

# Terrorism Ethnic Religious Conflicts and Foreign Investments In Nigeria: 2007 – 2014

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## ABSTRACT

The paper appraised the effect of isolated acts of terrorism and the spate of ethnic crises in Nigeria as it affects Foreign Direct Investment (FDI).

The major challenge is that Nigeria has been listed as one of the security risk countries. While several reportage of the various media point of the fact that the outbreak of hostilities and the menace of Boko Haram insurgency have caused dislocation of local investors and other destroyed; the inflow of foreign Direct Investment in the country seem to be on the increase. It is against this backdrop that this paper seeks to ascertain the effect of terrorism and ethnic crisis on trade and investment in Nigeria. The researcher relied on the records of Foreign Direct Investment inflows over the years under study to determine the impact of terrorism and ethnic crises on the investment profile in Nigeria. Findings showed that FDI for the period under review consistently increased instead of dwindling as reported by the media.

## INTRODUCTION

Nigeria has been experiencing violent communal conflict and most recently Islamic jihadist it insurgence championed by the terrorist sect called Boko Haram. The cost of their onslaught if quantified in material and human loss is enormous. The ethnic and religion violence in Kaduna, Jos, Zamfara, Kano, Sokoto claimed hundres of human life. Bauchi the capital city of Bauchi State was awash with bloodbath a few years ago as scores of religious fundamentalists were killed after a failed attack on Police station. Official estimates put the death toll at 32, while newspaper reports put the death toll at 150.(THISDAY, 2008:1) Terrorist groups like the Boko Haram have been on rampage

killing and kidnapping people especially in the North earthen part of Nigeria. The Niger – Deltal militants also was carrying out their campaign for their share of the oil money in South Earten part of Nigeria, they engage in kidnapping oil workers in a bid to address their alleged marginalization.

According to Abubakar (2004) the major security problems in Nigeria include: “Political and electioneering conflicts, socio – economic agitation, ethno-religious crises, ethnic militia, boundary disputes, cultism, and organized crimes”.

Nigerian government over the years employed different strategies to tackle the menace of violent clashes ranging from direct military suppresses such as the Odi massacre during Olusegun Obasanjo regime, ethnic clinsing which claimed the lives of nine Ogoni

indigenes including Ken Saro Wiwa under the regime of Late General Sani Abacha, granting of amnesty by late President Musa Yaradua and currently the counter terrorism approach adopted by the Goodluck Jonathan regime in order to stem the tide of insurgencies.

The problem remains that inspite the multidimensional approaches to stop the onslaught insurgences it still persist. On the other hand every effort by the religion, ethnic and terrorist groups to stir up nationwide protest that will destabilize the nation could not materialize. The question remains, how can we explain the stability being recorded in the economic life of Nigeria in view of the current terrorist attacks. Secondly and most importantly, has the current insecurity any adverse effect on Foreign Direct Investment?

There are reports that the security situation in Nigeria, pillarise the nation along ethnic divide, restrict free movement of people, stifle local businesses, and scar away investors. However, a report of positive economic performance and accelerated economic development is a contradiction to the effect of crises and terrorism.

## COMMUNAL CONFLICTS AND TERRORISM IN NIGERIA

According to Perkins (2007), “no human history has been free of war, whether of tribe against tribe, or nation against nation, often as a result of profound conflict of interests, material, or ideal, actual or traditional” Nigeria has more than a fair share of this ugly events in her history.

We have recorded communal sightings between Aguleri and Umuleri over boundary where more than 300 lives were lost, this was in the South – Earth Nigeria. Another violent clashes was recorded in Kafanchan over the installation of a new traditional ruler, as the indigenes resentment of what they see as domination by the neighbouring Hausa – Falani in the North centre.

At the South – South of Nigeria the Ethnic, Ijaws and Urhobos clashed with the Itsekeri neighbor on who controls the oil rich blocks. Other prominent communal conflicts in terms of massive destruction of life and property includes: the Ife and Modakeke communities in the Southwest, the Jukun and the Kutebs in the North – East, the Kataf and the Hausa- Fulani in the North, the Jos crisis, the muslim – Christian feud over political power control in Kaduna State. According to Suleiman (2010) and Ihejirika (2008), the major cause of rivalry was identified as distribution of resources, land and boundary, money, titles or chieftaincy.

Suleiman (2010) argued that some of the most intense fighting has been between people of the same ethnic group, such as the ethnic Igbo communities in Eastern Nigeria, and the Yoruba of Western Nigeria. Within the period of two years, November, 2008 to February 2010, Plateau State witnessed three major ethnic clashes where over 700 lives were lost. The crisis in Jos was mixed with religion passion. The entrance of the recent terrorist attacks brought new dimension to violent clashes in the history of the Nigerian nation. According to Madukaku (2011) the history of bombing as a political instrument started in 1986 letter bomb that eliminated the life of the Newswatch Chief Editor, Dele Giwa. since 2009 bombing escalated culminating to the 2010, October bombing in Abuja, the Jos, 2010 December, January 2011, and March 2011; Abuja again on the eve of 2011. Islamic religions seats in the North claimed responsibility. 271 Boko Haram attacks were recorded from 2007 – 2009 in the countries Northern zone, and estimated 500 attacks by 2012 (zenn, 2012)making it the most dreaded of all sets.

## RELIGION AND CONFLICTS IN NIGERIA

The Nigerian constitution guarantees freedom of religion to all Nigerians, thereby making the Country a Secular state. The adoption of religious practices and enforcement of same on the Citizens or any part of the country by any government is equivalent to denying this freedom. According to Suleiman (2009) the Zamfara State government tried it and failed in the 3<sup>rd</sup> Republic. Other Islamic sects such as the Islamic Movement of Nigeria, Muhajid Shiiet, Khadiny, Maitwsine, Izala, and currently the Boko Haram sect. These groups have consistently violated the right to freedom of religion in Nigeria by unleashing terror on non- adherets to their own religion, thereby causing loss of life and property.

Recently the Boko Haram Islamic sect whose advocacy is against Wester Education, and more focused on Islamization of the Nigerian State share similar characteristics and beliefs with the Taliban groups in Afghanistan whose members are mainly drawn from University drop outs.(Thisday: 2009; 4) Similarly the Agency French Press (2008) noted that when in 2004, its first appearance in Northern Nigeria, precisely in Yobe State

where it set up a base code named Afghanistan, the group attacked and killed police officers. The sect demanded for the imposition of Islamic law on the Nigerian Federation. There have been divergent views on the emergence of the Islamic sect in Northern Nigeria. The former head of State Abdul salami Abubakar, Senate President, David Mark, and the Late Sultan of Sokoto were of the view that using religion was only as a smoke serene for the existing conflicts from failed system, and institution. This position was in line with the view of Nwabueze (2013) that Boko Haram are victims of social injustice.

They all condemned the activities of the Boko Haram which has no respect for human lives, some explained equated the insurgence to the phenomenon of mass poverty illiteracy and ignorance (Daily Trust: 2009)

This fact of poverty, and illiteracy was the rating of states in Nigeria by the central Bank of Nigeria 2006. It stated that the poorest states were local in the North, precisely the North – East of Nigeria. The index highlights states in the North East (Borno, Bauchi, Taraba, Adamawa) with the highest residence of poverty ranging

between 54.9 percent to 72.2 percent, followed by North West which consist of Katsina, Kano, Kaduna, Jigawa and the North central consisting of plateau, Benue, Nasarawa, Niger, and Kwara (Ladea, 2011).

Given that corruption and bad governance has bedeviled the Nigerian nation over the years, out of the 8 military dictators who ruled in Nigeria the North produced 6, and out of the 5 elected civilian heads of state in Nigeria, the North produced 3,. If the Northern rage is anchored on political marginalization, it is out of place. Let see the analysis in table below for clarity.

Distribution of Heads of State and Duration of Power by Geographical Zones during military Regimes.

| Zone             | No of Heads of State | % of Co of Heads of State | Duration of Tenure | % of Duration. |
|------------------|----------------------|---------------------------|--------------------|----------------|
| North-West       | 3                    | 38%                       | 6.95 years         | 24%            |
| North -East      | 0                    | 0                         | 0                  | 0              |
| North central    | 3                    | 38%                       | 18 years           | 62%            |
| South West       | 1                    | 12%                       | 3.65 years         | 12%            |
| South East       | 1                    | 12%                       | 6.5 months         | 2%             |
| South South      | 0                    | 0                         | 0                  | 0              |
| Total            | 8                    | 100%                      | 28.105yrs          | 100%           |
| Sub. Total North | 6                    | 75%                       | 24.95yrs           | 86%            |

On the contrary, inspite Northern hegemony on the leadership of Nigeria, having ruled 24 years during military era, she remained the worst impoverished of the three main regions. A situation Ajayi (2009) described as “ineptitude, incompetence, corruption, irresponsibility, thieving abuse of power; parochialism, promotion of sectional interest and inability to cope with leadership best practices” (Ajayi:2009) Salisu Tambuwal an Islamic scholar faulted northern governors in their effort to restructure the Tsangaya system into formal education, he described the effort as hypocrisy since the eradication of the Tsangaya system will block their source of recruiting political thugs.

According to Mark (2012) - - - almajiri in the North – are like the homeless “area boys” in the South West; Egbesu boys that severe relationship with their families at a tender age of about 3. In this regard, many political heavy weights hire, arm and pay them as cult gaugs to terrorize political opponents and rig elections or intimidate their opponents. The low education of the almajiri youths predispose them to crimes and ready tools in the hands of unscrupulous politicians who employ them to perpetrate harm on their political opponents at a very cheap rate. They are lawless, and do not observe any cultural bounds. According to suswan (2013) the almajiri”s are easily recruited as vanguards religion fundamentalist and political vanguards.

This is the root cause of endless intolerance that exist between people of Jos Plateau State, the predominant Christian communities are being harassed by the Muslim, Hausa Fulani using religion bias for political struggle. This should not be the practice if there are proper educations of the citizens, inculcating right values that can provide legitimate means of livelihood. No matter where these occur in Nigeria, it portends grave economic, political and social implications, for our national life.

#### **THE EFFECT OF TERRORISM AND CONFLICTS ON FOREIGN INVESTMENTS IN NIGERIA.**

There is no gainsaying the fact that underdevelopment in poor countries like Nigeria is being compounded by ethno- religion and communal conflicts, Disagreement on the shaping and sharing of power and resources among political elites and ethnic divides resulting to great struggles and conflicts. Conflicting interests that occur when groups attempt to increase their share of power and wealth or to modify dominant values, norms, beliefs under the umbrellas of ethnic, cultural or religion groups result to violent clashes or terrorism.

To ascertain the effect of conflicts and terrorism on trade and investment in Nigeria from 2007 – 2012, the following response were analyzed.

**TABLE. 2:**

| <b>OPTION</b>      | <b>FREQUENCY</b> | <b>PERCENTAGE</b> |
|--------------------|------------------|-------------------|
| Significant effect | 345              | 86.25%            |
| Minimal Effect     | 45               | 11.25%            |
| No Effect          | 10               | 2.5%              |
| <b>Total</b>       | <b>400</b>       | <b>100%</b>       |

Source: Researches' field survey 2013

The information displayed in table 2 above shows 345 respondents representing 86.25% strongly believed that terrorism and ethnic crises had significant adverse effect on indigenous and foreign investment inflow to Nigeria. On the Contrary, 45 respondents representing 11.25% believe they had no idea. Included in the 11.25% were the four responses, gathered from diplomatic staff. While 11.5% was derived from the background survey. The price water house coopers (PWC) survey on "Africa and Gas survey 2010". The survey identified five top major constraints to growth of energy and utility sectors of most oil and gas producing companies as cost, availability of skill, poor physical infrastructure, exchange volatility and regulation.

**TABLE 3:**

**FOREIGN INVESTMENTS' DEGREE OF PREFERENCE OF NIGERIA TO OTHER AFRICAN COUNTRIES 2007 -2013**

| <b>OPTION</b>                    | <b>Frequency</b> | <b>%</b>    |
|----------------------------------|------------------|-------------|
| Increased preference of Nigeria  | 108              | 27%         |
| Reduced preference of Nigeria    | 240              | 60%         |
| No significant preference change | 52               | 13%         |
| <b>Total</b>                     | <b>400</b>       | <b>100%</b> |

Source: Authors survey 2013 believed that there is foreign investor.

The table above indicates that there is increased preference to invest in Nigeria by foreign Investment since 2007. A total of 108 persons representing 27% indicated as shown in the above table, are of the view that Nigeria remains a major investment destination in the African sub region.

This results from the size of Nigerian population, its central location in the African continent (Onolememen, 2012) WWW. africanexecutive.Com) On the second segment, 240 respondents representing 60% were of the opinion that there has been a reduced preference for Nigeria. The remaining 52 respondents that are 13% were of the view that there is no significant shift in their preference rate of Nigerian to other African countries.

**TABLE 4:**

**THE IMPACT OF TERRORISM AND ETHNIC CRISES ON NIGERIAN ECONOMY.**

| <b>OPTIONS</b>       | <b>FREQUENCY</b> | <b>PERCENTAGE</b> |
|----------------------|------------------|-------------------|
| Significant impact   | 313              | 78.25%            |
| Insignificant impact | 67               | 16.75%            |
| No impact            | 20               | 5%                |
| <b>Total</b>         | <b>400</b>       | <b>100%</b>       |

Source: Authors survey 2013.

The result of the survey carried out by the author in 2013 shows that out of 400 respondents to structured questionnaire, 313 or 78.25% respondents indicate that there is significant adverse impact of terrorism and ethnic

crises on Nigerian economy. On the contrary, 67 respondents, representing 16.75% were of the opinion that Nigeria offers relative peace for any serious business. Only 20 respondents, representing 5% submitted that there is no impact. The report of Harvard school of Business UK, (2009) on risk, predicated that Nigeria could be an important destination for international investment, in fact the best investment opportunity in sub Sahara Africa (Onabanjor D, 2012) Infrastructure and return Investment both had a positive relation with FDI. On the contrary other reports view Nigeria as investment destination notwithstanding the activities of insurgence and ethnic crises.

**TABLE 5:**

**COMPARISON OF TOTAL FLOWS WITH STOCK TRANSACTIONS (Billion and Percentages)**

| Year | Total FDI FLOW | FDI % CONTRIBUTION | DOMESTIC INVESTOR CONTRIBUTION | GPD VALUE | % |
|------|----------------|--------------------|--------------------------------|-----------|---|
| 2007 | 615.63         | 14.8               | 85.2                           | 3.64      |   |
| 2008 | 787.4          | 16.5               | 83.5                           | 3.96      |   |
| 2009 | 577.3          | 31                 | 69                             | 5.08      |   |
| 2010 | 577.3          | 36.1               | 63                             | 2.99      |   |
| 2011 | 847.9          | 66.8               | 33.2                           | 5.5       |   |
| 2012 | 733.4          | 59.9               | 40.1                           | 4.2       |   |

SOURCE: Nigeria stock Market (2012)

The table above showed that FDI flow, which was 15% in 2007 consistently increased over the years to stand at 60% in 2012 and GDP value 4.7.

It was also observed that in 2012 the domestic investors increased their share of the market from 33.2% in 2011 to 40.1%. The investments in various parts of Europe are dividing due to Eurozone financial crisis, the investors shifted attention to developing economies for which Nigeria is seen as the new hot-bed. The sustained regulatory reforms, disciplined economic management and sustained economic boom in the African region is attractive. According to Oxford - Economic projection mentioned earlier, the average growth will average 4% to 5% over the next decade in sub Sahara Africa led by Nigeria and South Africa.

A critical eradication of the period under review 2007 – 2013 reveals that the highest value before the declaration of Nigeria as a terrorist State was 5.08 in 2009, which dropped to 2.99 in 2010 signifying the adverse effects of terrorism and the propaganda that marked the period. It rose to 5.5 GDP value in 2011 and slightly dropped to 4.7 in 2012. The fluctuation could be attributed to adjustment process to Nigeria peculiar economic environment.

We generally discovered that, terrorism and ethnic crisis have adversely affected local business especially in the North East of Nigeria, while FDI investment increased in other parts of the country. Nigeria remains a major investment destination in Africa and an investors' delight with the huge population and cheap labour resulting from the abundance human resources.

**CONCLUSION**

Though Nigeria is passing through a challenging period in her history, the effort of the government in fighting insurgence is yielding economic positive results.

In spite the security challenges, the number of FDI in Africa led by Nigeria, Kenya, South Africa grew at 27% since 2011 at the expense of EU countries. This however means that between 2003-2011, annual number of FDI in Africa has doubled from 339 in 2003 to 857 in 2011. (Coker and Ejiogu, 2012)

The growth rate of 7.8 in 2011, Nigeria was rate d the 3<sup>rd</sup> fastest growing economy in the world the impact of terrorism and ethnic crisis notwithstanding, showed peace and security improve in Nigeria through responsive governance and positive attitudinal change for transparency, economic diversification and improved fiscal policies, Nigeria's growth rate will surpass Mongolia and China.

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