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AN ANALYSIS OF THE IMPACT OF THE CHALLENGES OF FOREIGN DIRECT INVESTMENT ON THE ECONOMIC DEVELOPMENT OF NIGERIA

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Abstract
No country in the world can survive without Foreign Direct Investment (FDI), acquired an important role in the international economy after the Second World War with the establishment of the World Bank and International Monetary Funds. Nigeria, a developing nation, and the biggest economy in Africa is in dire need of Foreign Direct Investment to oil and sustain its economy therefore, successive Nigeria Governments have done everything humanly possible to attract billions of foreign currencies in this direction to power the economy through different policies though sometimes contradictory policies. However, this study examines the emergence of Foreign Direct Investment and its impact on Nigeria" economic development vis-s-vis the challenges encountered. Specifically, the paper sought to provide answers to the following questions what is Foreign Direct Investment, and what are the impediments to the utilization of FDI to the economic development of Nigeria. This study employed the modernization theory to explain the issues of Foreign Direct Investment in Nigeria. *Adopting empirical review of relevant literature, the study finds among others that Foreign Direct Investment has culminated in capital inflow in the country, but the impacts are yet to be felt due to external and internal challenges Nigeria is bedevilled with. The study, therefore, recommends among others that the Nigeria government should provide a conducive environment such as a corrupt-free environment, uninterrupted electricity supply, security of life and property and tax palliative for business operations in the country to attract the inflow of FDI.*

Keywords*:* Foreign Direct Investment, Globalization and Economic Development, Tax Palliative

Introduction

Foreign Direct Investment (FDI) is an investment involving a long-term relationship and reflecting a lasting interest and control of a resident entity in the sour investor or parent firm) in the host country (Assaf and Efraim, 2007). Foreign direct investment FDI has grown dramatically as a major form of international capital transfer over the past decade. Between 1980 and 1990, world flows of FDI defined as cross-border expenditures to acquire or expand corporate control of productive assets approximately tripled (Froot, 1993). The end of the Second World War marked the flourishing of the phenomenon of FDI for two main reasons. Firstly, the development of technology favored transport and communications which enabled the possibility of control in distance as a condition for the development of FDI. Secondly, Europe and Japan needed the capital of the United States of America for reconstruction.

During this period U.S.A. adopted a tax system that favored foreign investments (Saraci, 2014).

According to Yoffie (1993), FDI is distinguished into three "waves". The first wave took place in the late 1960s and early 1970s, the first wave included both trade-complementing and trade-substituting FDI. During the mid-l970s, a second wave of FDI began. The motivation for this change was the need for technology transfer to another generation. The third and most recent wave of FDI became prevalent around the time that the boom in U.S. mergers and acquisitions subsided. The third wave is distinguished from the first in that labor costs have become less important than other factors (tax breaks, local infrastructure, etc.).

Generally, FDI itself has three components which are equity capital, and intra-firm loans, with reinvestment of retained earnings and various countries have different recording practices relating to these three components (Assaf and Efraim, 2007). Therefore, for a free flow of capital resources, an assuring degree of openness to capital flows into economies that assures higher returns is a must. Foreign Direct Investment as a vital element of international flows, refers to investment by multinational companies with headquarters in developed countries into a foreign economy. Over the years, FDI has increased and the continuous rise has been an important part of the globalization process in recent years (Adetiloye and Olokoyo, 2007). Foreign direct investment is often regarded as a generator of employment, high productivity, competitiveness, and technology spillovers. Especially for the least developed countries, FDI means higher exports, access to international markets and international currencies, being an important source of financing, and substituting bank loans (Denisia, 2010). The growth of FDI flows to the developing world since the 1990s indicates that multinational enterprises have increasingly considered hosting countries to be profitable investment locations and the process of globalization has been changed by the determinants and motivation of FDI (Kokko, 2002).

In Africa, Nigeria has been a top recipient of Foreign Direct Investment and recorded a cumulative of $16.74 billion investment announcements in Nigeria for the year 2020 also, the manufacturing sector had the highest number of projects (10) as well as the highest value, which stood at $8.4 billion (50%). Transportation and storage had (28%), information and communication had (11%), mining and quarrying had (6%), while finance and insurance (3%) made up the top five sectors for the year" (NIPC, 2021). The Commission however noted that the report is not exhaustive of all investment announcements in Nigeria during the period. "Nevertheless, it gives a sense of investors' interest in the Nigerian economy for planning, decision making, and policy design across the board," it added.

Nigeria has enormous resources, most of which are yet to be fully exploited. It has been reported that apart from oil, Nigeria's other natural resources include natural gas, tin, iron ore, coal, limestone, niobium, lead, zinc, and arable land and are worth billions of dollars. There is no denying the fact that tremendous opportunities for foreign direct investment (FDI) exist in industries such as agriculture, natural resources, tourism, consumer goods, textiles, and entertainment (Mosadoluwa and Olajide, 2018). Many factors influence the level of foreign direct investment in Nigeria, one of which is the large consumer market. The Nigerian government has also provided several incentives related to taxes, exports, and other sectors to encourage more investment from within and outside the country. An improvement in the ease of doing business offers further encouragement; the business registration process has been simplified, which has eased the constraints of registering a business. The free flow of investment capital and freedom from expropriation of investment (besides acquisition for public purposes) have also boosted the country's draw as an investment destination (NIPC, 2004). Economists believe that FDI is an important element of economic development in all

countries, especially in developing nations (Denisia, 2010).In Nigeria, investors are allowed to freely repatriate their capital and net profit after tax without any restrictions provided they have a certificate of capital importation (CCI), which is evidence that their investment was brought into Nigeria. CCIs are issued by Authorized Dealers (banks licensed by the Central Bank of Nigeria to deal in foreign exchange) within 24 to 48 hours after the investor has brought its foreign investment into Nigeria (CBN, 2012). The increase in the influx of direct investment in Nigeria has been a crucial factor in the economic growth of the country and it has facilitated the development of the working population through the transfer of knowledge and technical skills and also aided in the standardization of processes and products. Foreign investment has helped in infrastructure development and generated revenue for the country through taxation. More importantly, it has encouraged exports of local products, resulting in further investment in the country (Mosadoluwa and Olajide, 2018).

Research Questions

Statement of Problem

The poor performance of the manufacturing sector in Nigeria in attracting commensurate FDI could be attributed to corruption which affects the cost of doing business in Nigeria and also hinders investors from investing in the country. Ali and Isse (2003) observed that in a country with poor economic conditions, there is a tendency for such a country to experience a high level of corrupt practices which further worsens the rate of development. Odiaka (2006) observed that the power distribution to the industrial sector in Nigeria remains abysmally in chronic and comatose. Okafor (2008) observed that the country consistently suffers from energy shortage, a major impediment to industrial, technological, and economic growth. In Nigeria, it is one of the many unresolved problems (Ayobolu, 2006), that have critically hobbled and skewed development.

Although Foreign direct investment is accepted to be a stimulant to economic growth in Nigeria, FDI has been marred with many challenges. As a matter of concern, Nigeria's economic system relies largely upon foreign direct investment (FDI) which has been described as the major provider for the switch in recent scientific and related technological innovation yet, FDI is yet to translate meaningfully to economic growth and development in Nigeria and this begs for understanding the issues of FDI in Nigeria.

Empirical Review

Javed (2000) on International Political Economy and Globalization examined the growth and consequences of globalization from a historical and evolutionary perspective. It explores not only the long-standing issues of trade protectionism and financial stability, but also the newer issues of international labor standards, liberalization of investment regulations, and environmental protection. Edwin (2001) on Global and International Financial Systems examined the globalization risks and rewards. Kim and Hangshin (2002) investigated the consequences of globalization and regionalization on the world economy. They used longitudinal data on international commodity trade using the social network approach in their study. The result of their study presented that the world became increasingly globalized between 1959 and 1996 and countries joined trade partnerships in this period further than the previous periods. As a result, the world trade network became denser. On the other hand, another finding of the study presented that all countries were not integrated into the world economy equally. While developed and developing countries integrated more and more the less developed ones stayed behind in the process.

In their study, Sriram and Bilgin (2002) investigated foreign trade flows between Turkey-BSEC and TurkeyEU covering the 1991-2001 period. Their study presents that although

fluctuations occur in general Turkey's imports and exports towards BSEC are in a rising trend while the volume of trade with the EU is more constant. Adetiloye and Olokoyo (2007) in "The Impact of Globalization on Foreign Direct Investment in Nigeria" examined how Nigeria is faring in its efforts to attract Foreign Direct Investment to the country. Assaf and Efraim (2007) in "Introduction to Foreign Direct Investment: Analysis of Aggregate Flows" examined the inflow and outflow of foreign direct investment. Mukherjee (2008) investigated the impact of globalization on international trade considering historical perspectives of global economic integration. The study presents that the trend is towards free trade all over the world, driven primarily by international trade which is an outcome of competitive liberalization. In this framework, globalization plays an important role in enhancing cross-border trade by reducing or removing international trade barriers.

Karagoz, (2009) studied how the gravitational factors affected bilateral trade in BSEC covering a period of 16 years. The study they conducted using the panel gravity model introduced that the economic size and population of the importer countries have a positive impact on trade volume, whereas the distance between them works oppositely. Denisia (2010) "Foreign Direct Investment Theories: An Overview of the Main FDI Theories" examined the main trends in FDI theory and highlighted how these theories were developed, and the motivations that led to the need for new approaches to enrich the economic theory of FDI. Wafure and Nurudeen (2010) in "Determinants of Foreign Direct Investment in Nigeria: An Empirical Analysis Determinants of Foreign Direct Investment in Nigeria: An Empirical Analysis" examined the determinants of Foreign Direct Investment in Nigeria and advocated for means of enhancing more FDI in the country and ensuring Nigeria benefits from it appropriately. Akram et. al (2011) investigated the impact of globalization on the world using international trade, FDI, and economic development data. The study they conducted particularly focused on the impact of the globalization process on the fastest-growing industries of the world. The results of the study showed that while the USA was dominant in world exports before the globalization process, Germany, Japan, South Korea, and China seriously challenged the position of the USA in the following period.

(Muhammed et, al, 2011) in "Globalization and its Impacts on the World Economic Development" analyzed what is the true sense of Globalization. How is it affecting the International Trade, Foreign Direct Investment, and Economic Development of the overall world? Salami and Oyewale (2013) in "Impact of Foreign Direct Investment on Employment Generation in Nigeria" investigates the relationship between international trade flows and employment in Nigeria for the period 1990 to 2010. Korna et al (2013) in "The Impact of Foreign Direct Investment on Nigerian Banking" studies the level of impact foreign direct investment has on the Nigerian banking sector in the wake of the unprecedented capital flight from the Nigerian economy during the recent global economic recession (the credit crunch) Sector.

Saraci (2014) in "Origin of Foreign Direct Investments" examined the advent of FDI about available theories and thereby reviewed its effects. Marius and Camelia (2015) in "International Trade, Globalization and Economic Interdependence between European Countries: Implications for Businesses and Marketing Framework" examined International trade has an important share in GDP in different countries. Thus they argued that the increase in international trade over the years has been a result of the globalization process and International trade can stimulate the economic growth of countries that are now so interconnected. Currently, globalization cannot be ignored by businesses, due to the opportunities offered by foreign markets.

Mesut and Ahmet (2015) in "The Effect of Globalization on International Trade: The Black Sea Economic Cooperation Case" analyzed that globalization has a significant impact on international trade and the globalization process had a positive effect on the liberalization of trade in the member countries of the Black Sea Economic Cooperation. Similarly, Dani (2017) on "Rebalancing Globalization" emphasized on the troubles of globalization and how globalization should be rebalanced rather than disregarding the concept cum practice. Mosadoluwa and Olajide (2018) on "Foreign Direct Investment In Nigeria" Reviewed the reasons for FDI in Nigeria, the role and impact of foreign investment in Nigeria's economic development, FDI restrictions and constraints in Nigeria, Regulatory framework of foreign investment in Nigeria and government policies on ease of doing business in Nigeria. Adenyuma and Oga (2019) on "Foreign Direct Investment in Nigeria: Examining the Statutory Reach" examined this specter from the perspective of the laws governing foreign investment and argues that Nigeria needs to streamline its policy and statutes to align them with best practices the world over in order to remain competitive in the attraction of FDI.

Nwanchukwu (2019) on "Factors Influencing Foreign Direct Investment in Nigeria (Case Study Nigerian Oil and Gas Sector)" examined the variables that influence foreign direct investment in Nigeria using the Nigerian Oil and Gas sector as case study. Jean-Paul (2021) on "Globalization in International Trade" he examined global trade as a threshold, global trade flows, trade and cost facilitation, the setting of contemporary global trade system and the flow of globalization.

Regarding the studies covered in this section it can be concluded that the impact of FDI on world economy cum issues of FDI were analyzed within the framework of particularly Nigeria from various aspects and this study provides a different perspective of the subject.

Conceptual Clarification

The study examined the concept three concepts that ae tantamount to the study and these are Foreign Direct Investment, Globalization and Economic Development.

The Concept of Foreign Direct Investment

There is no universally accepted definition of what constitutes foreign direct investment. Foreign Direct Investment usually consists of external resources including technological, managerial, and marketing expertise, in addition to capital. It usually adds new resources, technology, management and marketing among others to host economies in a way that improves efficiency and stimulate change in a positive direction. According to Montiel and Reinhart (2001), one important component of international capital flows is the Foreign Direct Investment (FDI), which refers to movement of financial and human capital from abroad for investment in another country.

According to Sullivan and Sheffrin (2003) define foreign direct investment as a situation where "one company from one country making physical investment into building a factory in another country. It is the establishment of an enterprise". The foreign investor is involved in the management and control of the physical enterprises in a foreign direct investment. Foreign Direct Investments may take the form of opening of a subsidiary or associate company in a foreign country, acquiring a controlling interest in an existing foreign company, or a merger or joint venture with a foreign company. According to Oloyede and Obamuyi (2000), foreign investment is an investment in a foreign country where the investing party (corporation, firm) retains control over the investment and generally takes the form of a branch, affiliates, or subsidiary operation. In other words, control is exercised by foreign investors.

The Concept of Globalization

According to Sassen (2006), a good part of globalization consists of an enormous variety of micro-processes that begin to denationalize what had been construed as national, whether policies, capital, political, subjectivity, urban spaces, temporal frames, or any other of a variety of dynamics and domain. The United Nations (2007) in its description of globalization writes that globalization is a widely used term that can be defined in a number of different ways. Accordingly, when used in an economic term, it refers to the reduction and removal of barriers between national borders to facilitate the flow of goods, capital, services, and labour.

Theoretical Framework of the Study

This study employed the modernization theory to explain the issues of Foreign Direct Investment in Nigeria. Modernization Theory emerged in the late 1950s when it appeared as a North American political scientist's reaction to the incipient failure of many of the prescriptions of development economists (Rapley, 2002). While Modernization Theory stresses the importance of political development in the progress and climactic improvement of a nation's economic standing, it also acknowledges social and cultural reforms. Modernization Theory has been defined as a theory (Reyes, 2001) that uses a systematic process to move underdeveloped countries to a more sophisticated level of development. It is a United States and European-centric normative model of development. The focus of Modernization Theory is cultural change directed at institutional structures in non-industrialized countries. Modernization Theory explains inequality within or between states by identifying different values, systems, and ideas held by different nation-states. Modernization is appropriate for political development, but also can be used for any liberal theories of modernization that appeared after 1945 targeting the nation-states of the Third World (Berger, 2004).

In developing countries, the spillover of technology from FDI is essential for economic growth as developing countries lack the needed productive groundwork in terms of well-informed and skillful human capital, free markets, and social and economic stability that drive innovation and creativity to increase productivity and advance growth. In addition to the influx of technology and capital, FDI stimulates the flow of a set of resources containing knowledgeable skills in management, organization, and marketing and enables access to marketing channels available to international enterprises. It is therefore noteworthy that, modernization theory identifies FDI as an instrument of growth and development in an economy.

Challenges of Foreign Direct Investment in Nigeria

Foreign Direct Investment (FDI), the term that describes when a foreign entity invests in or acquires a business asset in Nigeria, has often been put forward as the panacea to Nigeria's economic underdevelopment. From time immemorial, Foreign investors have always been interested in Nigeria. The creation of the 19th-century colonial state which metamorphosed into Nigeria was facilitated by an international company, the Royal Niger Company. Over the decades, the Nigerian Government has adopted several policies to attract FDI to the nation. In the mid-80s, the Ibrahim Babangida regime implemented the Structural Adjustment Programme, (SAP) aimed at liberalizing various sectors of the economy and subsequently attracting foreign investors to the manufacturing industry (Rufai, 2018). This policy, although widely criticized at the time, helped to stimulate FDI into the economy. World Bank data estimates that FDI increased from $200 million in 1970 to $2 billion in 1994. Unfortunately, the nullification of the 1993 general elections, its attendant crisis, and General Sani Abacha's takeover resulted in a reduction in FDI inflows from the year 1996 to 1999.

Ugochukwu, Okore, and Onoh (2013) highlighted three advantages of FDI in the economy. Firstly, they believe that FDI brings crucial Western knowledge and value in the form of superior Western management qualities, business ethics, entrepreneurial attitudes, better labour/capital ratio, and production techniques. Secondly, FDI makes possible industrial grading by tying firms of developing countries hosting TNC affiliates into global research and development (R&D) networks thus resulting in technology transfer as well as providing a greater deal of investment funds. Thirdly, FDI leads to the growth of enterprises by providing access to Western markets. This growth in turn provides a source of new jobs and stimulates demand for input from domestic suppliers. And so, FDI introduces new market entrants beyond the domestic economies hosting TNCs affiliates.

Nigeria is the third host economy for FDI in Africa, behind Egypt and Ethiopia. The country is among the most promising pillars of growth in Africa and attracts various investors in the sectors of hydrocarbon, energy, buildings, etc. According to the UNCTAD 2020 World Investment Report, FDI flows to Nigeria totaled USD 3,3 billion in 2019, showing a 48.5% decrease compared to the previous year (USD 6.4 billion in 2018) under the effects of austerity measures. The total stock of FDI was estimated at USD 98.6 billion in 2019. Some of the main investing countries in Nigeria include the USA, China, the United Kingdom, the Netherlands, and France (Santander, 2021).

The increase in the influx of direct investment in Nigeria has been a crucial factor in the economic growth of the country. It has facilitated the development of the working population through the transfer of knowledge and technical skills and also aided in the standardization of processes and products. Foreign investment has helped in infrastructure development and generated revenue for the country through taxation. More importantly, it has encouraged exports of local products, resulting in further investment in the country (Mosadoluwa and Olajide, 2018).

The revival of democratic governance in 1999 coupled with the inauguration of various financial and economic reforms in Nigeria again boosted FDI. National Bureau of Statistics (NBS) data suggest that by 2008, FDI had risen to $8 billion. In the decade leading up to 2014, Nigeria consistently ranked among the top three destinations for FDI in Africa. However, the reverse has been the case in more recent years. According to the latest edition of the Ernest Young Africa Attractiveness Index (AAI), an index that measures the foreign direct investment attractiveness of African countries, the country now ranks 17th on the continent. According to the NBS, FDI fell to just $1 billion in 2016 – the same amount the government raised in a single Eurobond issue (Rufai, 2018)..Nigeria joined the rest of the world in seeking FDI as evidenced by the formation of the New Partnership for Africa's Development (NEPAD), which has the attraction of foreign investment to Africa as a major component (Ayanwale, 2007) but despite Nigeria's involvement and effort in attracting foreign direct investment, Nigeria is internally challenged with an economic crisis featured by inadequate resources for long-term development, high poverty level, low capacity utilization, high level of unemployment, and other Millennium Development Goals (MDGs) increasingly becoming difficult to achieve in 2020 (Dutse, 2008).

One of the pillars in which (NEPAD) was launched was to increase available capital to $64 billion through a combination of reforms, resource mobilization, and a conducive environment for FDI (Funke and Nsouli, 2003). The UNCTAD World Investment Report 2006 shows that Foreign Direct Investment (FDI) inflow to West Africa is mainly dominated by inflow to Nigeria, which received 70% of the sub-regional total and 11% of Africa's total. Out of this, Nigeria's oil sector alone received 90% of the FDI inflow. However, despite the increase in the inflow of FDI in Nigeria compared to other parts of Africa, especially West

African countries about 60 percent of the Nigerian population lives on less than US$1 per day. This has prompted so many researchers to doubt the significant impact of FDI on the economic growth of Nigeria.

Nigeria's plummeting FDI situation is worsened by a poor investment climate featured by overly stringent government policies, bureaucratic bottlenecks for securing permits, and a weak legal framework. MTN is one of the most successful foreign investors in Nigeria but in 2015, the company was slammed with a $5.2 billion fine for failing to disconnect unregistered users. Such draconian punishment cannot be encouraging for would-be investors, many of whom already hold the notion that they are regarded as cash cows for exploitation by African governments (Rufai, 2018).

Consequently, the growth of foreign direct investment has become an issue of discussion about national security (Essien, et al, 2015). An increasing lack of security, especially in connection with the extremist group Boko Haram operating in the north-east of the country has been a serious challenge in Nigeria hindering FDI (Santander, 2020). In similar vein, Chikodiri and Adaeze (2014) argued that the security situation in Nigeria is having adverse effect on the economy. Specifically on FDI, national security has been argued to have many effects. Insecurity in Nigeria have manifested in different forms which include kidnapping (of especially expatriates) for ransom, pipeline vandalism, Militancy, rape, political violence and terrorism (Eme, 2011).

These insecurity activities have great effect on international businesses and thereby scaring away investors, draining economic resources, reducing productive capacity, increasing cost of production, and ultimately taking away lives (Otto, 2008). Aside from loss of life's, infrastructures are destroyed at the wake of terrorism and conflicts which lead to capital loss as well and consequently negatively affect investment behaviors (Gassebner, 2005). It leads to countries and companies withdrawing their investments from countries with such security challenges like in Nigeria. This happens because every investor aims at making profit, but when expenses grows higher than income, the investor losses; and this is the unavoidable outcomes of situations like the militancy that rocked Nigeria in the recent past. Same thing applies to the stock market, where insecurity can influence the prices of stock making it unstable, which will make investors indecisive about investing (Ender and Sandler, 2006). It is believed that healthy economies attract foreign investors, and Nigeria has struggled with attracting FDI due to the country's strong economic dependence on oil, which in turn means that the attractiveness of the country rises and falls with the price of oil. For instance, the price of oil attained peaked in 2014, the same year Nigeria recorded its highest FDI inflow this decade. As the price of oil fell, FDI flows into Nigeria dried up (Rufai, 2018).

An inefficient judicial system and unreliable dispute settlement mechanisms is also an impediment to FDI in Nigeria (Santander, 2020). The nation's infrastructure deficit is another issue of FDI in Nigeria. The absence of a stable power supply yields to high costs of alternative energy sources in business models. In addition the high cost of transporting products across the country or attempting to export via our highly inefficient ports translates to exorbitant prices of products which might not be competitive enough to generate adequate returns on investments. In addition to these, many investors are fearful that despite a large population, there is no viable market for their products due to the high rate of poverty, unemployment, and low disposable incomes (Rufai, 2018). Given all of these, it is not difficult to see why many potential investors have opted for other markets like Morocco, Kenya, and South Africa.

FDI can affect resource allocation and growth negatively where there is price distortion, financial trade, and other forms of distortions existing before FDI injections. Similarly, the pro-foreign investment school, the dependency theory advocates see FDI as the advanced guard for a new diplomacy of economic imperialism (Hejidra, 2002). To them, foreign investors' penetration into a host economy would result in 'disarticulated development'.

Conclusion and Recommendations

No country in the world can develop without political, cultural, social, and more importantly economic interaction with the outside world especially in this era of globalization. Nigeria, as one of the struggling countries of the world and a developing nation for that matter, requires external and foreign investors to harness and promote its abundant unutilized natural resources such as gas, oil, and solid mineral resources. The more foreign investors invest in these areas, the more foreign currency into the country which directly or indirectly improves the exchange rate of the country. However, there were certain constraints to the realization of this objective in Nigeria due to challenges facing the area of an unconducive environment, insecurity, fragile political terrain, bad governance, and corruption and these have negatively dissuaded foreign investors from having confidence in the economy of the country.

Nigeria's government should provide an enabling environment conducive to business operations in the country to attract the inflow of FDI. Foreign and domestic businesses should be treated equally. They should be open, transparent, and dependable conditions for all kinds of firms.

There is a need for the government to formulate investment policies that will be favorable to local investors to compete with the inflow of investment from foreign countries. Favorable exchange rate policies should be formulated and implemented to facilitate exchange rate – - export growth economically in the Nigerian economy.

Nigeria's government should intend to diversify its economy away from oil by building a competitive manufacturing sector, which will facilitate integration into global value chains and boost productivity. The recent merging of trade, industry, and investment under the ambit of the Federal Ministry of Industry, Trade, and Investment reflects Nigeria's intention to effectively coordinate between these three key areas to improve its trading and investment environment.

Another area that needs attention is infrastructure. Businesses need easy access to ports, an adequate and reliable supply of energy, and relative certainty that the country will be good to invest in. Good institutions also promote FDI.

The government should encourage partnerships between foreign and local businesses. Foreign firms might be familiar with global good business practices, but local firms will be more familiar with the indigenous context. This synergy could be very beneficial.

Nigeria should also tap into its huge diaspora. Many Nigerians are living outside the country who understand its challenges. They should be encouraged to help or asked to work with their networks to invest in the country.

Foreign firms also need a long-term strategic plan. This means thinking carefully about what sectors or activities to target. Many foreign firms come to developing countries when things are rosy but leave when conditions change. They don't properly consider that solving such problems will gain them a competitive advantage in the long run. If they stay and follow a learning curve, foreign firms will better understand the local business context. They'll also

gain credibility among ordinary people and possibly get more customers and support that way.

In the same vein, foreign businesses should create local solutions that meet ordinary people's needs. The banks leaving Nigeria have been accused of only catering to the needs of wealthy Nigerians, who are perceived as corrupt. A more diverse portfolio that catered to the needs of ordinary Nigerians would have nullified this claim.

Foreign firms must also work closely with credible and strategic local firms and be willing to enter into dialogue with the Nigerian government where necessary. This is crucial especially as administrations may change or government policy may evolve. Dialogue could ensure that all parties are on the same page. Security of properties and lives of both citizens and noncitizens alike be guaranteed to order to assure the investors of the security of their capital investment.

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