethnic militia into Nigeria. Emergence of the military into the political arena through the 1966 coup put a stop to the proliferation of ethnic militias for a while. But the advent of democracy in 1999 gave impetus to the hitherto repressed militias. This in essence is the case of Nigeria with over 250 spoken languages, three main ethnic groups with sub-tribes and clans. Agbu (2004) opined that the post-transition Nigeria is experiencing an increase of ethnic militia movements probably representing and seeking to protect their ethnic interests in a country which seems unable to provide the basic needs of its citizens.

## CONCEPTUAL CLARIFICATIONS

This section assesses the concept of Ethnic Militia, Foreign Direct Investment; also background of militia movements in Nigeria, factors responsible for Ethnic Militias, the theoretical framework and the effects of militia activities on foreign direct investment in Nigeria.

### (a) Ethnic Militia

In order to conceptualize ethnic militia one needs to understand the concept of ethnicity. The word ethnic is of Latin and Greek origin “Ethnos” meaning nation or race. Toland (1993:3) defines ethnicity as the sense of people hood held by members of a group, sharing a common culture and history within the society. Ethnicity is defined as a social development affiliated with relations among members of different ethnic groups (Nnoli, 1988). He further explained ethnic groups as social formations that are distinguished by the ethnic boundaries. Such boundaries are attributed to language, geographical location and religious belief of the people.

From the above definitions, one can say that there are different sides to what Ethnic militia is. This means that there are divergent conceptualizations of the concept. Ethnic militias can simply be seen as a paramilitary force that performed police duties in their locality while the government considers militia groups as insurgent groups engaging in rebellious activities against the state. To Falana (2003:185) Ethnic militia in the Nigerian context is viewed as a militant organization created to protect the interest of a particular nationality. Adejumobi (2002:2) sees these organisations as ‘arrangements filled with young people that came with the intention of promoting and protecting the interests of their ethnic groups and at some point use brutality to accomplish their objectives.

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Ethnic militias therefore are organised violence-oriented groups populated by diverse components, cutting across different age strata, yet drawing membership basically from an ethnic group and shaped to advance and secure the interests of an ethnic group. They go about as a social pressure group formulated to impact the structure of power to the advantage of and bring light to the deplorable material condition or political starvation and perceived sidelining of their group or social environment (Duruji, 2010).

### **(b) Foreign Direct Investment**

A factor that determines the economic growth and development of any nation is investment. For an economy to develop some of its assets must be redirected from utilization into interest so as to guarantee capital development. Numerous countries suffer from lack of capital accumulation and shortage of savings that could be streamed into investment purposes. One alternative open for these countries is to attract Foreign Direct Investment so as to refuel for the shortage in domestic savings or capital (Nwogwugwu, Alao and Egwuonwu, 2012).

Foreign direct investment occurs " when foreigners on their own or together with local investors physically come into another country through acquiring physical assets like factories, buildings, plants, machineries, etc.(Bakare,2010). Foreign direct investment has been defined as investment owned by multinational corporations having headquarters in developed countries. Foreign direct investment adds to the host country development in many ways, these include;(a) the growth of the real output of direct investment in the production of tangible goods, (b) expanding and creating business through creating employment, raising wages and replacing declining market sector, (c) reducing the host countries dependence on importing and efficient allocation of production resources, (d) the parent company supports overseas affiliates by providing appropriate human and material resources etc. (Bakare, 2010; Oke, 2007).

Main motivating factor attracting foreign direct investment is a country's natural resource, its economic growth and political stability, even though generous incentives are given to foreign investors it cannot be assumed that this alone would still attract what is needed for sustainable investment (Leo, 1991). Asiedu, (2003) revealed that foreign direct investments have added positively by boosting Nigeria's economy.

### **Background to Militia Movements in Nigeria**

Almost all ethnic groups talk about marginalization and domination. Yorubas complain about power exclusion; Igbos of marginalization; the Niger-Delta people of exploitation and environmental degradation; Hausa-Fulani of uneven development; the Middle- Belt people of internal colonialism (Shittu, 2013). Ethnic Militias featuring in Nigeria in 1990's comprises primarily of youths set up to provide security outputs to their immediate communities (Vigilante Service) or by protecting the social, economic and political interests of their ethnic groups. Some of the ethnic groups fight and struggle for recognition while some for relevance and

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resource control. These have resulted in the use of various methods in the realization of their goals. In order to attain their goals, they come together to form a tenacious body hence emanation of ethnic militias in Nigeria (Thorning, 2005). Various ethnic militias have different accounts and objectives. Their aims range from bringing attention to the marginalization of their ethnic group; or the extreme goal of outright disintegration from the Nigerian state. The most prominent among these militias include the plethora of the Niger Delta militias like the Egbesu Boys of Africa (EBA), the Niger Delta Volunteer Force, and the Chikoko Movement. Other recent and more visible militias include the O'odua People's Congress (OPC), the Movement for the Actualisation of the Sovereign State of Biafra (MASSOB), and the Arewa People's Congress (APC). Indeed, the drive towards ethnic national self-determination, in whatever form it manifests itself, is the greatest challenge facing the security of the Nigerian nation from the 1990s onwards (Duruji,2010).

Ethnic crises in Nigeria emerged at different times and for different purposes, this is not to deny the fact that there exists a common denominator in their emergence, particularly the struggle against tyranny and oppression with the purported involvement of the state in the assassination of notable Nigerians (Agbu, 2004).

**The Movement for the Actualization of the Sovereign State of Biafra (MASSOB):** The Movement for the Actualization of Sovereign State of Biafran (MASSOB) found in 1999 is an Igbo dominated ethnic movement. With the end of the civil war in 1970, Igbo's feel completely alienated from the Nigerian state (Shittu, 2013). Obianyo (2007) explains that marginalization consists of the purposeful exclusion of a particular group(s) by other similar group(s) from either accessing something or taking due possession of common key positions and common resources as seen in the bureaucratic, media, educational, political, military and economic realms. This is the feelings of people in Igbo society hence the quest for an Igbo state, MASSOB is the body that was established to actualize this objective.

**The O'odua People's Congress (OPC):** According to Shittu (2013), the O'odua People's Congress (OPC) is dominant in the Yoruba area and dates back to the return of democracy in 1999, but became well known in their drive for a readjust the Yoruba nation in Nigeria's politics. The O'odua People's Congress (OPC) was formed In the wake of the crises following the cancellation of the June 12, 1993 Presidential elections, (OPC) was formed in 1994. At the beginning, the OPC aimed at working towards the unity, progress and autonomy of all descendants of Oduduwa (Yoruba) but in 1999, the major objectives of OPC was changed from achieving self-determination for the Yoruba people to fighting criminal activities and settling personal disputes.

**The Movement for the Survival of Ogoni People (MOSOP):** In the Niger-Delta, the Movement for the Survival of Ogoni People (MOSOP) formed in 1990's, sparked the creation of loose armed groups that are based in that region such as the Niger-Delta People's Volunteer Force (NDPVF) and the Movement for the Emancipation of Niger-Delta (MEND). These organizations are not only struggling to call attention to the plundering of the environment of the



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delta due to oil uncovering but also demanding that adequate proportion of the resources uncovered from their region be kept there so as to right the wrong years of denial (Amnesty International, 2009). MEND, Egbesu Boy (the military wing of the Ijaw National Congress) and others are the armed militias in the Niger Delta that regard themselves capable of taking up the duties of the armed forces and giving security for the oil multinationals and the region in general. Armed militias, bands and gangs in the region have been known to engage themselves in inter-communal and ethnic wars, struggle over leadership, the sharing of profit and compensations and for space or territory in illegal oil trading (Ikelegbe, 2005).

In the northern part of the country, religious and ethnic wars are carried out most times by militants of different ethnic groups. Some are the Hisbah group, Boko Haram, ECOMOG Boys, Yandaba group etc. Boko Haram is another militia group formed in 2004 and found in north eastern Nigeria. It is an Islamic sect opposed to western education. Boko-Haram which comprises religious fundamentalists seeking for the adoption of sharia and abandonment of western education in the region has often leaves behind sad stories and scaring scenes of destruction, maiming and death whenever the group operates. The trial and subsequent failure of the group to enthrone Islamic sharia code and abolish western culture in the states of the north due to the outright rejection and resistance from the states is responsible for a series of crises in the region (Adagba, Ugwu & Eme, 2012). The Boko Haram sect carries out their activities without thinking of the rights of the citizens. The group is a ready-made tool for desperate politicians to unleash attack on their perceived political enemies. Serial killing, assassination, bombing and kidnapping have become the order of the day (Oronsaye & Igbafe, 2012).

### **Possible Factors Responsible for the Emergence of Ethnic Militias in Nigeria**

No country is without its challenges; some factors which could be cited as contributing to the phenomenon of these groups include exploitative regime, phenomenon of failed state, poor governance and political alienation. We will discuss some of the factors below.

(a) **Unemployment**- The abnormal state of unemployment in Nigeria has been responsible for the resurgence of militia groups and extremists in the country. Subsequent administrations introduction of military rule had introduced privatization and deregulation of the economy, this extended social cries of unemployment and absence of education. The quantity of unemployed and idle young people raised the proportion of individuals who had looked for ethnic formation in order for means of leaving, have an identity and promote ethnic nationalism (Ikyase & Egberi, 2015).

(b) **Poverty**-Poverty is a factor guilty for the emergence of ethnic militias. Poverty in Nigeria can be said to be like an Elephant in a river. Many poor people live in rural areas especially in the Northern states that are almost neglected. A poor man is an issue to himself and to the state; he is not innovative, constantly furious and sticks to religion. (Ikyase and Egberi, 2015),

(c) **Bad Governance**- Bad governance the opposite of good governance, it is the absence of positive leadership. It has no regard for standards of responsibility and straightforwardness.

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Radical change in governance must occur in a society for development to take place (Ikyase and Egberi, 2015). Babawale (2001) opined that in the context of bad governance, people seek government positions so as to acquire personal wealth by converting public resourced to private goods; there is no respect for the law. According to Diamond (2004), good governance to generate sustainable development is to bring transformation in quality and nature of governance. Eradicating poverty in a society no matter the resources available in the country is no easy task.

(d) **Insecurity** - The unconcerned attitude of security agencies toward the protection of the citizens in the country made some ethnic groups seek alternative means of protection an example of this is the formation of Bakassi Boys in Anambra, Abia and other Eastern states; the Nigerian Police could not effectively secure life and properties in this states, Local Governments, some communities and individuals took it upon themselves to provide their own security (Madunagu, 2007).

(e) **The struggle for land space and the resource available**- communities who feel their land has been unjustly taken see the need to start crises example is the ijaw/Itsekiri conflict which started with the citing of the Warri South Local Government Area headquarters at Oghe-Ijoh, an area prevalently possessed by the Ijaws. The Itsekiris, protested it, arguing that they asked for the making of new local government area and the sitting of the headquarters in Ogidighen, an enclave of theirs. The itsekiris blamed the Military Administrator, Colonel David Dung, for the mix-up, an attempt which resulted in pandemonium. The Urhobos took advantage of this situation to pay the Itsekiris back and to support the Ijaws (another immigrant group). This situation fueled the discord which is yet to be settled (Adebayo 2006:102).

## **THEORETICAL FRAMEWORK**

The theoretical explanation adopted in this paper is the frustration aggression theory. The choice of this theory is based on the inhibited growth and development of Nigeria's Foreign Direct Investment due to ethnic militias in the country which resulted in the state not catering for her citizens. The frustration aggression theory formulated by Dollard, Dood, Miller, Mowrer, & Sears, (1939) has the possibility that aggression/hostility is dependably the consequence of dissatisfaction/frustration. In their idea, frustration produces instigations to of different types of responses, one of which is instigation to some form of aggression. Highlighting more on this , Anifowose (1982) opines that, given the necessary conditions, groups or individuals who feel frustrated in attaining their wants and having their demands met often react by lashing out aggressive at what is believed to be the standing in the gap of those desires, as it is deprivation but unattained dreams that creates violent conflict.

According to Sara, (2008) countries faced with challenges developmentally such as weak infrastructures, poverty, unemployment, poor governance, political unrest and low economic growth are said to be called fragile states. Slater, (2012) observed that a fragile state is prone to crises. A fragile state is one which is weak to internal shocks and also domestic discord. The fact remains that there is poverty, unemployment, insecurity, marginalization, social imbalance,

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regional imbalance and absence of basic amenities in the country. This is because as Anifowose (1982) posits; groups who feel alone could spiral into violence as they desperately need to break the burden they carry on their necks. The state of deprivation and social injustice could move these groups to pick up ammunitions in the bid for change and to demonstrate their anger. In view of this taking a step in providing basic amenities and infrastructures would ease the magnitude of conflicts that the country has seen thus far.

### **Effects of Militia Movements on Foreign Direct Investment in Nigeria: A Review**

International investors are diverting to cheaper/safer environments making Foreign Direct Investment (FDI) get leaner thereby denying Nigeria chance for jobs which would boost economy and investments (Okah, 2010). World Trade Organization (WTO) said in 1996, that 'FDI occurs when an investor resident in. One country (the home country) acquires an asset in another country (the host country) with the intent to manage that asset 'investors seek governments economically stability as assurance for their investments.

To encourage the flow of Foreign Direct Investment into the economy, the Nigerian Government put in place laws and lifted restrictions that had been placed on Foreign Direct Investments and also gave ensures that no investment would be nationalised or requisitioned by any government of the Republic. Although ways have been put in place to avert fears of foreign investors like legitimate access to the law courts for the determination of the investors' interest or right and the amount of compensation to which such investor is entitled also to agar. In addition the Nigerian Investment Promotion Commission was established with the duty of overseeing investment promotions in Nigeria. Among many other duties the commission was charged to enhance the investment climate in Nigeria for citizens and non-citizen investors. With the juicy policy incentives, it leaves wonder why Nigeria has not been able to attract much anticipated foreign investment to stabilise the economy (Panshak, 2013).

Harper, (2009) identified insecurity arising from the activities of ethnic militias in Nigeria as reasons why investors leaving for secure opportunities in Africa. When people feel insecure in a country, their drive to buy, rent and invest reduces, this is why any country that exudes of insecurity makes investment ideas wade away investment initiatives from the international market and local investors (Chukwurah, 2015). The growth of a society depends greatly on the level of insecurity, if insecurity is high, investors would be scared and the same time discourage. When the funds set aside for security is almost same as that of education, health and critical infrastructure put together in a financial year, as it is in Nigeria, it is unfavorable to national development (Adebayo, 2013). According to *Business day*, (2007) capital leaving an economy has great effect as it distorts business investment, economic growth and productivity, it gives rom for inflation, unemployment all with affects the standard of living. And so the government needs to avoid capital flight triggers as political instability also affects a national income. Once investors and individuals sense crisis as a threat to their investment and savings they pack up and



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leave, selling off their assets and buying in more secure and stable societies. This can be seen in places the north with the likes of Boko Haram or the in the Niger delta with Movement for the Emancipation of Niger Delta (MEND). Expatriates like the Lebanese and Indians who have had businesses in Kano have had to relocate to Abuja and the south; many others have left the country. Hotels, banks and other sectors have seen reductions in their activities. Border towns that had survived on trading with neighboring countries also witnessed their business being curtailed due to restrictions on cross-border traffic. In Kano alone, an estimated 126 industries have recently closed down (Sunday Trust, 2012). Another trend is the exodus movement of southerners from the north, many of them SME operators and professionals.

In December 2005, MEND (the Movement for the Emancipation of the Niger Delta) demanded the evacuation of international communities from the Niger Delta by 12 February or face violent attacks, two weeks later the Federal naval vessel was attacked and the group claimed responsibility and kidnapping of nine worker employed by the oil servicing company Willbros and the attacks went on. Oil supply had already been compromised by 2003 by 750,000 bpd due to attacks on oil installations across the region. In 2006 the Managing Director of Shell Nigeria stated that the loss of revenue due to unrest and violence was \$61 million per day (a shut-in of about 800000 barrels a day), amounting to \$9billion since January 2006 (Omeje, 2013). The effect of ethnic militancy on the inflow of foreign direct investment is said in the words of Timi Alaibe, who posits that; By January 2009, militancy in the Niger Delta had singlehandedly crippled Nigeria's economy. Investment inflow to the upstream sub - sector of the oil industry had dropped. Agitated foreign investors had begun diverting their investments to Angola and Ghana. By then Angola outperformed Nigeria as Africa's most astounding crude oil producer. The decline in investments in the critical oil and gas sector threatened Nigeria's capacity to grow its crude oil reserves as planned .... Obviously, insecurity in the Niger Delta was recognized as key motivation behind investors leaving for more steady business opening in Africa. For instance, due to militant activities in the Niger Delta, Royal Dutch Shell by early 2009 saw its generation drop from one million barrels for each day (bpd) to around 250,000 bpd. ... Harm, oil siphoning rackets and kidnappings of oil specialists by suspected militants further undermined the operations with the oil organisations and placed a weight on the Nigerian economy (Alaibe, 2010).

Oke, Ezike and Ojogbo (2012) maintains that although FDI grew from \$ 1079.27 million in 1995 to \$ 8824.80 million in 2006, FDI inflow has consistently fallen below remittances inflow since 2007 and was about half of the latter in 2009. In a survey of the most alluring economies for the area of FDI, 2007–2009 completed by UNCTAD toward the finish of 2006, Nigeria was recorded as the 40th with the most appealing economy for the area of FDI (UNCTAD, 2007), this placed Nigeria in the fourth position in Africa, behind South Africa, Egypt and Morocco. (UNCTAD, 2007). The truth at the end of 2009 has proved those projections wrong. The inflow of Foreign Direct Investment into the Nigerian economy in 2009 was \$8.28 6bn. This figure was

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\$4.72bn lower than the \$13bn produced by Angola in the same period (Ezekiel, 2010). ). As at the end of 2010, the inflow of FDI to according to the World Investment Report produced by the United Nations Conference on Trade and Development (UNCTAD) had further declined to \$61.bn. (Williams, 2011). In the wake of the crisis in the country, numerous international agencies and countries began issuing travel warnings to their nationals on the risk involved in traveling and executing business in a few sections of the nation. The United States, cautioned American citizens of the dangers of coming to Nigeria, with specific emphasis to Akwa Ibom, Bayelsa, Delta, Rivers, Abia, Edo, Imo, Jos, Bauchi, Gombe, Yobe and Borno states; and the Gulf of Guinea (Carson, 2012:1-2). The drop in investment had been linked to the increasing rate of insecurity in the country, as well as infrastructural decay. In the UNCTAD report, FDI flows to Nigeria fell to \$6.1 billion (N933.3billion) in 2010, a drop of about 29 per cent from the \$8.65 billion (N1.33trillion) realized in 2009 fiscal year. Statistics gotten from the 2010 annual report by the Central Bank of Nigeria (CBN) showed that the total foreign capital inflow into the economy in 2010 was \$5.99 billion. Showing that FDI represented about 78.1 per cent drop from \$3.31 billion in 2009 (Okereocha, 2012). Insecurity in a nation raises the cost of doing business for the private sector and providing public services. Fund which could have been used to increase output, fund education, health and other welfare programs are set aside for crime control and prevention. According to the Nigeria's Finance Minister, Dr. Ngozi Okonjo-Iweala, key allocation of funds in the 2013 budget include: Critical infrastructure (including power, works, transport, aviation, gas pipelines, and Federal Capital Territory) – N497 billion; human capital development (i.e. education and health) – N705 billion; and agriculture/water resources – N175 billion. Also over N950 billion was allocated for national security purposes, comprised of N320 billion for the Police, N364 billion for the Armed Forces, N115 billion for the Office of the NSA, and N154 billion for the Ministry of the Interior (This Day, 2013).

Below is a brief statistics on foreign direct investment, net inflows (% of GDP) for the year 2004-2016:

2004 ( 2.13), 2005 (4.44) , 2006 (3.34), 2007 (3.63), 2008 (3.94) , 2009 (5.05), 2010 (1.63), 2011 (2.15), 2012 (1.53), 2013 (1.08), 2014 (0.82), 2015 (0.81), 2016 (0.65).

As seen above the level of FDI has then been fluctuating since 2004 up to 2007 where there was a slight significant increase within this period till 2009 from 759,380,434.80 to 1,273,815,792 million. The increasing level of FDI in 2009 is associated with the fact that FDI are inflows which are majorly planned for long term and medium term such that a shocking depression in the economy is not affected immediately since they are sponsored by foreign funds. However, from 2011 till date, FDI inflow in Nigeria has been on the decrease because the leading role started declining due to the surge of FDI inflows to other oil rich countries such as Angola and Sudan. UNCTAD (2013) stated that in 2012, inflows of FDI into Nigeria has further reduced due to political instability and a weak global economy (World Development Indicators).

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Ethnic conflict takes a lump sum of a country's resources; government in its bid to tackle the conflict channels a large proportion of the national resources, when this resource could be given to provide amenities for the people. A considerable measure of resources are spent in carrying on fixing vandalized pipelines, damaged fuel stations and different properties obliterated amid the ethnic conflict (Adebayo 2006:103).

According to a report by the Human Rights Watch (HRW), the nation lost more than 935 of its human capital between 2009 and 2012. In terms of finance and investment, though direct and indirect loses are unquantifiable, a World Investment Report (WIR) of the United Nations Conference on Trade and Development (UNCTAD), due to the activities of the group called Boko Haram, the domestic economy lost an estimated lost N1.33 trillion foreign direct investment (Okereocha, 2012). As indicated by a report of the Human Rights Watch (HRW), the country lost more than 935 of its human capital between 2009 and 2012. As far as fund and investment, though direct and indirect loses are unquantifiable, a World Investment Report (WIR) of the United Nations Conference on Trade and Development (UNCTAD), evaluated that the domestic economy lost N1.33 trillion Foreign Direct Investment (FDI), inferable from the activities of terrorists named Boko Haram.

In a meeting organized by private sector and other stakeholders at the State House Conference Center, Aso Villa, and Abuja. The Vice-President stated that if we did not have vandalism in the Niger Delta as we would not currently be suffering, we will not have this recession as the nation loses over one million barrels of crude oil on a daily basis (Punch Newspaper, 2016).

Although militia activities is most times restricted to certain parts of the country, the whole nation feels the impact as investors have the notion that the chaotic situation is nationwide, and so builds fear in the minds of prospective foreign and Nigerian willing investors as electronic media does the work of showing them the images.

## CONCLUSION

This paper has taken a look at the effect of ethnic militias on foreign direct investments in Nigeria noting that the emergence of this groups resulted due to the Nigerian state not providing for and taking care of the citizens and that ethnic militias activities constitute some challenges to Nigeria's overall growth and development. For further growth economically and politically, understanding and tolerance needs to be breed amongst the government, ethnic and religious groups, this would be an added factor in raising the country from collapse.

## RECOMMENDATION

Based on the findings, the following recommendations were put forward in order to curb ethnic militias and to attract foreign direct investment to the country:

The root causes for most evils and unscrupulous behaviors like ethnic militias is Poverty, where poverty looms different vices brood as chance for survival sets in. The

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Government need to make efforts to empower her citizens by adequate job creation, entrepreneurial skill empowerment workshops in urban and rural areas also make a scheme which would make education free as once knowledge is given man can make the right choses.

Dominant ethos such as integrity, religious tolerance, accountability etc. should be instilled in the country. Upright values such as this need be the guiding words of a country and the Leaders who are meant to lead by example would have no choice but to follow through, once the citizens see that they are being led well by good governance they follow suite.

Government should ensure the obedience to the rule of law and recognize human rights. With good governance, no one is above the law and human rights are not infringed on. When this is positively put in place actions are guided and all in a country treat each other with accordance.

Dialogue instead of violence should be used in managing and resolving conflicts and differences. Violence gives room for more violence. Dialogue as a conflict resolution tool should be explored to see how the grievances of the Militia groups can be reduced.

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*FDI happens when a financial specialist occupant in*

*One nation (the nation of origin) obtains an advantage in another nation (the host nation) with  
the purpose to deal with that benefit 'financial specialists look for monetary solidness as  
affirmation for their ventures.*



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