

FOREIGN DIRECT INVESTMENT (AID) IN NIGERIA: ROLES, EXPERIENCES AND CHALLENGES (2010-2020)

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ABSTRACT

This paper focuses on how the country's external economic relations fared in realizing economic advancement in terms of attracting foreign investments on one hand, and the roles, experiences, challenges and the impact of the inflow of foreign investments on the Nigeria 's economic growth. Specifically, the study interrogates the impact of Americas' and Chinese investments on the stability in the Niger Delta, social welfare of the citizenry and productivity in the Agricultural sector. Relying on the theory of Post-colonial state which assumes that the post-colonial state is not only a creation of imperialism, but has followed a developmental strategy dictated by the interests of imperialism and its local allies and not those of indigenous population. The study argues that the developing countries are still tied to the apron string of their formal imperial master in a more subtle manner than during the era of naked and direct colonialism, and as such, the benefits of the international economic relations are distributed asymmetrically in favor of the metropolitan countries. The researcher made use of observational technique and qualitative descriptive analysis and relying on secondary sources, relevant data were generated. The paper maintains that Nigeria should redirect her efforts towards mobilizing the domestic human and material resources in order to kick-start overall development of the country instead of predicting her hopes of illusive external capital. ...

Keywords: Imperialism, asymmetrical, FDI

Introduction

One of the most salient features of contemporary globalization is the conscious drive and encouragement of cross-border investment, especially by transnational corporations and firms (TNCs) Anyawale (2007:9) opined that many developing countries see attracting foreign investment as an important element in their strategy for economic development, this is most probably due to the fact that FDI is seen as a conglomeration of capital, technology, marketing management among others.

African countries especially in the Sub-Saharan region, for diverse reasons, have made conscious efforts to attract and retain FDI. Unfortunately, the efforts of most of these countries to lure FDI into their domain have not been rewarding. This is in spite of the perceived and obvious need of FDI in the continent. This ugly development is as disturbing as it sends very little hope of economic development and growth for these countries. (Anyaoku, 2000).

In Nigeria, a number of policies have been made and strategies adopted to revive the country's ailing economy. The state of the country's economy, at any point, determines the strategies of her domestic and external economic policy. For instance, the crisis in the Nigerian economy in the 1970s provided the basis for the embrace of the Structural Adjustment Programme; the programme that has since strengthened the grip of the international financial institutions and the leading advanced capitalist countries on the Nigerian economy. Again, the deepening crisis in the Nigerian economy at the twilight of the twentieth century occasioned, in the main, by the incursion and protracted dominance of Nigerian politics by the military also necessitated the recourse to the strategy of economic diplomacy which, as enunciated by Major-General Ike Nwachukwu (Rid) in his first policy address as Nigeria's Foreign Minister in June, 1998, was to give primacy to economic factors in a non-confrontational and heavily pro-west foreign policy orientation with the sole aim of bringing about economic renaissance and sustained growth in order to overhaul the economy and generally lay a solid foundation for future economic development of

the country (Ifesinachi, 1999:2). What the foregoing implies is that both domestic economic crisis and the rapidly changing international political and economic environment have always coalesced to shape the Nigerian foreign economic policy.

The quest for foreign direct investment has always been paramount. In fact, the inflow of Foreign Private Investment in Nigeria assumed tremendous dimension in the 1970s. Available data showed that Foreign Private Investment increased from its low level of N2287.5 million to N6804.0 million in 1985. However, from 1986 upward, there was a tremendous increase. For example, it increased from N9313.6 million in 1986 to N17 875.0 million in 2003. The table I also shows the various inflows from countries. The United Kingdom in that period contributed between 17.1 percent to 65.4 percent to the total inflow while Western Europe contributed between 14.5 percent to 55.4 percent of the total inflow of capital, the United States ranked third in terms of its contribution to total foreign investment. Obviously, there was a positive relationship between Foreign Investment and Economic growth. For example, when Foreign Direct Investment increased from N2287.5 million in 1975 to N6 804.0 million in 1985, the Gross Domestic Product also increased from N20, 957.0 million to N70 633.2 million in the same period respectively. Likewise when Foreign Investment increased from N5, 073.9 million in 1986 to N17 875.0 million in 2003, the Gross Domestic Product also shows similar response from N71, 859.0 million to N209, 700.0 million from 1986 to 2003, respectively (Okpe and Abu, 2009: 207)

However, with the enthronement of democratic government of President Olusegun Obasanjo, a new watershed to revive the Nigeria's comatose economy began. Thus, the government enunciated a number of policies encapsulated in Economic Policy (1999-2003). These policies were aimed essentially at reviving the economy and putting it on the path of sustainable growth and development with the target of improving the standard of living of the people; creating opportunities for gainful employment; and formulating micro-and macro-economic fiscal policies that would encourage greater participation of the private sector in the sector (Ogwu and Olukoshi, 2002:iii). As for external economic policy, the government's efforts were specifically directed towards creating an enabling environment for investment as one of the basic priority issues needed to turn the economy around. With this express boldness to tackle the problems besetting the Nigerian economy and the readiness to make the country conducive for foreign investments, the attitude of the international community to both the government and investment opportunities in Nigeria became positive and cheery. In fact, scarcely was the democratic government put in place when Nigeria became the focus of foreign investment information enquiries. The country's potentials with respect to enormous material resources, large and agile population further enhanced and elevated her to a prominent position as haven for investment.

Statement of the Problem

The challenge to attract more foreign investment has become acute in Sub-Saharan Africa, where only a small proportion of new inflows have gone. Thus, attraction of foreign investment has become increasingly necessary in order to finance the investment gap. This, therefore, is in line with the contention of Weitz and Lijane (1998: 6) that opening up a country requires investment for connecting the necessary infrastructure - roads, telecommunication, power plants, and financial system among others. Obviously, Nigeria needs a massive inflow of foreign investment in order to transform its economy, upgrade dilapidated infrastructure and plug on to the electronic age of computers and the Internet. An absolute prerequisite for success in this direction, however, is the design and implementation of policies and measures that would make the environment investment friendly. The external economic policy of the Nigerian government under Obasanjo's civilian administration was thus specifically directed towards creating an enabling environment, luring and attracting foreign investment in the country. Therefore, in our evaluation and analysis of Nigeria's external economic policy between 1999 and 2007, i.e Obasanjo's government especially the impact of the inflow of foreign investments on the Nigeria's political economy, the understated research questions are germane to guide the paper: • Did America's investment in the

Niger Delta region between 1999 and 2007 reduce security crisis in the region? Did China's investment in Nigeria between 1999 and 2007 improve the poverty situation in Nigeria?

Objectives of Study

Nigeria has been facing economic nay developmental crisis since her political independence in 1960, the indication is that the structure of the international political economy coupled with her colonial antecedents has posed formidable obstacles to her socio-economic advancement. The ultimate objective of Nigeria's foreign economic policy, therefore, is to remove all the alienating and debilitating material conditions that tend to sustain and reinforce her economic backwardness. In the light of the foregoing, the importance of Nigeria's foreign economic policy has to be assessed on the basis of its objectives especially as they concern national economic development. This is in agreement with the popular contention that the goals which governments of nations pursue in the international scene are fundamentally oriented towards harmonizing the contradictions and the associated problems of the domestic economy by promoting and projecting those objectives into the external environment. Therefore, since the underlying assumption of the policy of economic diplomacy is to attempt advancing the Nigeria's economy through a purposeful attraction of foreign direct investment among others, the study focuses, in event of this, on the specific analysis given to external dimensions of the management of Nigeria's external economic relations particularly as it concerns attracting foreign investment with a view to unrevealing their effectiveness in resolving the crisis in the country's economy.

To this end, the study aims generally at arriving at a rigorous, systematic and in-depth explanation and understanding of the organic link between the strategy of foreign investment and the enduring quest for economic advancement in Nigeria, especially under Obasanjo's administration. Specifically, however, the paper is oriented towards achieving the understated objectives:

- An evaluation of whether America's investment in the Niger Delta region between 1999 and 2007 reduce security crisis in the region. .
- An investigation of whether China's investment in Nigeria between 1999 and 2007 improved the poverty situation in Nigeria. .

Hypotheses

The paper was guided by the following hypotheses.

- America's investment in the Niger Delta region between 1999 and 2007 deepened insecurity in the region.
- China's investment in Nigeria between 1999 and 2007 worsened the poverty situations in Nigeria.

Foreign Direct Investment Explored

Foreign Investment is a major component of international capital flows. According to Thirwall (1994: 42), FDI refers to investment by multinational companies with headquarters in developed countries. This investment involves not only a transfer of funds (including reinvestment of profits) but also a whole package of physical capital, techniques of production, managerial and marketing expertise, products, advertising and business practices for maximization of global profits.

Foreign Direct Investment (FDI) is an investment made by a company or individual in one country in business interest in another country, in the form of either establishing business operations or acquiring business assets in the other country such as ownership or controlling interest in a foreign country. The key

feature of Foreign Direct Investment is that it is an investment made that establishes either effective control of, or at least substantial influence over, the decision making of a foreign business.

Methods of Foreign Direct Investment

Foreign Direct Investment can be made in a variety of ways including the opening of a subsidiary or associate company in a foreign country, acquiring a controlling interest in an existing foreign company, or by means of a merger or joint venture with a foreign company.

The threshold for foreign direct investment that establishes a controlling interest, per guidelines established by the Organization of Economic Cooperation and Development (OECD), is a minimum 10% ownership stake in a foreign-based company, typically represented for the investor acquiring 10% or more of the ordinary shares or voting shares of a foreign company. However, that definition is flexible, as there are instances where effective controlling interest in a firm can be established with less than 10% of the company's voting shares.

Foreign Direct Investments are commonly categorized as being horizontal, vertical or conglomerate in nature. A horizontal direct investment refers to the investor establishing the same type of business operation in a foreign country as it operates in its home country, for example, a cell phone provider based in the USA opening up stores in China. A vertical investment is one in which different but related business activities from the investors main business are established or acquired in a foreign country, such as when a manufacturing company acquires an interest in a foreign company that supplies parts or raw material required for the manufacturing company to make its products. A conglomerate type of foreign direct investment is one where a company or individual makes a foreign investment in a business that is unrelated to its existing business in its home country. Since this type of investment involves entering an industry, the investor has no previous experience in it, often takes the form of a joint venture with a foreign company already operating in the industry. (<https://en.m.wikipedia.org/Foreign>)

The Role of Foreign Direct Investment in the Growth of Nigeria Economy

Foreign direct investment can assist chiefly by establishing new companies, banks or other consumption oriented industries or it may deal in primary goods for export or set up enterprises of heavy industrial processing of local raw materials or producing capital goods for the local markets. The belief has thus spread across the globe that any less developed country (LDC) that is serious about raising the standard of living of her citizens must open its economy and avail itself to the benefits of greater access to capital, technology, high level of employment and others, (Anyawale, 2007). In other words, the benefits derivable from FDI have made many countries to desire integrating their economies into the increasingly globalized economy of the transnational corporations. Put together, the impacts of foreign direct investment in the economic growth of the Nigerian economy are thus:

- **Capital:** The economic argument for encouraging an inflow of foreign capital is that, the investment generates income and other economic benefits to both the investor and the host country. The first obvious contribution of FDI is to increase the gross Domestic product (GDP) of the recipient countries. This increased productivity benefits local income groups through higher wages and expanded employment, lower prices and improved products for consumers, rent to local resource owners, and higher tax revenue to the government. In some case, the expanded production leads to penetration into export market and thus increasing the level of available foreign exchange fund. By the same token, the expanded production from the import substitution effect, lead to conservation of foreign exchange. Furthermore, forward and backward linkages occur as production in one operation requires production and services from other areas of the economy. In addition to demand creation (from the vertical integration), in other industries, existing domestic investment and (new ones also) may be stimulated in the development of

country's infrastructure particularly transportation, communication, financial markets and industrial structure. (Ifesinachi, 2007)

- **Technology:** The most significant contribution associated with foreign investors often lies in the external economies which accompany the inflow of capital. These external economies feature in terms of improved managerial ability, technical personnel, technological knowledge, administrative organization and new production technique. This access to foreign knowledge (technology transfer) is one of the greatest benefits that foreign investment can bring to the host countries growth. The presence of FDI can improve productivity and international competitiveness because the consequent technology transferred to the host economies permit both immediate access to advanced means of production and control over the means of production. (Aremu, 2000)
- **Employment:** The effects of the external economies are equally visible in the employment area, where in addition to providing employment opportunities, good salaries and fringe benefits, the quality of the local labour force is improved through expensive formal and informal training. As labour specification and management experience grows, the need to import expertise diminishes and host country participation in projects can increase (thus leading to conservation of foreign exchange which could have been used to employ exchange which could have been used to employ expatriates). In addition, FDI can stimulate local entrepreneurship by providing increase competition and opportunities for subcontracting to local suppliers. Basically, FDI assists in economic growth in two major ways:
 - i. It provides the capital necessary for establishment of industries
 - ii. It brings with it foreign technical and management experience which is scarce and needed in capital importing countries like Nigeria.

With this, it makes possible the operation of the industry and training of local manpower's. For Nigeria to achieve sustainable growth and meet her external obligations, a lot depends on adequate inflow of foreign investments. At the current level of external debt service obligation, little or nothing is available for new investments. Consequently, in our present circumstances, the injection of foreign capital for initiating growth is absolutely necessary to complement local indigenous efforts.

Theoretical Framework

Foreign Direct Investment, no doubt, is an economic policy adopted by most third world countries to salvage the backward economic status facing them. Inevitably, the policy requires state intervention. FDI, monetarist adjustment and the mechanism of globalization have been strategies adopted by most third world countries in Africa as a panacea to the enduring economic crisis. Thus, in analyzing the problem at stake, the researcher adopted the theory of Post-Colonial State which was developed by Alavi (1972), and later was popularized by third world scholars . like Ake (1985), Ekekwe (1985). The most distinguishing feature of the theory is that "it is an assumption that the post-colonial state is a creation of imperialism, as such, it has followed a developmental strategy dictated by the interests of imperialism and its local allies, not by those of the majority of indigenous population. The post colonial state has created a deep crisis from which it can hardly extricate itself without fundamentally changing its present nature.

The theory indicates that one of the cardinal goals of the post-colonial state is to create conditions under which accumulation of capital by the foreign bourgeoisie in connivance with the ruling elite will thrive. To this effect, Ekekwe (1985:56) observed that the post-colonial state rests on the foundation of the colonial state, which in turn, had incorporated some important rudimentary state structures. As a result, the main goal of the colonial state was to create conditions under which accumulation of capital by the foreign bourgeoisie would take place through the exploitation of local human and other natural resources. The post-colonial state, it is argued, emerged on this basis.

America's Investment and Security Crisis in the Niger Delta

The petroleum industry in Nigeria is the largest industry and main generator of GDP in the West African nation which is also the continent's most populous. As estimated by the United States Energy Information Administration (EIA), Nigeria's proven oil reserves at present is estimated between 16 and 22 billion barrels m³) (Energy Information Administration, 1997: np).

Nigeria has a total of 159 oil fields and 1481 wells in operation (Niger Delta Environmental

Survey Final Report, 1997:34.) The most productive region of the nation is the coastal Niger Delta Basin in the Niger Delta or "South-south" region which encompasses 78 of the 159 oil fields. Most of Nigeria's oil fields are small and scattered. As a result of the numerous small fields, an extensive and well-developed pipeline network has been engineered to transport the crude. Also due to the lack of highly productive fields, money from the jointly operated (with the federal government) companies is constantly directed towards petroleum exploration and production. Therefore, as of 2000, oil and gas exports accounted for more than 98% of export earnings and about 83% of federal government revenue, as well as generating more than 40% of its GDP. It also provides 95% of foreign exchange earnings, and about 65% of government budgetary revenues. The U.S. remains the largest importer of Nigeria's crude oil, accounting for 40% of the country's total oil exports (http://en.wikipedia.org/wiki/petroleumindustry_in_Nigeria_production_and_exploitation). At the same time, oil industry, since inception in Nigeria, has been marred by political and economic strife largely due to a long history of corrupt military regimes and complicity of multinational corporations, notably American-owned

Chevron and Mobil

For more than four decades, American oil companies and other oil multinational companies have operated and produced oil in Nigeria's oil rich land of the Niger Delta. Disappointingly, the oil producing communities of Niger Delta have received little of oil money from either these companies or the Nigerian government. Many groups in the Niger-Delta area, as a consequence, desire compensation for the resources the Nigerian government and oil companies are profiting from. Chevron, Mobil and other oil companies in collaboration with successive governments in Nigeria, has been extracting billions of dollars worth of oil and gas from the oil producing communities in Niger Delta since 1956 without giving much in return. As this was not enough, the activities of these oil companies are also posing serious environmental danger to the ecosystem of the Niger Delta region as well as serious health hazards to the inhabitants of the region. For instance, On 1 May this year a ruptured ExxonMobil pipeline in the state of Akwa Ibom spilled more than a million gallons into the delta over seven days before the leak was stopped. Local people demonstrated against the company but say they were attacked by security guards. (Badejo and Nwilo, 2009)

In fact, cases of oil spill have been on the increase in the recent times. Since oil production began in 1958, the amount of oil spilt is not known with certainty. The figures vary considerably depending on the source. For example, while the Department of Petroleum Resources (DPR)^b has it that 4,835 oil spill incidents were recorded between 1976 and 1996 with a loss of 1.8 million barrels of oil to the environment (Badejo and Nwilo cited in Amnesty International Publication, 2009: 23), the UNDP report indicates that 6, 800 spills were recorded between 1976 and 2001, with a loss of approximately 3 million barrels of oil. Meanwhile, environmental experts' claim that the system for reporting of oil spills in the Niger Delta has been completely dysfunctional for decades, and that the figures provided by the companies and reported by DPR do not reflect the full scale of oil spillage (Amnesty International Publication, 2009: 20). For delta inhabitants who rely mainly on agriculture and fishing to meet their nutritional needs, the effects of oil spilled coupled with other impacts of dredging, seismic test and gas flaring perpetrated in the Niger Delta region by the multinational oil companies for over four decades can be devastating. For instance,

spilled oil spreads quickly over water, and it can be carried into the streams, where it kills many fish, along with trees and vegetation.

In response to the actions of the Nigerian government and oil companies, groups are utilizing attacks and violent threats as tactics to get payouts, job programs, or even fighting for better school programs, the infliction imposed upon Niger Delta locals has caused disruption within their communities. The deplorable socio-economic and environmental conditions of the communities in the oil producing areas and the perception of the people of the region that their lives basic rights are being violated in addition to their dissatisfaction with the responses of government and oil companies have spawn grass root movements, demonstrations and ethnoregional militants with varying motives. Sadly, the response of the oil companies in collaboration with the Nigerian government has been to brutally put down such protests and demonstrations using the state apparatus of coercion rather than engage the communities in dialogue. For example, On May 28, 1998, activists staged a demonstration and took several individuals hostage on a company oil platform in the Niger Delta. Nigerian police and soldiers were allegedly flown in with Chevron helicopters. Soldiers shot at the activists and subsequently two activists (Jola Ogungbeje and Arolekalrowaninu) died from their wounds. Chevron describes the situation as "a violent occupation of private property by aggressors seeking to extort cash payments from the company." (Egelko, 2007: np)

This unrelenting militarization of the region to secure 'national oil assets' has further catalyzed the firm resolve of a generation of youths who, in the period since the 1980s, have grown in their operational capacities (Watts, 2008: 14.) The use of security forces to intimidate, brutalize and abuse those challenging the oil companies instead of abating have actually increased notwithstanding the 1999 democratic elections that ought to have marked the end of years of military profligacy. Security forces still operate with impunity. The forged alliance between the major oil firms and the Nigerian military blatantly continues the military presence in the Niger Delta region. The consequences have been perverse for personal security and freedom of expression in the region. In fact, the overreaction of the oil companies and the Nigerian security forces to peaceful protests by the Niger Delta people since the enthronement of civilian rule in 1999 has led to a number of deaths and serious injuries.

On the basis of the qualitative and quantitative data presented above, there is enough ground to accept and validate our first hypothesis which upholds that America's investment in the Niger Delta between 1999 and 2007 deepened insecurity in the region.

The Impact of Chinese Investment on the Endemic Poverty in Nigeria

The benefits of the relationship between Nigeria and China have now become more evident. In the major cities and markets, one can see Chinese made goods, textile materials, food items, drugs, electronics, phones, computers and cooking utensils. Nigeria's Communication Satellite (NIMCOSAT) was designed, built and funded by China. Nigeria, therefore, is doing so much today with China in terms of trade and investments. Nigeria offers China both a market for its goods and vast supplies of untapped resources, including oil. With the assumption of office by Olusegun Obasanjo, the tempo of Nigeria-China relations stupendously increased. This is coupled with the China's voracious quest for energy to feed her booming economy. The volume of trade and investment between the two countries has shown an upward increase. For instance, the volume of trade between Nigeria and China increased from US \$178 million in 1996 to US \$1.44 billion in December 2001 (Nwachukwu, 2009:97). In view of the foregoing, China is one of Nigeria's top ten trading partners and it has set up no fewer than 30 companies in Nigeria. These companies engage in construction, oil and gas, technology, service and education sectors of the Nigerian economy. Again, China has signed oil exploration contracts worth over N4 billion and its involvement in the oil sector is tied to its building a power generating station that would add substantial megawatts of electricity to Nigeria's power sector (Momo cited in Nwachukwu, 2009:97). The Obasanjo years also witnessed some other major Chinese investments such as China National Overseas Oil Company Limited

(CNOOC) which is reported as the CNOOC's largest foreign investment ever. Similarly, Sinopec-a Chinese company signed a three year contract to develop OML 64 and OML 66 jointly with NNPC. The Borno State government also awarded six major contracts to Chinese construction and engineering firms to stem the wave of flooding, drainage construction, and so on. The Chinese firms are Geo Engineering Corporation (GEC) and ECC and they worked in collaboration with a Nigerian construction firm, Sky Technical (Nwachukwu, 2009:97). The list is endless.

However, what is not clear is the impact of such investment on festering poverty situation in Nigeria. In the remaining part of this section, we shall explore the poverty situation in Nigeria within the period under study. It is to this task that we now turn to.

Poverty Profile in Nigeria

There is a plethora of literature on the concept of poverty. Poverty is seen as a humiliating dependence (Narayan et al., 2000:30), inability to satisfy the basic requirements for human survival (Aliyu, 2003:13). However, World Bank (2000:45) inductively gave a more comprehensive definition of poverty as the lack of what is necessary for material well-being especially food, but also housing, land and assets. In order words, poverty is the lack of multiple resources that lead to hunger and physical deprivation. Such necessary materials or factors include; purchasing and consumption power, availability and access to good/qualitative education, health care delivery, basic infrastructures and welfare facilities. In this direction, when a major proportion of the population of any country experiences insufficient access to these materials, we have mass poverty. Current and available statistics reveal that Nigeria is experiencing pervasive and high level mass poverty. According to World Bank (1999-2005) Reports, in 1994, 43%, 1996, 66% and 2004, over 70% of Nigeria's population live below poverty line. Thus, we have mass poverty in Nigeria.

Poverty dehumanizes and humiliates its victim. Thus, it is an enemy of man. Concern about the problem of poverty is not new. Responsible and responsive governments the world over make efforts to eradicate poverty, or at least mitigate its impact on the vulnerable citizens. However, while major reductions in poverty level have been in the developed countries, the same thing cannot be said of the undeveloped countries of the world especially in the sub-Saharan Africa where poverty is endemic due to global economic policies, political instability, civil wars among others. The scourge of poverty on the significant proportion of the Nigerian population is evident. Available statistics on human development and social provision indicates that Nigerian population is fast becoming one of the poorest in the world (Elumilade, Asaolu&Adereti, 2006: . 66)

At this point, it is quite evident that Chinese investors have indeed penetrated and dominated Nigerian market. It is also clear that the endemic poverty in Nigeria is escalating despite Chinese penetration and domination of Nigeria market. On the basis of this, we, therefore, accept and validate our second hypothesis that China's investment in Nigeria between 1999 and 2007 worsened the poverty situations in Nigeria.

Challenges of Foreign Direct Investment in Nigeria

One factor that will pose a great challenge to the progress of FDI is the Global Economy. Global Economy is in bad shape and countries from Greece, Ireland, Italy and the US are mired in debt problems. The global outlook for oil, Nigeria's main export is also not very promising. The uncertainties of global economy will continue to push investors away from longer term engagements such as the one required by FDI into short term engagements. (www.gamji.com/..news9433.htm)

Secondly, poor infrastructure is also a major challenge. Although Nigeria has an abundance of oil wealth, that wealth is concentrated in the hands of a new government power brokers and wealthy businessmen.

As a result,, the government has not invested appropriately in infrastructure. Nigeria has inadequate roads, highways and railroads for basic functions of commerce. Additionally, the country's power grid is viewed as decrepit, making factory operations there difficult. (finance.zacks.com/factors-affecting-foreign-direct-investment-inNigeria)

Thirdly, Violence is also an impediment to the smooth operation of FDI. Potential investors in Nigeria cannot overlook the country's inconsistent government policies, which have contributed to the nation's reputation as a violent place. Rebel militias have kidnapped innocent civilian and attacked oil assets, such as rigs and pipelines. Western companies that do business in Nigeria know that pending on security to protect staff and assets is necessary but it is also a drain of profits. (finance.zacks.com/factors-affecting-foreign-direct-investment-in-Nigeria)

Summary

The paper focused on the analysis of foreign investment and its roles, experiences and challenges in Nigeria. It specifically investigated how American and Chinese investments in Nigeria fared in reducing insecurity in Niger Delta region, enhancing poverty situation in Nigeria and improving productivity in the agricultural sector from 1999 to 2007. In order to adequately address the foregoing research questions, we adopted the theory of the post-colonial state as our theoretical framework. Our choice of this theory was informed by its analytical utility especially . its ability to explicate that the post-colonial state is a creation of imperialism which has, therefore, followed a developmental strategy dictated by the interests of imperialism and its local allies rather than that of the majority of the indigenous population. The study relying on secondary sources of data and employing observation technique generated both qualitative and quantitative data. These were presented and analyzed accordingly.

Similarly, the study reveals also that the penetration and domination of Nigerian market by Chinese investors did not enhance the poverty situation in Nigeria. In addition, the study exposes that the penetration of foreign direct investment in Nigeria, unlike in other countries, did not . translate into socio-economic developments of the country because of the relative weakness of the country in monitoring and regulating the obnoxious activities of these foreign-owned companies which have tended to impinge on the welfare of the people. Apart from this, the study equally indicates that the sectional concentration of foreign investment especially in those areas that only optimize the interest of the investors rather than the interest of the recipient countries also explains the limited impact of FDI on the socio-economic development of the country.

Finally, the study reveals that the patterns of US investment in the nation's agricultural sector greatly undermined agricultural productivity within the period under study. This, as the study demonstrates, was essentially the lackadaisical attitude of America to investment in agricultural sector in Nigeria. This is understandable since the focal point of US investment in Nigeria, like other advanced capitalist countries, has been the nation's oil industry; the area that guarantees and optimize its national interest.

Recommendations

It is evident that the central policy of Obasanjo's external economic policies oriented towards attracting foreign investors in Nigeria was obviously neo-liberal. This theoretical orientations which have been proved incongruous with development needs of developing countries, once again proved incapable of ameliorating Nigeria's crisis of development. Worse still, they spawned more crisis and instability within the country's economic system as seen in the Niger Delta and the escalating welfare of the citizenry.

Confronted with a situation like this on the one hand, and considering the different facets of policy options implemented by the Obasanjo's government to realize the country's national interest, it is imperative that the external economic policy of the country be given a new direction. In this light, we

recommend that: One, based on the above erroneous interpretation of the global political economy by the Western capitalist states, it is imperative for Nigeria to realize that Western capitalist countries are jealously guarding their national interest and as such may be unwilling to invest in those sectors that may benefit the sub-Saharan African countries including Nigeria.

Two, the reliance on capital in-flow in form of trade or foreign direct investment has not really helped the African countries to overcome their economic woes. Therefore, it is very necessary that Nigeria should redirect her developmental energies. First and foremost, the country ought to invest heavily on knowledge, entrepreneurship and mastery of information and communication technologies especially in this 21st century. This will enable her widen her policy options. More so, attention should be seriously focused on the education and health sector. This is very crucial if Nigeria's hope of becoming one of the major economies in the near future will be realized. Three, the nature and character of the state as well as the way politics is being played in Nigeria is one of the greatest undoing of the country. To this effect, for Nigeria to be able to make meaningful trade bargain, it should first and foremost reposition her-self politically. The tendency to see politics as a means of self-enrichment should be stopped.

Finally, there is urgent need to address institutional and structural decay that has become a common feature of the country. Virtually all the public institutions and infrastructural facilities in Nigeria are in a very sorry state. If these institutions and infrastructural facilities are restored to order, that may not only impact positively on the other sectors of the economy such as agriculture and tourism, but also the social welfare of the citizenry

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