



**NEAR EAST UNIVERSITY
GRADUATE SCHOOL OF SOCIAL SCIENCES
ECONOMICS PROGRAM**

**THE EFFECT OF BOKO HARAM TERRORISM ON THE
MACROECONOMY OF NIGERIA**

ODEBOLA TAIWO JAMES

MASTER'S THESIS

**NICOSIA
2019**

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**NICOSIA
2019**

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This is to give credence to those who have made this work a success, as a result of my quest to x-ray the effect of the ongoing deadly activities of Boko Haram activities in Nigeria and how it has affected the Northeastern part of the economy, and the macroeconomy of the nation. Sequel to this, was why I decided to centre this work on these purposes; to enunciate the organization, its history, activities and implication on Nigerian economy. Moreso, this work looks at the history of Nigerian economy, various indicators cum contributors to its GDP and growth. Therefore, I have posited my results through qualitative methodology and made requisite conclusion from various findings, employing the use of existing and secondary data.

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DEDICATION

This Thesis is dedicated to my late father, Deacon Ephraim Ayinla Odebola, in loving memory of his impact in my life and education.

Daddy, you made sure I was on the right path academically. You lived a life worthy of emulation. Love you Daddy, you will forever be in my heart.

Mummy, thank you for your prayers always, you have been very supportive morally and spiritually, I love you my mummy, Madam Florence Olujemisi Odebola (J.P).

ABSTRACT

THE EFFECT OF BOKO HARAM TERRORISM ON THE MACROECONOMY OF NIGERIA.

Sequel to the paradigm of terrorism activities prevalent in many troubled economies, this study takes a look at the key implications of Boko Haram insurgency on the Nigerian economy and the numerous sectors that have been affected largely by the insurgency. In the recent Global Terrorism Index, GTI 2018 reports, Nigeria still maintains the top five countries mostly infested by terrorism, a position which it has maintained from year 2014. The study uses data from Nigerian GDP contributors in evaluating the effect of the terrorism on the macroeconomy of the nation. It takes each GDP indicators into cognizance looking at their contributions to various economic sectors relatively to growth rate (real GDP), in the years of the terror. Therefore, the methodology used to pinpoint and highlight the adverse effect of terrorism on the generality of the Nigerian economy cum sectors are facts, figures and data with use of images and graphical illustrations from existing secondary data and sources. The evaluation is basically using secondary data gathered from various sources and particularly from TheGlobalEconomy.com under the section of Nigerian domain as <https://www.theglobaleconomy.com/Nigeria/>. More so, data from the Central Bank of Nigeria, with figures and illustrations from the detailed 2015 and 2018 reports of Global Terrorism Index, GTI published by the Institute for Economics and Peace (IEP) are employed. Additionally, this work evaluated the core effects of the Boko Haram terror of 2014 on the economy, importantly, its impact which is more profound following its declaration as terror group, aftermath its 2014 activities using data, figures and illustration to juxtapose the standpoint. More importantly, this work justifies and shows that Boko Haram was one of the root causes of the economic recession witnessed in the Nigerian economy through 2016 to second quarter of 2017. Justifications used are GDP components, economic indicators, key

sector contributors; their percentage contribution to GDP, value added as share of GDP, with the values mostly in US billion dollars and percentage change in the indicators, for effective evaluation of the impacts and implications of terrorism on the macro-economy of Nigeria. Actually, figures used in all the graphical illustrations are made available for record purpose, comparison and verification. The target year of focus for this work is the effect after 2014, it also evaluates the effect from 2009-2010 the start of the terror as an insurgency, but more focus is on the impact after 2014. Hence, data for economic sectors and contributors are from 1960-2017 while for GDP indicators and contributors span 1980-2017. The study concluded that terrorism has adversely affected the macro-economy of Nigeria, and recommended that apart from the government increasing security and defense, there is need to focus on economic indicators and growth, thereby stipulating that service industry should be enhanced as it can help the economy even in the face of terrorism, also is the need for devaluation of the currency as these can drive the economy to a state of stable growth in the presence of insurgency and attendant terrorism.

Keywords: Macro-economic effects of terrorism, Terrorism and economic development, Boko Haram insurgency as the rationale for 2016 Nigerian economic recession, Effects of terrorism on growth of an economy, Implications of terrorism on GDP of a nation, Impact of terrorism on GDP contributors and indicators, terrorism-inflicted nations, terrorism-infested economies.

ÖZ

BOKO HARAM TERÖRİZMASININ NİJERYA MAKROEKONOMİSİ ÜZERİNE ETKİLERİ

Bu çalışma, birçok sorunlu ekonomide yaygın olan terör eylemleri paradigmasına, Boko Haram isyanının Nijerya ekonomisi ve büyük ölçüde isyandan etkilenen çok sayıda sektör üzerindeki kilit etkilerine göz atıyor. Son Global Terörizm Endeksi'nde, GTI 2018'de, 2014 yılından bu yana Nijerya'nın terörizmin en çok etkilenen ilk beş ülkesinden biri olma konumunu sürdürdüğü görülmektedir. Bu çalışma, terörizmin ulusun makroekonomisine etkisini ve terörün GSYİH'ya katkıda bulunan sektörler üzerindeki varlığını incelemektedir. Çalışma, her bir GSYİH göstergesini, terör yıllarındaki büyüme oranına (reel GSYİH) göre çeşitli ekonomik sektörlere yaptıkları etki bakımından incelemektedir. Bu nedenle çalışmada kullanılan metod; terörizmin Nijerya ekonomisinin ve tüm sektörlerin üzerindeki olumsuz etkisini tespit etmek ve vurgulamak için, mevcut ikincil veri ve kaynaklardan elde edilen verilerin, tabloların ve grafiklerin kullanıldığı gerçek rakamlar ve veriler üzerine yapılmış bir analizdir. Değerlendirme temel olarak, çeşitli kaynaklardan ve özellikle TheGlobalEconomy.com adresinden, Nijerya bölgesi bölümü altında <https://www.theglobaleconomy.com/Nigeria/> olarak toplanan ikincil verileri kullanmaktadır. Dahası, Nijerya Merkez Bankası'ndan elde edilen veriler, 2015 ve 2018 Küresel Terörizm Endeksi, GTI'nin Ekonomi ve Barış Enstitüsü (IEP) tarafından yayınlanan ayrıntılı raporları, çizimleri ve veriler kullanılmıştır. Ek olarak, bu çalışma Boko Haram terörünün 2014 yılında Nijerya ekonomisine olan temel etkilerini, önemini, terör grubu olarak ilan etmesinin ardından daha derinlemesine olan etkilerini, 2014'teki faaliyetlerini de veriler, rakamlar ve illüstrasyonlar kullanarak daha ayrıntılı olarak değerlendirdi. Daha da önemlisi, bu çalışma, Boko Haram'ın, Nijerya ekonomisinde 2016'dan 2017'nin ikinci çeyreğine kadar yaşanan ekonomik durgunluğun temel nedenlerinden biri olduğunu haklı çıkarmakta ve göstermektedir. Kullanılan gerekçeler GSYİH bileşenleri, ekonomik göstergeler, kilit sektöre katkıda bulunanlar; terörizmin Nijerya makro ekonomisi üzerindeki etkilerinin ve GSYH'ye yüzde katkısı, GSYİH'nın payı olarak katma değer, çoğunlukla ABD doları cinsinden değerler ve göstergelerde yüzde değişim olmuştur. Aslında, tüm grafik çizimlerde kullanılan şekiller, kayıt amacıyla, karşılaştırma ve doğrulama için hazırlanmıştır.

Bu çalışmada odaklanılan yıl, 2014 ve sonrasındaki etkilerdir. Çalışma 2009-2010'dan itibaren terörün başlangıcını bir isyan olarak değerlendirir, ancak daha çok odaklanma 2014'ten sonraki etki üzerinedir. Dolayısıyla, ekonomik sektörler ve katkıda bulunanlar için veriler 1980-2017 döneminde GSYİH göstergeleri ve katkıda bulunanlar için 1960-2017 arasındadır. Çalışma, terörizmin Nijerya'nın makro-ekonomisini olumsuz yönde etkilediği ve hükümetin artan güvenlik ve savunma harcamalarının yanı sıra, ekonomik göstergelere ve büyümeye odaklanmaya ihtiyaç duyduğunu, dolayısıyla hizmet sektörünün yardım edebileceğini ve geliştirilmesini önermektedir. Çalışma, terörizm karşısında ekonominin istikrarlı bir büyüme ile karşı karşıya kalabileceğini ve bunun için para biriminin devalüasyonuna da ihtiyaç duyduğunu savunmaktadır.

Anahtar Kelimeler: Terörizmin makro ekonomik etkileri, Terörizm ve ekonomik gelişme, 2016 Nijerya ekonomik durgunluğunun gerekçesi olarak Boko Haram isyanı, Terörizmin bir ekonominin büyümesine etkileri, Terörizmin GSYH'ye etkisi, Terörizmin GSYİH'ya etkileri, teröre bulaşan milletler, teröre bulaşan ekonomiler.

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ABBREVIATIONS

Ab Abduction

AFEM Autonomous Foreign Exchange Market

AQIM Al-Qaeda in the Islamic Magreb

AU African Union

BHT Boko Haram Terrorists

BRICs Brazil Russia India and China economies

CBN Central Bank of Nigeria

CIA Central Intelligence Agency

CPI Consumer Price Index

DAS Dutch Auction System

ECOWAS Economic Community of West African States

FDI Foreign Direct Investment

FEM Foreign Exchange Market

GDP Gross Domestic Product

GNP Gross National Product

GTI Global Terrorism Index

NEP Nigerian Enterprise Promotion

OECD Organization for Economic Cooperation and Development

OPEC Organization of Petroleum Exporting Countries

PPP Purchasing Power Parity

IDA International Development Association

IEP Institute for Economics and Peace

IFEM Interbank Foreign Exchange Market

ILO International Labour Organization

inj Injured

ISIC International Standard Industrial Classification.

ISIL Islamic State of Iraq and the Levant

ISIS Islamic State in Iraq and Syria

ISWA Islamic State of West Africa

LSE London Stock Exchange

m Missing

- MINT** Mexico, Indonesia, Nigeria and Turkey
- NEEDS** National Economic Empowerment Development Strategy
- NSE** Nigerian Stock Exchange
- OPEC** Organization of Petroleum Exporting Countries
- PKK** Partiya Yekitiya Demokrat (Democratic Union Party)
- PYD** Partiya Karkeren Kurdistane (Kurdistan Workers' Party)
- SAP** Structural Adjustment Programme
- SFEM** Second tier Foreign Exchange Market,
- WIR** World Investment Report
- WTO** World Trade Organization
- UN** United Nations

INTRODUCTION

Boko Haram an insurgency eminent in the Nigerian nation state has been a problem to the macro-economy of the country affecting most important sectors and contributors to the growth of the economy of Nigeria. In the latest Global Terrorism Index, GTI 2018, Nigeria is still among the top five countries mostly affected by terrorism, a position which it has maintained since year 2014. This work seeks to evaluate, highlight and pinpoint the implication of the menace on the nation. As it is glaring that terrorism is a global vice infesting country worldwide and many nations are suffering from its infliction. However, it seems from various studies, works and researches particularly from scholars, academics and researchers that most countries that are terrorism-infested seem to have the same economic characteristics. Consequently, as the terror gathers momentum there is need to confront it, as it is staring the world in the face and many economies are acutely suffering from terrorism-infliction. This rising phenomenon that was once an emerging paradigm has to be curbed and curtailed, hence the reason for many works and studies on the topical issue. Economies are suffering from its infestation, implications and fatalities in terms of deaths and injuries which are rising daily, although nations affected have displayed some background economic similarities cum features, nevertheless they need help, they have to end the plague and fashion way forward. More importantly, Global Terrorism Index, GTI 2015 and 2018 stipulated that terrorism is mostly found in economies with history of crises or ongoing armed conflicts in their borders and that is why this section of the study would be highlighting history of crises and disputes in Nigeria as touching basically religious crisis as it is known that the Boko Haram organization, like many terrorists organizations across the globe pivot their actions on religious tenet, creed or ideology. As much as it is known that many of them do not abide strictly with their religious ideologies, hence acting outside the tenets. Enders and Sandler, (1996) also stated from their study that the size and capacity of an economy is a determinant to how susceptible the economy can be to terrorism. This is the more reason why this chapter would be looking at the background of Nigeria, the history of Nigerian economy, and the creation of

Nigerian state. Lastly, Journal of peace research, 2013 posited that terrorism is actually found in African and Islamic countries with history of internal crises or ongoing, and as it is believed that terrorism easily emanates from such economies disrupting the economic order and affecting the growth cum development. Hence, we shall be examining some of the features of the Nigerian economy like its demography relative to existing tribes and ethnicities; their population, languages, religions cum grievances in time past in this section, and circumstances that have transpired in the economy, the polity and among its populace in the past which may have fostered internal crisis and eventually led to insurgency or terrorism by aggrieved citizens, tribes or ethnics, a paradigm that has come to affect the macro-economy of the nation, its economic contributors, development and growth in particular.

CHAPTER 1

OBJECTIVES, LITERATURE REVIEW AND BACKGROUND OF NIGERIA

1.1 Objectives of the Study

As the insurgency remains active in the Nigerian nation state, that is the rationale behind this study to examine the impacts, implication, root causes and possible solutions to the menace. Therefore, the paradigm remains that the Nigerian macro-economy, its polity and economic order are at risk. This study objectives therefore are;

1. To highlight the rationale behind the genesis of Boko Haram terrorism in the economy of Nigeria.
2. To evaluate the implications on overall economy, particularly the economic indicators and key sectors in Nigeria.
3. To examine any possible economic solution in the prevailing condition that can also help to reduce, curb or end the Boko Haram terror and its infliction on Nigerian economy.

1.2 Research Questions

As terrorism continues to infest the economy of Nigeria and putting it in the global scene of one of the many countries inflicted by terrorism, the country has risen up to the task of confronting the menace to curb its impact on the economic growth and its polity. This work therefore seeks to pinpoint the causes, potent solutions to the menace and adverse effect of the insurgency on the general economic condition of the Nigerian state. Therefore, the research questions are;

1. What are the possible reasons for the evolution of terrorism in the nation?
2. Is Boko Haram insurgency actually detrimental to the macro-economy of Nigeria or just the social and political structure? What are the direct and indirect costs?
3. Are there any visible impact of the terrorism on GDP, national income, viable sectors, GDP indicators, or level of development and economic growth in Nigeria.
4. Has there been economic problem prior to the genesis of the terror sector and was the insurgency responsible for the recession of 2016.
5. What are the economic solutions to the menace prevalent in the conditions of the affected sectors or GDP indicators and in Nigeria as an economy?

The theoretical questions above are what this study seeks to evaluate and justify by looking at the general economy of Nigeria, its historical background as a nation, also examined past events of religious and tribal disputes in Nigeria and more importantly, the economic history, to x-ray the background of the economy so as to effectively evaluate the cause and effect of Boko Haram insurgency on the macro-economy of Nigeria in later chapters.

1.3 Literature Review

Terrorism, insurgency and insecurity has come to threaten our spatial peace, and therefore the consequences are not insignificant rather very detrimental to our social, economic and political wellbeing. It is a plague to our global peace hence the need to know the root cause, the implication and the possible solution. As the menace keeps staring us in the face, there is need to confront the terror infestation, therefore many scholars, academics and researchers have taking up the responsibility to work on this topical issue that is gaining momentum in the global scene and emerging in recent studies. In this section we shall be examining existing works, studies and researches on the possible cause, effect and solution to the terrorism-infliction in our once-peaceful society and environment, particularly evaluating the Nigerian case of Boko Haram terrorism which has come to dare and becloud the country and its polity.

Therefore, there exist lots of existing works both descriptive cum empirical on the topic and organization, we shall be examining them to have broader understanding of terrorism, the Boko Haram; its activities and effects on the Nigerian macro-economy

1.3.1 Descriptive/Analytical Literature Review

For scholars who have written various academic papers on Boko Haram, the activities and atrocities of the sect were of concern to them. O'Neal (1990) described insurgency as a coordinated movement targeted at overthrowing a constituted authority or government by using armed conflict. Insurgency is used to describe low profile conflict as it is sometimes connected to terrorism and more often terrorists use insurgency as a tool to showcase their evil cause. Bernard (2005), states that the condition of fear arising from a case of lack of protection or safety is called insurgency. Therefore, it is unavoidable danger from constituted threats. Many concerted efforts have been made to thwart the operation and menace of the insurgency on the economy, (Luechinger, 2003), the government of Nigeria instituted counter-terrorism measures through joint-task force and enforcement of penalty on insurgents to eradicate the adverse effect of the evil in the nation. Nevertheless, insecurity is unabated and, on the rise, making Nigeria on the high list of terrorism infested nations in the Global Terrorism Index (GTI 2015) and making the country have a low profile in Global Peace index (GPI 2012), indicating an unstable polity in the suffering country. Adagba et' al (2012). Uhumwuangho and Aluforo (2011) posited that the government effort towards the terror have not translated into encouraging outcome as unemployment, high level of poverty and corruption in political sphere are the result of the unending insurgency. More so, Eme and Ibietan (2005), evaluating the beginning and ideology of the Boko Haram submitted that the terror sect has their origin and in the northeastern Nigeria. Their purpose initially was to inculcate sharia law and end the existing system of governance, but along the line they diverted. For Lister (2012), he did not submit to the opinion that the aim of the group was to Islamize the nation via practice of sharia law, to him, the insurgents are embittered youths who are being used by politicians from the north to perpetrate their devilish interests particularly against their opponents. Therefore, most of the fighters are

aggrieved unemployed youths who lack steady income and have stopped seeing patronage from politicians which engaged them but stopped after their assumption of office. Cook (2013), Awojobi (2014) Onuoha (2014), all opined that youths drafted into the group are those suffering from attendant poverty level in the North, because In 2011 when the poverty ratio for Nigeria was stated by National Bureau of Statistics, NBS, it shows that the level of poverty is higher relatively in the north than it is in the south. The presiding president who is a northerner has seen some insinuations inform of allegations that he has been showing resentments in curbing and enforcing strict measures on the insurgents which are mainly northerners, the insurgency has taken different forms gaining momentum in terms of suicide bombing, kidnapping, attacks on civilians and innocent citizens, armed robbery and all the forms (Enders, 2002; Lake, 2000). Apart from the killings, abductions and bombings, the atrocities of this group are a drag on the socioeconomic growth and drawback on the globalization of the Nigerian state and northeastern part where their activities are concentrated. Eme and Ibietan (2012), Ogochukwu (2013), Odita and Akan (2014), Ovaga (n.d) postulated from their study on the sect that their operations and nefarious activities actually slows down socioeconomic development scope in Nigeria. In respect to Chalk, Byman et al (2001) some particular situation prevalent in an economy can translate or instigate insurgency when the populace is embittered toward the constituted authority which does not take their welfare as high priority, they can showcase their grievances through insurgency, even as stated above from the definition of insurgency. More so, insurgency can make use of the media to attack ill-prepared or despondent government, as it is known that a corrupt or less-effective government or administration with relent in the provision of basic and necessary social amenities, infrastructures and policies to better the lives of the citizenry. One of the reasons why insurgency has become a channel of portraying grievances to government's inability to cater for the need of the population and thereby lack the necessary drive to counter insurgency and this puts the administration and the nation in the frontline of the media to the world.

1.3.2 Empirical Literature Review

The economic growth and development of a country can be hampered by insurgency and terrorism, there are several academic works both existing and ongoing in form of empirical studies which have buttressed these facts. Ewetan and Urhie (2014) opined that insecurity is detrimental to economic activities thereby unfavorable to local and foreign investment cum investors. Nwanego and Odigbo (2013) state that a secured society enhances national development while Adegbami (2013) from a study submitted that a state of insecurity hampers welfare and destructive to properties or business ventures causing relocation of viable industries. Where Gaibullov and Sandler (2009) stipulated that terrorist's operations have economic-declining implications particularly causing a decline of 1.5% in GDP per capita in Asia as a result of terrorism relative to per million people affected. Hence, terrorist activities affect volatile sectors and industries particularly export, transportation, manufacturing and investment reducing GDP and economic growth (Enders and Sandler, 2006). Sequel to this, Udeh and Ihezue (2013) are of the view that challenges of insecurity in Nigeria are numerous as it confronts governments effort toward economic development and the envisaged vision 20;2020 achievement, threatens the flow of foreign direct investment and its contribution to development of Nigerian economy. Terrorism instigates uncertainty and high risk which debar investment and slows foreign direct investment (Gaibullov, 2009 and Abadie, Gardeazabal 2008). Blomberg, Orphanides and Hess (2004) conducted a study in a cross-sectional data from 177 countries between 1968 to 2000 and therefore postulated that terrorism actually have less implication on per capita income growth for the countries sampled but reduces investment. Another study on the cost of terrorism by Tavares (2004), made use of sample size from 1987 to 2001 resulted in the fact that terrorism has a consequential but negative effect on gross domestic product's growth. Tsiddon and Eckstein (2004) carried out a work evaluating the effect on Israel's macro-economy with quarterly data ranging from 1980 till 2003 using VAR, Vector Autoregression showing that it has resultant negative effect on GDP per capita, exports and investments. Gupta et' al (2004) investigated the consequences of terrorism and armed conflict on macroeconomic components making use of 66 low- and middle-income

nations as sample size, the observation was that all forms of conflict indirectly cause decline in economic growth through increases in the government expenditure on defense and security. More so, Enders and Sandler (2008) posited a conclusion that considering the intensive campaign of most terrorist organizations, it can be said to be low and lack survival but the economic consequences of terrorism are projected to be substantial in particular sectors that have high terror risk like airlines (transportation), tourism and foreign direct investment. Sandler and Gaibullov, (2009) in their work tagged, “the impact of conflicts and terrorism on growth in Asia 1970-2004”, submitted that cross-national terrorist operation has a significant growth-reduction result and more importantly, declines growth by crowding-in government consumption expenditures. Ukpere and Otto, (2012) conducted a study as touching development and civil security in Nigeria, they made a position that there is direct positive relationship between development and national security whereas insecurity debilitates LDCs’ (less developed economies) development. While Achumba et al. (2013), in a study termed “insecurity in Nigeria and its implication for business and sustainable development” highlighted that effect of insecurity in the nation is substantial and complicated, more so, it would maintain such status quo if not curbed. These above submissions were results of numerous works of scholars and concerned academics highlighting their studies and positions, showing economic and macro-economic effects arising from terrorism in less-developed, developing and developed nations.

1.4 Background of Nigeria

Nigeria, a country located between West and Central Africa but more to the western region, is a domain for numerous tribes, ethnicities and kingdoms over the years. Modern Nigeria is a product of British colonization from the mid-19th century becoming a nation state in 1914 by the unification of the northern and southern protectorates under the British indirect rule, sequel to defeat of the Sokoto caliphate and other Islamic states a decade earlier which were made up of then northern protectorate and what is now the present day north, as legal and administrative systems were constituted in the indirect rule through traditional local kingdoms. The present-day Cameroon, an immediate

neighboring country to Nigeria was one of the many colonies lost by Germany after World War 1 and was to Belgian, French and British powers, this saw the country separated into the British and French region, while the British part was divided into northern and southern divisions. Sequel to a change in Cameroonian constitution, the southern British division voted to unite with the French region while the northern part merged with Nigeria adding to existing substantial population of Muslims in northern Nigeria that is the present-day northeastern region in Nigeria much of which is affected by Boko Haram insurgency today. Nigeria gained its independence in 1960 into a federal state and was beset with civil war spanning the period 1967 to 1970, after which it experienced incessant alternating governance between military rule and democratic civilian administration till 1999 when it attained a stable democratic dispensation.

1.4.1 History of Nigerian Economy and Trade

Nigerian economic history started since the 15th century in a trade relationship with Europe. Nigeria had direct trade particularly with the Portuguese and the British merchants, the British were after new markets for their produced goods in West Africa while the Portuguese wanted to by-pass the Saharan merchants to have a direct access in the trade of gold from West Africa to Europe and India, thereby explored the coastal Nigeria. When the Britain secured palm oil and ivory trade, but in their bid for expansion they had to overpower coastal communities and its rulers, the chiefs widening their palm oil commerce in what is now known as Nigerian nation state. Another point of target for the European traders in 1804 was the Sokoto Caliphate, the caliphate consisted of north-west, north-central and some bordered neighbor countries which belong to the present Nigeria making it the state with the highest population in Africa. The caliphate was well planned and thriving in commerce and business particularly in clothing business, there was peaceful co-existence and a successful market plan as export were carried out by Hausa merchants who resided and traveled to other neighboring countries and the rest of Africa. More so, the caliphate had constant inflow of labor from captivation of non-Muslims as slaves, this made their cities larger particularly Kano which was the largest manufacturing and commercial center in the area. Produced clothes were transported for

sales to other parts of West Africa, as they practiced Islamic tax system making the Caliphate richer and stronger, this led to Islam as the popular religion in the vicinity. The colonization and making Nigeria a protectorate were as a result of British's purpose of increasing their trade cum commerce preventing France and Germany, the other colonial powers from having hold of Nigeria by 1850. Therefore, Britain concentrated its commerce in coastal cities like Lagos and Niger delta which officially took place in 1861 making Lagos an imperial colony with a rationale for preventing France from the well-located city, increase slave trade, and to stop civil wars within the Yoruba tribes that was affecting smooth trade. As a result of tactical approaches by the British emissaries to enhance trade and its mandate on Nigeria, the present Niger in 1906 was totally held and controlled by Britain.

1.4.2 Economy of Nigeria

Nigerian economy after independence was very promising, Britain took over the administration of Nigeria as colonialism was the mainstay of the history of Nigerian economy. Nigerian as an emerging and a viable market economy never attained its full economic potential because of several political and economic mishap which have forfeited the growth of the nation. It is still a global player and a regional power particularly as it is known for production of crude oil and supply of petroleum products and as the biggest economy in Africa. Although colonization has been part of the history of the economy, as of 1949 the British mandate had first consultation in form of formal debate with Nigerian elites from commercial, labor and educational background for independence, review of constitution and modernization. Formation of political parties played major role in convergence of elites and also helped in services, government positions, exports of agricultural produce, public corporations, construction of roads, pipe-borne water, supply of electricity, enterprise and business ventures establishments and market permits for shops and stores. Most political parties were supported by commercial banks which helped them with state funding, and the ruling groups gave education scholarships to their supporters to study abroad. Nigerian government became more centrally converged following the civil war which spanned the period 1967 to 1970. An important characteristic of the economy of Nigeria was sole reliance on

petroleum between 1970 and 1980s which sums up to 87% of receipts from exports and by 1988 it was about 77% of the revenue of government, strengthening the centralized government due to oil boom in the 1970s, however decline in global oil price and local production led to decrease in GNP per capita which continued till 1990 when global oil prices was then on the rise. Nigeria in 1989 was classified by the World Bank as low-income and a poor nation with other nations like Mali, Ethiopia, Chad, Bangladesh and considered for financial support by its sub-organization, the International Development Association, IDA which was the first time Nigeria would be considered for aid program since the inception of the IDA in 1987, this was due to the gross national product per capita reduction from 1980 through 1987 by 4.8%. Consequentially, increase in the government's share of Nigerian economy did not have much impact on the administrative, economic and political capacity of the nation thereby creating economic problems which fostered nepotism and marginalization. From late 1970s to beginning of 1980s saw Nigeria experiencing economic meltdown which sparked conflicts within ethnics, local communities and other nationalities in Nigeria, which led to expulsion of illegal migrants and workers mainly from Cameroon, Ghana, Chad, and Niger totaling more than 2 million in early 1983 through May of 1985. More importantly, unwarranted changes in the share of government expenditure as percentage of GDP was a notable economic issue as the share value rose in 1962 from 9% to 44% in 1979 falling drastically in 1988 to 17%, a change seen as not good for capital formation in the economy.

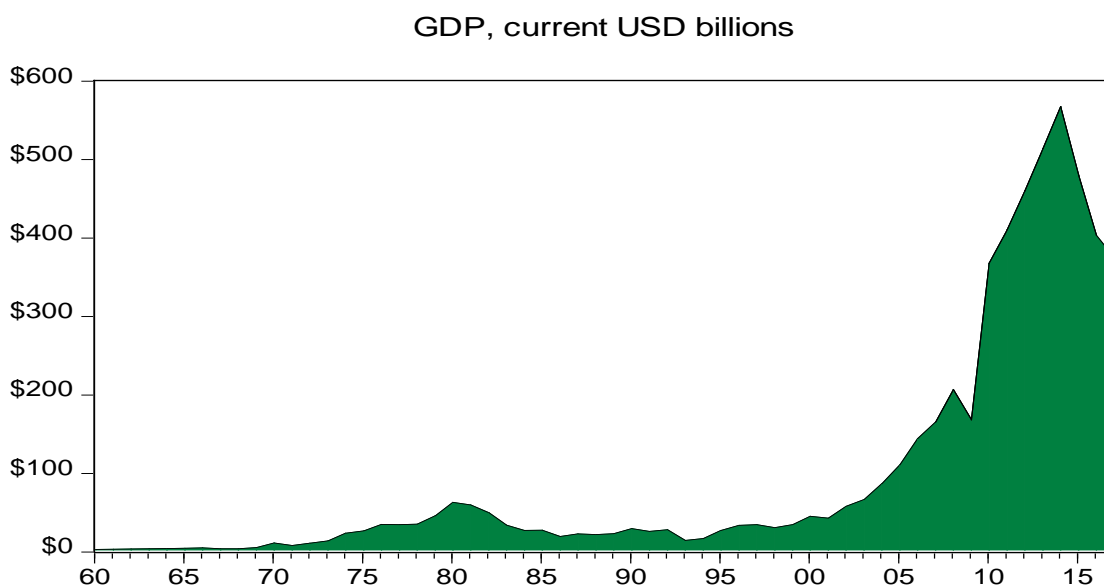


Figure 1: Nigerian GDP in current US\$ billion from 1960 to 2017. (Source: Constructed from data on Nigerian GDP from St. Louis Federal Reserve Bank)

1.4.3 Nigerian Demography

Nigeria is a multinational state with about 250 ethnic and tribal groups within its domain, the ethnicities have more than 250 languages with diverse cultures out of which there are three largest ethnicities mainly the Yoruba, Hausa and Igbo. Nigeria has the 7th largest population in the world and the first in Africa with about 180 million inhabitants. The country also has the third highest population of youths globally say after China and India, up to 90 million of its teeming population are below 18 years. English is the formal language in Nigeria while according to religion, a little above 50% of the population are Islamic practitioners whereas around 48% are Christians. Most of the Muslims in Nigeria are Sunnis and they are particularly found in the northern part while Christians are mainly residing in the south and central Nigeria. Few of the population from basically Igbos and Yoruba tribe practice traditional religion and very few are non-religious. As touching religion, the nation is half between Christians and Muslims in terms of their composition in the population of Nigeria, about 12 states out of 36 are Sunni Muslims and in those states Sharia and customary courts are predominant, while in some of these states transition from being a Muslim to another religious group say Christianity is a grave offence, such and others offences as blasphemy can lead to capital punishments like death penalty. Though there is freedom of religion in Nigeria

but in most of the states in the north, diverse Islamic groups exist which support the practice of sharia law especially in Zamfara state and the other 11 states as allowed by the Federal Government of Nigeria. Below is the demographic outlook of Nigeria as a nation examining all its features and history.

1.4.3.1 Population

Nigeria is a country that has experienced steady increase in its population since the formation of the nation state, it actually had a 60% increase rate from 1990 through 2008, a growth of 57 million within two decades making the population tantamount to 190 million or above presently. As shown in the figure below, about 42.5% of Nigerians are under than age 14, where ages 15 to 24 are around 19.6%, while 30.7% of the population are within ages 25 to 54, whereas both ages 55 to 64 and 64 above are 4.0% and 3.1% respectively.

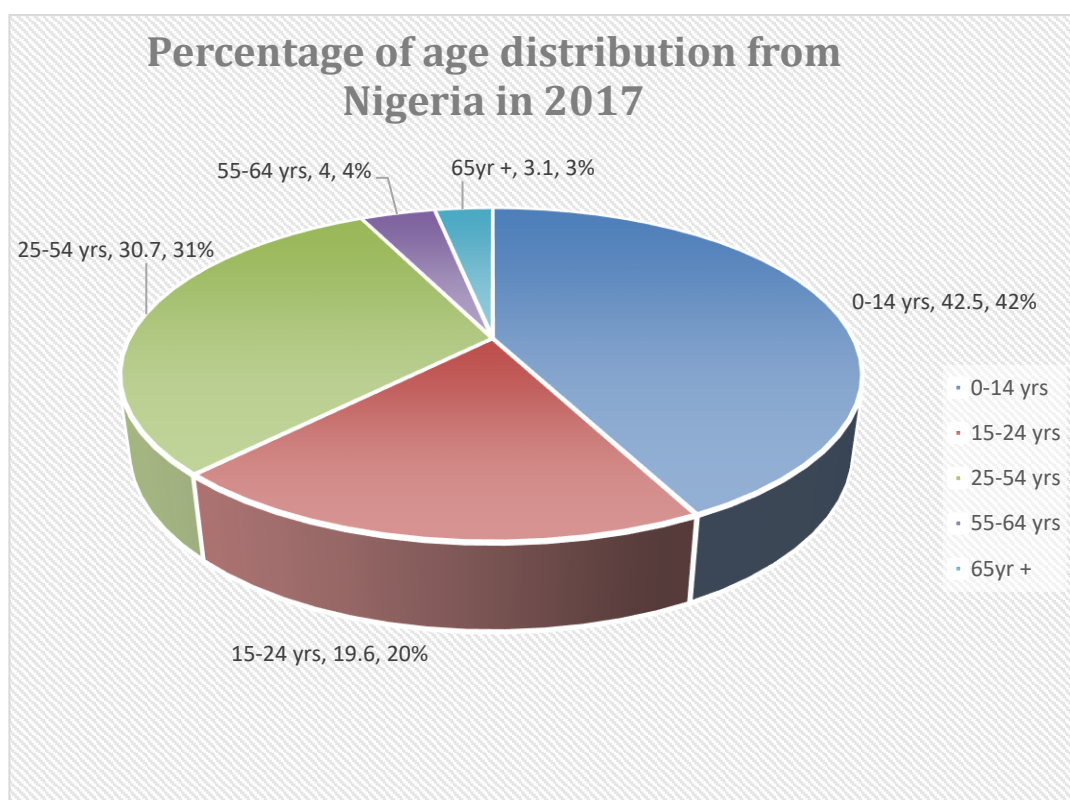


Figure 2: Population of Nigeria according to age classification. (Source: Constructed from CIA World Factbook data on Nigerian population)

The country used to make up to 25% of total African continent population but as it is now, in 2017 it amounted to about 17% of the absolute population.

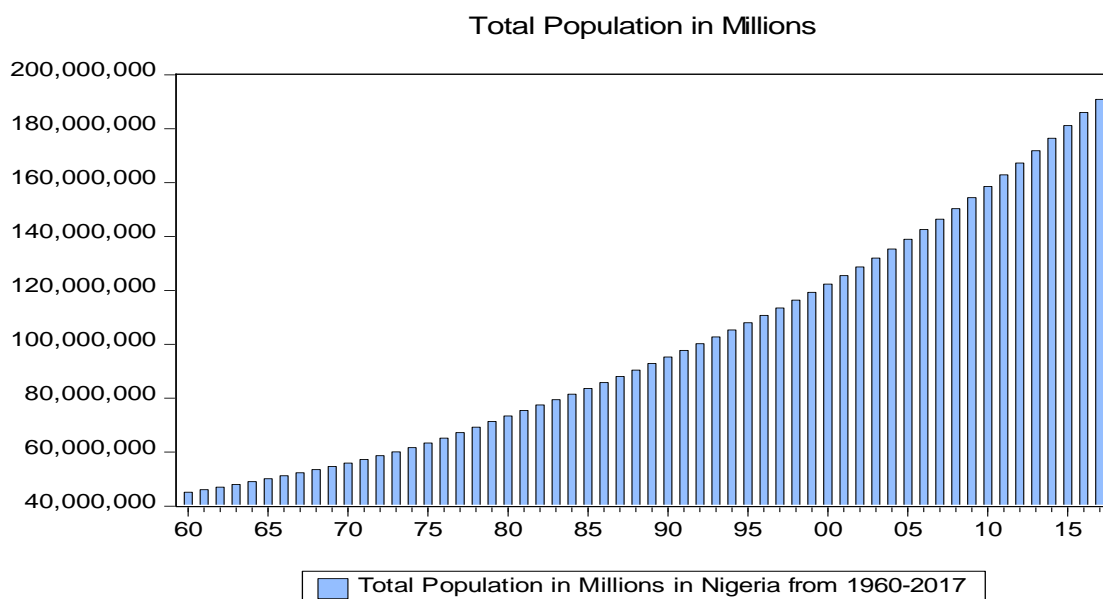


Figure 3: Nigerian total population from 1960 to 2017. (Source: Constructed from data on Nigerian population from St. Louis Federal Reserve Bank)

Nigerian national census results in decades pasts have been debated and witnessed disputes as not reflecting the true population or share of population between the ethnicities, tribes, regions and states, the last census conducted in Nigeria gave a result from December 2006 estimated at 140,003,542, with gender distribution as females numbering 68,293,683 while males were 71,709,859. However, United Nations in 2016 gave the population of Nigeria as 185,989,640 shared into pattern of settlement as 48.3% residing in the urban centers while about 51.7% living in the rural settlement and 167.5 persons/km² as population density.

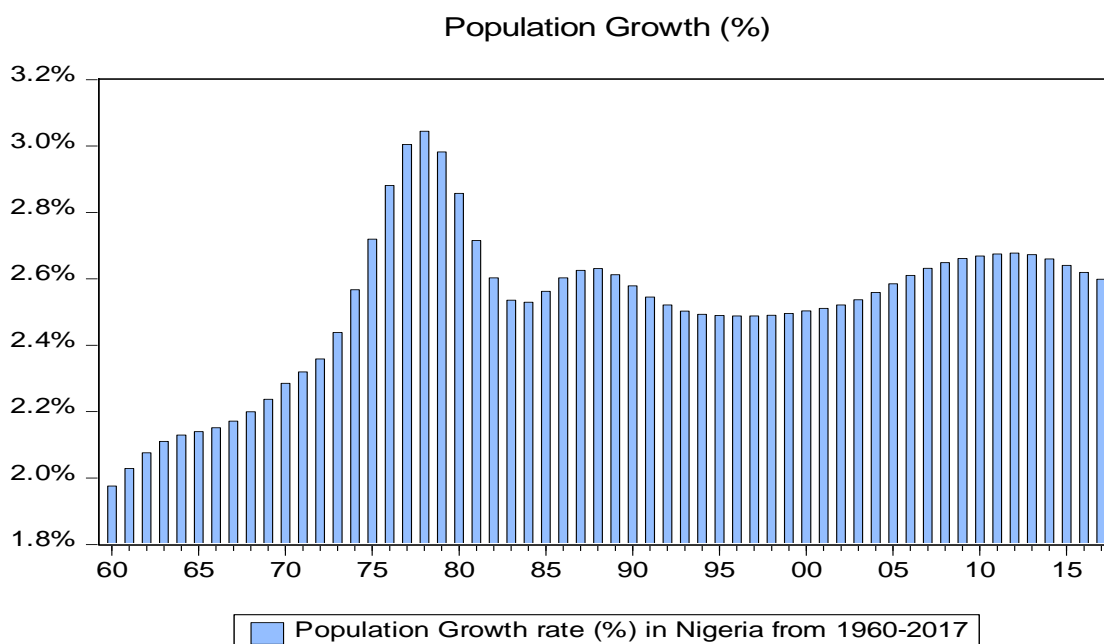


Figure 4: Nigerian population growth rate in percentages from 1960 to 2017 (Source: Constructed from data on Nigerian population growth rate from St. Louis Federal Reserve Bank)

1.4.3.2 Ethnicities in Nigeria

Nigeria is a country with attendant numerous ethnics and tribal diversity, total of ethnicities in the nation are numbering to about 250 with diverse cultures, languages, and customs. The country has sub-ethnics in form of tribes emanating from major ethnics and tribes, so also in terms of languages, the nation has sub-languages from major languages in form of dialects. The largest and major ethnicities are Yoruba, Hausa and Igbo making up for about 70% of the population while there are other minor but popular ethnic groups about 25% and they are Edo, Ibibio, Nupe, Ijaw, Urhobo-Isoko, Igala, Tiv, Idoma, Gbagyi, Kanuri, Jukun, Epira and the Ibibio groups, while the remaining 5% of the population is made up of the other minor and unpopular ethnicities. Displayed below is a tabular form of ethnic groups in Nigeria and their percentage composition of the population.

Table 1: Indicating ethnicities and percentage of their population in Nigeria

Ethnic groups in Nigeria	Population of Ethnic groups and their languages (%)
Hausa, Yoruba, Igbo	70%
Urhobo-Isoko, Edo, Ijaw, Tiv Kanuri, Ibibio, Ebir, Nupe, Gbayi, Jukun, Igala, Idoma,	25%
Minority languages	5%

Source: Constructed from data on Nigerian ethnic groups' population from CIA World Factbook.

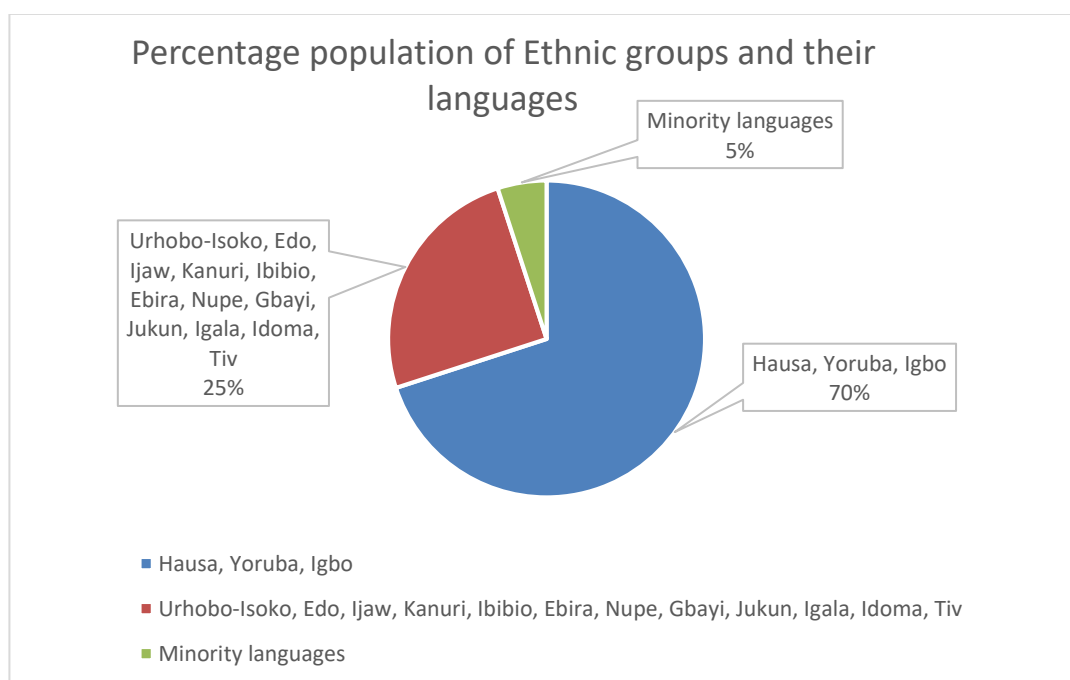


Figure 5: The different ethnicities in Nigeria according to their size and population. (Source: Constructed from data on Nigerian ethnic groups' population from St. Louis Federal Reserve Bank)

The actual population of ethnics and tribes from census have always seen disputes and disagreements as most of the ethnicities believe the Hausas are favored in terms of population count by the National Census board of Nigeria. Therefore, most census results are believed to be altered and have

discrepancies. A region in Nigeria known for diverse ethnic groups is the middle belt, located within the Central and north-central of Nigeria, the region has many ethnicities, both popular and not. However, there are foreigners as minorities in Nigeria, most of them live in capital and urban cities in the country, particularly Abuja and Lagos and cities like Port Harcourt in the Niger Delta area for those who work as employees and expatriates in oil and gas corporations. Foreigners as residents are roughly about 50,000 with some of them as American, British, Zimbabwean, Chinese, Indian, Japanese, Syrian, Lebanese, Greek and Cubans who came for refuge aftermath revolution in Cuba. Residing in Nigeria are also foreigners from the surrounding and neighboring countries and all these add to the resident population and the workforce.

1.4.3.3 Languages in Nigeria

There are lots of different languages prevalent and spoken in Nigeria as a result of the existence of many ethnic groups and tribal minorities. Ethnicities in Nigeria have sub-tribes and sub-languages as products of major ethnic groups and languages respectively, thereby some tribes or ethnicities speak more than one language, although nine of the country's languages are said to be dead, but there exist several languages tantamount to about 521 existing in the nation's bordered land. Actually, English is the formal language in Nigeria, and it was selected by the British mandates during the colonization of Nigeria to enhance communication in a society of such background with numerous ethnicities and languages. Many people converse in their local languages but English remains the official means of communication in formal settings, official transactions or events, and as medium of teaching at all levels of education. Major languages are related and typical with the major ethnics, same with minority ethnics and tribes, therefore the prevailing languages in Nigeria are Hausa, Yoruba and Igbo, however of all the popular languages, Hausa has the highest speakers both in Nigeria and Africa but it is not spoken much outside Nigeria, while a mix of Yoruba is spoken in the Caribbean and Igbo language spoken in Equatorial Guinea. There are other minority languages belonging to other ethnic minorities, basically in Nigeria the name of a tribe is same as the language they speak. English is used as first language

strictly by the elites most of which live in the urban cities and it is rarely spoken in the rural settlements. More so, French is spoken in few parts of Nigeria, particularly around the border due to the fact that most immediate neighboring countries bordering Nigeria are French speakers, like Benin and Cameroon, therefore at the borders, for those living, visiting or doing business in those nations speak French fluently to enable them do business or work in and outside Nigeria, that was why when Boko Haram displaced some affected local residents from the northeastern part where their activities are concentrated which has proximity and accessible to two countries, Chad and Cameroon, the displaced could go and reside, working in those neighbor countries seeking refuge from the deadly operations of Boko Haram.

1.4.3.4 Education Sector in Nigeria

The Nigerian Ministry of Education oversees education at all levels and particularly controls the Federal schools both at the secondary and tertiary level. The ministry serves purposes such as regulation, implementation, approval, accreditation and supervision at all level of governments and education. The Nigeria educational system follows the 6-3-3-4 mode indicating level of education and years of attendance which shows, 6 years of primary school, 3 years of junior secondary, 3 years of senior secondary school and 4 years of tertiary education. The years of attendance does not actually represent the true years spent studying in Nigeria as it does not reflect years of Nursery or Kindergarten education prior to the primary schooling, so also is the fact that it does not capture 5-year, 6-year or post-graduate university programs as for those who further their education after the achievement of their bachelor or first degree. Sequel to the oil boom of the 1970s, tertiary education was enhanced in the nation to serve all regions, states and ethnicities, therefore there were creations of universities, polytechnics, monotechnic and colleges of education at the tertiary level, and creation of secondary, high and grammar schools and technical colleges as trade centers at the secondary education level plus several public-owned primary schools. Education is mostly state controlled and free, as the local authorities are responsible for education regionally, and the central government responsible for federal schools. The authorities serve same functions as the ministry of

education. Although there are many private schools at all levels but there exist several public schools serving the populace.

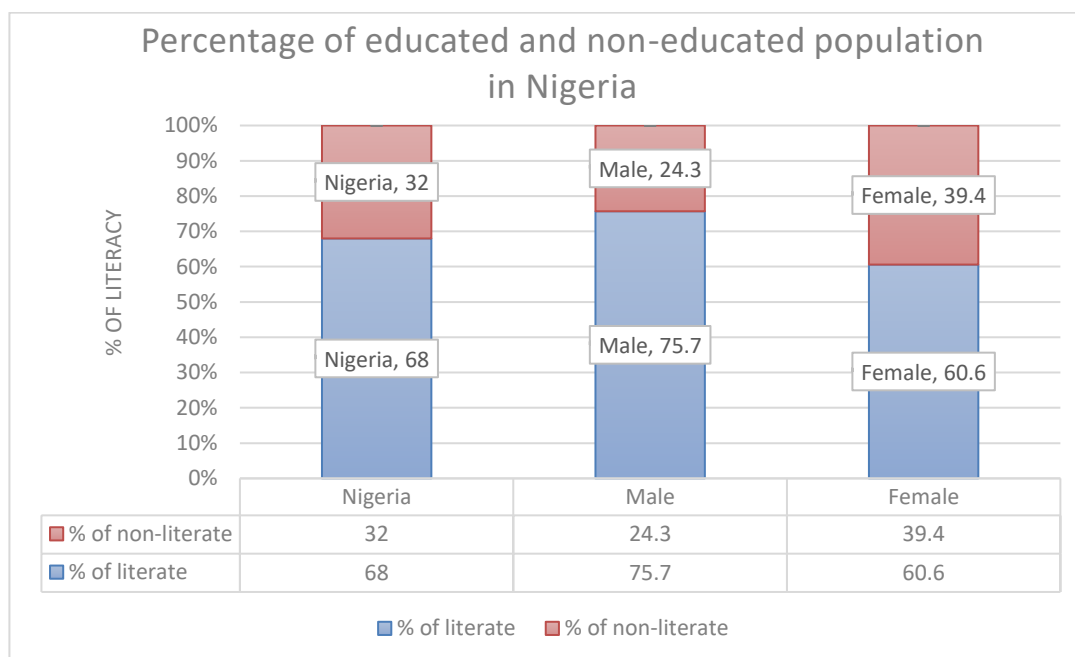


Figure 6: The percentage population of the literate and non-literate in Nigeria. (Source: Constructed from data on Nigerian literate and non-literate population from CIA World Factbook)

University education is however not free in Nigeria after the SAP era, due to deregulation in the economy and education, inadvertently, prior to that SAP era it was free. More so, presently to encourage education in the Northern region the government has made education absolutely free, with food facilities in some states for the primary pupils, this is due to the fact that northerners are adverse to secular education, therefore government is doing that to encourage attendance. Most universities are public-owned in Nigeria and split between state or federally owned, there are several private universities and polytechnics in Nigeria serving the teeming youth population and some are still seeking approval for establishment. University education is overseen by NUC, National University Commission responsible for approval, accreditation, regulation, and supervision of universities activities, curriculum and modules. NUC has registered that Nigeria has 39 state universities, 40 federal with 50 private-owned making a total of 129 universities. As touching rate of literacy in Nigeria, according to gender it is said that although a total of 68% of the population are literate, educated male is higher than female at 60% for female

and 75.7% male. There are campaigns ongoing for literacy and female education to encourage girl-child education and for women empowerment.

1.4.3.5 Religion in Nigeria

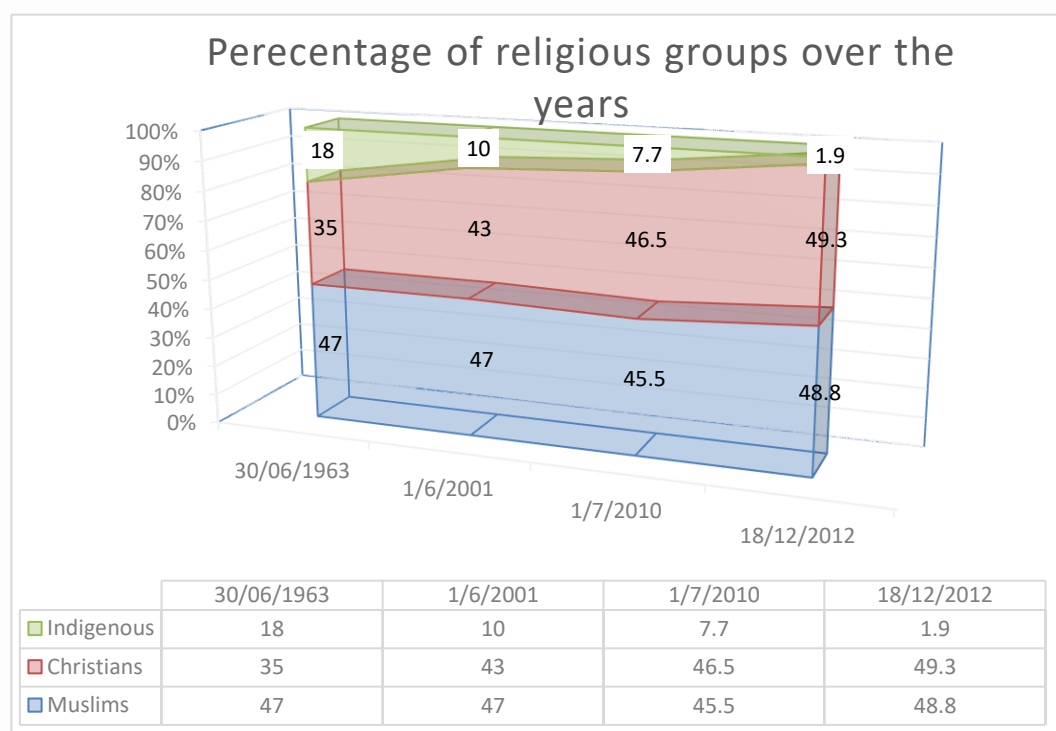
Nigeria is actually divided equally between Islam and Christianity religious practitioners or followers, while few minorities fall into other religious practices. The nation possesses a religious diverse environment and settings. Several regions, ethnics and states are typical with religion practices, followership and affiliations. Most people in the northeast and northwest are dominantly Hausas and are Muslims, while in the north central are predominantly the middle belt ethnics as Christians, in the southwest are the Yoruba which are more of mixture of Christians and Muslims, but hard to say which religious group of Christianity or Islam is more among the Yoruba, while in the southeast are Igbo and basically Catholics with some Anglican Christians, while in the south-south the Niger Delta are dominantly Christians but the Edo are more of Assemblies of God followers. A lot of Christian denominations exist in Nigeria, the west is known for Anglicanism, while the east for Catholicism, there are followers of Roman Catholic, Protestant and Orthodox denominations. Some minority practice indigenous and traditional religion and few people in Nigeria are unaffiliated or non-religious as it is a very religious nation. So also, are emergence of many local denominations in the country. Nigerian census categorized according to religions has had little discrepancies, the 1963 gave indigenous followers as about 18%, Christians as 35% of the population and Muslims, 47%. The figures seemed to be showing 6% decline in Muslims relative to 1953 data, and a 23% increase in Christian community while a 20% decrease in traditional congregation. In a report by CIA, The World Factbook in 2001, stipulated Christians as 43%, Muslims, 47% and 10% as indigenous practitioners while some recent reports show Christians are gaining population than Muslims, a 2010 count from Religion Data Archive stated that 45.5% are Muslims while 46.6% are into Christianity and 7.7% represent those who fall into minorities or unaffiliated, so also is one from Pew Research Centre in December 2012, submitted Islam practitioner as 48.8%, Christians are 49.3% and other religious minorities fall into 1.9% of the nation's population.

Table 2: Percentage of population for religious affiliations in Nigeria

Religion	1963 (%)	2001 (%)	2010 (%)	2012 (%)
Muslim	47	47	45.5	48.8
Christian	35	43	46.5	49.3
Indigenous	18	10	7.7	1.9
Unaffiliated	0	0	0.3	0

Source: Constructed from data on Nigerian religious groups' population from The World Factbook

All the changes in the religion's population are assumed to be due to death or birthrate, immigration or emigration, and few religion conversions. The table above and chart below shows population of religious believers and their population overtime as stated above.

**Figure 7:** The population for different religion practitioners in Nigeria

(Source: Constructed from data on Nigerian religious groups' population from The World Factbook)

Sequel to diverse ethnicities and different religious affiliates attendant in Nigeria, there have been some disputes and crises in times past in relation to these backgrounds, therefore, we shall be looking at history of religious crisis in Nigeria, the causes and effects.

1.4.4 History of Disputes and Crisis in Nigeria

Crisis in Nigeria has seen long term history, and the nation has seen crisis in form of tribal, religious and political disputes, as far back as 1953 was when Nigeria started having religious disputes. In 1966, there was the crisis that saw the Igbo massacred in an uprising which was due to a double but coincidental circumstances, the fact that some Igbo high ranking officers in the military organized but a failed coup and there existed issues between Igbo traders residing in the north and local Muslims, so the dual event deepened the tension between the two ethnics in their communities sparking disputes which resulted in the massacre of the Igbos. This was part of the root causes of the Biafran war where the Igbos were clamoring for secession and led to the Nigerian civil war which spanned 1967 to 1970.

Another upheaval was witnessed in late seventies and early eighties when a campaign led by Maitasine, one Mohamed Marwar and his followers called Yan Tatsine, were involved in an Islamist movement that led to the death of several people amounting to few thousands in northern Nigeria. Not long after the Maitatsine case was when Nigeria was listed into the league of Organizations of Islamic conference by the then-military head of state, General Ibrahim Babangida. His action caused an uproar from Christian communities which felt aggrieved about the move, and there were disputes as Christians protested the membership of Nigeria in such organizations, although the ruler said it was to enhance the country's diplomatic relations and foster trade with other Islamic nations. However, Christians vehemently went against it and there were clashes in communities that have Muslims and Christians living with existing tensions.

A recent religious disputes after the adoption of the new democratic dispensation was when some Islam-dominated states in the north sought to

replace civil and criminal law with the Sharia system, which was pioneered by the then Zamfara state governor, he was clamoring for sharia law to be practiced at the state government level in all the Muslim dominant states, this also caused a murmuring from the Christian sphere in support and protection of the Christian communities in those states and they lamented against the sharia system, this cause uproar and the Christians raised the consciousness of people against the system and its lethal punishment, but the law was adopted in those states starting from Zamfara to the other 11 states and there were riots. Consequently, the Sharia system of law in those 12 states were instituted and Christians kept condemning it but recently the Sharia law have seen decline in its popularity and abandoned by most of the states.

1.4.4.1 Jihadism in Nigeria

The first Jihad in Nigeria can be said to occur as far back as the 14th century in what is presently known as Northern Nigeria, it was referred to as the battle of Santolo and the consequent re-modelling of the then-Islamic Sultanates from chiefdoms. After the institution of the Sultanates and its order, the Fulani people were led by a campaign which started right from the middle east and Asia by Islamist conquerors who were seeking new grounds or to expand their rules and territories, however most of their conquests and campaigns did not go beyond the Northern part of Africa and they were not much into conquest of the sub-Saharan Africa, but some of their fighters or people who trained or fought alongside with them took their movement to the sub-Saharan region and that was what Usman Dan Fodio did. He led the Fula people in a campaign to abolish the order prevalent in the Sultanates and replaced it with a more administered Caliphate in the now Sokoto State. Although the Caliphate prospered after its set up but there was bloodshed as Usman led a brutal campaign thwarting most of the Sultanates to establish the caliphate which he spear-headed in what is now known as the Sufi order. As much there has not been Jihadism in Nigeria in recent period, the activities and operations of Boko Haram is symbolic to Jihadist tendency. However, Jihadism is seen as extremism in modern times which is only perpetrated by fanatics to fan war, disorder, chaos or terrorism. The campaign and operations of Boko Haram and the Izala society in the Salafist group are likened by observers as Jihadism.

1.4.4.2 Kala Kato Movement

In the consequent period following the early 1970s oil boom, and revolution in Iran, some Islamic organization led a campaign exploring existing Muslim cum Islamic societies and regions particularly in the middle east, Asia and North Africa, but sub-Saharan Africa witnessed the movement too. This society as opposed to many Islamist organization was a campaign that started as a counter activity to the influence of the Salafist order on the Izala society in the Northern Nigeria. As the Salafist were trying to impose their ideologies and doctrines on the Izala, they were actually using chapters and verses outside the Quran to impose their perspectives, this was what caused a counter reaction from the Sufi students, the Kala Kato rejected their teachings, ideas and views by taking a stand to strictly abide by the tenets, laws and creeds of the Quran. However, in the eighties, the Kala Kato began a militant tendency and the society fell into factions and that was when the Muhammdu Marwar as mentioned above led a faction of the society in a very lethal slaughter in the area leading to mass death of people in the region.

1.4.4.3 The Izala Society

Formally established in 1978 with support and financial backing from Saudi Arabia, this society actually started with motives pivoted on important interpretation of Islamic regulations and laws. This was the first organization in the contemporary dispensation to publicly campaign for reformation of Northern Nigerian religious structure in accordance with the ideology based on Islamic background. Their initial plan was to uphold Islamist tendency in the north and its environs. The organization with time was divided into a faction with political perspective and another with a more radical view. The radicals were fanatics which found their base in the teaching which preached violence as the answer to thwart any system that is non-Islamic. But as time goes, a faction was separated from the radical perspective in 2001 which formed the present-day Boko Haram group terrorizing Nigeria and its polity. The Izala society still exist and it was actually the birth of Boko Haram and they still practice some Salafist ideologies and their activities cum operations are similar to that of the Boko Haram and its terrorist tendency.

CHAPTER 2

BOKO HARAM; GENESIS, OPERATIONS AND AFFILIATIONS

2.1 Genesis of Boko Haram

Boko Haram is a militant jihadist group organization which was founded by Mohammed Yusuf in 2002 as the Islamic state in West Africa, which became the sect known as Boko Haram today constituted particularly in Maiduguri the capital of Borno state, based in Northeastern Nigeria, also active in Chad, Niger and Northern Cameroon. It was established as a religious school and complex that attracted Muslim families in the northeastern, from across Nigeria and neighboring countries. Initially it was founded on the principles of advocating Sharia law and the Boko Haram which means Western education is forbidden developed into a jihadist group in 2009, the movement's purpose diffused and insurgents attached to it did not follow the initial tenets. The group denounced members of the Shiite, the Sifi and the Izala sect as unfaithful. Boko Haram actually seeks the establishment of an Islamic state in Nigeria, opposes western education and westernization of Nigerian society claiming concentration of the wealth of the nation circulating members of a small political elite, particularly the Christian south of the country. Nigeria is known as Africa's biggest economy, but as of 2013, 60% of its 170 million population are living on less than \$1 dollar a day. In year 2000, sharia law was imposed by local and state authorities of some certain Northern states which succeeded in gaining 12 states by 2002, this prompted the connection between the jihadist and the political leaders claiming the latter are corrupt. Their initial plan was to create an Islamic state which made Yusuf attracted followers and the group became a recruiting ground for jihadists from teeming unemployed youths in the north particularly the northeastern region. Yusuf saw an avenue to gain public support creating an outcry at the government's corruption

which he claimed to western influence in Nigerian government, he used an existing structure, a popular conservative Islamic sect in Borno called the Izala Society and he was able to recruit followers before denouncing to form his own group. During the first seven years into its inception, the group operated peacefully as the Izala and Yusuf followers were allowed in government, but he gradually retreated into core northeastern area. That was when the organization metamorphosed into a militancy group and Yusuf was seen broadcasted preaching against the then administration, he was soon arrested and this made him more popular. The group had connection with al-Qaeda which was why they tried to terminate the leadership as Yusuf proved unreliable, he saw patronage from local politicians who used him and his group as bandits to frustrate their political opponents, these politicians soon abandoned them after 2007 elections because they were not useful to them after the general elections, this made the group start terror as funding stopped and they seemed to be used to violence after election racketeering for politicians.

2.2 Boko Haram Insurgency

The group commenced its insurgency mainly in 2009, and particularly against Nigerian government, although the terror group has been blamed on high rate of poverty while some disagreed with that saying it is unemployment within the youths in Nigeria who are ready to be recruited and serve as foot soldiers to the organization engaging in all criminal activities from killing, kidnapping to suicide bombing all in the name of religion or basis in theology. Onuoha (2013) empirical study on the reasons why youths belong to Boko haram group, found that poverty played a key role in attracting them to the deadly organization. In 2012, there was tension within the group ranks and it caused a separation into Salafist conservative faction headed by Abu Usmatul al-Ansari and the violent but domineering faction spearheaded by Abubakar Shekau, this continued till 2015 when part of the group fell to Ansaru faction an Al-Qaeda affiliate and Shekau's group became Islamic state of West Africa, ISWA.

Boko Haram is recorded to have killed up to 27,000 people since inception of its operation and has displaced close to 2.3 million from their abode making it

BHT CAMP							2	1		1 pub sec killed By Nig Army	4
OUT BORDER							30		9	23	61
							145			5	150

Source: Adapted from various attacks reported online

Where,

m = missing,

ab = abduction,

inj = injured,

BHT = Boko Haram Terrorists,

The figures are for deaths.

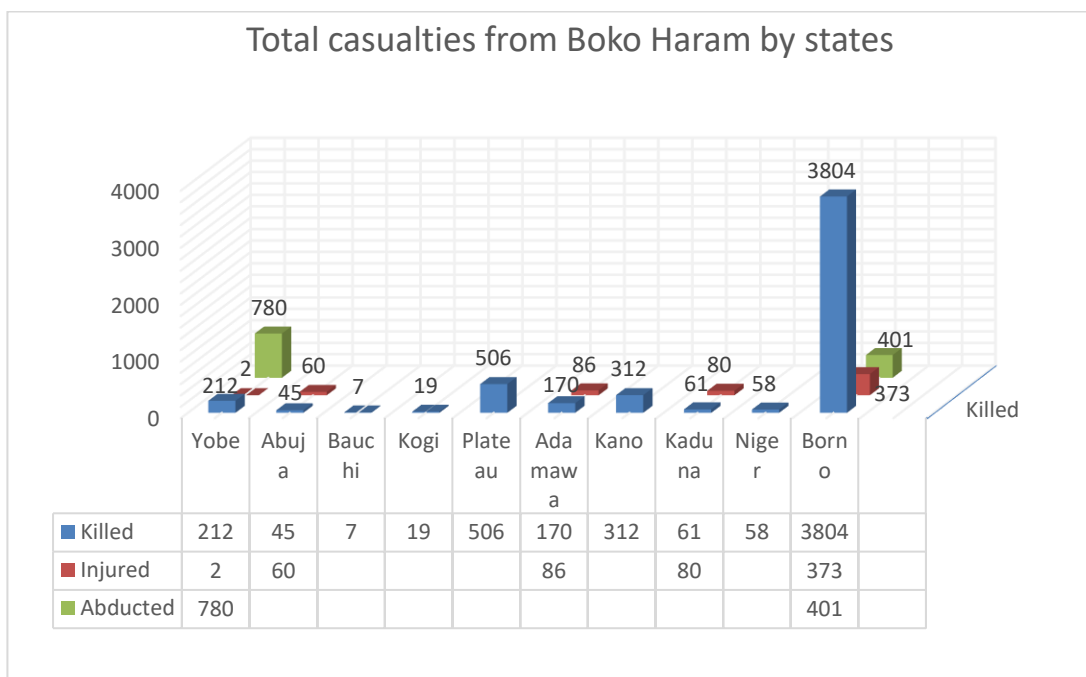


Figure 8: The casualties by state from Boko Haram attacks

(Source: Constructed from data of several attacks from online resources)

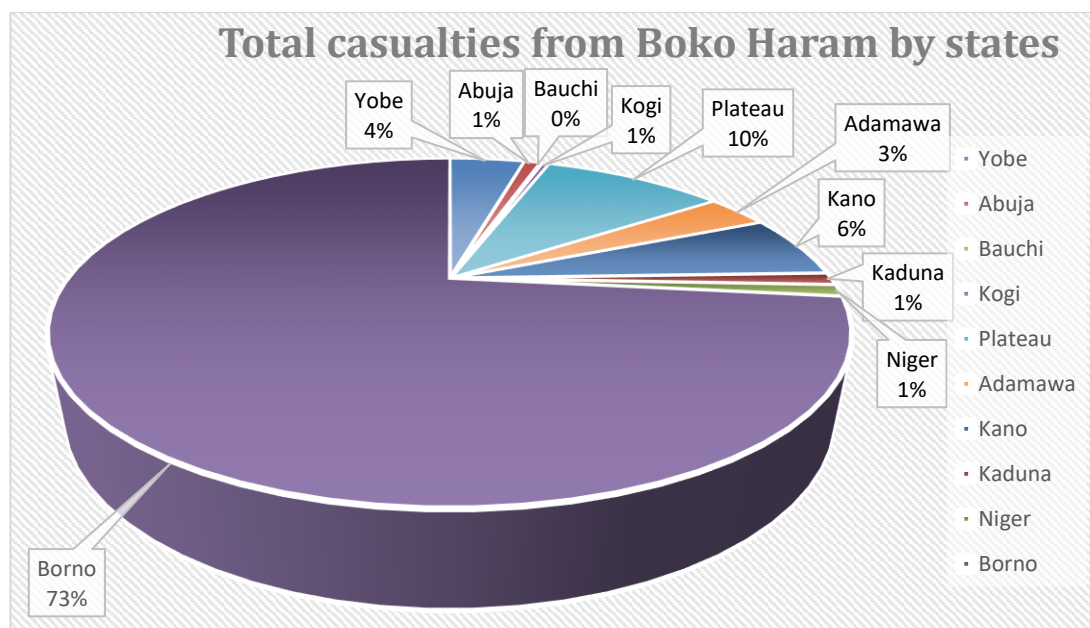


Figure 9: Casualties from Boko Haram attacks by states

(Source: Constructed from data of several attacks from online resources)

2.3 Boko Haram Funding and Source of Income

The Boko Haram as a group seem to have many sources of income, in time past they have been patronized by politicians who used them for political thugs during elections and some of their sources of income are enunciated below;

2.3.1 Kidnap for Ransom

The group is ascertained raising substantial amount of money as ransom from abductions. They are a nefarious group, thereby they engage in kidnappings as a way of making money. More so, they are fully aware of how Niger Delta militants made a lot of money from ransom for abductions of notable people and kidnapping of oil expatriates in the Niger Delta area. Therefore, Boko Haram have been engaging in the devilish act of abduction for money, claiming and requesting large sums as ransoms for the kidnapped. It was said in 2013, that Boko Haram kidnapped a family of French tourists who were on vacation in Cameroon and later released the abducted French family of seven visitors alongside other 16 tourists in payment request of US\$3.15 million as ransom.

2.3.2 Extortions

The group also engage in extortions from residents, local politicians and state governments, it was gathered from a source from within Boko Haram ranks saying a Kano State Governor, Ibrahim Shekarau was once paying them monthly, also was named a Bauchi state Governor Isa Yuguda doing same to them monthly. They also have people who have used them or benefited from their criminal activities and these people pay the organization. They have acted as henchmen for some politicians and these in return remunerate them financially.

2.3.3 Affiliations

The group has been assumed to amass and harness financial support via its affiliations to other popular and major terrorist organizations, they have direct or indirect relationship with some of these terror organizations to act as their stooge and to establish their branch in West Africa. Although, the Shekarau faction was said to be dumped by ISIS when he proved unreliable but ISIS also known as ISIL and Daesh have another faction of Boko Haram operating in Nigeria and they are well funded, trained and equipped as recorded from the kind of weapons they use in operations. Therefore, the group is enjoying funding opportunities from its affiliations.

2.4 Boko Haram Affiliation with Other Terrorist Organizations

There are allegations that Boko Haram has an existing relationship with other terrorist's organizations, at the initial stage of the group's operations and when the then leader, Yusuf was executed, the Islamic Magreb and al-Qaeda was seen expressing their condolences and sympathy to the murdered and those who were arrested respectively. It was also gathered that letters from Boko Haram were discovered in Bin Laden's domain in 2011, more so ranks from Boko Haram in November 2012 have been heard saying they are together with al-Qaeda following the creed of Islam and that they have been getting help cum training from them. The group has allegedly for about six years been sending some of its soldiers to train alongside the al-Qaeda and its affiliates. There are lots of resemblances in the actions and operations of Boko Haram and ISIL, they both have similar strategies and attacks, ISIL kidnap women

and terrorize residents around their base of operation, so also is Boko Haram, they abduct and commit atrocities in their immediate communities threatening the populace. Also, both organizations lay claim to setting up an Islamic caliphate in their operational base (Aljazeera, 2015). More so, both terror organizations use video imagery and same propaganda style in passing their messages to local authorities in their respective domicile regions and base country. Another similarity between Daesh and Boko Haram is that they target women in their abductions, oppose the government and the western influence in their administration and territory (Guardian, 2015). However, despite the alleged affiliations, al-Qaeda has never formally agreed to any ties with Boko Haram. But in May 2014, when Boko Haram increased its operations and attacks, the UN Security Council listed the organization in the same sanction regime with al-Qaeda, as it seems both organizations have steady relationship in terms of support, training and knowledge on the production of explosives for subsequent attacks. More so, some Boko Haram which are the Daesh-affiliates returned to their base with expertise in 2013 after they fought alongside each other with AQIM, a regional and faithful stooge of al-Qaeda in 2012 in Mali. The AQIM group which is headed by Abu Musab Wadoud is attached to the leadership of al-Qaeda. Shekau was recorded using a video imagery to pronounce his support and allegiance to Afghan Taliban head Mullah Omar, the ISIS leadership headed by Abu Bakr al-Bahgdadi and al-Qaeda's headman Ayman al-Zawahiri in July 2014, while in 2015 he officially proclaimed the group led by him as Islamic Sate's West African province as a branch of ISIL in West Africa. Conversely, in August 2016, ISIL tried to expel Shekau from the group leadership due to his extremism of killing and attacking Muslims and mosques even during worship services as he was seen saying all Muslims in Nigeria are non-Muslims because they exercise voting rights during elections which was not expected of them according to him, making Shekau call Nigerian Muslims hypocrites, but al-Qaeda are against him attacking Muslims or civilians as non-acceptable. When he continued disobeying al-Qaeda's Abu Bakr al-Bahgdadi's order of attacking Muslim civilians, he was therefore replaced with Musab al-Barnawi, a move which he vehemently opposed and that consequently led to factions in the group, creating another faction led by Barnawi which is termed the Daesh-affiliate

Boko Haram, this is the group that has been attacking Nigerian forces and their bases in recent times as they are highly empowered.

2.5 Comparison of Boko Haram with Other Terrorist Organizations

Recently it is getting clearer differentiating the self-acclaimed Islamic State, ISIS, al-Qaeda and their affiliates as they all have same belief, although ISIS and al-Qaeda are both into a rivalry game and see each other as enemies. Both organizations are the world toughest terrorist organization but they are neither autonomous in their system nor isolated in their belief, however, there exist glaring differences in their operations and affiliates, particularly ISIS and Boko Haram as the duo seem to have strong connection as seen with other organizational operations and tendencies. Below is an evaluation of the similarities and differences in all the terrorist organizations and their affiliates.

2.5.1 Similarities between ISIS, Al-Qaeda and Boko Haram

Actually, all the organizations have their ideologies based on the Salafis doctrine as Salafism enunciates Koran, its theology and Islam foundational days' writings showcasing its belief in the early days of Islam. The Salafism doctrine is more of emphasizing Muslim lifestyle and strictly abiding to its creed, law and rules of the sharia system with possible punishment of deference from it. Though the Salafist doctrine can be gentle and civilized, it is practiced in Saudi Arabia and by Osama Bin Laden, the al-Qaeda's founder, many Muslims claim that the organizations are not practicing Islam or Salafism as the system implies. It is also a differentiating factor of the organizations as though they are all practitioners but commonly repulsive and it shows their dedication to the doctrine which are totally separate.

More so, all three organizations in their traditional practices and outside their areas of operation are very far from being centrally convergent as most of their issues are treated with violence rather than amiably. Lastly, all of the terrorist organizations are products of nations with long term exploitation of their poor by small elite group known for bad government administration and wider gap between the rich and the poor showing unequal distribution of wealth and

resources, most importantly all the terrorist groups are from colonized countries showing history of violent or exploited background.

2.5.2 ISIS and Boko Haram Differences from Al-Qaeda

From observation both ISIS and Boko Haram are civilized and fine-tuned in their ideologies to reflect modern operation than al-Qaeda, their objective is to be ready for God's Kingdom on earth and for the earth's last days while ISIS focal purpose is in preparation for the end days war of Armageddon but, Boko Haram which is synonymous to ISIS claim to support justice for the poor via enforcement of sharia law and creating Kingdom of God on earth. Nevertheless, Boko Haram which seeks in his purpose to destroy Nigeria as a nation has been unable to push its interest outside the shores of Nigeria even to the immediate neighboring countries which were all members of then-Islamic Kingdom based in now Borno prior to the colonial era. Boko Haram embraces violence in portraying itself dangerous and meting out punishment like hand-cutting, beheading and some earlier 7th century punishments, which include burning, crucifying and maiming offenders. Al-Qaeda and its affiliates are political than the others and it seeks to eradicate the western world and its hold on North Africa and in the Middle East instead of the purpose of creating God's kingdom on earth or preparing for Armageddon or last days. Their purposes are strictly anti-Western and its system is political, more strategic and tactical as opposed to ISIS, they are actually against attacks on Muslims, their attacks are streamlined to exclude any Muslim whatever with little or no sympathy for non-Muslim civilians. That was why they professed the attack on Westgate and Bamako as its operation in 2013 and 2015.

2.5.3 Difference between ISIS and Boko Haram

ISIS is more of a Universalist in approach and recruiting fighters around the world, it seeks to have branches and affiliates in every Muslim country and actually has in all terrorism-inflicted country, but Boko Haram is locally domiciled in Nigeria and does not seek to recruit outside its base. Sequel to this, both groups have identical purpose in that they do not mind to eradicate hypocritical Muslims who are non-ardent practitioners of Salafist doctrine, this is part of the reasons why they kill school boys and abduct school girls which

they believe are students of western education and are liable to death punishment under sharia law. The group has pursued this cause making them have more casualties than any terror group. The attack in Paris by ISIS was as a result of the fact that the beautiful city radiates and embrace good living, freedom of religion while its attack in Holland was because of its government and military personnel participation in Syria, whereas Boko Haram sticks to eradication of Nigeria as a nation.

2.6 Comparison of Boko Haram Insurgency with Other Countries

On the basis of the definition of Institute for Economics and Peace, IEP which categorizes terrorism as deadly violence by non-state perpetrators fashioned to serve the purpose of intimidation of the political, social, religious or economic sphere of a nation, region or the global community, the institute recorded that in 2015 casualties arising from terrorism reduced by 10% compared relatively to 2014. The Global Terrorism Index computed by IEP, shows the globe is experiencing decline in terrorism but 2015 remains the second fatal year ever recording 29,376 deaths from terrorism. Therefore, for better evaluation of the deadly activities across the globe, IEP used the year 2015 an aftermath of 2014 terror to suggest that terrorism an ever-present threat globally is a reality that a proportional number of nations still suffer from this menace all around the world. Proportionately, 72% of terrorist deaths in 2014 happened in just five nations as against the fact that 274 terrorist group instigated attacks while almost 74% of all the killings were attributed to Boko Haram, Islamic State (ISIS), the Taliban and Al-Qaeda, the four deadliest organizations. The figure below is showing the number of years countries among the terrorism-inflicted nations have been ranked as among the ten most affected nations by terrorism from year 2000 to 2014.

TABLE 1 NUMBER OF YEARS A COUNTRY HAS BEEN RANKED IN THE TEN COUNTRIES MOST AFFECTED BY TERRORISM, 2000-2014

Many of the same countries have suffered from terrorism over an extended period. Angola was in the worst ten for two years, whereas India has featured 14 times. Afghanistan and Pakistan have featured 13 times.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Burundi	Angola	DRC	Nepal	Colombia	Nigeria	Somalia	Algeria	Iraq	Afghanistan	India				
CAR	Chad	Israel	Uganda	Sudan	Philippines	Russia	Pakistan							
China	Indonesia	Syria		Yemen	Sri Lanka									
Egypt				Thailand										
Guinea														
Kenya														
South Sudan														
Spain														
Ukraine														
United States														

Image 1: Showing number of times a country has been ranked as the ten most affected countries by terrorism. (Source: Global Terrorism Index, GTI 2015 page 15)

2.6.1 The Rise in Global Terror Witnessed in Nigeria and Other Nations

In the light of the aftermath of the global terror witnessed in terrorism-infected countries and the hike in the number of casualties from terrorism worldwide, the Global Terrorism Index conducted the third of its kind detailed study on terrorism which puts into account direct and indirect effects of terrorism in 162 nations in terms of its impacts on injuries, deaths, destruction of properties and the psychological damage resulting from the terror. The study which was comprehensive entails 99.6% of the global population, appropriating the most ascertained information source on terrorism into Global Terrorism Database, GTD a system of detailed data and information on international and local events which includes almost 140,000 incidents, collected into a composed order of ranks reflecting countries and the adverse impact of terrorism on them by the National Consortium for Study of Terrorism and Responses to Terrorism, START. The GTI, Global Terrorism Index found that most nations with the history of civil wars are often more affected by terrorism, showing that up to 90% of casualties in 2015 happened in countries with resident conflicts in their borders. The study estimated costs arising from terrorism in 2015 and it was tantamount to the sum of US\$89.6 billion globally from affected nations.

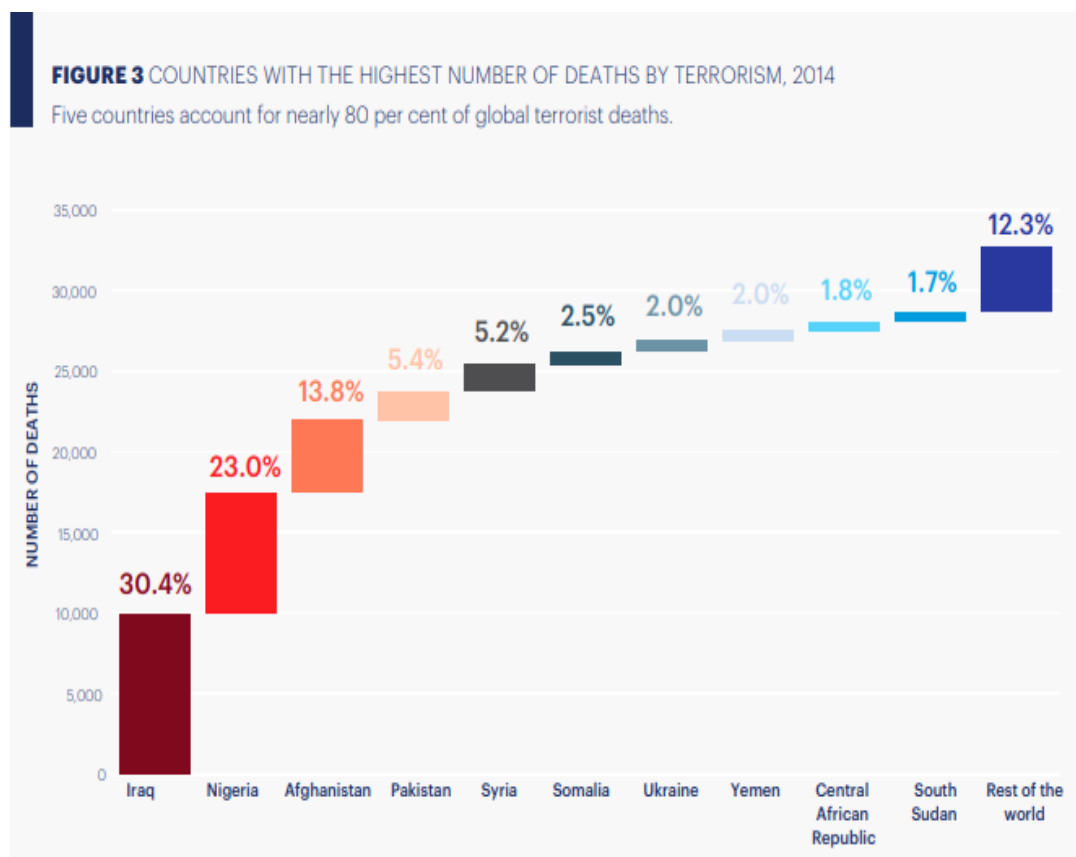


Image 2: Showing countries in 2014 with the highest number of deaths from terrorism. (Source: Global Terrorism Index, GTI 2015 page 16)

Most affected countries numbering up to ten were all resident in Asia, Africa and the Middle East in virtually all the cases except Ukraine from the figure above, with terrorists responsible for almost all the casualties except India as enunciated below, where the group seek more of political power and recognition. Below are the nations as highlighted by Global Terrorism Index in descending order based on number of casualties arising in form of killing, injuries and property destruction as follows;

2.6.1.1 Iraq

Iraq is a terrorism-infested country, the country has up to 40 insurgents plaguing its peace, making it the country most bewildered by terrorism, casualties resulting from terrorism fell as much as 30% in 2014 but 2015 saw 2415 terror events leading to a substantial 6,960 killed and a huge sum of 11,900 sustaining injury from various terrorist attacks and operations. Of all

the 40 groups terrorizing the nation, ISIS and Al-Qaeda are the deadliest, with ISIS alone accounting for minimum of 11,000 murder since the beginning of its insurgency after the US-led invasion of the country in 2013.

2.6.1.2 Afghanistan

Afghanistan a neighboring country to Pakistan, as much as the prevailing condition in Pakistan has seen positive improvement, Afghanistan remains troubled. The worst of all attacks in the year 2015 was when the Taliban forces in September attacked a prison in the northern part of the country, called Kunduz resulting in 240 being killed. However, in the year 2015 there were lots of casualties recorded in respect of 5,312 death toll and injuries tantamount to 6,249 from overall 1,715 terror events, death toll from terrorism as from year 2000 has amounted to 22,730.

2.6.1.3 Nigeria

Nigeria which is the focal point in this work, also witnessed reduction in terrorism in 2015 as compared to 2014 with a 34% decline in attacks as the organization has been under counter-terrorism operation of the Multi-national Joint Task Forces comprising of Nigeria and its Northeastern neighboring countries sharing border with the nation and thereby affected by the terror, they are Chad, Cameroon and Niger. Nevertheless, 588 events occurred which caused as much as 4,950 murder and the injured totaling 2,786 all in 2015.

2.6.1.4 Pakistan

Terrorism which has been an attendant trouble since 2006 is said to be in its lowest form in Pakistan recently, this is largely due to the fact that the forces Zarb-e-Azb had succeeded in eradicating insurgents from their base of operation domiciled in the North Waziristan. This terrorism-torn nation witnessed a significant reduction in the deadly menace in 2015, a 45% decline in attacks and 38% drop in killings, nevertheless of 1,008 events in the year 2015, there were records of 1,086 deaths and injuries amounting to 1,337 wherefore, the most dangerous group responsible for about 36% killings is the Tehrik-i-Taliban forces.

2.6.1.5 Syria

In Syria most of the terror acts are responsibilities of the President Bashar Al-Assad's forces and his Iranian and Russian allies, however, they are not recorded in terrorism data as a result of being state actors induced terrorism. Syria is the worst nation in the Middle East accounting for up to 400,000 killings till date. Apart from the state actors, in 2015 were 384 terrorist events claiming 2,761 death casualties with about 2,830 injured from several attacks, a 63% rise in casualty figures from 2014.

2.6.1.6 Yemen

Yemen a civil war-torn country, has been witnessing terror from the supporters of the erstwhile president Ali Abdullan and the Houthi rebel's group. The most fatal year was 2015 in Yemen as a nation, terrorism lay claim to 1,519 deaths in 467 terrorist attacks with huge number of injured totaling 2,599. In respect of fatality, the Houthi insurgents are the most responsible with the domestic branch of ISIS and al-Qaeda following suit. A lot of human right abuses have been alleged and many violent with criminal acts perpetrated by Saudi military forces, the Houthi rebel's and the former president's allied forces.

2.6.1.7 India

Indian terrorism is characterized by organizations after political power rather than killing, therefore most attacks witness very few death tolls making 80% of their operations non-fatal. It was recorded that in 2015, about 49 groups attacked whereas 31 did not murder anybody in total of 797 events in the year causing just 289 killings and 501 injured. Maoist communist organization is the dangerous of all accounting for 176 out of the 289 murder.

2.6.1.8 Somalia

In Somalia terrorist groups increased from two to four seeing the regional Awdal Administration Army and ISIS carrying out attacks for the first time in 2014, although number of killed fell by 18% to 659 victims with Al Shabaab insurgents accounting for large number of terrorist events and about 241 in

total, 463 people were recorded injured apart from the killings making 2015 the second fatal year in the war-torn country.

2.6.1.9 Egypt

Also a country in the North African known to be tourism dependent, as much of its bulk income comes from tourism sector, therefore political uproar has more adverse effect on the tourism-dependent economy, the falling of a Metrojet airliner in October 2015 after a take-off from Sharm el Sheikh airport killing 224 passengers with the flight crew, of which the ISIS affiliate in the country was responsible. In 2015 the nation witnessed 439 terror events leading to total of 662 deaths and 835 injuries.

2.6.1.10 Libya

In Libya, the north African nation, the problem is terrorism that erupted after the government of Muammar Gaddafi was thwarted in 2011 causing a political vacuum in the once peaceful nation, in 2015 were 432 terrorist incidents leading to 454 deaths and about 660 injuries with the worst events of ISIS militants setting a fire to a hospital in Sirte its coastal town leaving 22 people killed.

Conversely, since year 2000, from a total of about 50,538 being killed, two-third of it could not be accounted for or tagged with a particular terrorist group as being responsible for the casualties.

2.6.2 Boko Haram Insurgency, Differences and Similarities with PYD and PKK of Turkey and Syria

Boko Haram can also be said to have some distinct characteristics and features in common with Democratic Union Party, in Kurdish which is PYD (Partiya Yekitiya Demokrat) and Kurdistan Workers' Party, known as PKK (Partiya Karkeren Kurdistan), the two organizations are Kurdish political organizations founded on the basis of political purpose especially for the protection of the Kurdish minorities in Turkey, Syria, Iran and Iraq. However, the Kurdish organizations both have similarities and differences in comparison to Boko Haram terror group, which are examined below.

2.6.2.1 Differences of Boko Haram from PKK and PYD

There exist differences between Boko Haram with the PKK and PYD. The main contrast with the Kurdish groups and Boko Haram is that both Kurdish organizations have their genesis and backgrounds as a political party seeking and championing the course of the minority Kurdish in Syria, Turkey and Iraq with a call for democratic, welfare state and voicing against marginalization, oppression and maltreatment of the Kurds, in the bid for more voice, freedom and participation in government, while Boko Haram is a religious sect seeking a religious stand and sharia law in Nigeria, particularly with a campaign against westernization or western education. Hence, PKK and PYD are politically and ideologically inclined in their pursuits as they seek Democratic and Marxist-Leninist orientation and prevalence, but Boko Haram is religiously inclined in their ideology and operations. Although, PYD was founded in 1978, PKK was formed in 2003 while Boko Haram was instituted in 2002, the PKK and PYD are particularly seeking political purposes and interests for the Kurdish minorities and cannot be said to pursue religious interests or termed as religious militant groups unlike Boko Haram which is. More so, the PYD has agreed to a dialogue with the Turkish government and has had a ceasefire in March 2013, whereas Boko Haram has refused any form of ceasefire or dialogue with the Nigerian authority. Lastly, PKK and Boko Haram both have connections or affiliations with ISIS, while PYD fights against ISIS in the Middle East and Syria, Boko Haram is declaring allegiance to the group.

2.6.2.2 Similarities of Boko Haram with PKK and PYD

Similarities however exist between the groups as all of them engage in militancy operations which comprise attacks, kidnapping or abductions, inflicting severe injuries on their victims thereby causing casualties. Particularly, all the three organizations are against the state authorities, fighting military forces with many militaries cum civilians suffering or sustaining injuries and deaths. Another similarity between them is that Boko Haram and PKK were both founded in 2002 and 2003 respectively in the entry years in to the millennium which mark the inception of the widespread and kick-start of terrorism globally. Further similarity between the groups proves that both Boko Haram and the Kurds are seeking a sovereign state that would be comprised

of their homogenous members in the bid for protection and seeking their interests, the Kurds want a Kurdistan state while Boko Haram wants an Islamic state of West Africa, ISWA.

2.6.3 Group's Interests Transcend Ideology and Religion

Despite the claims in operations of terror organizations pivoted on the pursuit of religious purposes, it is against the background that these organizations have underlying personal interests which they indirectly pursue. Al-Qaeda who claims to further religious tenets are more into criminal acts, smuggling and kidnapping. ISIS is instigated by erstwhile Baathist of Iraq whose objective is more centered on political power than preaching Islam doctrines. In Algeria and Mali for example, al-Qaeda affiliates commit crimes as they are known for in a long time. Both organizations interests shift from their Islamic ideology or pursuit, and there are efforts at pacifying both groups over long-time issues eminent between two of them as they are both patronized and used by political leaders, warlords and local chiefs for their own selfish interests which are totally outside jihad sacred objectives. These shows that most of these organizations and groups do not strictly abide with the Salafist doctrine, ideology or creed but they engage in other activities for the purpose of gaining power, recognition and expansion.

CHAPTER 3

MAIN MACROECONOMIC INDICATORS IN NIGERIA

3.1 Introduction to Nigerian Macroeconomic Indicators

As regards World Bank classification, Nigeria belongs to the League of Nations in lower-middle income countries, the country is regarded as an emerging market economy with an active and viable stock market. Although, Nigeria is classified as emerging market it is also marked as emerging power globally in terms of its diplomatic missions and international affairs, as middle power in international matters and a regional power in Africa and a leading power in West Africa. The nation's stock market is listed in London Stock Exchange, recognized by many chambers of commerce, runs effectively for 24 hours and the second largest in Africa after South Africa's stock market. Nigeria possesses advanced financial, transport, communication, legal sectors and very rich in mineral and natural resources. It also belongs to many economic and international organizations, member of the Commonwealth of Nations, United Nations, a member-country of the MINT group of nations, and they are regarded as the next global BRIC-like nations, and was among the N-11 (Next Eleven) because of feasible potential for growth and investment, O'Neil. (2005, 2013). Nigeria was forecasted among the top large economies by the 21st century, a combination of N-11, MINT and BRIC economies with the super powers, the nation is also a founding and pioneer member of African Union, AU and Organization of Petroleum Exporting Countries, OPEC as the 8th largest oil exporter and the 12th largest producer globally with proven reserves as the 10th largest nation in that category. The nation joined OPEC in 1971 as petroleum plays very important impact in the economy accounting for over 80% of government earnings and 40% as share of GDP. Disruptions in production due to people in the Niger Delta area, the main oil sourcing region

are agitating for better resource allocation and control preventing the nation from production and exporting at full capacity. Apart from the oil sector, the economy is very inefficient, currently it has a very low human development index, HDI as the 152nd position in the world ranking, its human capital is undeveloped, non-energy infrastructural capacity is inadequate and ranking 151st position in United Nation development index out of member-countries of the UN. Agriculture used to be the main foreign exchange earner for the country until the advent of the discovery of oil, the sector accounts for 30% of employed Nigerians as at 2010. Moreover, the percentage of oil in the nation's GDP has increased along the years but, the oil sector of the nation has irregularly contributed insignificantly to general economic transformation and lowly to GDP in the oil-rich economy, to be aware of this is important to Nigerian oil supply (Akinlo, 2012). Sequel to the early 1970s oil boom, to facilitate and finance significant infrastructural investments, the country accumulated foreign debts, the oil-dependend economy had difficulty servicing its debt and thereby defaulted as touching repayment of the principal amount limiting its repayment to interests accrued, this caused interest and arrears accumulation and penalty of unpaid principal as the size of its debt increased. Therefore, the Nigerian government engaged the Paris Club of creditors in negotiation and hitherto an agreed term was reached to repurchase the debt at 60% approximate discount in 2005. Nigeria thereby used a portion of its oil proceed to offset the remaining 40% of its debt freeing about US\$1.15 billion for poverty alleviation programs annually, making it the first African nation to totally clear off its debt with the Paris Club of Creditors at an estimated amount of US\$30 billion by April 2006. But its debt-total rose to US\$44 billion by 2012 with a domestic debt of N5.6 trillion and US\$5.6 billion externally, while in 2013 it had 11% as debt to GDP value. In 2014, Nigeria overtook South Africa, a stable economy from its place as the largest economy in Africa, the country is targeting ending all forms of poverty, which is number one on the list of the Sustainable Development Goals by 2030. Years of mismanagement, military rule and corruption has hampered economic development of the nation but the return to democratic government and ongoing economic reforms are achieving putting the nation on the path of attaining full economic potential. As the largest oil producer in Africa and first ten globally with substantial oil, gas and coal

deposits, an emergent and growing market economy, it is still suffering from intermittent power supply, available at about 60% of the time and as few as 40% of the entire populace are connected to power supply source. Here in this chapter, and in the subsequent sections, we shall be looking at some key Nigerian economic indicators that would be used later in this work to justify the study. These sections would be looking at important GDP components in Nigeria and some sectors which are key contributors to Nigerian GDP to have an overview of Nigerian economy and its macro-economy in general, also relatively to Boko Haram terrorism in subsequent chapters.

3.1.1 Nigerian GDP Pattern (Economic Growth in Nigeria)

Nations are classified according to their nominal GDP from financial and statistical institutions estimates, it is the final goods and services in a particular year from an economy which are estimated at official exchange rate prevalent in the market or officially set by government. GDP can be calculated using economic parameters. The ability and capacity to enlarge availability of quality goods and services is vital to economic growth (Adofu, 2010). Therefore, economic growth is a steady rise in gross domestic product of such economy. Khan and Senhadji (2001), said the economic growth of a nation would be considered using the GDP of the economy. If the GDP of an economy increases, the country's economic growth is considered increased. Although the differences in living costs are not accounted for in nominal GDP and can be different year to year due to inflation and fluctuation in a nation's currency relative to exchange rate. However, these fluctuations make little impact in the standard or cost of living of citizens, they are used in ranking the economy yearly. As touching GDP and its purchasing power parity component, Nigeria was 20th and 21st globally in 2015 ranking, with values tantamount to over US\$500 billion and US\$1 trillion, it was said to expand its economic parameters to accommodate increasing contribution to gross domestic products from sectors like its banking, services, movie and telecommunication industry. Nigeria has a good trade relation with the United States of America, it has the seventh highest trade surplus with the country than any nation, in the sub-Saharan Africa it is the largest partner supplying 20% of its oil to US, an 11% of oil imports to the country as the 14th largest exporter to the world power,

more so, it is 50th largest market for export goods from the country. However, the global power remains the largest foreign investor in Nigeria with many presence and attendance of US structures and investments in the economy.

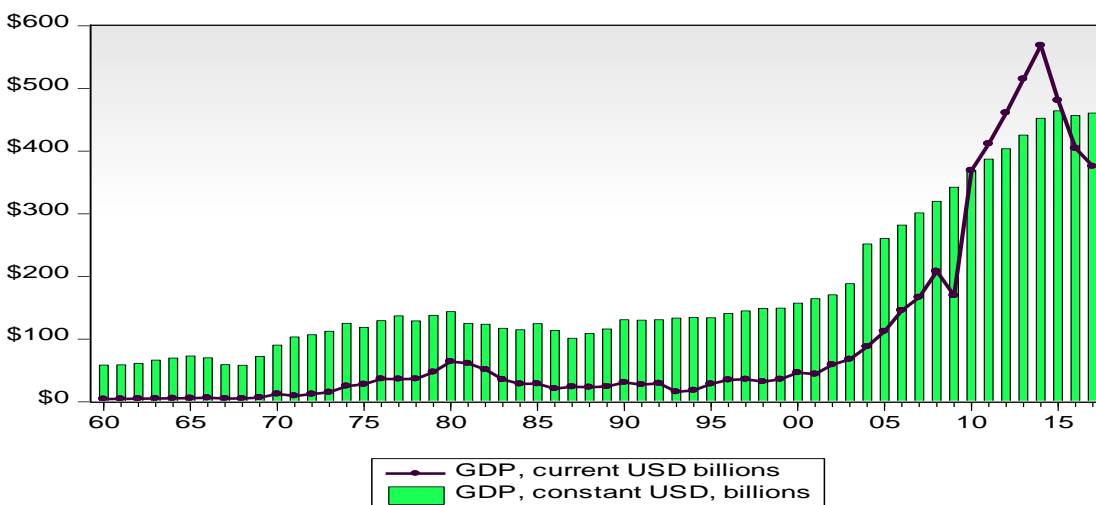


Figure 10: Nigerian nominal GDP value in current and constant US Dollars spanning the period 1960 to 2017. (Source: Constructed from data on Nigerian nominal GDP from The Global Economy)

Nigeria GDP comprised of these contributors in 2012; oil 14%, services 30%, manufacturing 15% and agriculture had 40%, but in 2015 it was comprised of; oil 8%, services 55%, manufacturing had 16% while agriculture 18%. Nigeria’s GDP as of fourth-quarter of 2017 was N18.79 trillion with N31.58 trillion as the nominal GDP in local currency.

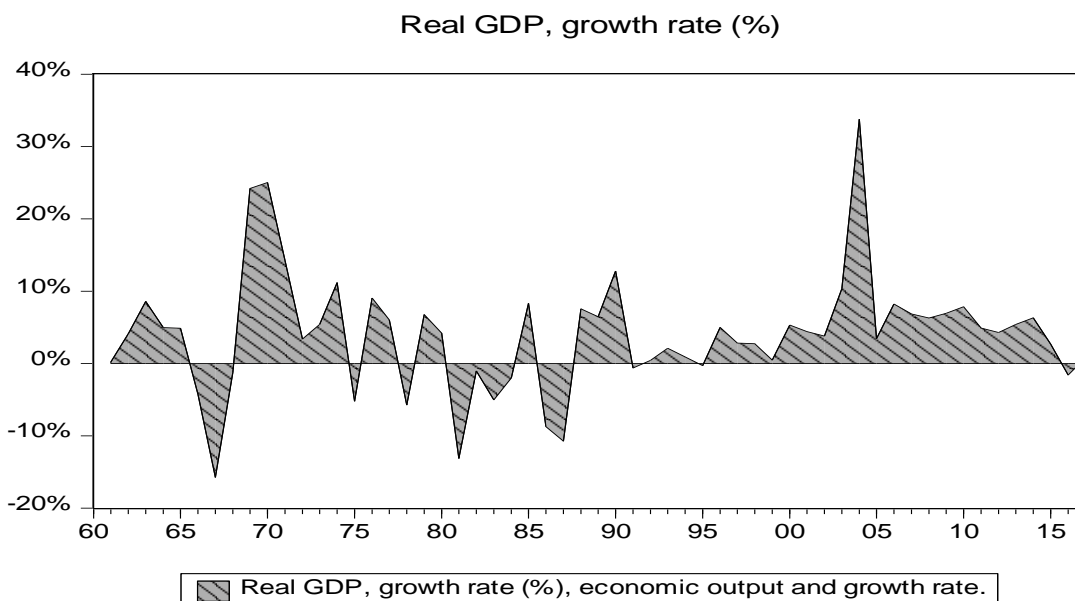


Figure 11: Increase in GDP relative to the preceding period/year, from 1961 to 2017. (Source: Constructed from data of Nigerian real GDP from The Global Economy)

Another major source of foreign exchange earnings after oil trade, and contributory to the GDP is from Nigerians living abroad through remittances sent home. In 2014, a total of 17.5 million Nigerians was estimated living in different nations abroad, with over 2 million Nigerians resident in each of USA and UK. The nation experienced drastic increase in remittances sent home according to International Organizations for Migration, by Nigerians living abroad moving from US\$2.3 billion in 2004 to US\$17.9 billion in 2007, tantamount to 6.7% of the GDP. The country responsible for the highest source of official remittances sent home from diaspora Nigerians were United States, then United Kingdom followed by Italy, Canada, Spain and France. Conversely, from Africa main sources of remittances were Egypt, Libya, South Africa, Equatorial Guinea and Chad to the nation, whereas in Asia, China is the largest source of remittance inflows then Japan and Malaysia. Below is a graphical illustration of percentage contribution of foreign remittances to the Nigerian GDP with no major impact prior to early 1990s.

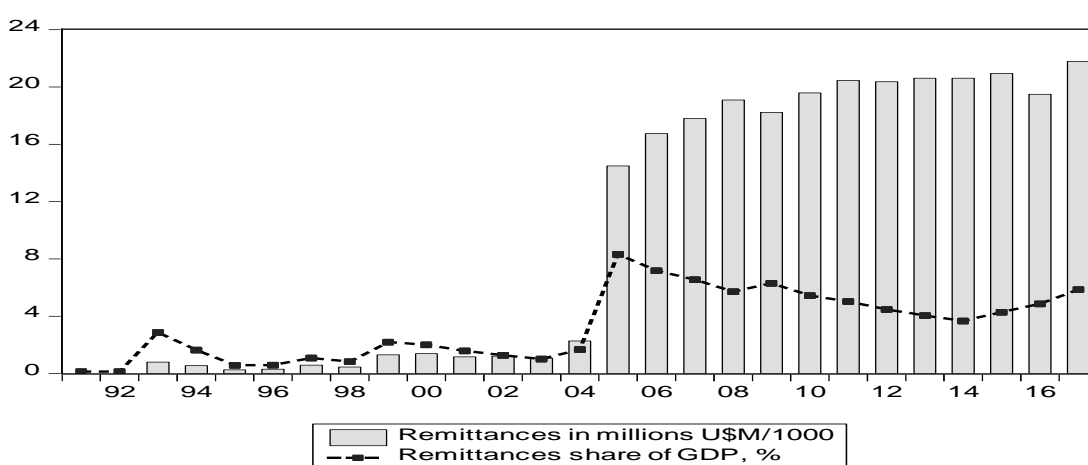


Figure 12: The contribution of remittance to the GDP in percentage; it has no relevant impact on the GDP in 1977 to the early 1990s. (Source: Constructed from data on share of remittances to Nigerian GDP from The Global Economy)

3.1.2 Per Capita Income in Nigeria

Analyst and economists stipulated that GDP is not the major determinant of the standard of living due to facts that many nations have substantial economic output because of large population. The economy of a nation is considered to

have grown when the nation's income divided by its total population increases sustainability (Akintoye and Olowulajo, 2008). It may not be wise to consider a nation's economy as increasing when there are fluctuations in the per capita income of such nation within a short period of time. Also, if there are increases in the aggregate goods and services per person in an economy for certain time say 5 years and above, there is element of economic growth. Anyawoncha (1993) asserts that a country's economic growth can be estimated in terms of its total goods cum services, so is the per capita income and at a particular time. GDP per capita is actually used to measure the living standard in an economy. Therefore, to evaluate the GDP or economy of countries relatively, the GDP per capita is employed. It is calculated by dividing the real GDP of an economy with the total residents.

Therefore, $\text{GDP per capita} = \text{Real GDP} / \text{Number of residents}$

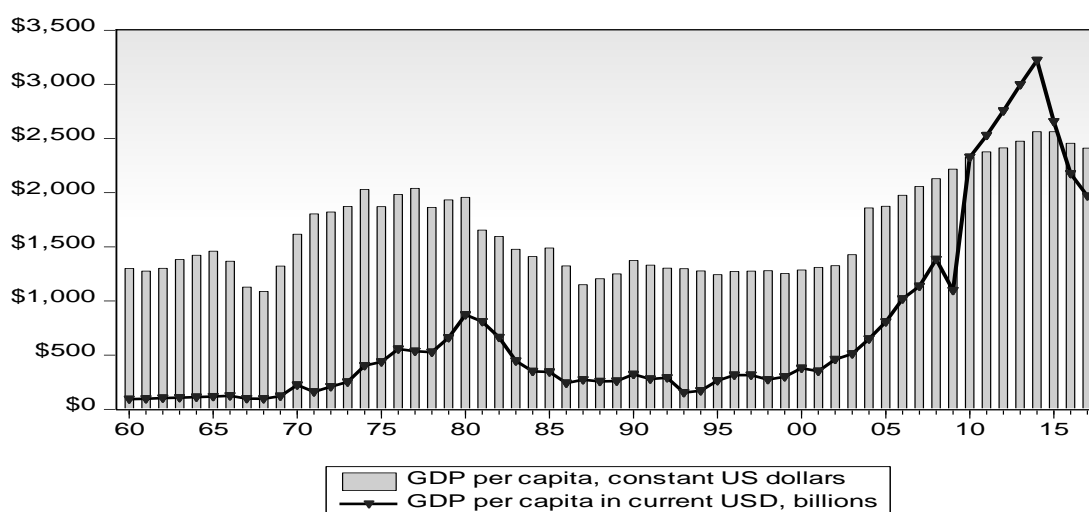


Figure 13: Nigerian GDP per capita value in constant and current US dollars in the period 1960 to 2017. (Source: Constructed from data of Nigerian GDP per capita values from The Global Economy)

Nigeria GDP per capita in 2016 was US\$2,457.80. All-time high in 2014 at US\$2,563.10. in 2016 the adjusted GDP per capita by purchasing power parity, PPP was US\$5,438.90 and all-time high in same 2014 at US\$5,671.90, more so, current GDP per capita grew by 132% in 1960s attaining its highest in the 1970s of the value 283%. Inadvertently, it showed instability as it declined in the 1980s by 66%. Whereas by 1990s, divergent initiatives and programs employed by the federal government had a positive impact and

growth was recorded by 10%, however GDP on PPP value would not rise till 2000s when remarkable achievement was made.

3.1.3 Inflation Trends in Nigeria

Inflation and interest rates are both germane macroeconomic components with the capacity to change, redirect and effect growth pattern of an economy (Abiodun, 1998). Inflation in Nigeria has seen irregular trend, especially from the period 1960 to 2017, all-time low in 1967 and at the rate of -3.7% while it was at its maximum in 1995 at the rate of 72.8% . In 2001, the government engaged measures to curb rising inflation in the economy as it was a dispensation of intense expansionary fiscal policy in the public sector, resulting in the Nigerian central bank effecting stricter monetary policies with cutting expenditures in budgets, this actually led to a positive result on the local currency relative to dollar as it was stable in the early start of the millennium at N112/US\$. The attempted policy by the apex bank to enhance the local currency and increased money supply from public spending resulted in the non-official market discounting naira by 20%. In the same 2000, lump sum income from petroleum led to public earning's increase by twice its size from the immediate previous year and with a value of about US\$16 billion, making the local and state governments clamoring for increased allocation causing rancor between them and the federal government which was after controlling its spending policy to curb inflation. The eventual increased public spending however, instigated a negative effect on inflationary pressure which was very low by mid-2000s on consumer prices skyrocketing by end of 2000 to 14.5% , then in August, 2001 to 18.75% . Surprisingly, Nigeria's inflation rate in 2005 was at the value of 15.6% as shown in the graph below representing percentage rate of inflation that is the changes in inflation, CPI adjusted.

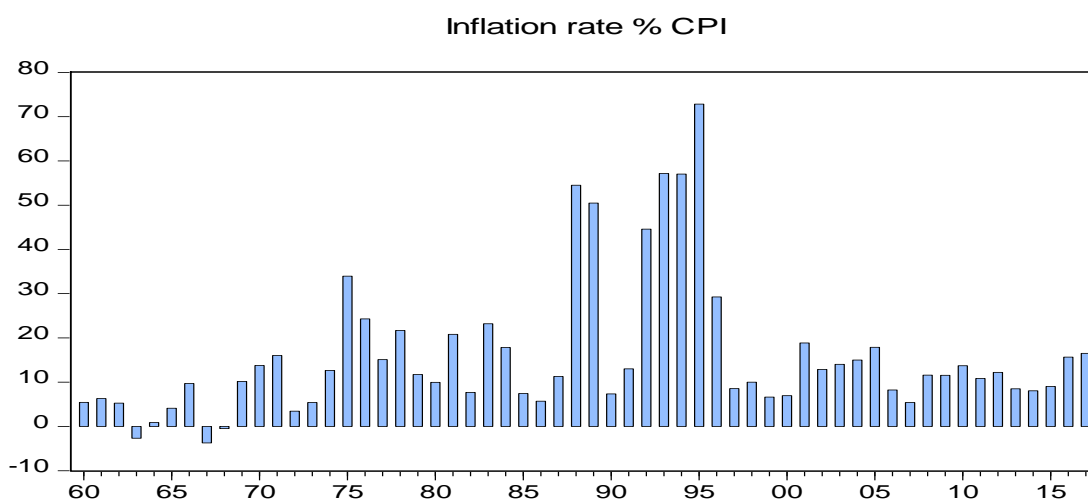


Figure 14: Inflation rate in percentages, CPI adjusted from 1960 to 2017 (Source: Constructed from data on Nigerian inflation rate from The Global Economy)

The government's objectives during the National Economic Empowerment Development Strategy, NEEDS program of early 2000s was to head off inflation to a digit, but by 2005, the Nigerian federal authority had deficit in its budget valued at 5% arising from spending of US\$13.54 billion relative to revenue of US\$12.86 billion. By 2015, Nigeria's inflation was 9% whereas the global decline in prices of oil in 2015 and 2016, made the naira devaluated as a result of inflation through the exchange rate policy and it was of concern to the authority. The average value for inflation from 1960 to 2017 was 16%.

3.1.4 Exchange Rate and its Regimes in Nigeria

The foreign exchange market according to the Apex Bank of Nigeria, is the ground for the transaction between the buyers and the sellers of foreign currency or exchange, the buyer constitutes its demand where the seller makes up the supply. Meanwhile, the foreign exchange supply is derived from oil exports, capital repatriation from Nigerians residing abroad inform of remittances, non-oil export, and expenditures of tourists in Nigeria. While the foreign exchange demand consequently consists of imports payment, international organizations financial commitments, external debt service responsibility, et al. The unstable nature of exchange rate and its impacts on numerous economic policies requires fashioning an appropriate exchange rate policy and targeting its stability. In years past and recently, efforts geared toward achieving these goals in the foreign exchange market are via several

methods and policy approaches to achieve effectiveness. Actually, in Nigeria Exchange rate systems have been modelled in the sixties from a fixed regime to the seventies and mid-eighties when pegged regime was adopted, and finally from the year 1986, varying floating regime was instituted with the adoption cum deregulation policies of the global economic phenomenon, structural adjustment program, SAP. The program which was a worldwide phenomenon was not only targeted at restructuring the Nigerian production and consumption economic pattern, but globally as well to eradicate distortions in price and large producer goods. The structural adjustment program, SAP was a program that combined complex of approaches to enhance economic effectiveness in long term growth setting up policies to stabilize and restore equilibrium in balance of payment and achieve price stability. The general objective was absolute overhauling of the economy (Anyawu 1983).

3.1.4.1 Exchange Rate Regimes in Nigeria

The Exchange rate regime and interest rate are relevant matters prevalent in developing economies and international finance as more nations are moving towards achieving liberalization in trade as necessary condition for remarkable growth of their economies (Obansa, Okoroafor, Aluko and Milicent, 2013). Exchange rate system was converted within a particular period in Nigeria from regulated to deregulated structure. Ewa (2011), accepted that in Nigeria spanning the period within 1973 and 1979 the exchange rate of the local currency, naira was at a stable level when agriculture was responsible for over 70% of the GDP and in the oil boom period achieving significant stability. Over the years, Nigeria has had transition from one foreign exchange regime to another, following are the different exchange rate regimes witnessed in Nigeria, their exact years of adoption and the modes of operation of the foreign exchange market during the prevailing exchange rate regimes.

3.1.4.2 Fixed or Pegged Exchange Rate Regime, 1958 to 1986

Prior to 1958, when the Nigerian Central Bank was constituted and the consequent enactment of the exchange rate control act of 1962, foreign exchange was regulated in balances abroad by commercial banks whereas the private sectors earned it, more so, for local exporters which required

transactions in foreign currencies, the commercial banks acted as agents. A significant characteristic of the period was that the major foreign exchange receipts were composed of earnings from agricultural produce exports, also coupled with the fact that the Nigerian pound as the prevailing and adopted local currency before naira, was at same rate to the British pound sterling, this effective and easy conversion system in Nigeria was the reason behind the late formation of a functional foreign exchange market. But as at when the foreign exchange authority was centralized and the Central Bank established, both in 1958, in the banks, there was necessity for subsequent market for foreign currency trade and the need was paramount. Other factors that necessitated the Nigerian foreign exchange market were paradigm shift in changing trends in international trade, manufacturing, structural changes in the economy and complex foreign transaction which were being difficult without active foreign exchange market, led to the establishment. The official exchange receipt was modified in the early 1970s as a result of the symbolic increase in demand and price of crude oil exports which had substituted agricultural export. During this period and there arose the need for the management of foreign exchange resources as the market for foreign exchange experienced a boom, but comprehensive exchange controls did not see its establishment until 1982. However, the exchange control capacity refused to develop an effective system for allocation of foreign exchange that actually translated into evolving of a two-faced rate regime adopted in September 1986 and composed of first and second tier market for exchange of foreign currency. Significantly, the first tier was regulated while the second tier was left to the determinants of market forces operation.

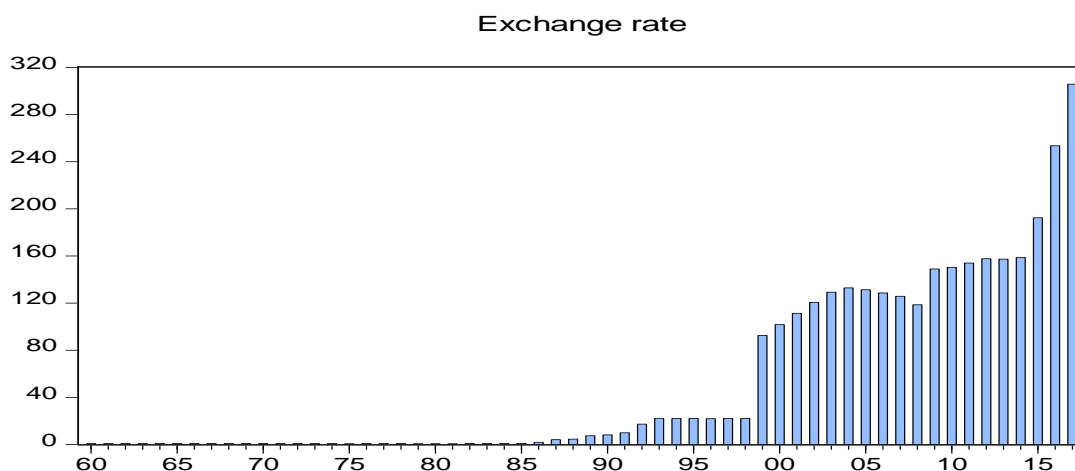


Figure 15: Exchange rate values of Nigerian Naira to US Dollar in the period 1960-2017
(Source: Constructed from Nigerian data on exchange rate from The Global Economy)

From the graph, for the period of 1960 to 2017, foreign exchange was at its lowest value in 1960 at 0.71N/US\$ while it was at its highest in 2017 at the rate of 305.79N/US\$. This is the amount that can be changed in value for a unit of US\$, therefore, a rise or decline means US\$ (US dollar) appreciation or depreciation in value respectively.

3.1.4.3 Floating Exchange rate Regime 1986 - to date

The instability in policies of the monetary authorities and lack of steady order in the exchange rate policies, appropriated the changing nature of the rate of Naira (Gbosi, 2005). When the government of Nigeria adopted and implemented the structural Adjustment Policy, SAP in 1986 in the nation, changed from a pegged regime to a managed flexible exchange rate regime, where exchange rate was left to be controlled by the prevailing market forces, however the system in place was the managed float in which the government and financial authorities, such as the central bank of Nigeria, CBN intervened periodically regulating the structures in the foreign exchange market to achieve certain specified economic goals (Mordi, 2006). Benson and Victor, (2012) and Aliyu (2011) submitted that in respect of various attempts by the administration to achieve stability in exchange rate, yet through the 1980s naira had experienced depreciation against the expectation. More importantly, the exchange mechanism has gone through institutional and structural transformation from Second tier foreign exchange market, SFEM to the foreign

exchange market, FEM to the interbank foreign exchange market, IFEM then to Autonomous foreign exchange market, AFEM more so, the institutional administration and regulation saw transformation and witnessed reforms. Different approaches to pricing and systems were adopted, including the weighted average and marginal exchange rates determination plus the Dutch Auction System, DAS were considered and used from all existing exchange rate systems prevalent. An important situation of the steady coordination was connecting and aligning the parallel market and the official exchange rates with each other, as the official rate was in tandem with the IFEM, Interbank foreign exchange market. In the CBN and IFEM interactions, the oil companies and commercial banks at the authority's induced rate can sell or buy foreign currency. Whereas unofficial sectors can only access through parallel or black market to the foreign exchange. Organization and private sectors have the opportunities to hold foreign current accounts in private or commercial banks and in private accounts domicile in Nigeria, however account holders are directly accessible to use of the funds. All were targeted at enhancing effective accessibility and regulation of the foreign exchange system cum mechanism to utilize foreign currency to ensure increased government revenue, the flow of capital into the country, to stimulate local and domestic industrial production, promote export and efficiently reschedule external and foreign debt at better profitable conditions. Whenever instability in the volatile foreign exchange rates are prevalent, diverse economic and productive capacities were adversely inflicted like the export earning, prices of goods and services, balance of payment, purchasing power, import structure, external reserves and government revenue among others which were all significant to the economy at that period and always.

Since the SAP era, the most predominant of the floating system used in the country was the regime of the managed floating exchange rate, without any symbolic responsibility to protect any significant parity. Consequently, the failure of the variations of the volatile system of flexible exchange rate, then the AFEM which was instituted by 1995 and IFEM introduced in 1999 to effect stability in exchange rate structure, however on July 22, 2002, the Dutch Auction System, DAS re-modelled to function better, the overall purpose was

to basically enhance the tripartite responsibility of declining the parallel widening market premium of the era, to achieve an obtainable naira exchange rate and to conserve the declining external reserves. Whereas, the DAS achieved all its expected purposes, stabilized the exchange rate of the naira and minimized the authorized dealer's imminent speculations about the market. Consequently, from 2003 there has been stability in the foreign exchange market, but in 2016 inadvertently, the naira's black-market exchange rate was hugely higher than the official rate with a value of 60%. While the Apex Bank intervened each week with injection of about US\$200 million to the exchange market so as to curb skyrocketing rate and instability relatively, to maintain exchange order at the prevailing official rate, many private institutions and corporations cited that to get dollars, they had to earmark 30% budgeted premium additionally in payment to the Apex Bank.

3.1.5 Trends in Interest Rate (Lending) in Nigeria

To Okpe (1998), inflation rates and high interest rates are important drawbacks of economic growth in emerging economies like that of Nigeria. While according to Sanusi (2002), interest rates are a cost a borrower has to pay when obtaining a loan in any economy. This definition connotes that, interest rates are the determinants of the cost of credits in an economy. The impact of high cost of interest rates in the society is not detached from the fact that borrowers may hesitate to borrow when they should. This may be due to the cost of credit and credit itself may aggregate to an amount that may be unaffordable to borrowers to pay back within the stipulated due date of loan repayment. The impact of this default on the nation is that GDP of the economy would be at a reduced level in as much as productive activities in a country cannot efficiently be financed by equity premium or trusts. Upsurge in interest rate observed worldwide in the early 1980s instigated situations which were seen as against economic structures. A lot of work examined the effect of how increase in output, productivity, investment and production factor were affected by high interest rate. Empirical result shows in cross-country evaluation, that nations with high real interest rate are likely to efficiently allocate resources which increase general production activities as there will be significant economic growth, have increased investment factors, more growth in output

but may not increase investment capacity, World Bank (1989) and Galbis 1992. However, the work of Khatkate, (1998) raised objection to the empirical fact of the study, submitting that the effect of high interest rate on investment is dependent on the cause of the high interest rate. The practice of two interest rates show the relationship between existing models of how investment is enhanced by savings. People invest and save for different purposes, part of which are the fact that obviously, the higher interest rate is, the lower the level of investment, also interest accrued on savings over time is significant and that can be used to achieve other purposes like investment or used as external finance by lending to borrowers.

To Ssekuma (2011), money is borrowed at a cost and the cost is associated with borrowing of funds is referred to as interest rate. In Nigeria, one of the policies of economic importance is the interest rate because of the role it plays in the economy which includes deregulation, inducing savings as it can be used for investment, consequently increasing output and effective resource utilization. As witnessed in the 1950s and 1960s, the deregulation and regulation of interest rate is to increase investment in Nigeria. Over the years, it has been observed that ability of an economy to produce effectively depends relatively on the availability of scarce resources in the economy. Nigeria as an emerging economy, production can be seen as the necessary mechanism to protect the economy against problems like recession. Over the years, Nigeria has concentrated production mainly in oil and gas sector, neglecting other vital sectors like, mining, tourism and agriculture, the more reason Nigeria is struggling with, and to get out of economic recession due to global fall in oil prices. The introduction of SAP, structural Adjustment program after the global recession witnessed globally in the early 80s, was targeted at reducing inflation and cutting government expenditures, in an era where deregulated interest rate system was adopted as against low interest rate which were determined by private sector and market demand, the low interest rate influenced direct investment lesser, hence funds generated were targeted at investment.

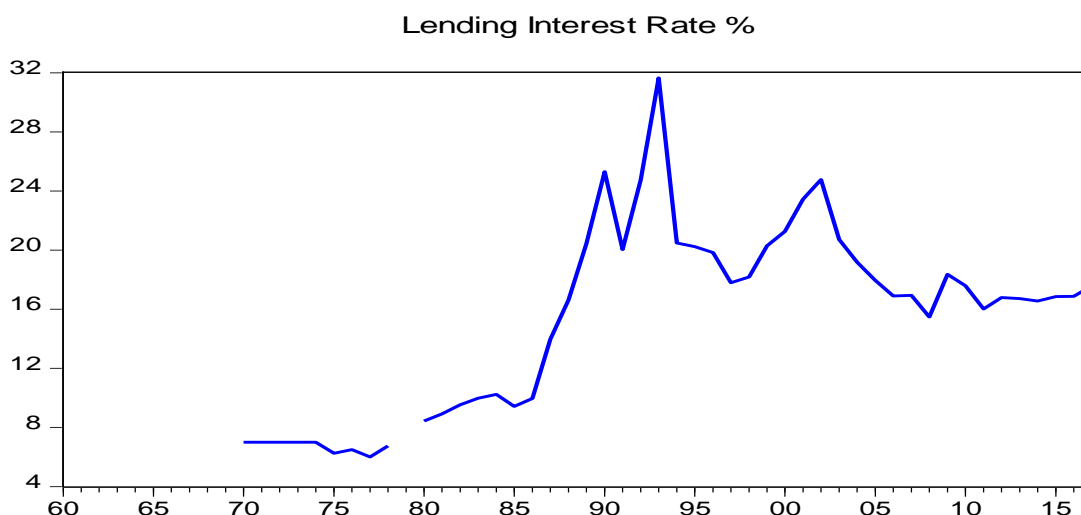


Figure 16: Nigerian lending interest rate from 1970 to 2017 basically from commercial banks (Source: Constructed from data on Nigerian lending rate from The Global Economy)

Prior to the SAP period of 1986, even as shown in the figure above, from 1970 to 2017 In Nigeria, interest rate was extensively low and the lowest rate ever was 6% in 1977 and the highest was 31.65% in 1993. Although, data is missing for 1979, the rate is normally regulated according to credibility of borrowers and purpose of financing, it is also the bank rate that meets the private sectors short- and medium-term needs. The McKinnon and Shaw's interest rate, savings and investment paradigm have significance on deregulation which translate to concurrent increase in interest rate and savings. Credits from banks to prime borrowers in Nigeria as shown above in lending is the interest rate to the lowest risk borrowers in the private sector, including households and firms. Terms and conditions attached to rates differs from places to places. The economic rationale behind the need or desire to influence flow of credit to selected sectors of the economy and the concern that market appropriated interest rate controls with other elements of financial market have been motivated by factors which could result in a serious instability in lending rate that would increase the cost on capital and thereby reduce investment. That is why authorities consciously regulate interest rate.

3.1.6 Labor Force and Pattern of Unemployment Rate in Nigeria

Unemployment has been an economic vice to the Nigerian government and it has been battling with it over the years, this is due to many factors, as Nigeria

is one of the nations with the highest number of youths after China and India, therefore a number of the teeming youth population finishing from various higher institutions of learning and joining the work force are either unemployed or under-employed as there are little employment opportunities in public and private sectors. Though, the private sector is the higher employer of labor in Nigeria compared to the public sector. Various governments in the past administrations or dispensations have promised to tackle and reduce unemployment, the incumbent administration has also planned and is working towards combating the menace of unemployment through creation of jobs and making loans available for small and medium scale enterprises to engage the workforce. Unemployment has also been seen as one of the root causes of Boko Haram's insurgency as able youths who are without jobs are, therefore recruited as foot soldiers to the terror organization. Many government and private corporations have experienced downsizing and thereby causing retrenchment of their workers, adding to the population of unemployed individuals, so, many able-bodied persons are still jobless in Nigeria. The measure of the condition of unemployment is calculated as a percentage by dividing the number of unemployed persons by all individuals currently in the labor force. An economy normally witnesses relatively high unemployment during periods of recession, this is reflective in the graph below in 2016 when Nigeria plunged into recession, it can be seen that changes in unemployment is at its peak in 2016 and 2017, as Nigeria exited recession in the second-quarter of 2017. From the graph its highest rate was in 2017 while the lowest was in 1995. Many people are concerned about unemployed but economist normally is concerned about rate of unemployment, as this answers for the increase in number of employed from population increase and increase in workforce relative to the population. Unemployment rate is expressed as percentage and calculated as;

$$\text{Unemployment rate (\%)} = \frac{\text{Unemployed workers}}{\text{Total labour force}} \times 100$$

The ILO, International Labor Organization, explained unemployed workers as people who are available to work and are not working, they have actively searched for work, are ready and able to work for pay.



Figure 17: Percentage changes in unemployment rate from prior period in 1985-2017.

(Source: Constructed from data on Nigerian unemployment rate from The GlobalEconomy.com)

The different approaches agencies of national statistics employ in calculating unemployment are many, although these differences may restrict the evaluation of international comparisons of unemployment data. Unemployment or joblessness as the situation of not being currently employed but actively looking for job, however, despite the fact that national statistical agencies are increasingly adopting the definition by the International Labor Organization, ILO the differences remain. For the purpose of facilitating international comparisons, organizations like the OECD, Eurostat and International Labor Comparison Program, for comparability across nations adjust data on unemployment. Labor participation is another important matter to ILO, as some countries have more male participation rate than female in labor force, but developed countries have women empowerment programs and policies that support high female labor force participation rate. Nigeria is taking steps and approaching that level too. The graph below shows male and female participation rate relative to absolute labor force in Nigeria.

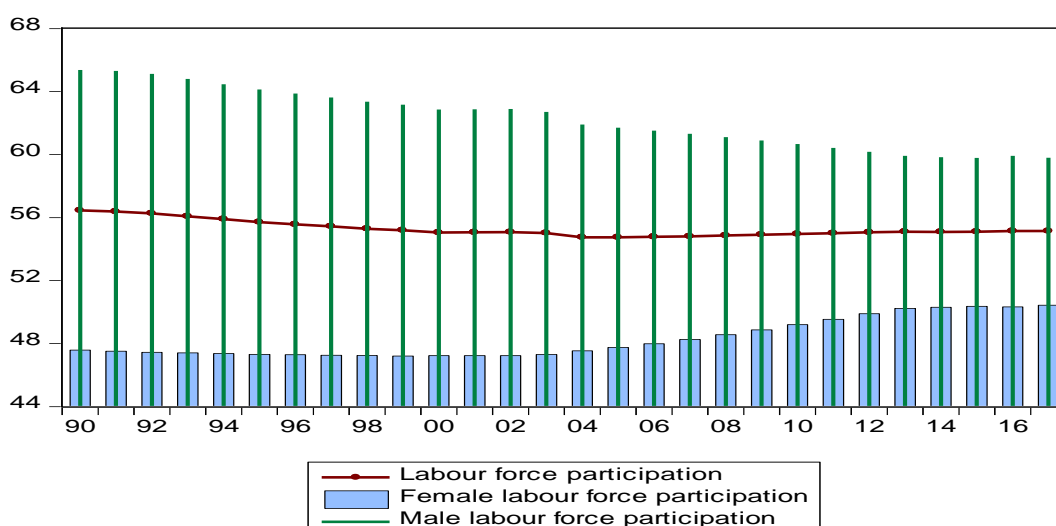


Figure 18: The male and female rate in labor force participation in Nigeria from 1990-2017. (Source: Constructed from data on Nigerian labor force participation from The Global Economy.com)

The percentage of the population economically active from ages 15 and above is the labor force participation rate, it includes the employed and unemployed individuals. The male or female labor force participation rate is the percentage population of male or female in Nigerian that is age 15 years above and economically active either employed or unemployed. For the period of 1990 to 2017 in Nigeria, male participation rate was at its minimum of 59.79% in 2015 and at its maximum of 65.37% in 1990 while for female participation rate, it was at its lowest in 1999 with 47.21% while at its highest rate in 2017 with 50.43% as shown in the above graph.

In 2015, Nigerian labor force was about 74 million whereas in 2003, rate of unemployment was 10.8%, but it stood at 6.4% in 2015 due to increase in participation rate. The Nigerian Labor Congress, NLC, a labor union organization, from 1999 showed their grievances about domestic fuel price hike and since then had organized about six general strikes, more so, for increase in minimum wage. The NLC in December 2005, clamored for review in minimum wage for federal workers, was lobbying the federal government as the prevalent minimum wage has not been reviewed or adjusted at US\$42.80 per month which was introduced some 6 years earlier. The organization has engaged government in various dialogues including state governments over

increment in minimum wage, the dialogue continues and even till recently, as of August 2018, federal government was promising to fulfill the minimum wage review therefore, asking NLC to suspend strike or proposed industrial action in respect of their grievances and requests. The dialogue is still ongoing pertaining review of minimum wage, with many state governments claiming they cannot afford upward review. In Nigeria the number of migrants residing according to the International Organization for Migration has increased drastically notably from 1991 at 477,135 to 971,450 in 2005. Most immigrants in Nigeria are from neighboring Economic Community of West African States, ECOWAS and about 74% of the total migrants. Over the last decade this number has increased considerably from 63% in 2001 to 97% in 2005 of immigrants residing and working, contributing to unemployment level in the country.

3.1.7 Nigeria and its International Trade Pattern

Nigeria's role in supplying the world economy with oil and natural gas is what its foreign and international trade mostly involve, as the country seek to diversify its export, harmonize tariffs in line with potential common customs union policy sought by the Economic Community of West African States, ECOWAS to encourage trade, direct investment and inflows of foreign exchange earnings. The country adopted ECOWAS common external tariffs in October 2005, which reduced the number of tariff band, sequel to this revision, tariffs from exports and trade comprised its second highest revenue source after oil export. The country in July 1971 joined OPEC, Organization of Petroleum Exporting Countries, while in January, 1995 joined World Trade Organization, WTO.

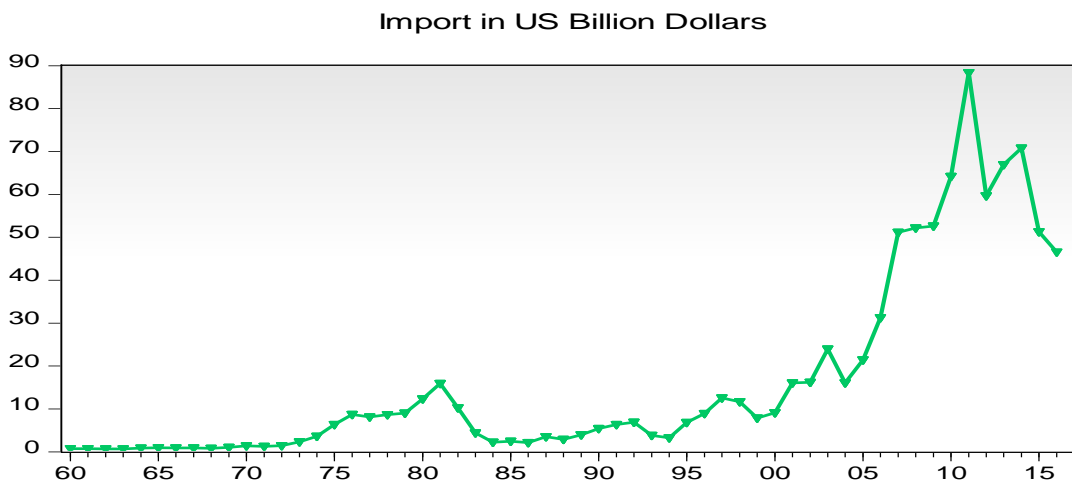


Figure 19: Nigerian imports in US\$ billions from 1960 to 2016. (Source: Constructed from data on Nigerian imports from TheGlobalEconomy.com)

The value of all goods and market services from rest of the world which are values of license fees, transport, merchandise, royalties, travel, freight, insurance and services in form of financial, business, construction, communication, information, government and personal services are known as import. Nigeria had lowest import value in 1962 with US\$0.62 billion while highest value in 2011 with US\$88.38 billion from 1960 to 2016 as shown in graph above.

Although the trade balances are said to favor Nigeria due to oil exports, but the United Kingdom following United States is the Nigeria's second largest trading partner, however, a huge proportion of US exports is assumed to enter Nigeria without adequate record due to importers trying to avoid tariffs and therefore, not captured in the Nigerian government's official statistics. In May 2011, to prevent under-quoting and smuggling by import traders, the government instituted a full supervision and regulation program for imports and exports, adherence to the policy has been sustained. Akano (1995), submitted that Nigeria's pattern of trade with partners has not experienced institutional changes from 1940s, because the nation has been trading and producing particularly in only natural resource products.

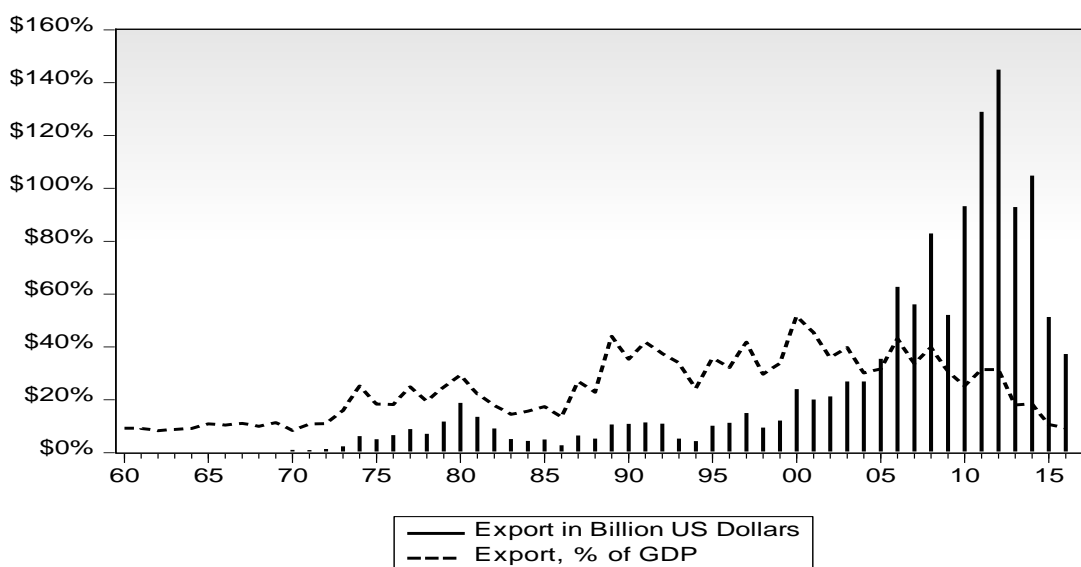


Figure 20: Nigerian exports in US\$ billions and its percentage of GDP from 1960 to 2016.

(Source: Constructed from data on Nigerian exports from The Global Economy)

Nigerian Exports are calculated like other countries as total amount of goods and services produced locally and sold abroad; it is reported as percentage of GDP to know its value as regards the size of the economy. An export of 15% or less of the GDP is regarded as closed which means 15% of its product are sold abroad, some European countries export more than 40% of their products and are considered open to international trade. From the graph above, from 1960 to 2016, Nigeria had the lowest export value of US\$0.30 billion in 1960 and highest value of US\$144.92 billion in 2012 while exports share of the GDP for the period was all time low in 1962 with 0.82% and maximum in year 2000 with 51.73%. Nigeria in 2004, had petroleum accounting for 95% of its bulk exports while rubber and cocoa amounted to about 60% of the rest, however in 2004 leading source of imports were United states with 8.4%, France 5.4%, China 9.4%, United Kingdom 7.8%, Germany 4.8%, the Netherlands 5.9%, and Italy 4%, where principal imports were food, chemical, live animals, manufactured goods, machinery and transport equipment, with the leading destination for its general exports in the same year 2004 were United States at 47.4%, Spain 7.1% and Brazil 10.7%. Nigeria as of 2005 exported about US\$52 billion goods and imported about US\$26 billion, that was why the country posted US\$26 billion trade surplus that year which corresponded to almost 20% of its GDP, it also achieved substantial current account of the

value US\$9.6 billion in the same year. The country has widened its trade interaction with other emerging nations like India, as the largest supplier of petroleum to India from Africa, exporting yearly 400,000 barrels per day, amounting to US\$10 billion annually. The trade volume between United Kingdom and Nigeria rose to the value of US\$6.3 billion that is by 35% in 2010 to 2011 at US\$8.5 billion. Wherefore, as recently as 2010, Nigeria accounted for about 10% overall of US oil imports ranking the 5th-largest source of petroleum imports into America, but Nigeria in July 2014 has stopped exports to the US due to impact of shale production making India the largest buyer of Nigerian petroleum now. However, the US still remains its largest crude oil buyer, amounting to 40% of the Nigeria's oil exports and Indian remains the largest buyer of Nigerian oil which provides for India's domestic oil demand of about 25%. More so, some Indian corporations are planning to set up refineries soon as they are getting involved in oil sourcing operations in the country. Most of the nation's high tariffs and non-tariffs barrier are gradually reduced, to encourage more trade but much progress needs to still be made as touching Nigerian trade and its policies.

3.1.8 Petroleum Sector, Nigerian Economic Mainstay

In Africa Nigeria remains the highest oil and gas producer, 5th largest in the world with large deposits of crude oil from the Delta basin. From Nigeria comes two forms of crude oil which are heavy and light, both types are said to be low in Sulphur and paraffinic. As one of the largest producers of oil globally, its oil revenue from the 1970s has been tantamount to US\$340 billion in exports. As at year 2000, revenue from oil and gas exports contributed up to about 83% of federal government income, 98% of export earnings and accounting about 14% as share of GDP. More so, it provides about 65% proportion of government budgetary revenues and 95% of foreign exchange earnings. Over the years, the percentage share of oil in the GDP has seen increase, the sector has had comparatively low value added to GDP and general economic development of the nation, accessing this shortfall is key to the oil sector in Nigeria (Akinlo, 2012). The country imports most of its gasoline, as though a large oil exporter, but in January 2012 when fuel subsidies were lifted, fuel increased from US\$1.70 to US\$3.50 per 5 liter locally.

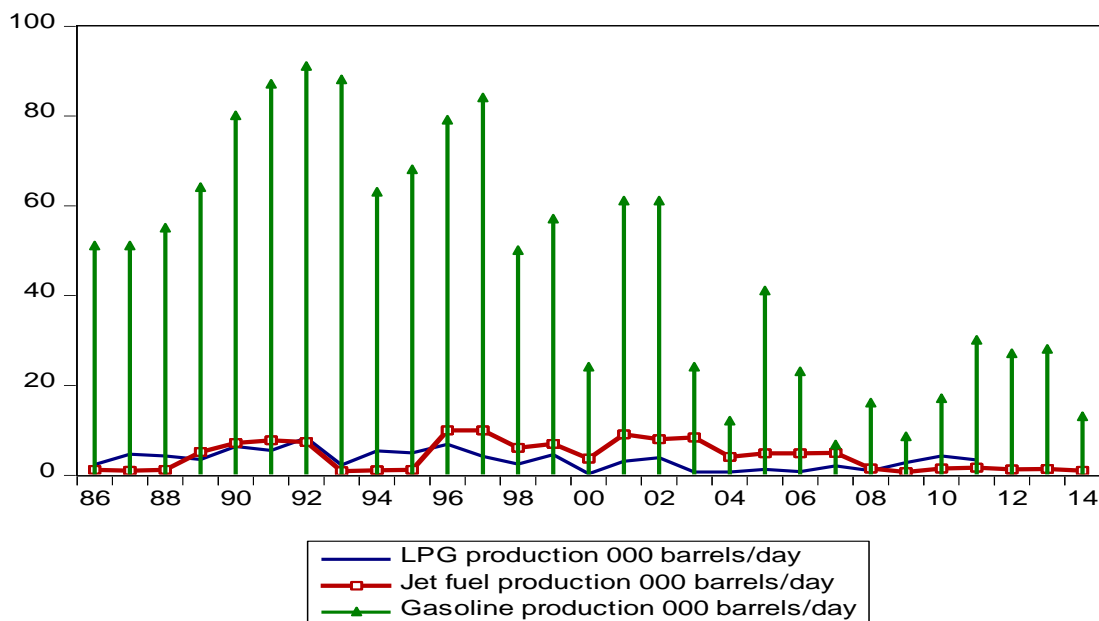


Figure 21: Nigerian oil productions in thousand barrels per day from 1986 to 2014.

(Source: Constructed from data on Nigerian petroleum production from The GlobalEconomy)

Nigeria has huge reserves, its estimated reserves make Nigeria the tenth most petroleum rich nation between 16 and 22 billion barrels, while other estimates lay claim to as much as 35.3 billion barrels, which is expected that the industry will continue to make profit on an average benchmark oil price of US\$85 to US\$90 per barrel. By far the most producer in Africa and has increased production to 2.8 million barrels per day, produces a form of oil deal for the US and the UK. In mid-2001, its crude oil production was at an average of 2.2 million barrels per day, however, observers say it is resource misappropriation which is affecting Nigeria, disadvantaging the people with no economic buoyancy or tangible growth present in the country despite being rich in abundant petroleum resources. All the nation's main oil reserves are of large deposits around the Niger delta of the Niger River area; hence some offshore rigs are predominant in the resourced coastal region, it is one of the country's main oil sources. Nigeria have the capacity to increase production due to huge deposits, it is not forecasted to exit peak production sooner as opposed to most other OPEC nations. The rationale behind the country's relative underproduction as indicated in the graph above is as a result of OPEC stipulations on productions to harness prices in the global market. In its commercial production for two decades, Nigeria largely produce and export oil

in its pure state with little capacity into advanced stages of the oil standard products. Although, productions have been disrupted in previous years intermittently from protest by the Niger Delta's inhabitants, who lay claim to the fact that they are being exploited. The Niger Delta region since 1990 has been engulfed in disputes politically, the local resident ethnic minorities are clamoring for larger share of oil proceeds, although the authority has made concerted efforts from independence era by setting up commissions and programs to address the demands of the minorities and the notorious Niger Delta militants, the locality demands for higher resource autonomy and appropriation over oil yields are yet to cease symbolically. Local societies and militants continue to disrupt oil firm activities in order to showcase their grievances and press their demands (Akinlo, 2012), as much as other oil producing African countries like Algeria and Libya have their operations diversified into more technology-intensive products like petrochemicals and LNG, the country is still essentially hooked in the early stage of the resource development and production (Akano, 1995).

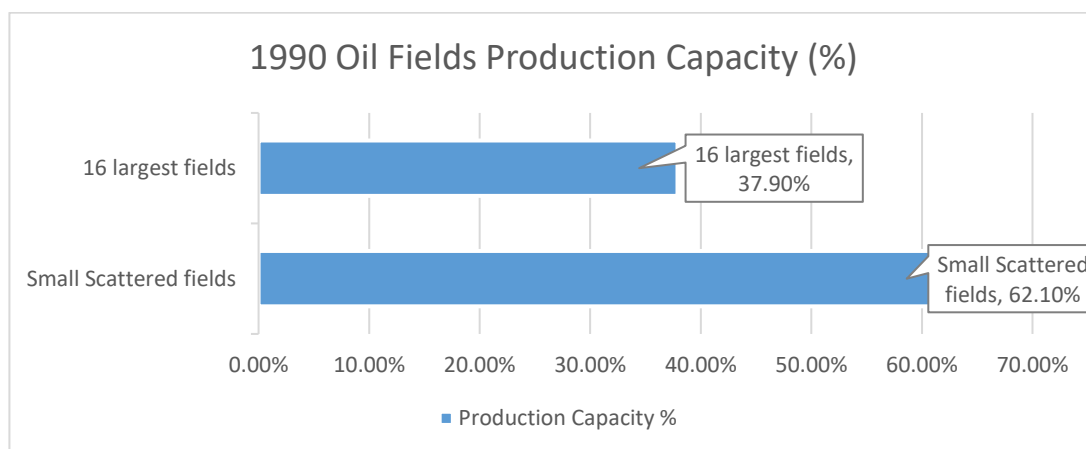


Figure 22: The production capacity for all the 159 oil fields in Nigeria. (Source: Constructed from data on Nigerian petroleum production capacity from Nigerian Bureau of Statistics, NBS)

As stated by Department of Petroleum resources, there are total of 159 oil fields in Nigeria and 1,481 wells in operation with the most productive region in the coastal Niger Delta basin known as South-South region which possess 78 out of the 159 oil fields. Advertently, most Nigerian oil fields are small and scattered and as at 1990, the largest sixteen fields produced 37.9% of its total production in the period, this is opposed to the small unproductive fields which

accounted for 62.1% of all oil production as in the chart above. Due to several small oil fields, an extended and well-planned oil pipeline was laid and constructed to effectively move crude oil. More so, as touching many unproductive fields, revenues from the multi-operated private companies cum government corporations are effectively allocated for production and exploration. The nation's crude oil is largely free of Sulphur and classified as light and sweet, same to petroleum sourced from the North Sea, it is actually known as Bonny light. The names of the nation's other crude oil types are named after the export terminals and are Forcados, Escravos blend, Brass River, Qua Ibo and Pennington Anfan. The export terminals in the country are total of six, of which Shell BP owns two, while Mobil, Chevron, Texaco and Agip own one each.

3.1.9 Agricultural Factor and Contribution in Nigeria

Nigeria ranks first in Africa and sixth world-wide in terms of farm output, as the sector is responsible for almost one-third of labor employment and up to 18% of GDP as shown in the figure below.

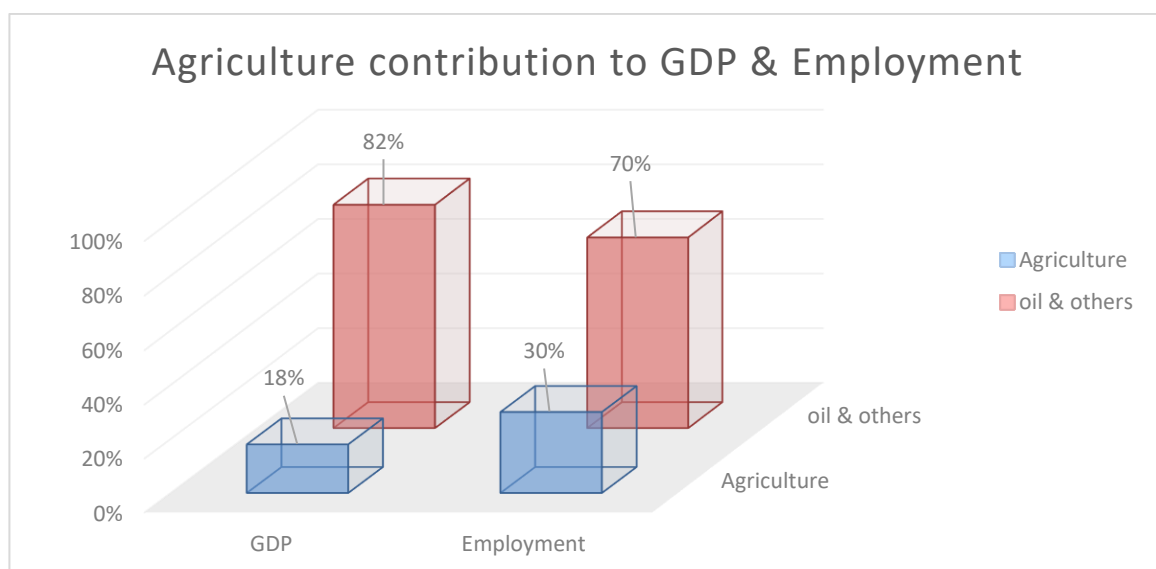


Figure 23: The percentage Contribution of Agriculture to GDP and employment in Nigeria. (Source: Constructed from data on Nigerian agriculture from National Bureau of Statistics, NBS)

Nigeria is said to have 19 million cattle, the largest in Africa but, due to boom in local consumption the nation is no more a large exporter, nevertheless, still

producing various agricultural products which include cocoa, rubber, groundnuts (peanut), and palm oil. Cocoa production from overage trees and obsolete varieties increased from 180,000 to 350,000 tones. Mostly in Nigeria the agricultural products available include cocoa, peanut, palm oil, rubber, rice, corn, sorghum, cassava (tapioca), millet and yam. In 2003, in the order of metric tons, livestock production were poultry and pork, milk, egg, beef and veal, while the same year, fish caught in total was 505.8 metric tons. Sawnwood production was estimated at 2 million cubic meters while roundwood removals amounted to 70 million cubic meters approximately. Due to much reliance on crude methods of farming, agriculture faces extremely low productivity. Actually, agriculture in Nigeria failed to keep pace with the rapid growth of population such that Nigeria now depends largely on food importation to survive, a nation which once exported food; however, efforts are being made by the sector at making the country a food sufficient nation again. The nation's agricultural produce is in two main groups, food crops which are produced for purpose of domestic consumption, and cash crops for export. As reflected in the chart above, agriculture is responsible for around 30% of Nigerians employed, it was the major foreign exchange earning sector and main cash crops used to be cocoa beans, melon, sorghum, sesame, rice, millet, plantain, soybeans, maize (corn), cassava, palm kernels, beans, gum Arabic, groundnut, rubber, cashew nuts and yams. Cocoa is the leading non-oil foreign exchange earner out of all the cash crops. Over the years, the country was known for export of palm kernel oil and groundnut, but the rate of export of this yield had drastically declined. Although, in recent years Local company like Lantbruk Global Integrated Services Limited pioneered the ground for promoting Nigerian agricultural system and its produce with other agriculture-oriented firms. More so, some domestic firms have started exportation of cashew nuts, moringa seeds, groundnuts and sesame seeds, also yam production rose from about 5 million tons to more than 44 million tons for the period spanning 1980 to 2016. The country was self-sufficient in food Prior to the Nigerian Civil war, but witnessed slow increase after 1973, and further declined such that bread made from American wheat replaced domestic crops as cheapest staple food. Agriculture which has failed Nigeria's growing population is seeing food import as its substitute, making the country

rely on food importation to sustain itself. Past and present administrations have implemented agricultural enhancement programs, in 1970s, the use of inorganic fertilizers was promoted by the government, while in 2003, Obasanjo Administration launched the Cassava-Fadama-initiative program, to promote the cultivation and export of cassava. Consequently, the Agricultural Transformation Agenda was instituted by the President Jonathan administration in 2011, the intention of the launched agenda was to integrate the agricultural value, promote agriculture as business, and make the sector a key driver of the Nigerian economy which was overseen by the Federal ministry of Agriculture and Rural Development. For the purpose of remarkable achievement of the program, the government put in place some measures and structures that will lead to growth in the sector. Cocoa remains the largest foreign exchange earner as non-oil products in agriculture but the lack of labor due to urbanization and the dominance of smallholders held back production, for example, Nigeria produced 145,000 tons of cocoa beans in 1969 but had the capacity to produce over 300,000 annually. After cocoa in the agriculture sector, rubber is the second largest non-oil foreign exchange earner.

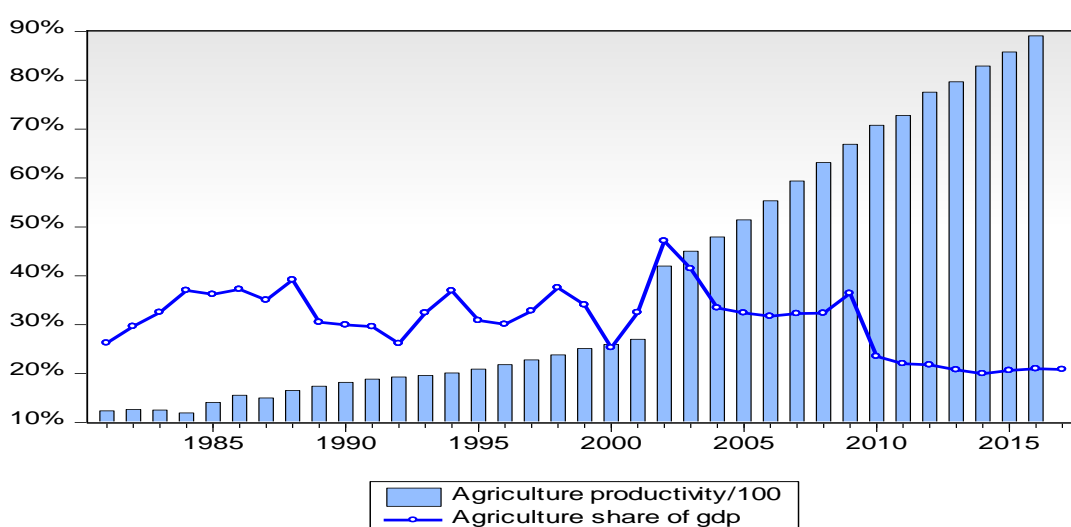


Figure 24: Agriculture productivity and share of GDP from 1981 to 2016 in Nigeria

(Source: Constructed from data on Nigerian agricultural productivity and share of GDP from The Global Economy)

From the graph above, it shows agriculture productivity has been increasing since 1981 to 2016, productivity which is measured as value added in Nigeria per worker in the agriculture sector. When average employed person produces

more output this means that a higher value is achieved, the importance of agriculture in an economy is measured in the value added as percentage of GDP from the agricultural sector, which indicates the percentage share or contribution of agriculture to GDP. The agriculture productivity data which is in thousands was divided by 100 for better illustration and comparison, productivity was all time low in Nigeria in 1984 with the value US\$1193.92 per worker while it reached maximum in 2016 with US\$8906.66 as value added per worker in the sector.

The palms industry constitutes an important part of the agricultural sector, providing food and raw materials for the plastics, pharmaceuticals, cosmetics, food and bio-energy industries. The Nigerian Institute for Oil Palm Research is the organization that hold valuable cum significant information and data about oil palms. The official mandate of the institute is actually to forward research results or findings to authorities and farmers to boost their produce after conducting research on cultivation, production, species and products of oil palm including other palms of economic significance and to have them recorded for future use and record keeping purpose.

3.1.10 Pattern of Foreign Direct Investment Inflow in Nigeria

A category of cross-border investment is termed as foreign direct investment, (FDI) when a resident in one economy is having a degree of influence or controls a significant share on the management and share profit of a venture or an enterprise that is present in another country. It refers to direct investment equity flows in the reporting economy, which is the sum total of reinvestment of earnings, equity capital, and other classes of capital. The standard criterion for determining the presence of a direct investment relationship in an economy is the 10% ownership or more of the ordinary shares of voting stock by a foreign owner. It plays an important role for developing countries like Nigeria as source of employment opportunities. As a result of this, to earn an inflow of FDI and a reasonable rate of return, it is important the authorities promote a levelled ground to operate, a healthy private sector, and an enabling environment. Nigeria in 2012 received foreign direct investment inflow in value of US\$85.73 billion, many of which were from Nigerians abroad, where a large

proportion of the FDI flows were directed toward the banking sector and energy. Economies intending generating employment availability within its local structures need to harness inflow of capital. Adversely, the Nigerian Enterprise Promotion, NEP Decree of 1972 which was intended to reduce foreign investments, was consequently revised in 1977 to allow for growth of local ventures in the economy. A policy of this sort in an economy with an existing and rapidly growing work force like Nigeria was not relevant. The termination of the NEP decree of 1972 was a welcomed move in the right direction. Although, to promote indigenous businesses and entrepreneurship was the rationale for such promulgation at that period, but the decree or any foreign exchange control policy would not be relevant in the prevalent economic condition that was geared and targeted towards discouraging foreign investment. Developing economies have to consider measures such as constituting a transparent legal framework, that does not discriminate between foreign and local investments or investors, such economy that desires to attract FDI flows, the government should put structures and policies in place for fair and healthy competition, create simple investor-friendly regulations cum institutions and effectively administer them, adopt liberal foreign exchange mechanisms without huge gaps between official and market exchange rates. Conventionally, a stable political environment is of critical importance to FDI inflow in an economy, more importantly, the abrogation of the Exchange control act of 1962 and the Nigeria Enterprise Promotion Decree of 1989 as stated in the 1995 budget, the convertibility of Naira, the relaxation of the control on remittances of technical fees and profits, are the kind of welcomed reforms that can promote inflow of FDI.

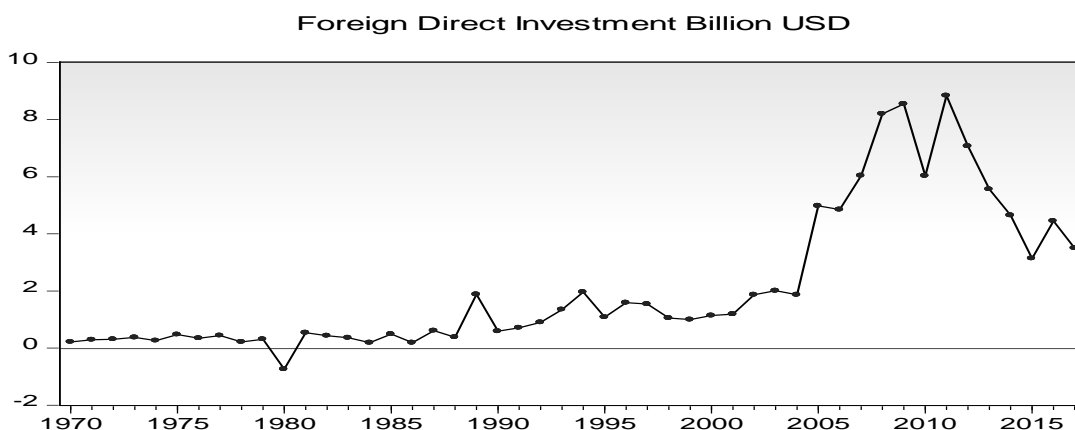


Figure 25: The values for Foreign Direct Investment (FDI) in US\$ billion from 1981 to 2016 in Nigeria. (Source: Constructed from data on Nigerian Foreign Direct Investment, FDI from The Global Economy)

From the graph above, it shows investment value was all-time low in 1980 at US\$-0.74 billion while it was highest in 2011 at US\$8.84 billion. In Nigeria, one of the reasons for low level of FDI has been political instability, intermittent military dispensations, all various coups and counter coups from 1966 during military regimes, the grievances and politically motivated riots aftermath of the never-ending political instability all play germane roles in an environment that is neither investment-enabling nor investor-conducive. Conversely, Nigeria must grapple with its decaying facilities cum social amenities and poor regulatory structures as the nation have huge positive opportunities as both regional and global market player which will suffice for structured investments and as a viable investment ground. Outside the energy sectors, profitable markets like telecommunication providers have developed under aegis of the government reform programs. A growing concern is gaining momentum that foreign investment is germane for Nigeria to realize its full but dented potential. European investment is increasing in the country, an example is Genco, the Belgian consultancy company exploring the Nigerian market. To succeed however, potential investors need establish a local presence and make a good choice of local partners and grapple extensively with the local terms cum conditions, and business practices obtainable. Nigeria as a viable market economy, therefore companies interested in joint ventures and long-term investment, will find market opportunities especially those that use available local raw materials. Nigerian Government is fully aware that, ensuring security

of lives and properties, maintaining democratic principles, rebuilding and maintaining infrastructural facilities are key in the economy to attracting foreign direct investments and therefore must seek to pursue these.

3.1.11 Nigerian Stock Market and its Capitalization

The Nigerian stock exchange, NSE in Africa is the second largest and it is very effective and runs a 24-hour operation, listed in London Stock Exchange, LSE and recognized by many Chambers of Commerce. In Nigeria and other countries, the stock market capitalization is measured as total number of shares traded on the stock exchange market multiplied by their price. It measures the size of stock market in any economy and it is accounted as percentage of GDP to examine the stock market size comparatively with the economy size. A well-developed stock market should possess stock market capitalization of about 50% share of the GDP, it could be zero in countries where stock market rarely does exist or function. Spanning the period 1993 to 2017, for stock market capitalization as share of GDP, Nigeria had its minimum value of 4.02% in 2002 while it had maximum of 51% in 2007 as illustrated in the chart below. However, a huge stock market capitalization does not actually mean the stock market is very active, a market may be comprised of large firms and companies whose stocks or shares are rarely traded and vice-versa. Whereas market value traded, also known as market capitalization is price of the shares traded on the stock market multiplied by number of outstanding shares, including their various classes for listed local companies. They are end of year values in unit trusts, investment funds, but excluded are companies whose business objective is to hold shares of other listed companies, the values are calculated as percentage share of GDP, as shown also on the chart below, from 1993 to 2017 in Nigeria, it was at its lowest value of 1.07% in 1995 and highest value at 34.79% in 2008. The stock market capitalization of listed companies by the Nigerian Stock Exchange was valued at US\$97.75 billion on February 15th 2008.

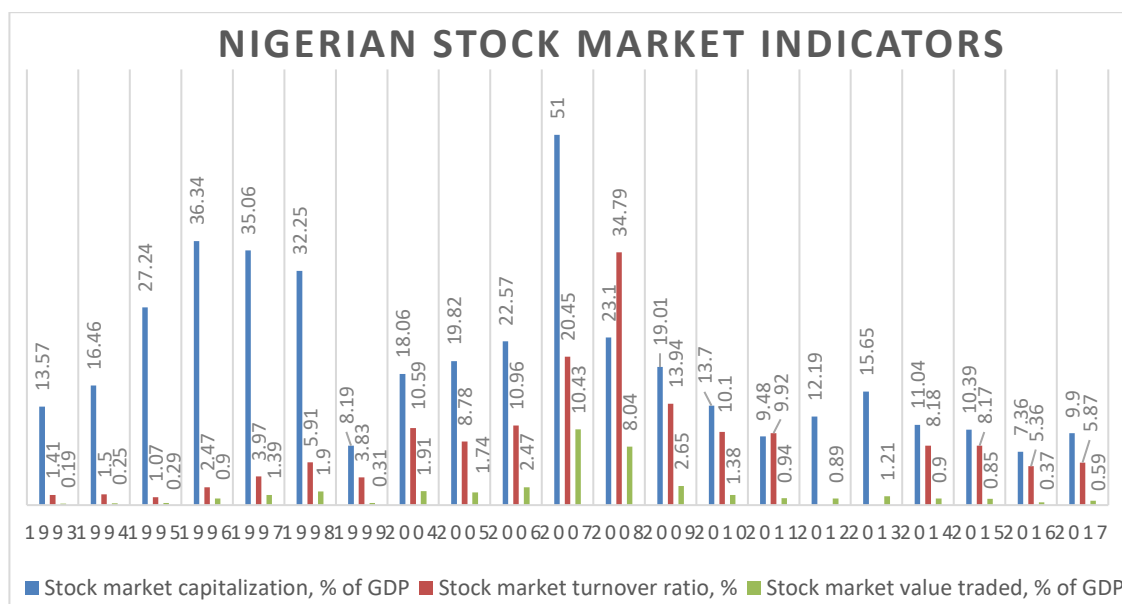


Figure 26: The stock market capitalization as percentage of GDP, Stock Market Turnover Ratio and Stock Market value traded as share of GDP, all respectively in percentages from 1993 to 2017 in Nigeria. (Source: Constructed from data on Nigerian stock market from The Global Economy).

In Nigeria the stock market turnover ratio in percentage is another good indicator of the functional existence of an active Stock Exchange Market, the turnover ratio in Nigeria is the value of all stock market trades divided by the market value of all listed companies. Values are annualized in percentages and by multiplying the monthly average by 12, it is also the value of total domestic shares traded divided by their market capitalization. From the chart above and for the period 1993 to 2017, Nigeria had lowest value in 1993 with 0.19% with the highest value of 10.43% in 2007.

3.1.12 Contribution of Services Sector in Nigeria

In services output, Nigeria is positioned as first in Africa and ranked 27th globally, Nigeria's banking sector has recorded significant development in recent years, aftermath of acute financial and sustainability distress in mid-1990s, more importantly as new banks enter the financial market. Presently, Nigeria possess a highly developed financial market and financial services sector, with the combination of domestic and international banks, insurance companies, pension fund schemes, brokerage houses, private equity funds, asset management firms, brokers and investment banks. The private sector-

geared economic growth still experiences drawbacks, due to lack of due process, non-transparent system or economic decision-making capacity, high cost of doing business in Nigeria, inadequate market structures, the need to duplicate essential infrastructures, and lagging framework in government contracting. More importantly, corrupt practices go unabated, but the status quo is better now as there are signs of improvement unlike the military era, meanwhile since 1999 the Nigerian stock exchange market has been witnessing strong performance as equity is more utilized by the private sector which is the means to enhance corporate growth.

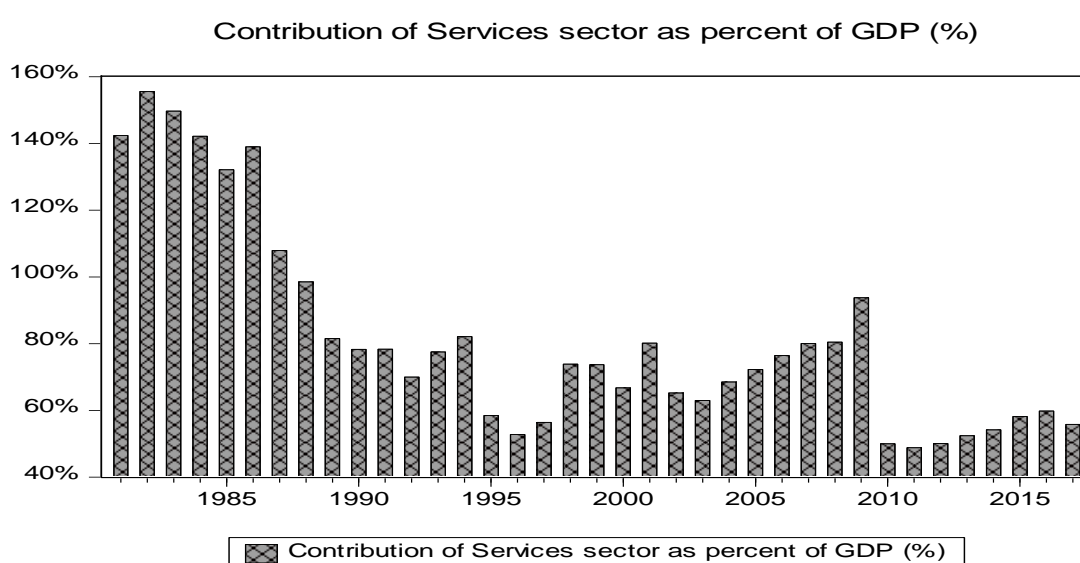


Figure 27: Services sector's value added as percentage of GDP from 1981 to 2016 in Nigeria. (Source: Constructed from data on Nigerian services sector's value added from The Global Economy)

Importance of services in Nigerian economy or other countries is calculated as the services valued added as percentage share of GDP, the services sector which include financial services, wholesale and retail trade, education, health care, transport and real estate. Value added as percentage of GDP in the services sector was all time low in its contribution to GDP in 2011 with the value of 48.8%, while it was highest in 1982 with 155.55%. Nigeria owns one of the fastest growing telecommunication markets in the world, with key market operators and providers having in the country their most profitable head offices, such as Globacom, MTN, Airtel, recently Nigerian government has commenced enlargement of its telecommunication infrastructures to space-

based technical facilities, the country launched and has a space satellite monitored and administered from Nigerian Space Research and Development Agency Headquarters in Abuja, the capital territory.

3.1.13 History of Manufacturing and Industrial Sectors in Nigeria

Manufacturing is an important part of the industrial sector of an economy. In recent years, Nigeria as a country has been embracing industrialization, the country possesses manufacturing industries that include textile and leather plants in Lagos, Abeokuta, Onitsha, and Kano. Nigeria now have a locally-owned auto manufacturing company with plant located in Newi called Innoson Vehicle manufacturer, it produces Rapid Transit Buses, SUVs and trucks with an intention of the introduction of car production. Meanwhile, it also makes processed food, plastics and T-shirts as part of their products. Presently the local vehicle manufacturer, Innoson Motors is producing for English truck producer, Bedford, now a subsidiary of General Motors, as well as car for the French car producer, Peugeot.

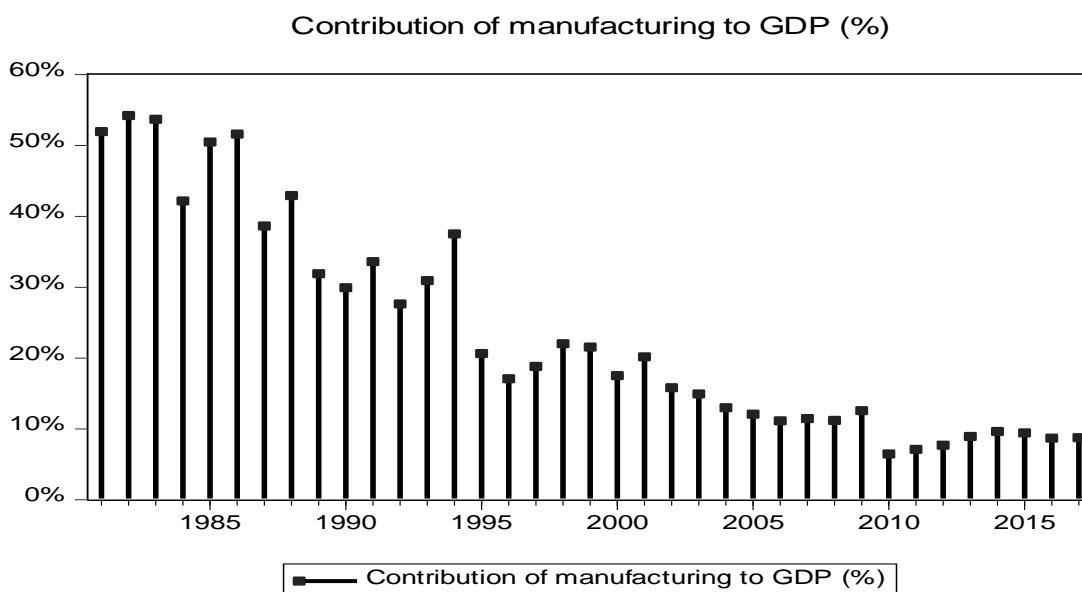


Figure 28: The percentage contribution of manufacturing to GDP from 1981 to 2016 in Nigeria. (Source: Constructed from data on Nigerian manufacturing contribution to GDP from The Global Economy)

The importance of manufacturing in the Nigerian economy or any country is the value added of manufacturing as percentage of GDP. From the graph and for the period 1981 to 2016, the manufacturing sector's value added as share

of GDP was at its lowest of 6.45% in 2010 and had its highest contribution of 54.21% in 1982.

In Nigeria, 2013, some foreign vehicle manufacturers present in the country made plans to have production plants set up in the country after a policy was introduced regarding import duty on vehicles to encourage indigenous producing company. In terms of local production, Aba city, well known for its handmade products popularly known as Aba-made, it is a city in the southeastern part of the country. Nigeria had its first branded Electronic Manufacturer called Zinox, it also makes tablets and PCs, and presently are some others but few indigenous electronic appliances and gadgets producers in the country. Lagos state is considered as the present industrial hub, followed by Ogun, as most factories are located in and around these states and more to move there due to proximity to raw materials and consumers or end users.

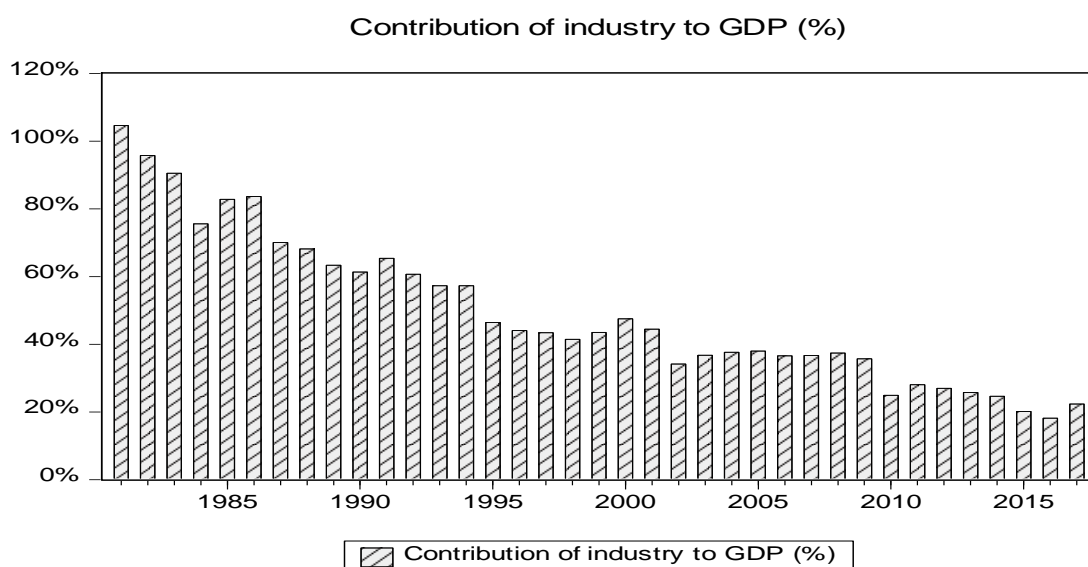


Figure 29: The percentage contribution of industry to GDP from 1981 to 2016 in Nigeria. (Source: Constructed from data on Nigerian industry and its contribution to GDP from The Global Economy)

Importance of industry in the economy is measured as value added of the industrial sector as percentage contribution to GDP, the industrial sector comprises manufacturing, construction, mining, electricity, water, energy and gas firms and industries. Value added as percentage of GDP in Nigeria by the industrial sector was at its lowest value of 18.17% in 2016 while its highest

value was achieved in 1981 at 104.64% from the period 1981 to 2017 as indicated in the graph above.

The Iron and steel industry are another important manufacturing industry in Nigeria which developed as a result of government integrated funding project in the industrial sector, with the recognition of the industry as important in driving and developing local production of goods between the periods 1979 to 1983. The Nigerian government started the iron and steel through the intervention of construction of various steel rolling mills, when a viable iron and steel industry was forecasted to reduce demand of foreign currency used towards importation of steel products. The government then kick-started iron and steel production following the discovery of iron deposits by 1950 in now Kwara State, when the Nigerian first Republic and democratic government started mapping out operations, strategies and planning for indigenous production of steel and iron rods. Initially, the government refused proposals submitted on steel production from foreign companies, which was due to insufficient cum local technical know-how concerns and about market demand. Consequently, the process of use of direct blast furnace as viable method of production in the country was proposed by a Soviet Union technical group in 1967. Therefore, Nigerian Steel Development Authority in 1971 was constituted to train students in iron and steel production to make available necessary and sufficient technical know-how in the country, and to fashion plans for iron and steel products cum projects. The mill was set up and was actually planned to manufacture finished billets more than processing into iron rods or wire, the factory utilized the technological process of electric arc furnace steel making. Further exploration of the iron ore resources and deposits by the Soviet Union firm known as Technopromexport, around the Itakpe region of the now Kogi State resulted in commercial quantities production. Then in 1979, the government signed the agreement for the construction of another steel plant in Ajaokuta with the same Soviet construction company, Technopromexport therefore, steel making infrastructure attained a higher stage with commissioning of first phase built in 1982, the Aladja Steel complex in Kogi, with an amount approximated to 922 million naira. Meanwhile, excess of the billets produced and the remainder

were distributed to other three rolling mills in Jos, Osogbo, and Katsina. The capacity of production in the rolling mills were put into different phases, the three mills produced rods at three phases, at an hourly estimated production of thousands tons of rods daily as the first phase, while a second phase was projected at a production rate of finished products and were several thousands of tons per month, and the final phase production of per year, all these were in hundred thousands of tons produced from the mills and their phased production capacities, an addition to income generated from federal government's capital expenditures in the manufacturing cum industrial sector. Some of these mills are still producing and there has been entry of private companies in the iron and steel industry thereby enhancing the sector.

CHAPTER 4

RESEARCH METHODOLOGY

IMPLICATION OF BOKO HARAM INSURGENCY ON NIGERIA ECONOMY

4.1 Methodology

Research methodology which are the bases, techniques and representations a study uses to justify its findings, hypothesis or topic. So, this section takes a look at the impact of Boko Haram terrorism on the Nigerian economy and the numerous sectors that have been affected largely by the insurgency. Therefore, the methodology used to pinpoint and highlight the adverse effect of the terror on the generality of the Nigerian economy and sectors are facts, figures and data, with use of graphical representations of existing data. Using data of main GDP components and indicators in Nigeria to enunciate the effect of the terrorism by comparing with the real GDP. This study takes each GDP indicators into observation relatively to the GDP looking at their contributions to economic growth represented by real GDP, its percentage change. The evaluation is basically using data gathered from various sources by making use of resources more from TheGlobalEconomy.com under the section of Nigerian data, domain as TheGlobalEconomy.com to showcase the acute implication of the insurgency. More so, the methodology employs data from the St. Louis Federal Reserve Bank, Central Bank of Nigeria, including figures and illustrations from the detailed 2015 report of Global Terrorism Index, GTI. The available GTI 2015 study, is the third edition work which provides detailed evaluation and report of key global patterns and trends in terrorist activities spanning the past 15 years (2000-2015) with a critical attention from the year 2014. Published by the Institute for Economics and Peace (IEP), the report is

pivoted on information sourced from GTD, Global terrorism Database gathered by the National Consortium for Study of Terrorism and Responses to Terrorism. The data collected are considered the most detailed dataset on terrorism and its activities globally collecting over 140,000 terrorist incidents. Advertently, this section of the study seeks to juxtapose the rationale behind why Boko Haram was declared a terrorist organization in 2014, followed by the implication of the declaration on the economy of Nigeria, even though Boko Haram has had its operation commenced since 2009. Additionally, this work evaluates the core effect of the Boko Haram terror of 2014 on the economy particularly, its effect which was more pronounced aftermath its declaration as terror group, using data, figures and graphical illustration to back the topical stance. More importantly, it further juxtaposes and enunciates that Boko Haram was one of the main causes of the economic recession witnessed in the Nigerian economy through year 2016 to second quarter of 2017. Justifications used are key sectors, economic and GDP components, indicators and contributors, their percentage contribution to GDP, their value added cum share of GDP mostly in US billion dollars, and the percentage change in the indicators calculated relative to the previous period for proper and effective evaluation of the impact and implication of terrorism on the macro-economy of Nigeria. Also, figures used in all the graphical illustrations are available from the websites mentioned above for record purpose, comparison and verification, more so, the graphs are constructed from the available figures using EViews. The target year of focus for this work is actually the effect after 2014, but it also evaluates the effect before and from 2009-2010 the start of the terror as an insurgency, but more focus on the effects after the intensity of 2014 Boko Haram operations.

4.2 Rationale Behind Boko Haram Being Declared a Terror Organization

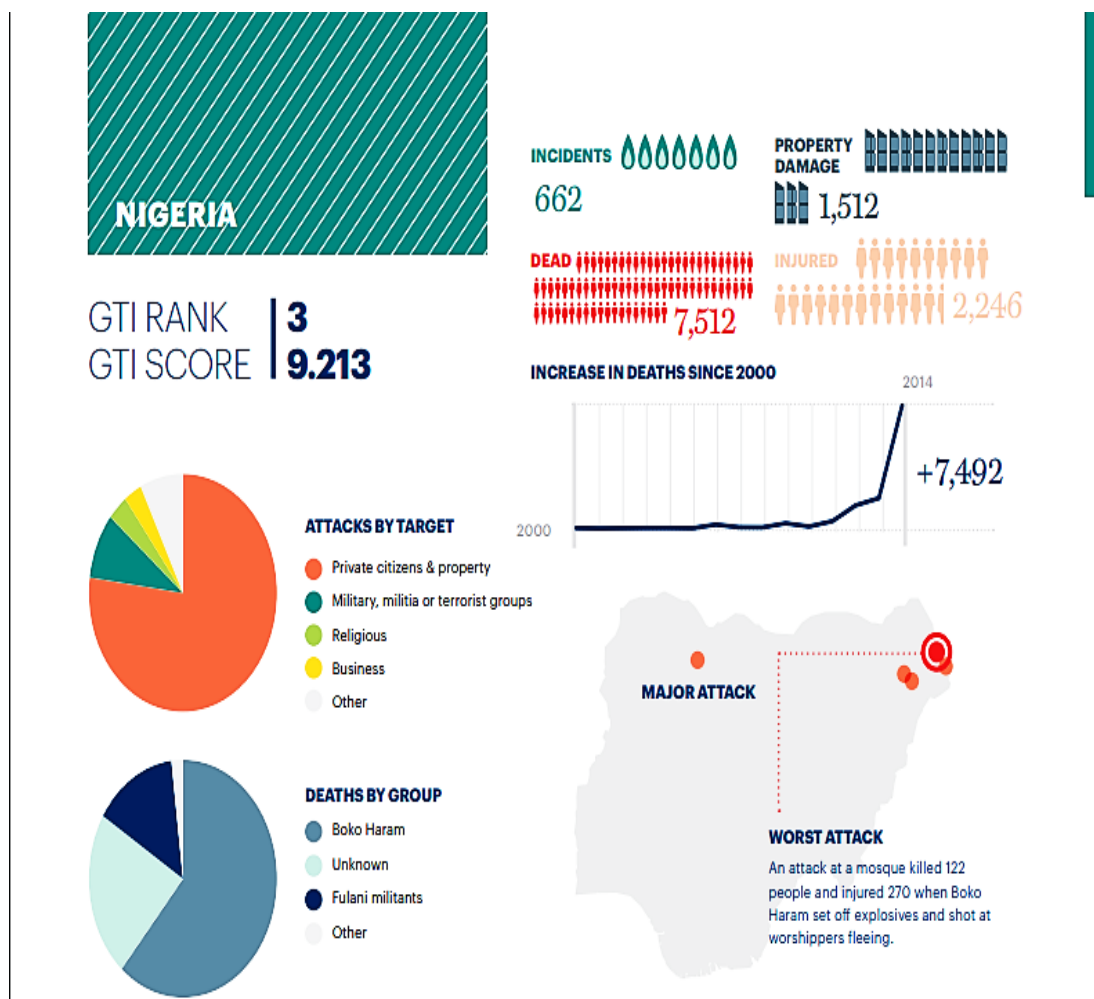


Image 3: Nigerian terrorism ranking, summary and highlight from GTI 2015 ranking and reports. (Source: Global Terrorism Index, GTI 2015 page 22)


As stated in the Global Terrorism Index of 2015 which was a detailed study on terrorism aftermath the terror witnessed globally by various terror groups around the world. The GTI report is known to provide a comprehensive critical analysis and evaluation of the changing trends and patterns in terrorism from year 2000 for about 162 nations. The study investigates the changing trends of the terror by modes of attack, organizations carrying out attacks, national economy affected, the geographical location cum activity and the political interests if any. The GTI has been evaluated alongside range of socio-economic variables to determine factors that correlate statistically to terrorism. It also highlights how terrorism is on the rise. Pinpointing that absolute number

of deaths in 2014 due to terrorism rose to 32,685 comprising an 80% increase from the preceding year of 18,111 death casualties, making it the highest ever attained, most of which about 78% occurred in just five countries, Syria, Afghanistan, Iraq, Pakistan and Nigeria.

2013 was first seen as a year of terror until when all the terrorists' organizations unleashed terror in their various places of operations targeting military and civilians. Consequently, this was part of the reason why the IEP conducted a comprehensive evaluation and study with implication of their attacks and operation on the economy of their various targets and domicile nations. Though, some nations experienced more attacks while few experienced upsurges in the insurgency and some economies were lucky to witness reduction in terror activities. But, Nigeria as a country was one of the countries where terrorism experienced an upsurge in operation of its domicile and resident terror organization, Boko Haram, which has also spilled into neighboring countries sharing border with the Northeastern part of Nigeria, witnessing frequent attacks, causing casualties and deaths tolls skyrocketing mainly in the core north where their operations and activities are based. The increase in their nefarious activities was what spurred key nations which have earlier relented on declaring the organization a terror group due to long pacification by the Government of Nigeria, but took the step to the effect because of the broadcasted activities of the terror group. The aftermath of the declaration of Boko Haram as a terrorist organization was what actually affected the Nigerian state and it witnessed a serious economic setback due to the fact that most countries that declared the insurgents a terror threats are key global players and important trade partners with Nigeria. And this has had adverse effect on the economic growth of Nigeria, with the economy plunging into recession in 2016 which actually started with a downturn from 2015 from the aftermath of the declaration. 2016 was the worst hit from what has actually commenced since the end of 2014 into 2015, which eventually caused Nigeria a dive into economics recession for the 2016 fiscal year which spanned the whole financial year into the second quarter of 2017, when the country exit recession. Up till the end of 2017 Nigeria was still battling with economic growth which has been very slow and lagging. Below is an illustration of one

of the important indications of the terror unleashed by terrorists around the world, pinpointing, the actual date, the terrorist group responsible for the attack, the exact location and country, with the number of victims (fatalities) and the description of the attacks, Nigeria had almost 50% of the occurrences from its border.

THE TWENTY MOST FATAL TERRORIST ATTACKS IN 2014



DATE	COUNTRY	CITY	FATALITIES / INJURIES	GROUP	DESCRIPTION
10/06/14	Iraq	Badush	670 / 0	ISIL	Assailants stormed a prison, released the Sunni inmates and killed 670 Shiite prisoners.
03/08/14	Iraq	Sinjar	500 / —	ISIL	Assailants attacked Yizidi civilians in Sinjar town. At least 500 people were killed and 300 women were kidnapped in the incident.
05/05/14	Nigeria	Gamboru Ngala	315 / —	Boko Haram	Assailants attacked residents and buildings with firearms and explosive devices in Gamboru Ngala town. At least 315 people were killed, an unknown number were injured, and numerous buildings were destroyed in the attack.
17/07/14	Syria	Palmyra district	310 / —	ISIL	Assailants attacked National Defense Force soldiers and then the Shaer Gas Field in Homs governorate. In addition to 40 assailants, 270 people were killed. An unknown number were taken hostage during the attack.
17/07/14	Ukraine	Hrabove	298 / —	Donetsk People's Republic	Assailants launched a surface-to-air missile at a Malaysia Airlines aircraft, travelling from Amsterdam city to Kuala Lumpur city, near Hrabove village. 298 people were killed. The Donetsk People's Republic claimed responsibility for the incident.
15/04/14	South Sudan	Bentiu	287 / —	Sudan People's Liberation Movement in Opposition (SPLM-IO)	Assailants attacked a mosque being used as a civilian shelter and abducted a number of people in Bentiu town. This was one of five attacks in Bentiu town on this day.
14/03/14	Nigeria	Maiduguri	212 / —	Boko Haram	Assailants attacked the Giwa Army Barracks and a University of Maiduguri hostel in Maiduguri city. An unknown number of prisoners, who were being held at the base, were freed as a result of the attack.
17/09/14	Nigeria	Konduga	201 / —	Boko Haram	Assailants attacked Konduga town, Borno state, Nigeria. At least 201 assailants were killed in the attack.
13/05/14	Nigeria	Kalabalge district	200 / —	Boko Haram	Assailants attacked residents and buildings in Tsangayari village. Residents repelled the attack, killing approximately 200 assailants.
05/04/14	Nigeria	Galadima	200 / —	Fulani militants	Assailants opened fire on community leaders and residents that were meeting in Galadima village. At least 200 people were killed and an unknown number were injured in the attack. Sources attributed the attack to Fulani assailants.

DATE	COUNTRY	CITY	FATALITIES / INJURIES	GROUP	DESCRIPTION
16/12/14	Pakistan	Peshawar	157 / 131	Tehrik-i-Taliban Pakistan (TTP)	Assailants detonated an explosives-laden vehicle and then stormed the Army Public School in Peshawar city, Khyber Pakhtunkhwa province, Pakistan. At least 150 students and staff were killed and 131 were wounded in the attack. All seven assailants were either killed by security forces or detonated their explosives-laden vests.
13/05/14	Nigeria	Garawa	151 / —	Boko Haram	Assailants attacked residents and buildings in Garawa village. Residents repelled the attack, killing approximately 151 assailants.
16/12/14	Iraq	Fallujah	150 / —	ISIL	Assailants killed 150 women who had refused to engage in a jihad marriage.
07/09/14	Iraq	Mosul	150 / —	ISIL	Assailants executed 150 former security members in Mosul city.
29/10/14	Iraq	Ramadi	150 / —	ISIL	Assailants kidnapped 150 members of the Abu Nimr tribe from villages near Ramadi city. The victims were executed and buried in Abu Ali al-Jasim area.
28/11/14	Nigeria	Kano	122 / 270	Boko Haram	Two suicide bombers and a roadside bomb detonated at the Grand Mosque in Kano city. Assailants opened fire on worshippers fleeing the explosions.
17/12/14	Cameroon	Am Chide	117 / —	Boko Haram	Assailants attacked soldiers and residents in Am Chide town. The assailants detonated explosives before descending on Am Chide, setting fire to houses and shops. At least 116 attackers and one soldier were killed in the ensuing clash with security forces.
15/02/14	Nigeria	Izghe	106 / —	Boko Haram	Assailants dressed in military uniforms attacked residents in Izghe village. This was one of two such attacks in Borno on this day.
06/09/14	Cameroon	Fotokol	101 / —	Boko Haram	Assailants attacked the border town of Fotokol.
17/05/14	Nigeria	Unknown	101 / 6	Boko Haram	Assailants attempted to take control of the Damaturu-Benishek-Maiduguri road in Borno state.

Image 4: Showing twenty most fatal terrorist attacks in 2014.

(Source: Global Terrorism Index, GTI 2015 pages 12 & 13)

Nigeria alone accounted for 50% of the events that took place in 2014 and both Nigeria and Iraq are responsible for 53% of the total death from terrorism, mainly from Boko Haram and ISIL insurgency. Boko Haram which has pledged allegiance to ISIL, which is also known as Daesh, are both two most deadly terrorists' group, with Boko haram claiming 6,644 death to top ISIL with 6,074 which makes Boko haram the deadliest terror group ahead of ISIL from Iraq, in 2014 alone. The world is witnessing this and it is broadcasted putting them in the global scene. The more reason why nations concerned have decided to tag the insurgency a terror.

TABLE 1 TEN CITIES WITH HIGHEST FATALITY RATE FROM TERRORISM, 2014

CITY	COUNTRY	DEATHS FROM TERRORISM	POPULATION	RATE PER 100,000
Baghdad	Iraq	2,454	5,673,000	43
Maiduguri	Nigeria	431	1,112,000	39
Mosul	Iraq	510	1,740,000	29
Peshawar	Pakistan	304	1,219,000	25
Donetsk	Ukraine	102	1,025,000	10
Kabul	Afghanistan	206	3,044,000	7
Kano	Nigeria	184	3,626,000	5
Odessa	Ukraine	46	1,002,000	5
Karachi	Pakistan	374	11,624,000	3
Kaduna	Nigeria	46	1,582,000	3

Image 5: Showing the ten cities with the highest number of fatality rate arising from terrorism in 2014. (Source: Global Terrorism Index, GTI 2015 page 32)

Nigeria actually accounts for three cities out of all the ten cities throughout the world with highest fatalities in 2014 from global terrorism. The nation has seen Boko Haram putting it on the frontline of danger zone. Which means Boko Haram is responsible for 33.3% of cities plagued with fatalities arising from terrorism. As a result of terrorist's events, economic agents face impacts arising from losses in human and physical costs, wherefore, through their instant responses to shocks from terrorism, they may be affecting the economy negatively.

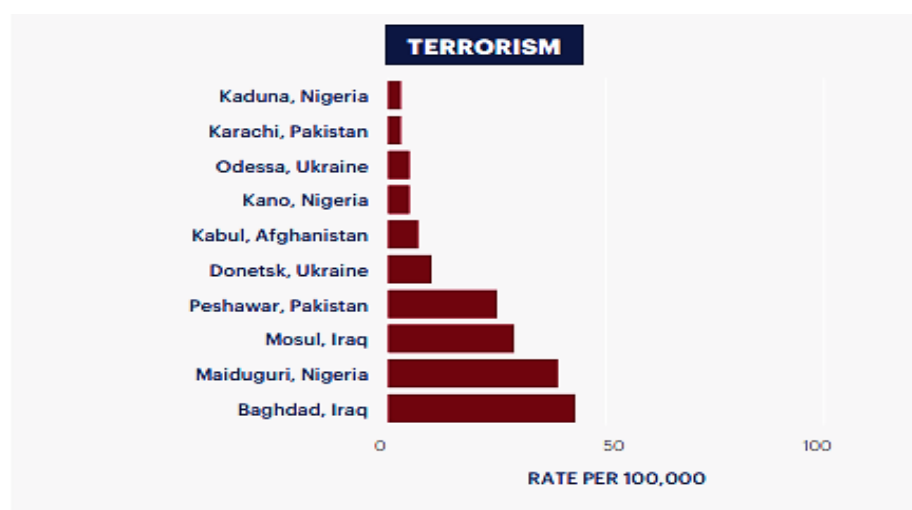


Image 6: Showing attacks from 2000-2014 and rate per 100,000 of victims affected by terrorism in 2014 from cities around the world. (Source: Global Terrorism Index, GTI 2015 page 31)

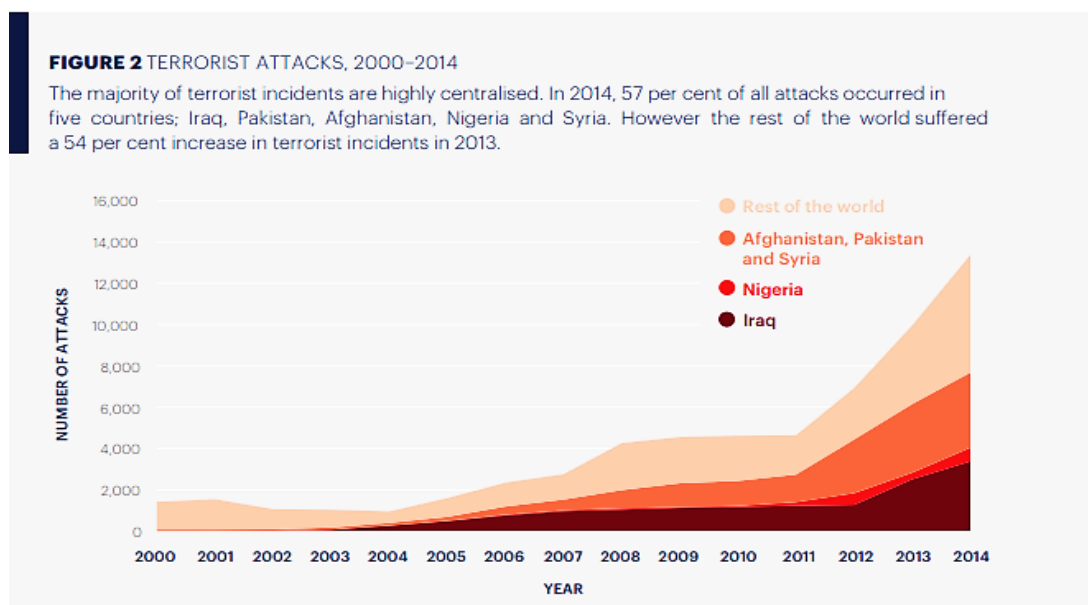


Image 7: Showing attacks from 2000-2014 and rate per thousands of victims in the most affected countries from terrorism. (Source: Global Terrorism Index, GTI 2015 page 15)

The total estimated number of killed in year 2000 resulting from terrorist activities rose from 3,329 to 32,685 in 2014, in accordance with an estimation by the institute for Economics and Peace in November 2015. Much of the deaths are concentrated in five countries in which Nigeria ranks the second most affected, but took the number one position for 2014. More than 50% of the incidents are attached to Boko Haram and ISIS, also known as Islamic State or ISIL.

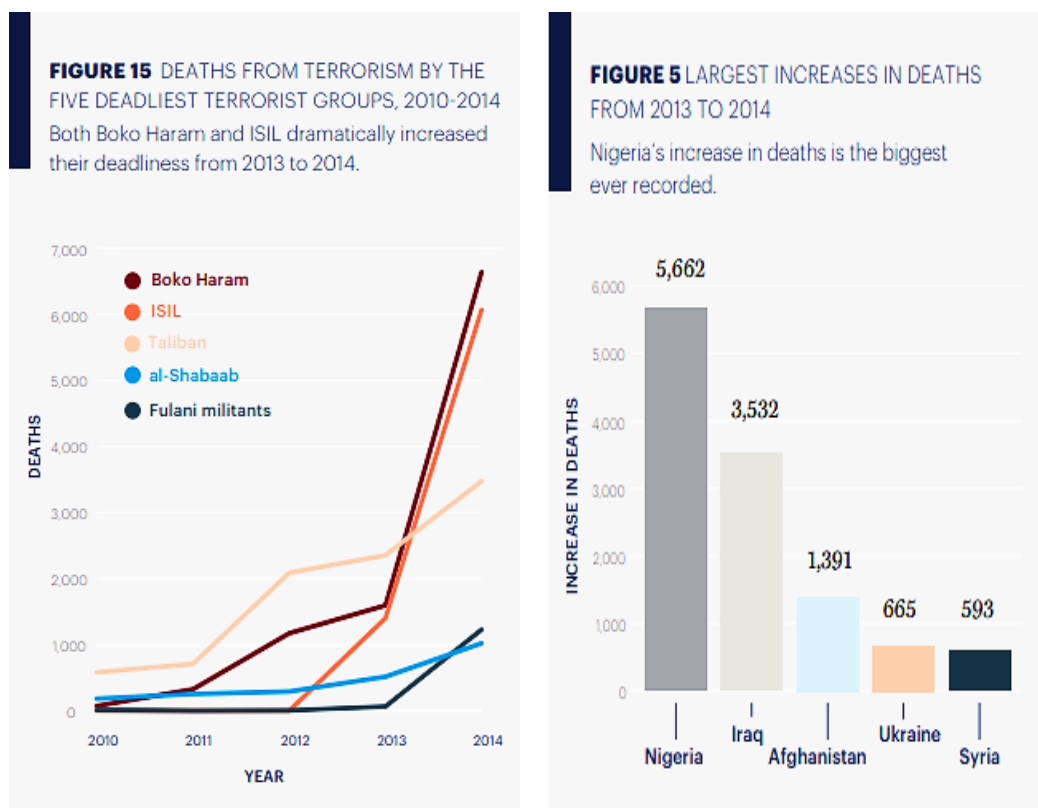


Image 8: Showing cities with largest increase in death from terrorism in 2014, and deaths from five deadliest terrorist groups from 2000-2014. (Source: Global Terrorism Index, GTI 2015 pages 39 & 18)

Boko Haram's operations and attacks have witnessed an increased intensity, making it the deadliest organization overtaking ISIL, number of deaths attributed to the group alone increased to 6,644 in 2014 by 317%, while ISIL accounts for 6,073 deaths by terrorism. Both groups are responsible for half the deaths approximately 51%. In 2014, Nigeria experienced the largest increase in deaths out of 7,512 fatalities from terrorism. More so, Nigeria harbors two out of the five most popularly dangerous groups, Fulani militants and Boko Haram. Boko Haram has actually succeeded in placing Nigeria in every group of danger list. Sequel to all these occurrences and happenings in 2014, as obviously reflecting from the above illustrations from GTI study reports, were the reasons why after the earlier tagging of Boko haram as a terror group, firstly, by New Zealand in 2012 followed by United Kingdom and United states together in 2013, three more key global players moved towards the purpose including United Nations as an organization, as shown in the table below. Bearing in mind that these countries are the sources and repatriating

homes to most of the globally renowned transnational cum multinational corporations, (TNCs, MNCs), known for foreign direct investments which cut across all nations worldwide, while some of the declaring nations are also major trade partners of Nigeria. UK is Nigeria's biggest trading partner in Europe, while USA is the Nigeria's most important oil trading country. Though, India is said to be replacing US as Nigeria's largest oil buyer. With exceptions to China and other world powers which are yet to name the organization a terror group, China is a major Nigerian trade partner in Asia after India. Therefore, these moves by this league of nations significantly impacted a negative effect on Nigeria's economic stability and growth and this is reflective in the following years with economic downturns after 2014, reflecting in trade relationships and evident in trade balances relative to imports and exports paradigm, which saw decline in value added, even in their contributions to the GDP of Nigeria after 2014. This work will be pinpointing this effect which actually commenced in 2015 and translated into economic recession in 2016. The resultant effects of the declaration are the rationale for the recession and the detrimental effects on the economy.

Table 4: Showing dates when nations and organizations designated Boko Haram as a terrorist organization

Country/Organization	Date Boko Haram was declared Terror Group
New Zealand	2012, August 20 th
United Kingdom	2013, July 10 th
United States of America	2013, November 14 th
Canada	2013, December 24 th
United Nations	2014, May 22 nd
Australia	2014, June 26 th

United Arab Emirates	2014, November 15 th
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(Source: Wikipedia; Boko Haram; International Responses)

If the declaration comes from UN;

1. The WTO and nations will stop all forms of trade with the country including sales of arms and weapons and this includes China.
2. All forms of financial aid from organizations like IMF, World Bank will stop.
3. Restrictions would be imposed by various nations on their respective citizens to visit the tagged country, thereby affecting the tourism industry of the troubled nation.
4. Flow of international financial aid from all quarters would be terminated. With no trade, aid or support, terrorist-inflicted economy may collapse or contract in due time.
5. Multinational and Transnational Corporations (MNCs, TNCs), foreign direct investment's intentions or ventures may experience forfeiture or withdrawal.

If the declaration comes from a Nation;

1. All trades with the target country will cease, although, the country will experience some loss financially but the loss on terror-troubled country would be much.
2. No visa will be issued either for tourism or medical purpose. There will be absolute stop for visits to and from target country. They may close their embassy in the country and may send back their diplomats too.
3. The declaring government will halt all the flow of financial and economic help that has been provided to the inflicted country.

4.3 The Implication of Boko Haram Tagged as a Terrorist Group

The impact of war and terrorism is always detrimental to an economy, the resultant destruction is the more reason why, viable economic resources that could have generated valuable goods and services would be destroyed, more so, important resources therefore are diverted from constructive or productive use in fortifying military, security and defense. These does not create wealth,

income or add to living standard of the citizenry of terrorist-infested nations. The wars in Iraq and Syria have devastated both economies causing a colossal amount of damages to key infrastructures, causing high unemployment, labour migration and inflation. GTI submitted that, the trend may likely continue in both nations unless stability is achieved. Although, Enders and Sandler (2008), from their studies of the effect of terrorism on economies postulated that terrorism does not affect economy of a nation, particularly, developed nations belonging to the league of OECD, but studies from Global Terrorism Index, GTI 2015, illustrates that Iraq one of the most affected country by terrorism lost a lot due to the resident terrorism in its domain. Advertently, from studies conducted by Institute for Economics and Peace, IEP, enunciated that Iraq lost amount totaling US\$159 billion dollars from 2005 in GDP, PPP to 2014 due to terror in its border, as shown below.

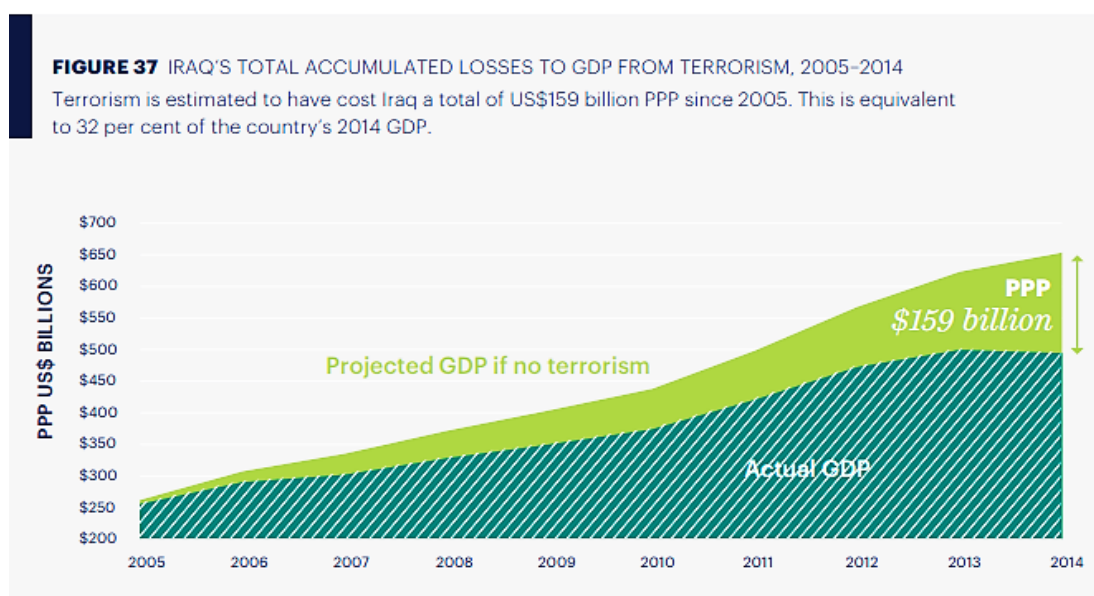


Image 9: showing Iraq lost a lot to terrorism in its economy to the tune of US\$159 billion as GDP, PPP from 2005 to 2014. (Source: Global Terrorism Index, GTI 2015 page 66).

Substantial costs are incurred relative to terrorism, as the activities not only cause tangible and intangible cost for the victims, but instigates local and national governments in spending billions on detection and prevention of terrorism, more so, on prosecuting and punishment of insurgents. GTI posits that the cost of curbing terrorism is significantly higher to the direct costs of the terror. Figures from IEP totals about US\$117 billion expenditure on global security. These expenditures are targeted at counter-terrorism and to provide

support for other forms of global security measures by various national security agencies. Globally, economic costs in 2014 consequent to terrorism reached the highest value ever attained at US\$52.9 billion, indicating a 61% rise from the prior year, and from year 2000 to same 2014, the cost was upped ten times. These expenditures are solely on defense and not on economic productivity. The Iraq economic loss paradigm, is a reflection of what has transpired in Nigeria's economic front, as a terrorism-troubled nation, experiencing significant drop in economic growth and eventual recession.

4.4 Implication of Boko Haram on Nigerian Economy

Global Terrorism Index reported that for nations facing frequent terrorist attacks and violence, the long-term economic effects can be visible and critical, this impact overtime in an economic system can have severe implications on the economy of terror-affected nations. The overall implication of terrorism on an economy can actually be understood when it is determined as to how the economy would perform without experiencing terrorism. Study by Blomberg et al. (2004), in illustrating these differences, reached a conclusion that the implications of terrorism on the growth of an economy are statistically significant but little for developing or less-developed countries but, not so for developed economies.

However, in advanced countries, terrorism is not likely to impact tangible long-term economic implications. Market systems in prosperous, viable economies have the characteristics to regain stability quickly due to rational consumer behaviour and resilience in the economy which overwhelm immediate disruptions. In actual fact, direct cost of terrorism on stable market economies like the Europe and United States may be small and insignificant. Economic trend indicates that markets of advanced countries, where security and stability are prevalent, are able to withstand resultant shock after terrorist attacks.

Consequently, GTI 2015 posits that reduced FDI inflows were consequent to terrorist activities in the 1980s and 1990s in the case of Greece and Spain, they were tantamount to US\$500 million to both countries. Same paradigm applies to Nigeria with substantial implication of terrorism on FDI in Nigeria, estimates highlighted that in 2010, FDI flows dropped by US\$6.1 billion due to

Boko Haram atrocities, representing a 30% decline from the year before. This is said to be further backed by a recent study from GTI 2015, which discovered that the most affected top ten countries had reduction in GDP growth rates ranging within 0.51 and 0.8%, where investment growth rate reduced around 1.3% to 2%. Similarly, like IEP calculated using statistical methodology to show Iraq lost US\$159 billion GDP, PPP since 2005. Sequel to this, explains the sharp decline in GDP in Nigeria from 2014 to economic recession of 2016 as illustrated in figure 10 in chapter three, indicating Nigeria's nominal GDP in current and constant US billion dollars from 1960 to 2017.

Actually, Boko haram has not had much of negative impact on the Nigerian economic sectors since the inception of its terror operation in 2009 due to the fact that their targets are basically political causing casualties in the death of civilians and military personnel, as they do not attack economic structures which can cause a serious disruption in economic activities as compared to 9/11 attack which saw America and the world losing a percentage of its GDP but was able to bounce back economically as a stable economy, Enders and Sander (2010). As the material and immaterial effects of terrorism are obvious, the long term or indirect economist costs of terrorism is insignificant on most economies, however, a complicated society security will probably have negative impacts on the growth or development of national economies as unproductive expenditures increase, hampering its significant economic growth. As indicated in year 2014 from figure 11 in chapter 3 above, showing the rate of change of real GDP, economic growth in Nigeria from 1960 to 2017.

The secondary or indirect economic effect of terrorism is the outcome of cross-dependent economic system in which terrorist attacks lead to the disorder of economic structures which are not direct targets of the attack. Frey et al (2004). Therefore, we will be examining every component, indicators and contributors of GDP and how terrorism and declaration from key trade partners have imparted the Nigerian economy, especially after the Boko Haram terror of 2014, looking at the relationship and the contribution of each GDP components immediately after the last declaration which occurred in November towards the end of the fiscal year 2014. And we shall be seeing the immediate effect of this

declaration. But in these evaluations, we shall be seeing the effects of terrorism and the declaration in economic indicators and contributory sectors, relative to GDP and economic growth. Therefore, we shall be examining relative decline in the contributions of different sectors to GDP and particularly the effects of the insurgency on these sectors and the overall economy of Nigeria by comparing every GDP contributors, components and indicators, their value added to and share of GDP, percentage contributions to GDP, growth rate cum percentage change, to illustrate the effects which took place after 2014 and showing overall economic reductions in 2015 to recession of 2016, and the gain in the economic growth by the second quarter of 2017 financial year.

4.5 Boko Haram Insurgency, one of the Root Causes of Nigerian Economic Recession in 2016

This work which also seek to justify and juxtapose that Boko Haram was one of the causes of Nigerian economic recession of the fiscal year 2016. Although, Some scholars have argued that Nigerian economic recession was caused by the global fall in the price of crude oil products, but a critical look at the pattern of GDP and economic indicators with the use of a graphical interpretation for better illustration and evaluation of the economic indicator's behaviors show vividly with figures and existing data that Nigeria economic problem started aftermath the 2014 terror and tagging of Boko Haram as a terrorist organization, which actually was in the same year 2014 when the world experienced a fall in global oil price. Nigeria was pictured overtaking South Africa in the value of its nominal GDP to become the largest economy in Africa and in the league of countries like Australia due to the value of the 2014 nominal GDP to take the position of the largest market economy in Africa by nominal GDP in the same year when global oil price actually started dropping mid-year. But that seemed to be the highest point Nigerian economy would reach before plunging into a decline then to recession. Actually, the fall in global oil price as captured by the Brent organization started in June 2014 lasting till December 2014 and then another percentage fall in 2015. But with the drastic reduction in the oil market globally from middle of the year 2014, Nigeria still reached the potential of overtaking a stable economy like that of South Africa in the same year to the position of largest economy by GDP, PPP.

This is illustrative in the Nigerian nominal GDP in current and constant US billion dollars spanning the period 1960 to 2017 from figure 10 above.

Economic recession as defined by NBER, National Bureau of Economic Research is a significant reduction in economic activities reflective across an economy and its sectors exceeding few months, which can be visible through whole-retail sales, industrial production, employment, real income and gross domestic product. Economic recession is basically a decline more than two-quarters of a financial year. Generally, the economic recession is characterized by a long-lasting increase in unemployment, drop in the stock market, and negative growth of real GDP, as shown in figure below.

The above definition shows economic recession is not only a function of trade (in oil products) or trade transactions, but taking into account all volatile sectors of an economy which can be affected by terrorism as postulated by Swindlers et al (2016), in their studies conducted. This shows why even though there was fall in oil prices and in the contribution of its percentage to Nigerian GDP, firstly, Nigeria reached a remarkable position as number one economy in Africa by GDP in 2014, before GDP and its contributors plummeted, also affected were non-oil sectors like manufacturing, industry, agriculture, services and the stock markets which all comprise the GDP of Nigeria, and international trade relative to imports and exports which saw decline from 2014 and part of which (not all though) was due to fall in oil prices, the main source of income for Nigeria. However, not all sectors can be affected by reduction in oil prices, but in these evaluations, we shall be seeing the effects of terrorism and the declaration in non-oil sectors relative to GDP and economic growth as an aftermath of the tagging of Boko Haram as a terrorist organization by important trade partners. An example below is the illustration of non-oil trade outlook in Nigeria from 2004 with a projection to 2019, showing reduction in non-oil transactions from 2014 with a steady decline through 2015 to negative value in 2016 before gaining increase in 2017, which indicates that sectors, industries and trades in goods or commodities which are not related or dependent on oil were on decline outside fall in global oil price, which is expected not to have significant direct impact on them. Obviously, the decline must have been caused by

factors non-related to the falling oil price, hence, the attendant presence of terrorism and the increase in the operations of Boko Haram in 2014 was responsible for the trade contraction.



Figure 30: Real Non-Oil trade for Nigeria, Percent Change from Preceding Period, spanning 2004 and projection to 2019. (Source: Constructed from data on Nigerian non-oil trade from St. Louis Federal Reserve Bank)

Nigerian exports were not only in decline due to oil sales but importation also saw a degenerating volume due to trade with these countries being severed. All these are illustrated in this work subsequently in this section of the study to show the impart of terrorism in a volatile sector and economy, with the illustrations of key GDP components and contributors, some of which are non-oil sectors, experiencing a decline in their value added and percentage contribution to the GDP of Nigeria, as one of the developing nations and a non-member of OECD. More importantly, Blomberg et al. (2010), in addition to Enders and Sandler (2004), have posited that developing nations not in the league of OECD can be affected by terrorism because they possess a non-stable economy, but with presence of long-term terrorist operations.

However, economic recession which is a decline of the gross domestic product for two months or two consecutive quarters of a fiscal year, and as GDP, which is the market price of all goods created within a country, takes into account new products that have not been produced before. More so, Nigeria experienced economic recessions because of a significant decrease in GDP value in the first and second quarters of 2016. Therefore, GDP data indicates

a decline of 0.36% in the first quarter, while the second quarter saw -1.5% drop. Though, it gained some growth in the fourth quarter of 2016 at 0.8% but Nigeria did not exit recession until second quarter of 2017 as represented in figure 11 in chapter three, demonstrating the rate of change of real GDP, which is Nigeria's economic growth, for the years 1960-2017. Therefore, we shall be examining each GDP components, contributors and indicators, more so, are different sectors in the economy and how Boko Haram terrorism has adversely affected and imparted a negative effect on them relative to GDP and economic growth, particularly after 2014 with a more critical look for the effects which are obvious from 2015, the year which is both succeeding 2014 when Boko Haram was tagged a terrorist organization and preceding the year of recession 2016, to the exit of recession in 2017, evaluating the impact of the terror on the overall Nigerian economy (macroeconomy), in these financial cum fiscal years.

4.5.1 Effects of Boko Haram on National Income, Growth and GDP

In a study of the relationship between economies and terrorism conducted but published by Journal of Peace Research in 2013, evaluated how terrorism affects growth of an economy, submitted that terrorism is discovered to adversely affect Islamic and African economies after the cold war period due to factors like attendant high levels of unstable polity, low levels of transparency in the polity, poor economic order and acute terrorism in those countries.

While from GTI, terrorism seem to have effect on economic output, it is actually obvious in nations witnessing several attacks. Terrorism usually surfaces in countries with poor and low level of growth, capacity building and economic structure. In such economic stance, terrorism can have substantial impact on performance, national income, investment capacity and growth. Economies infested by terrorism are said to have their FDI, GDP and economic growth inflicted, but little effect experienced in other countries. This is said to be further backed by recent study of GTI 2015 which uncovered that most negatively impacted nations particularly those in the first ten witnessed GDP growth rate decline around 0.51% and 0.8%, whereby investment growth capacity reduced

by say 1.3% to 2%. Similarly, IEP also submitted that Iraq since 2005 lost a lump sum amount of US\$159 billion in GDP, PPP to terrorism.

The figure 11 from chapter three is for Nigeria from 1961 to 2017 showing yearly percentage increase rate of GDP at market prices relative to constant local prices revealing growth in Nigeria's economy, the percentage change in GDP measuring if production increased or decreased and by how much, for the period. As the economy goes through recessions and expansions from year to year, the average value for Nigeria during the period was 3.99% with the lowest value ever of -15.74% in 1967 and highest of 33.74% in 2004. Looking at the figure it is obvious that economic growth has been growing positively since 2000. From the graph, clearly after rising from 4.28% in 2012 to 6.31% in 2014 it experienced a sharp decline in 2015 to 2.65% and a negative growth of -1.61 in 2016 depicting recession but regained a minimal growth of 0.81 in 2017. This is showing a reduction in the value of total goods added by general resident producers in Nigeria and a decline in economic output cum growth from 2015 to recession in year 2016.

4.5.2 Effect of Terrorism on GDP per capita

Experts say that the Israel's per-capita GDP would have been 8.6% higher between 1994 and 2003 if there was no violence, as Israel is a nation that is constantly beset with the fear of violence. GDP per capita which is the sum total of all gross value added by average resident producers in Nigeria including product taxes and net subsidies which is not included in the value of the products, is calculated without deduction for depreciation of assets or resource depletion and degradation.

The percentage change in GDP per capita is the rate of change in GDP divided by mid-year population. It is the change in the sum of gross value added by all domicile manufacturers in the economy plus any product taxes and subtracting subsidies not included in the value of the products. It is actually calculated without deductions for depreciation of fabricated assets or depletion cum degradation of natural resources.

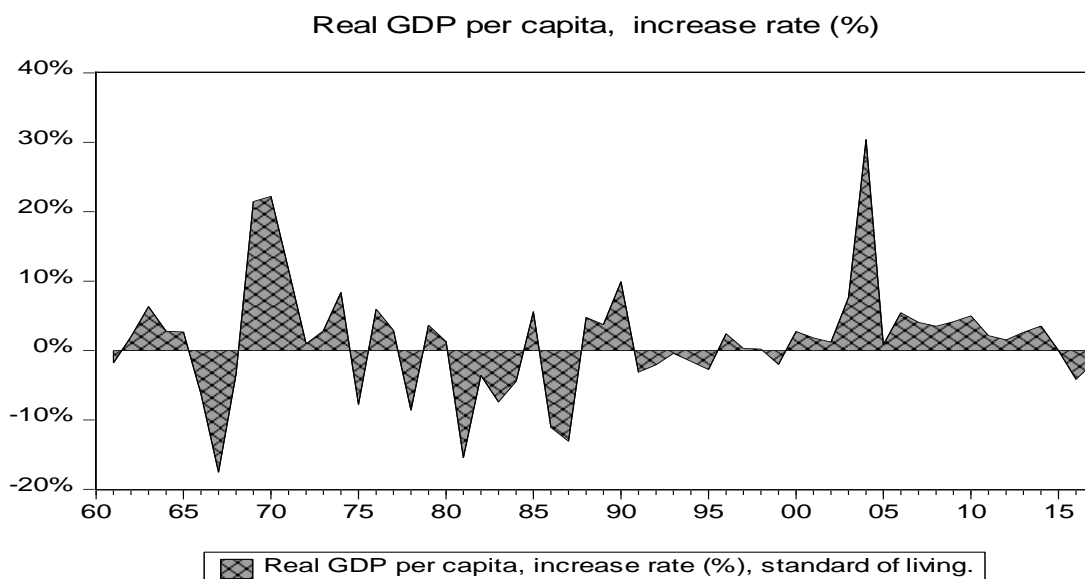


Figure 31: Percentage increase in GDP per capita from 1961 to 2017. (Source: Constructed based on Nigerian data of Real GDP per capita income from The Global Economy)

The data are in percentages, the average value for Nigeria during the period 1961 to 2017 was 1.40% with a minimum of -17.55% in 1967 and a maximum of 30.36% in 2004. From the graph, showing a rise from 1.52% in 2012 to 3.52% in 2014 after which it experienced a reduction in 2015 to -0.02% then to -4.16% and a negative rise to -1.77% in 2016 and 2017 respectively. An indication of the fall after 2014 in the sum total of gross value added by average resident producers in Nigeria.

4.5.3 Boko Haram and Foreign Direct Investment (FDI)

Enders and Sandler, (1996) discovered that countries such as Spain and Greece experienced decrease in foreign direct investment, FDI spanning period 1975-1991 resulting from several terrorist incidents. Also, the implication on FDI in the three European powers, Italy, Germany and France though, was zero, indicating that the effect of structural terrorism on FDI depend more on the economy size. However, Nigeria as a developing economy is said to be affected by terrorism and it experienced a massive decline in FDI flows to the tune of US\$6.1 in 2010 due to terror events estimated as a 30% decrease from previous year. Nations most affected by terrorist activities are bound to have their economic growth and FDI adversely affected.

Since Boko Haram started its fatal operation in 2010, FDI flows into Nigeria has witnessed decline, due to political instability in the nation which is not good for foreign direct investment. In 2013, World Investment Report, WIR submitted that FDI in Nigeria reduced by 21.3% in 2011 from US\$8.9 billion to US\$7 billion in 2012. Such a significant drop over a year has many consequences for the economy. Firstly, FDI has direct implication on trade to foster progression in economic growth, more so, FDI inflow buttress the available resident capital by instigating productivity of local investments. Lastly, is the high interaction between the inflow of FDI, Nigerian petroleum sector and GDP. A study by Salami et' al, (2012) is said to posit that an increase in a unit of FDI flows into Nigerian oil and gas sector will increase GDP by 16 units, showing the Nigerian petroleum sector, the mainstay of the economy has a high dependency rate on foreign direct investment.

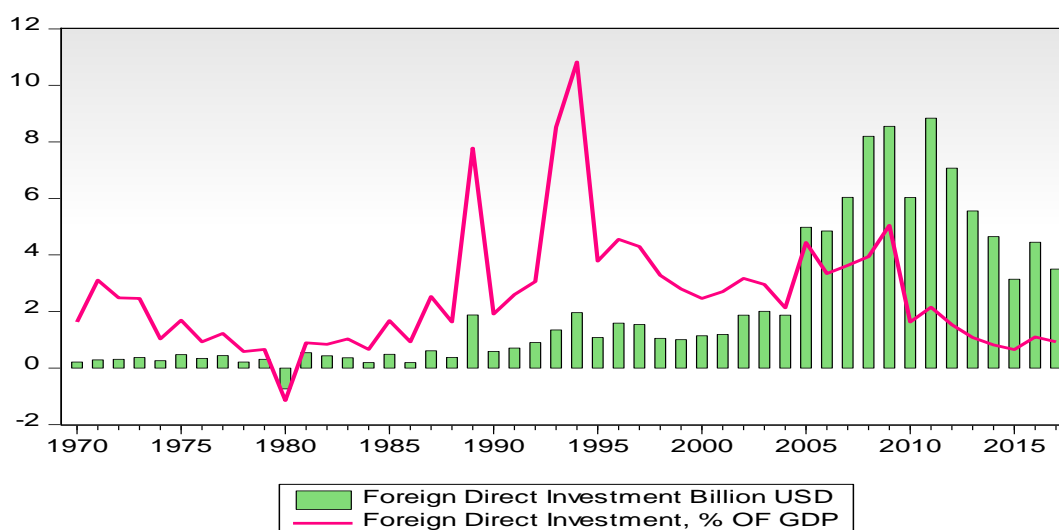


Figure 32: The foreign direct investment, FDI in billion US dollar and percentage of investment contribution to GDP of Nigeria, 1970-2017. (Source: Constructed based on Nigerian FDI data from The Global Economy)

Consequently, for a company to be classified as foreign investment, it must have or be equal to 10% foreign ownership of the value of the company or production facilities. This can be investment in either manufacturing, services, agriculture or any sector in form of acquisition, partnership or green field (new) investment. FDI which is the total sum of equity capital, reinvestment of various earnings, short term or long-term capital in the balance of payment is reported

on annual basis as how much of new investment was received in Nigeria. Generally, it shows new investment inflows less disinvestment (net inflows) from foreign investors in Nigeria and divided by the value of GDP. It is usually within 2 to 3 percent of the magnitude of an economy relative to the gross domestic product. When FDI exceeds 5 to 6% of the GDP in a year shows significant success, the average value for Nigeria during the period of 1970 to 2017 was 2.54% with a minimum of -1.15% in 1980 and maximum value of 10.83% in 1994. Nevertheless, from the figure above, it shows a drastic reduction of FDI flows in Nigeria in 2009(US\$8.55B)(5.05%) to 2010(US\$6.03B)(1.63%), the year marking the beginning of Boko Haram insurgency, a sharp decrease both in value and contribution to GDP respectively, then a little rise in 2011 (US\$8.84B)(2.15%) simultaneously, followed by a steady reduction after 2011 spanning year 2015, even though both FDI indicators have been on decline since 2011, it further fell in 2014(US\$4.65B)(0.82%) to 2015(US\$3.14B)(0.655%), with a slight increase in 2016(US\$4.45B)(1.1%) and a further reduction in 2017(US\$3.5B)(0.93%) in such trend both in FDI value of billion US dollars and percentage of GDP simultaneously, showing effect of terrorism on FDI flow and indicators vividly in Nigeria, since the beginning of terrorism to 2016, year of recession.

4.5.4 Effect of Boko Haram on Unemployment

The percentage of unemployment in Nigeria alongside the percentage change in real GDP shows a correlation between a rise in unemployment and reduction in economic growth. Unemployment rate which seldom declines below 4% and 5% even during boom period as workers move between sectors and cities. But when economy goes into recession, then unemployment reaches higher number as much as double digits.

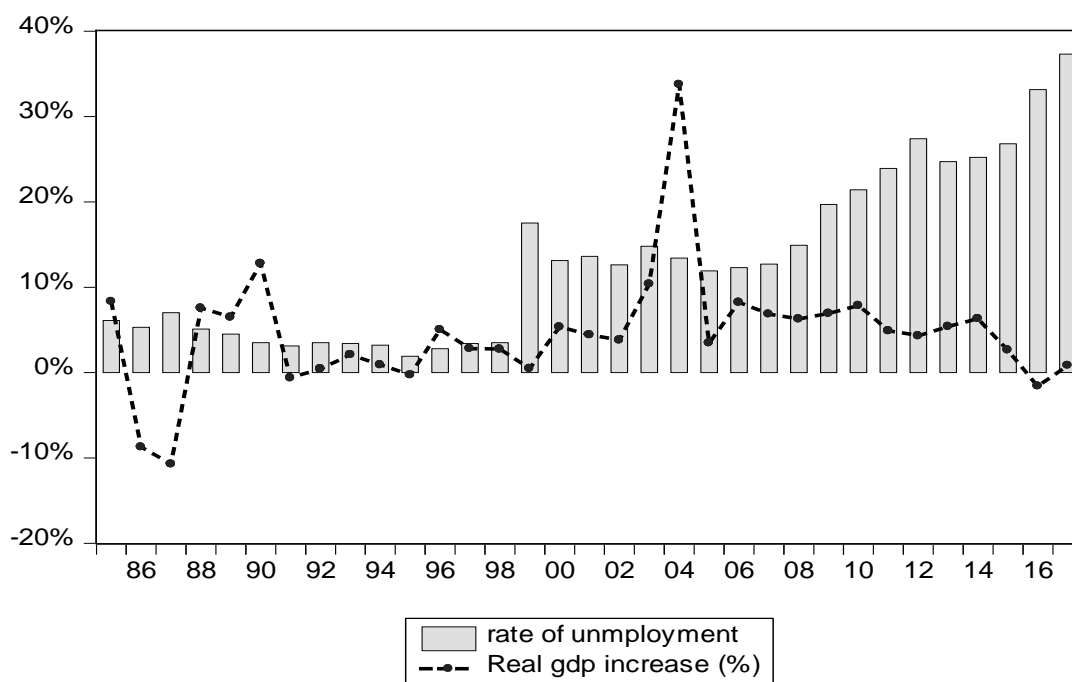


Figure 33: Unemployment rate with percentage change in real GDP from 1985 to 2017. (Source: Constructed based on data of Nigerian GDP and unemployment from National Bureau of Statistics, NBS)

Same as above, the average value for the period of 1985 to 2017 was 25.45% with a minimum of 1.9% in 1995 and maximum of 37.3% in 2017. From the figure, unemployment after gaining momentum reduced in 2012 from 27.4% to 24.7% in 2013, and a slight increase in 2014 with the value of 25.2% and has maintained increase since 2014 simultaneously with reduction in economic growth. Hence in 2016, when Nigeria plunged into recession, unemployment skyrocketed from 26.8% in 2015 to the value of 33.15% and 37.3% in 2016 and 2017 respectively. Showing a relationship between economics recession and rise in unemployment in Nigeria from 2014 aftermath of Boko Haram tagged as terror organization from increase in their operations in the same year 2014.

4.5.5 Effect of Boko Haram on Inflation and Consumer Price Index, CPI.

The international standard is to keep inflation between 2 to 3% per year, which is good for households and too low to create any problem for businesses and also away from negative value, a case of deflation. Inflation in Nigeria and generally, is a measure of the percentage change in the consumer price index,

which is the prices paid by average urban consumer reflecting the annual percentage change rate in the cost for acquiring a basket of goods and services that is either fixed or changed at specific intervals such as yearly to the average consumer.

The average value from 1960 to 2017 for Nigeria was 16% with minimum of -3.7% in 1967 and a staggering maximum of 72.8% in 1995 for inflation rate. From the above figure, comparison of inflation, percentage CPI and percentage change in inflation, 2013 witnessed a reduction to single digit of 8.48%, a reduction from double digits of 11.36% in 2012 and a single digit was maintained in 2013 through 2015, but with a fall in 2014(8.06%) and slight increase in 2015(9.01%), after which inflation skyrocketed to a double digit of 15.68% in 2016 and a further increase in 2017 (16.52%) which is also captured by the percentage rate of change in inflation from 2015, rising through 2016 but fell in 2017 as shown in the figure below. For percentage change, the average value from 1960 to 2017 for Nigeria was -16.37% with huge minimum of -2216.67% in 1969 and a staggering maximum of 382% in 1988. It indicates that inflation increased drastically after 2014 the year of terror.

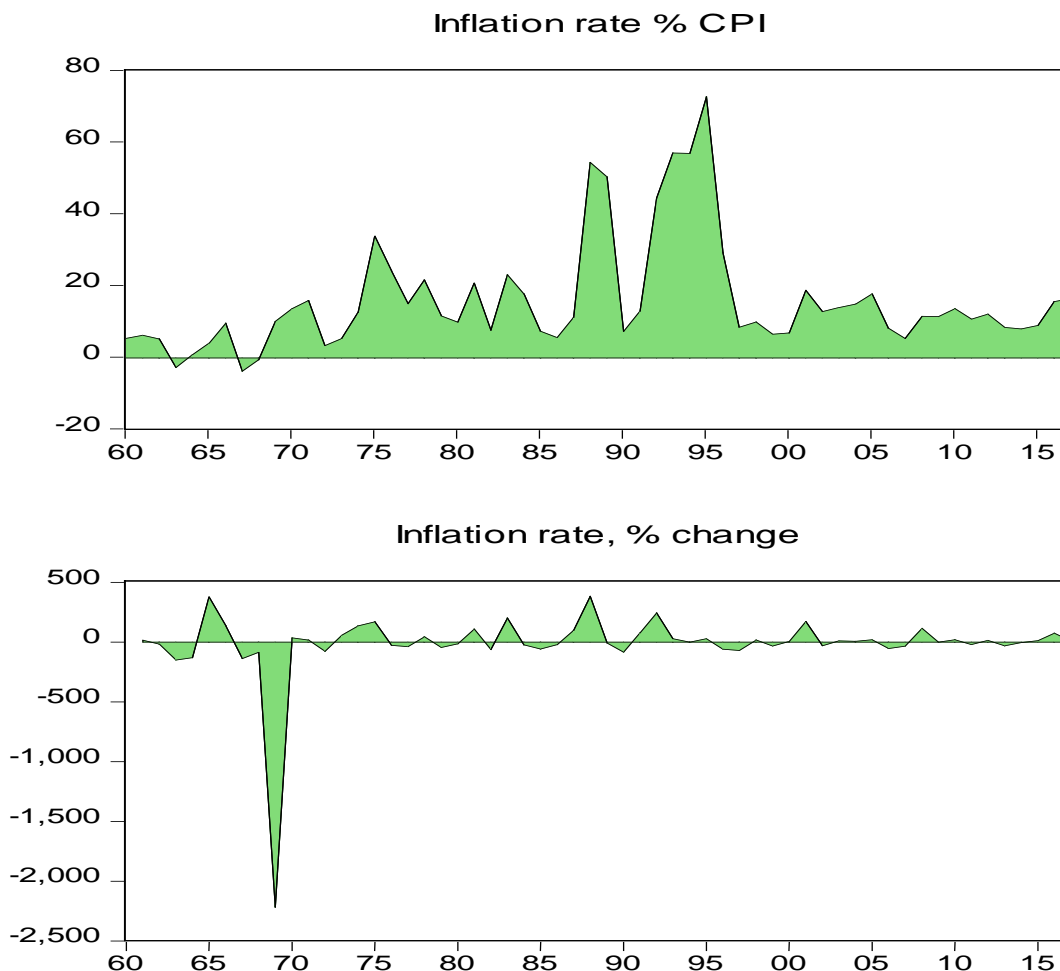


Figure 34: Inflation rate and percentage change in rate of inflation from 1960 to 2017. (Source: Constructed based on data of Nigerian inflation and CPI from The Global Economy).

4.5.6 Effect of Boko Haram on Exchange rate

The official exchange rate refers to the rate calculated as total yearly average based on monthly average, from end of the day transaction exchange rate in units of Nigerian Naira to US dollar determined by national authorities or legally sanctioned exchange market. The average value for Nigeria within 1980 to 2017 was 52.98 Naira to US dollar with a minimum of 0.55 Naira per dollar in 1980 to a maximum of 305.79 Naira to one dollar in 2017. While the average value for percentage change within 1980 to 2017 was 16.06% with a minimum of -8.33% in 1980 to a maximum of 321% in 1999.

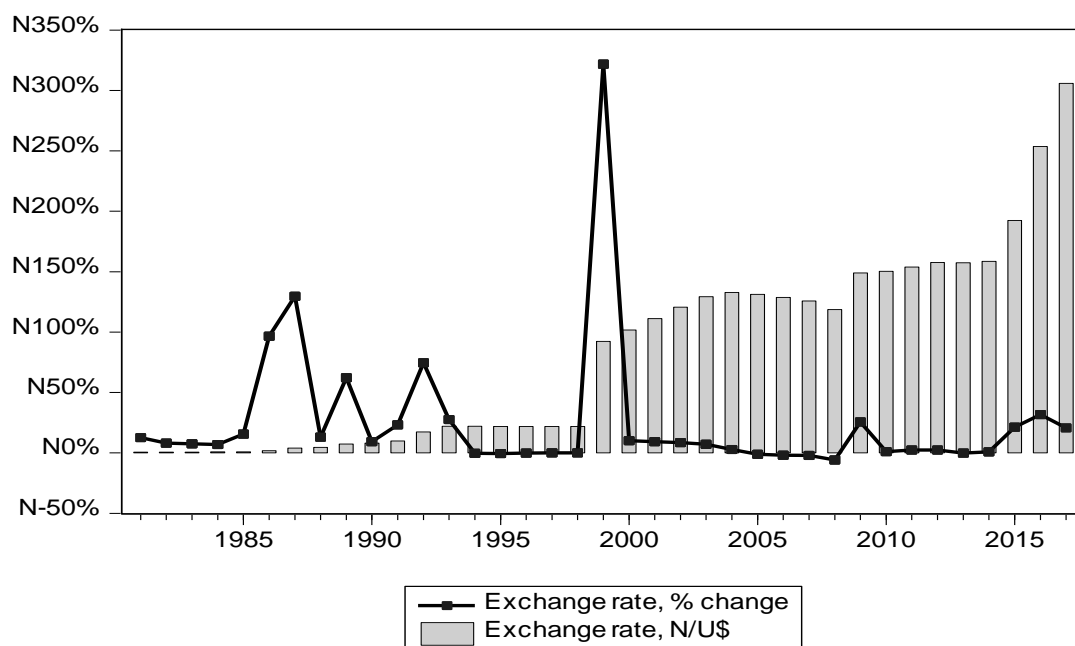


Figure 35: Data for exchange rate and percentage change of Nigerian Naira to USD from 1980 to 2017. (Source: Constructed based on data of Nigerian exchange rate from The Global Economy)

A side by side comparison of exchange rate to its percentage change shows that from a stable 3-year (2012-2014) rate (averagely 157.5N/US\$), Naira to dollar experienced a drastic increase from 158.55 Naira to dollar in 2014 to 192.44N/US\$ in 2015, percentage change in exchange rate increased from 0.79% in 2014 to 21.37% in 2015 and 31.72% in 2016 the year of recession with 253.49 Naira to one dollar. Ever since then, the rate of change has been increasing, though the percentage reduced in 2017(305N/US\$) (20.63%). If not for the intervention of the Central Bank of Nigeria and the Federal Government through dollar buy back measure to stabilize the rate at 305, the exchange rate once reached 450N/US\$ officially and in black market. It indicates exchange rate skyrocketed after 2014 terror.

4.5.7 Effect of Boko Haram on Interest rate

Although, the rates, terms and conditions attached to prevalent lending rates differ from countries, but real interest rate is the lending interest rate that is adjusted for inflation and calculated using GDP deflator as bank lending rate minus inflation. From data available and represented in the figure below, from 1981 to 2017, the average value for lending rate was 17.77% with a minimum

of 8.92% in 1981 and a maximum of 31.65% in 1993, while the average value for real interest rate was 0.06% with a minimum of -43.57% in 1995 and a maximum of 25.28% in 1998.

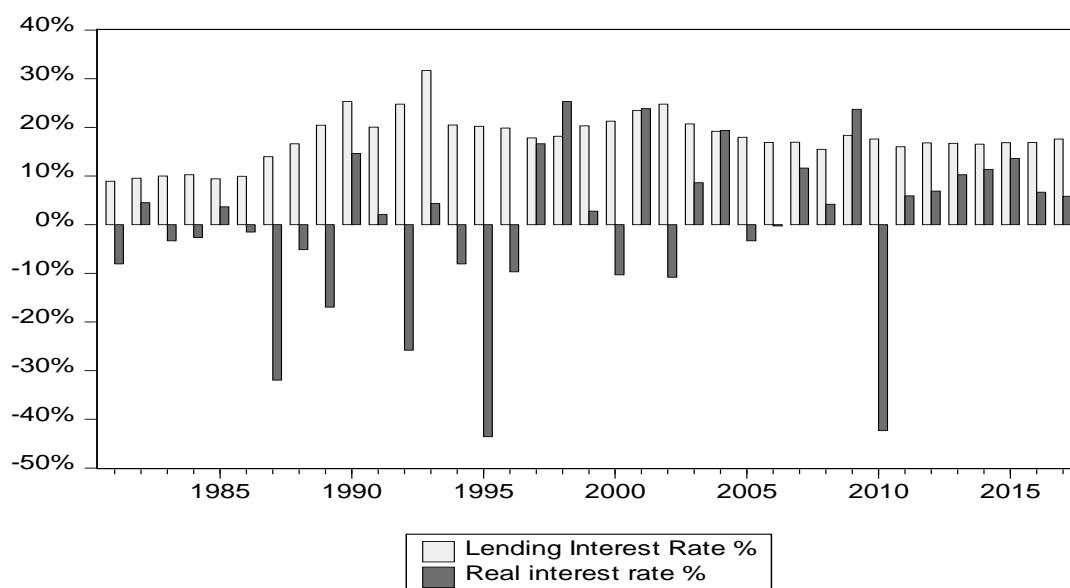


Figure 36: Bank lending interest rates and real interest rates for Nigeria from 1981 to 2017. (Source: Constructed based on data of Nigerian lending and real interest rates from Central Bank of Nigeria, CBN Statistics Database)

The graph shows a slight decrease in bank lending rate from 2009(18.36%) to 2010(17.59%) but a huge decrease in the real interest (23.27%) to (-42.31%) respectively. Although, lending interest rate maintained a 16% rate from 2011(16.02%) to 2016(16.87%), but the real interest rate reached its maximum rise of 13.6% in 2015 after the year 2014(11.36%) before dropping in 2016(6.69%) and further in 2017(5.82%), but lending rate still maintained its increase but at an insignificant rate. Indicating lending and real interest rates were affected, although minimally for lending rate which was increasing while real interest increased after 2014(11.36%) to its maximum in 2015(13.6%), and plunged into decline, in that period of recession and terror dispensation.

4.5.8 Implication of the insurgency on Investment

Apart from macroeconomic stability, political stability is also an important factor generally known to determine investments in an economy. Hence, not only the amount of investments are influenced by terrorism, but investment composition also, particularly, capital investments in machinery and equipment. The fear of

terrorist activities in Nigeria especially in the Northeastern Nigeria, Borno, their base of operation has affected the minds of investors making investments drastically inflicted and reduced to minimum.

Capital investment measured as the purchases of new plant and equipment by firms as percentage of GDP, a higher value is advantageous for long term economic growth because current investment translates to larger future production. While Capital investment in US billion dollars is gross capital formation consisting additions to fixed assets of the economy plus net changes in inventory level. Fixed assets include all land improvements, purchase of equipment, plant and machinery, also construction of social amenities and infrastructures. While inventories are stocks of goods held by firms for temporary and unexpected fluctuations in sales, production, and work in progress.

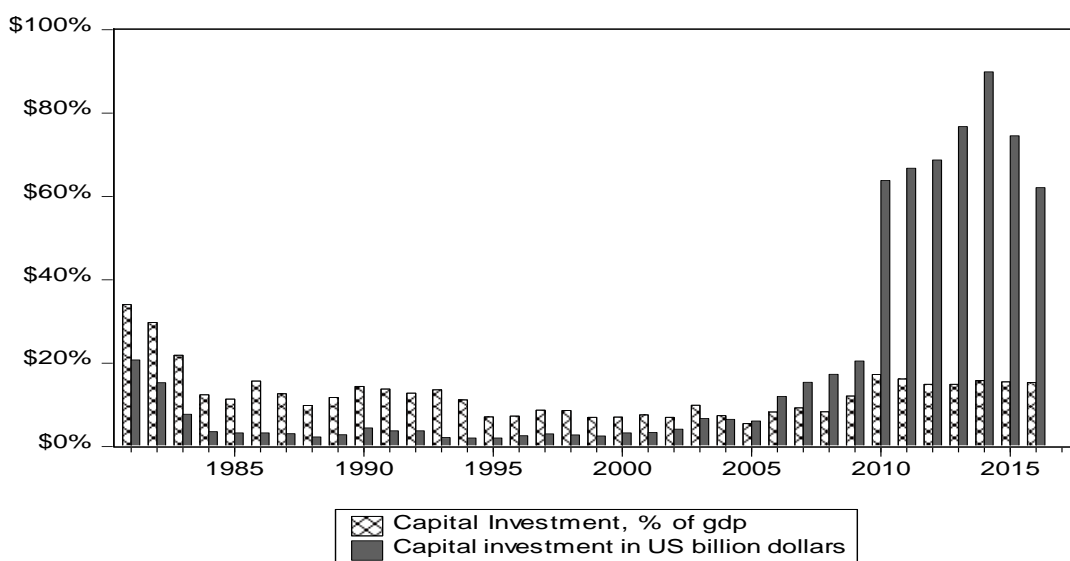


Figure 37: Capital investment in US billion dollars and percentage of GDP, 1981 to 2016. (Source: Constructed based on data of Nigerian capital investment from The Global Economy).

For capital investment as percent of GDP, the average value for 1981 to 2016 in Nigeria was 12.66% with minimum of 5.47% in 2005 and maximum of 34.02% in 1981. Wherefore, for capital investment in billion US\$, the average value for Nigeria from 1981 to 2016 was US\$19.14 billion and a minimum of US\$2.02 billion in 1995 with a maximum of US\$89.84 billion in 2014 before declining. The side by side evaluation of both data in the graph above depicts

that there was a visible steady increase in capital investment in US billion dollars from 2010(US\$63.81B) to 2014 of US\$89.84B, but maintained steady and low decrease in its share contribution to GDP from 17.29% to 14.9% from 2010 and 2013 respectively, but after 2014(US\$89.84B)(15.8%), capital investment has been witnessing clear-cut reduction from US\$74.52B in 2015 to US\$62.07B in 2016, same as its percentage contribution to GDP, but very minimal, 15.49% to 15.34% in 2015 and 2016 respectively following the 2014 terror paradigm. This shows both components were not affected at the start of the insurgency but were both affected after 2014 with more impact on the total value added in US\$ billion.

4.5.9 Effect of Boko Haram on Agriculture and its Contribution to GDP

Agriculture generally includes cultivation of crops and livestock production, fishing, hunting and forestry. It shows from below that productivity which is the measure of value added per worker in US dollar in the sector has been increasing steadily since 1981 to 2017 with exceptions to 1984. The data which is in thousand US\$, was divided by 100 for easy evaluation, comparison and graphical illustration in this work.

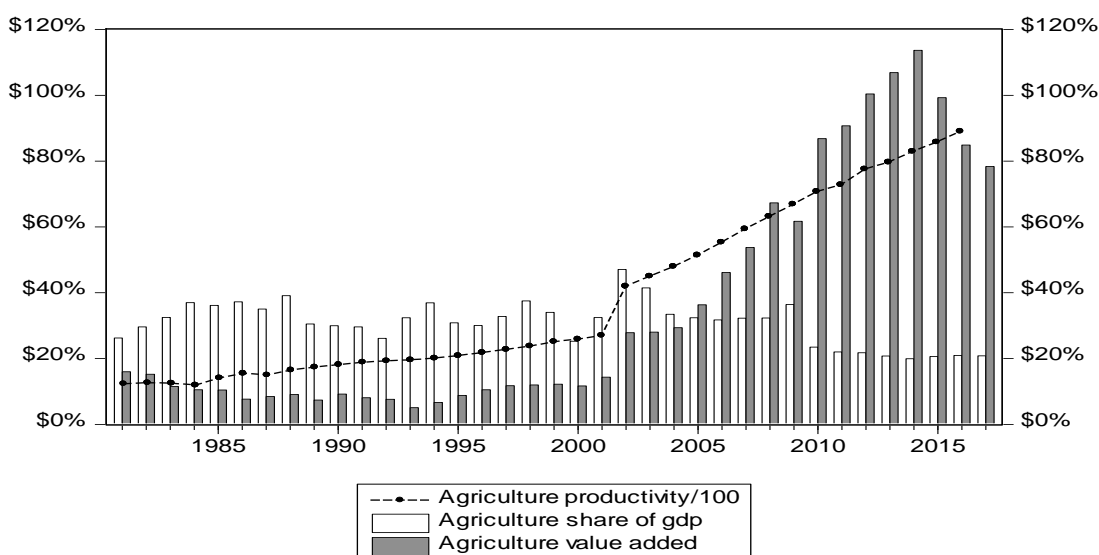


Figure 38: The agriculture productivity, value added and share of GDP from 1981 to 2017. (Source: Constructed based on data of Nigerian agriculture productivity, value and share of GDP from The Global Economy).

The average value added per worker from 1981 to 2017 was US\$3,837.27 in thousand with a minimum of US\$1,193.92 in 1984 and a maximum of US\$8,906.66 in 2016. But value added by agriculture as percentage share of GDP in Nigeria has been witnessing irregular trend. The average value added as share of GDP from 1981 to 2017 was 30.8% with a minimum of 19.99% in 2014 and a maximum of 47.1% in 2002. From the graph, the sector has also been affected even though value added per worker has been increasing, but percentage contribution of the sector to GDP reduced sharply from 2009(36.4%) to 2010(23.52%) the years indicating the start of insurgency, to stable low decline till 2014(19.99%) with a slight increase in 2015 (20.63%) and 2016 (20.98%) but a minute decline in 2017(20.85%). Affected most is the value added in billion US\$, whereby it is the net output in agriculture after addition of total output and subtracting the intermediate inputs without making deductions for depreciation of assets and natural resources degradation. The average value added from 1981 to 2017 was US\$35.84 billion and a minimum of US\$5.12 billion in 1993 but a maximum of US\$113.64 in 2014 the target year, after which value added has been reducing drastically till 2017 with a value of US\$78.33 billion compared to US\$113.64 billion in 2014.

4.5.10 Effect of Boko Haram on Manufacturing and value added to GDP

As it is known that manufacturing is a function of industry, investment and FDI, therefore, the manufacturing industry has also seen the impact of terrorism both from aftermath of its 2009 terror inception and from being tagged a terrorist group in 2014, both of which reflect on the graph in 2010 and 2015 respectively, in both its percentage contribution to GDP and value added in billion US dollars. The average percentage for value added to GDP from 1981 to 2017 was 23.89% with a minimum of 6.45% in 2010 and a maximum of 54.21% in 1982. Whereas, the average value added in billion USD from 1981 to 2017 was US\$17.8 billion, a minimum of US\$4.88 billion in 1993 and a maximum of US\$54.78 billion in 2014.

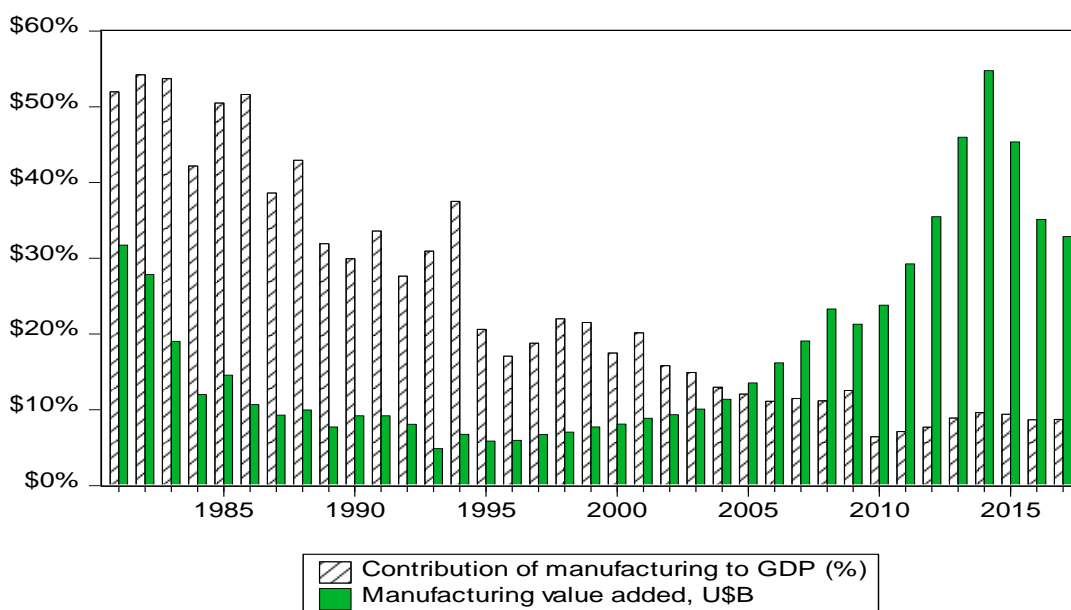


Figure 39: The manufacturing's valued added and percentage contribution to GDP, 1981 to 2017. (Source: Constructed based on data of Nigerian manufacturing value and share from The Global Economy)

Although, valued added of the sector increased, but percentage contribution experienced a sharp decrease from 2009(US\$21.29)(12.56%) to 2010(US\$23.81)(6.45%) respectively at the start of insurgency, but the two components of the manufacturing sector side by side increased from 2010(US\$23.81B)(6.45%) to 2014(US\$54.78B)(9.64%), after which they both plummeted into reduction from 2015(US\$45.36)(9.43%) through 2016(US\$35.12B)(8.68%), with further visible reduction in value added, but different in its contribution to GDP, which increased slightly in 2017(US\$32.85B)(8.74%), showing effect of terrorism from 2014 in the sector.

4.5.11 Effect of Boko Haram on Industry and its share of GDP

The value added by a sector is the net output of the sector after adding up all outputs and subtraction of the intermediate inputs, though calculated without deductions for depreciation of fabricated assets or depletion of natural resources. The source of value added of the industrial sector is determined by ISIC, International Standard Industrial Classification. The Nigerian industrial sector, same as all industries, comprises of value added in mining, construction, manufacturing, water, electricity and gas industries.

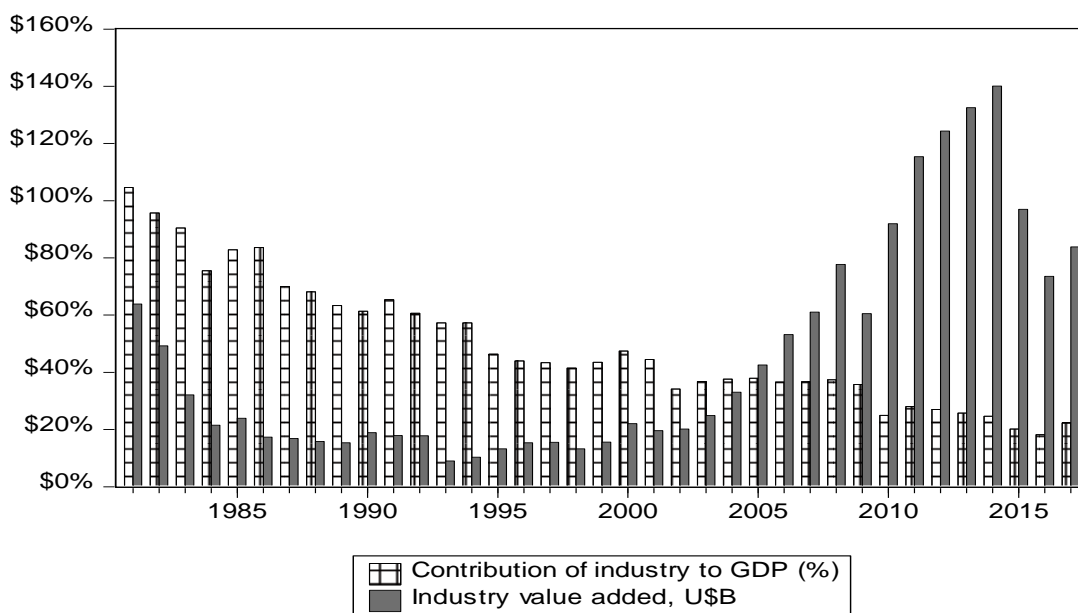


Figure 40: The industry's value added in US\$ billion and its percentage contribution to GDP, 1981-2017. (Source: Constructed based on data of Nigerian industry share and value added of GDP from The Global Economy)

For the period of 1981 to 2017, the industrial sector was experiencing an irregular increase in value added in US billion dollars, but its percentage contribution to GDP, however had irregular decrease for the period, the average percentage contribution of the sector was 49.8% with a minimum of 18.17% in 2016 and a maximum of 104.64% in 1981. Wherein, value added average for the period was US\$45.31 billion and a minimum of US\$9.04 billion in 1993 with a maximum of US\$140.1 billion in 2014. The percentage share witnessed impact of terrorism with a decrease while value added increased from 2009(35.7%)(US\$60.5B) to 2010(24.93%)(US\$91.99B) respectively, years indicating genesis of terrorism in Nigeria, they both increased in 2011(28.02%)(US\$115.37B), however after that, adversely, percentage contribution experienced reduction while the value added increased respectively till 2014(24.64%)(US\$140.1B). After 2014 when value added reached its maximum value, both components of industry witnessed decrease alongside each other which is more glaring in value added but lasted till 2016(18.17%)(US\$73.54B), after which they both increased in value for 2017(22.32%)(US\$83.87B) respectively, the year when Nigeria exit recession. Pinpointing how terrorism affected the sector particularly after 2014 from 2015.

4.5.12 Effect of Boko Haram on Services and its Value Added to GDP

Services contribution comprises value added in professional, financial, government, transport, whole and retail trade which includes restaurants and hotels, personal services such as healthcare, education and real estate services. Most of these industries have FDI inflow, also included in the sector value added are import duties, imputed bank service charges, and all service components noted by national compilers, are calculated as net output after adding up all the output less intermediate inputs without deductions for assets depreciation or natural resources degradation in constant 2010 US dollar.

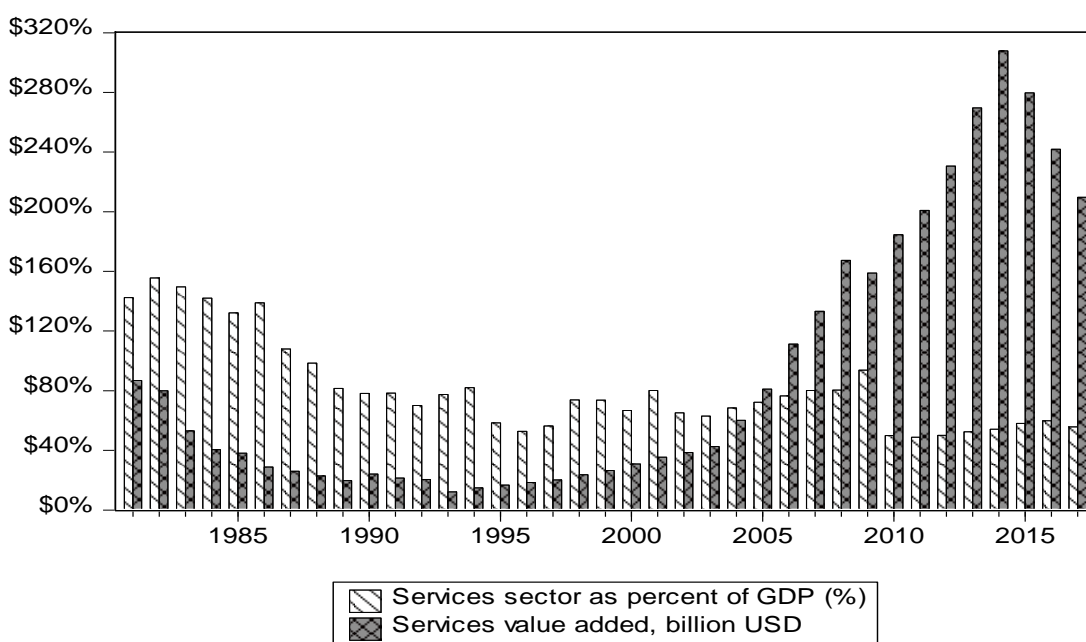


Figure 41: The services' value added and percentage contribution to GDP, 1981-2017. (Source: Constructed based on data of Nigerian services sector value and share of GDP from The Global Economy)

For the Nigerian services sector, for the period 1981 to 2017, the average percentage contribution to GDP was 81.77% with a minimum contribution of 48.8% in 2011 and maximum value at 155.5% in 1982. While for value added in US\$ billion, the average value from 1981 to 2017 was US\$91.32 billion with a minimum of US\$12.23 billion in 1993 and maximum value of US\$307.86 billion in 2014. The sector's value added has been witnessing increase in amount since its minimum point in 1983, while percentage contribution to GDP has been following an irregular trend but was maintaining steady increase in contribution to GDP from 2003 to 2009. Consequently, after that it witnessed

a sharp decrease from 2009 at a value of 93.72% to 50% in 2010, the beginning of terrorism in Northeastern part of Nigeria, with a further but little decrease in 2011(48.18%), then it maintained a low and steady increase in contribution to GDP between 2011(50%) and 2016(59.79%), with a higher increase from 2014(54.15%) to 2015(58.12%) reaching 59.79% value in 2016 before a reduction in 2017(55.8%). However, as much as percentage share of services sector to GDP was not affected after 2014, services value added witnessed steady decline after reaching its maximum value in 2014 (307.86US\$B) through 2015(279.61US\$B) to 2017(209.68US\$B) with a very large reduction in values. This shows terrorism had impact at the beginning of its operation on services industry's contribution to GDP but not after 2014 even in recession, while value added was not affected at the start of terrorism but was affected vividly after its terror intensity and being tagged a terrorist in 2014.

4.5.13 Effect of Boko Haram on National Savings and its Contribution to GDP

According to Frey et al. (2004), consumption and savings rates may be inflicted by activities of terrorism, but it is not clear if the effect is negative or positive. However, for Nigeria, the effect is negative, savings share of GDP which is calculated as difference between income and consumption but expressed as percentage of GDP has an average of 18.03% from 1981 to 2016 with a minimum value of -5.6% in 1998 and maximum of 38.93% in 2006. While total savings value in US\$ billion dollars calculated as gross national income minus total consumption plus net transfers from 1981 to 2016 has an average value of US\$29.08 for the period, a minimum of US\$-1.79 billion in 1998 and a maximum value of US\$153.71 billion in 2012. After 2012, both total savings and its share of GDP declined in 2013(US\$99.04B)(19.23%) from increases they both have maintained since 2009(US\$24.85B)(14.66%) respectively, however, they simultaneously gained increase in 2014 with the value (US\$126.62B)(22.27%), being the next to the maximum value in amount ever achieved in 2012, after which both components plunged into a decrease from 2015(US\$82.53B)(17.16%) till 2016(US\$63.99B)(15.81%) as shown in the graph below. Showing that terrorism has had a negative impact on savings, its total value and share of GDP in Nigeria.

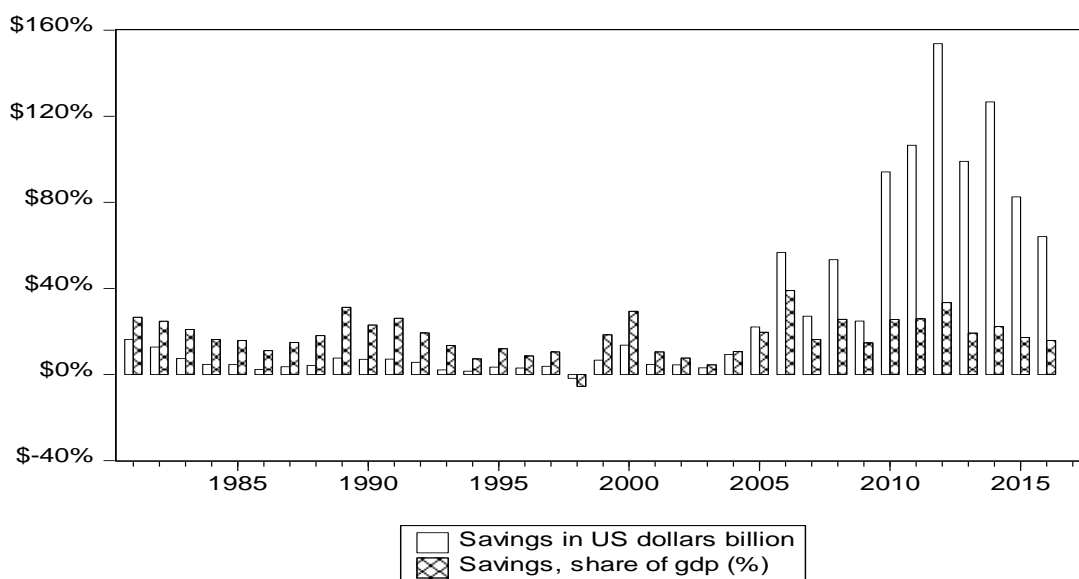


Figure 42: Savings in Nigeria in US\$ billion and its percentage share in GDP, 1981 to 2016. (Source: Constructed based on data of Nigerian savings from The Global Economy)

4.5.14 Implication on Government Spending, Expenditure (Budget)

This compares economic losses from direct terrorism and the costs borne by the government in controlling and containing future violence from terrorist activities. As terrorism is on the increase, insecurity within the societies will be on the rise, whereby government respond by increasing spending on national security agencies, enforcements and on military. The macroeconomic costs of terrorism tend to be more reflective in tourism, trade, and in a nation's net foreign direct investment, Enders and Olson. (2004). Small-open economies are usually highly concentrated in those sectors. Macroeconomic growth costs of terrorism are visible in the increased counter-terrorism policies designed to prevent subsequent attacks. Hence, this causes increased government spending which acts to crowd out private and public sector investment. Terrorism results in greater spending on unproductive activities like expanded counter-terrorism measures, increasing police forces cum military and their funding, and stricter border control. The funds diverted to policing, security and extra surveillance instead of being put to effective use in trade balancing and investment eventually, may impose a drag on economic growth.

Government spending which is known as general government final consumption expenditure or as general government consumption involves all

current expenditures for purchases of goods and services including compensation of workers as employees, and most expenditures on security and national defense, but excluding military expenditures that are part of government capital formation. Meanwhile, the size of a government or an economy is measured by the total government spending as percentage of GDP.

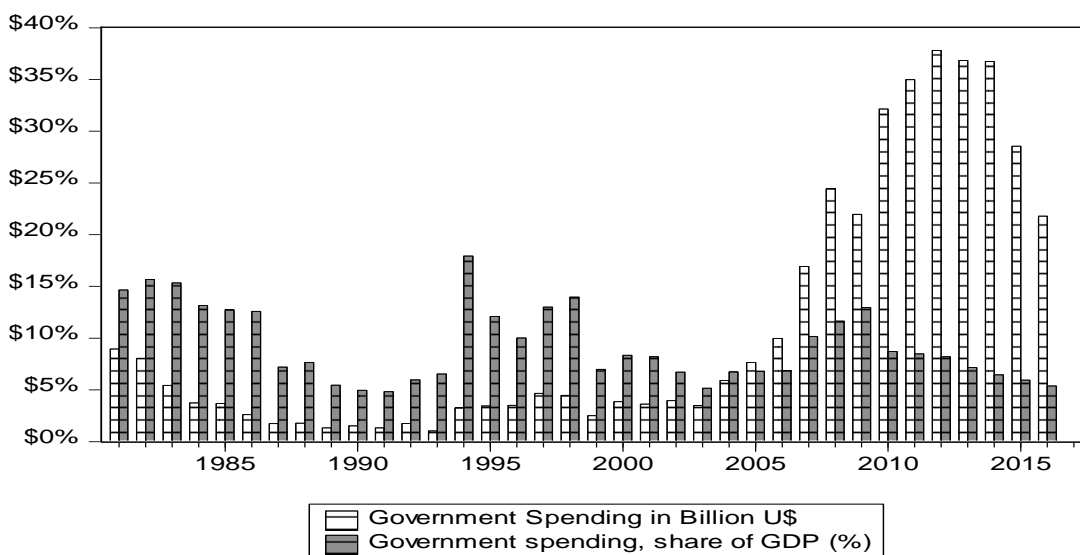


Figure 43: Government's spending and percentage of GDP in Nigeria, 1981 to 2016. (Source: Constructed based on data of Nigerian government spending from The Global Economy).

For the period 1981 to 2016, the average percentage of Nigerian government spending was 9.3% of GDP with a minimum value of 4.83% in 1991 and a maximum value of 17.94% in 1994. While the value of government spending in US billion dollars has an average value of US\$10.98 billion with a minimum value of US\$1.03 billion in 1993 and maximum of US\$37.8 billion in 2012. Consequently, from the figure above, government spending on capital formation as percentage of GDP which has been gaining momentum from 2004(6.73%) to 2009(12.96%), immediately Boko Haram operation began, it experienced a sharp decline in 2010(8.71%) which continued steadily but slowly till 2016(5.38%) showing that the government was spending more on military and defense which is not appropriated for in expenditure budget, rather than on capital formation expenditures, which explains the reductions, while the total value of government spending in US\$ billion which was increasing from 2010(US\$32.15B) reached its maximum in 2012(US\$37.8B) followed by

a slight reduction to 2014(US\$36.75B), then a sharp reduction after 2014 the target year to 2015(US\$28.55B) and 2016(US\$21.79B). This shows that government general consumption expenditures which does not include military expenditures as part of capital formation started declining, as the government increased spending on unproductive expenditures like security, military and national security agencies, some of which are not accounted for in general consumption expenditure, as there has been reduction in spending for purchase of goods cum services, and capital formation expenditures. This supports the steady decline in spending as share of GDP and in the monetary value from 2014. Whereas as capital formation is affected, investment, trade and productive activities will suffer.

4.5.15 Effect of Boko Haram on International Trade, Imports and Exports

Nitsch and Schumacher (2004), illustrated that nations which are targets of or inflicted by terrorism will trade less with one another rather than countries that are not affected by terrorist activities. Consequently, the impacts are significant, as a doubling of the number of terrorist events were found to reduce the bilateral trade flows by 4%. Terrorism not only increases the sense of uncertainty and insecurity for foreign traders, it will also increase transaction costs, due to enhanced security measures and can cause destruction of export goods, an example is oil pipes. Below is an evaluation of the implication of terrorism on the Nigerian trade with a look at the export and import market, and trade balance.

4.5.15.1 Implication on Import

Import normally estimated as the sum of total value of goods and services produced abroad but sold at home and reported as percentage of GDP to evaluate their volume relative to size of the economy.

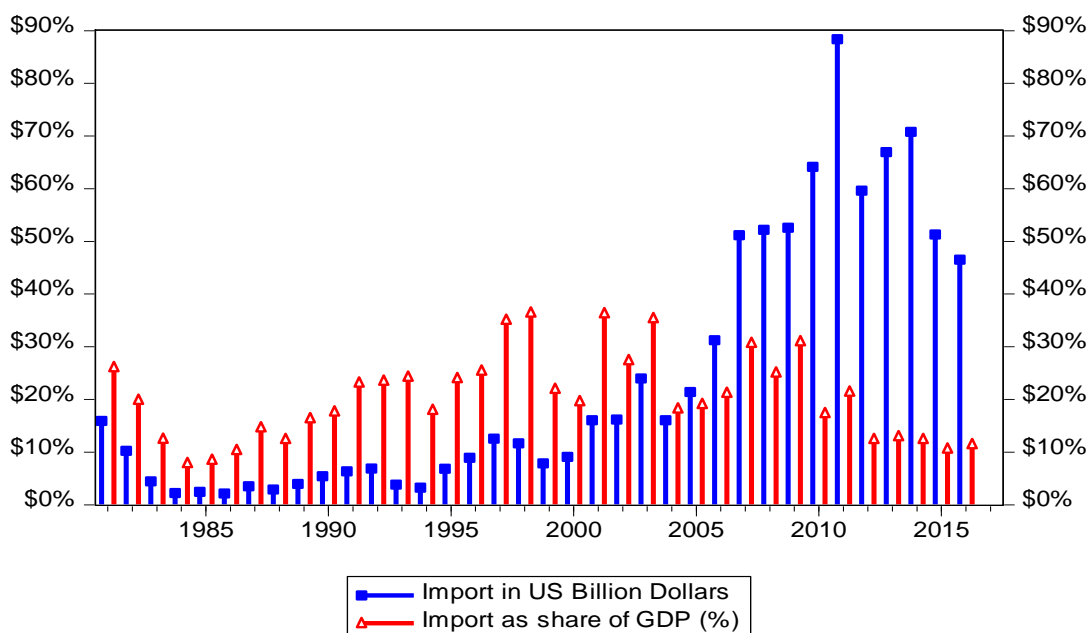


Figure 44: The values of imports in US\$B and as percentage of GDP in Nigeria, 1981 to 2016. (Source: Constructed based on data of Nigerian imports from The Global Economy)

If the value is about 15% or less of GDP, the economy is considered closed economy, where most small European countries import over 40% of products they consume, they are considered more open to international trade. Import represents the total amount of all goods and other market services received from the rest of the world in form of merchandise, freight, insurance, travel, transport, license fees, royalties and services such as construction, financial communication, information, personal, business and government services, but excluding employee compensation, transfer payments, and investment income also known as factor services. From 1981 to 2016, the total average value of export in US\$ billion for Nigeria was US\$23.87billion with minimum value of US\$2.13billion in 1986 and a maximum of US\$88.38 billion in 2011 while its percentage contribution from the same period has an average of 20.61% with a minimum of 7.9% in 1984 and maximum of 36.48% in 1998. From the figure, looking at the value added of imports and its percentage share of GDP side by side, both fell from 2014(US\$70.78B)(12.45%) to 2015(US\$51.31B)(10.67%) respectively, but at higher rate for the value added, while in 2016(US\$46.55)(11.5%) value added further declined while share of GDP gained increase. Showing terrorism affected Nigerian import for the years in focus with decreasing volume and less-significant share of GDP.

4.5.15.2 Effect on Export

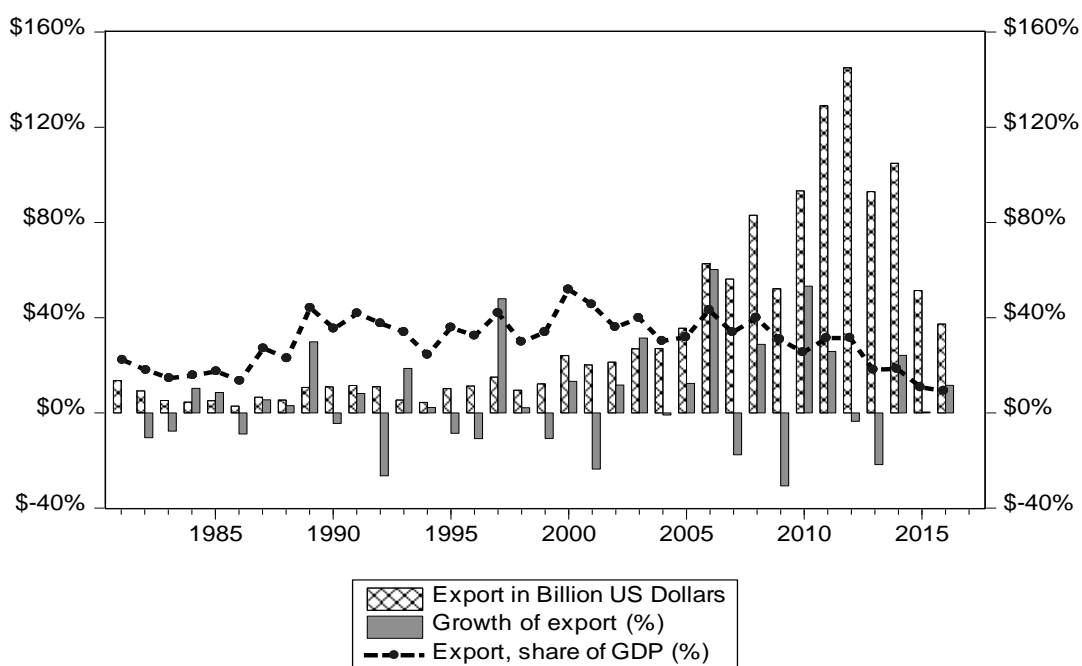


Figure 45: Growth rate of exports in percentage, Export value in US\$ billion and export as percentage of GDP in Nigeria, 1981 to 2016. (Source: Constructed based on data of Nigerian exports from The Global Economy)

The exports of Nigeria like other countries are calculated as the sum total value of goods and services produced locally and sold abroad. Just like import, they are reported as percentage of GDP to evaluate its volume to size of the economy. A 15% value or less shows closed economy, many small European countries export above 40% of their products, shows they are open to trade. Export comprises all value of goods and market services provided for the rest of the world from trade and industrial sectors as mentioned in import above. The annual growth rate of export based on constant local currency and aggregated on constant 2010 US dollar, is to show percentage growth of export. The value-added data are in US\$ billion for Nigeria and from 1981 to 2016, the average amount was US\$34.05 billion with a minimum of US\$2.76 billion in 1986 and maximum value at US\$144.92 billion in 2012 while for growth rate, the average was 6.35% with a minimum of -30.7% in 2009 and maximum of 60.22% in 2006. Whereas export as share of GDP for the period has an average of 29.65% with a minimum of 9.22% in 2014 and maximum of 51.73% in 2000. From the graph, at the start of terrorism in 2009, export value

and growth rate witnessed an increase, but the impact reflected on all the three export indicators after an increase from 2013 (18.05%)(US\$92.95B)(-21.74%) to 2014 (18.44%)(US\$104.8B)(24.09%), in percentage share of GDP, export value and growth rate respectively, with a sharp fall in Nigerian export market to 2015(10.67%)(US\$51.31B)(0.37%) and a further fall in percentage share of GDP and much in amount value, but huge increase gained in growth rate in 2016 (9.2%)(US\$37.3B)(11.53%). Indicating how terrorism impacted Nigerian export market from 2014 to 2016 with a steady decline where only export growth rate gained a remarkable increase in 2016.

4.5.15.3 Impact on Trade balance

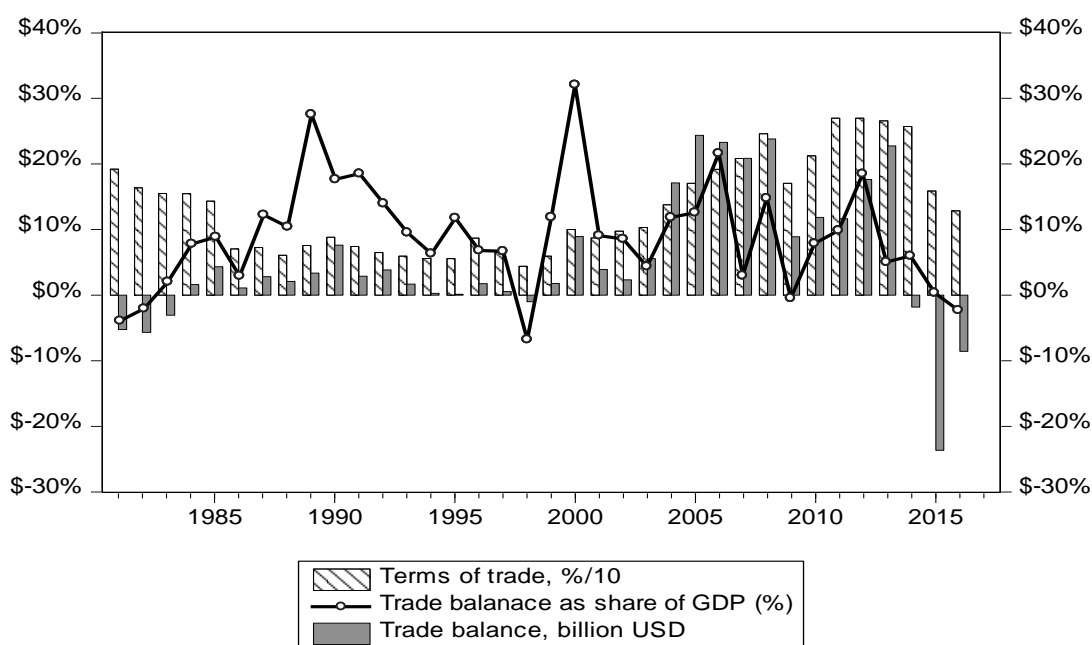


Figure 46: Trade balance values in US\$ billion, as percentage of GDP and terms of trade in Nigeria, from 1981 to 2016. (Source: Constructed based on data of Nigerian trade terms and balances from The Global Economy)

Trade balance in Nigeria and other nations are calculated as the difference in exports and imports amount of goods cum services, and also as percentage share of GDP. Also known as resource balance or external balance on goods which equals export minus import of goods and services, or nonfactor services. Terms of trade compares the value of the export as percentage to value of imports, it indicates how a country can afford to buy more of imports with revenue from exports. For oil exporting countries, in which Nigeria is one of

them as a member of OPEC, an increase in price of oil improves terms of trade. The terms of trade index is estimated as percentage ratio of export unit of value indexes to import unit of value indexes, measured relative to the base year 2000. The unit value indexes are based on information reported by individual countries that indicates consistency under standard international trade quality control with estimates using trade values of previous year. The terms of trade data used in this work which are originally in percentages, are divided by 10 for effective comparison with other trade indicators. From 1981 to 2016 in Nigeria, trade balance as percentage share of GDP has an average value of 9.03% with a minimum of -6.79% in 1998 and maximum of 32.08% in 2000, whereas balance of trade value in US\$ billion from same period has an average value of US\$5.28 billion with minimum value of US\$-23.64 in 2015 and maximum value of US\$24.37 billion in 2005, while for the period, terms of trade average was 133.85% with a minimum of 43.88% in 1998 and a maximum value of 269.68% in 2012 as original data, but divided by 10 in this work for easy graphical illustration and comparison. From the graph, all the three components, trade balance, its percentage share of GDP and terms of trade from their values in 2014 (US\$-1.83B)(5.99%)(257.3%) respectively declined drastically in 2015 (US\$-23.64B)(0.37%)(158.7%) with further decline in 2016 in terms trade(128.7%) and trade balance share of GDP(-2.29%), while its total value (US\$-8.55B) increased after a huge decline but was still negative in value i.e. a positive increase. The decline in all the components from 2014 to 2015 is large and visible, this indicates that Nigeria experienced a decline in trade in the years immediately after Boko Haram terror causing trade balance deficit which increased drastically from 2014(US\$1.83B) through 2015(US\$-23.64B) to positive increase in 2016(US\$-8.55B), year of recession. Nigeria was importing more than it was exporting, although there was fall in global oil price in half of the year 2014(June to December), Nigeria still witnessed deficit in 2015 when oil price had regained stability, and in 2016 but with a negative rise. The terms of trade remained positive but was declining as Nigeria was getting revenue from oil demand as an exporting country.

4.5.16 Effect of Boko Haram on Main Source of Income, Petroleum

Nigeria's main source of income is petroleum, while most petroleum firms' operation have been hampered by the presence of the terror and their nefarious activities. Although, there is no oil field or oil wells in the Northeastern part where their operations are based, but there are lots of petroleum services and sales stations across the Northeastern states. More so, before Boko Haram insurgency, there has been problem of Niger Delta militants clamouring for resource allocation as most of the oil sourcing and productions are from the Niger Delta area. Therefore, expatriates have been killed and kidnapped by militants for ransom. So, this scares oil firms and expatriates from the news of the terror of Boko Haram as they witnessed the militancy which actually affected oil firms, their production and workers.

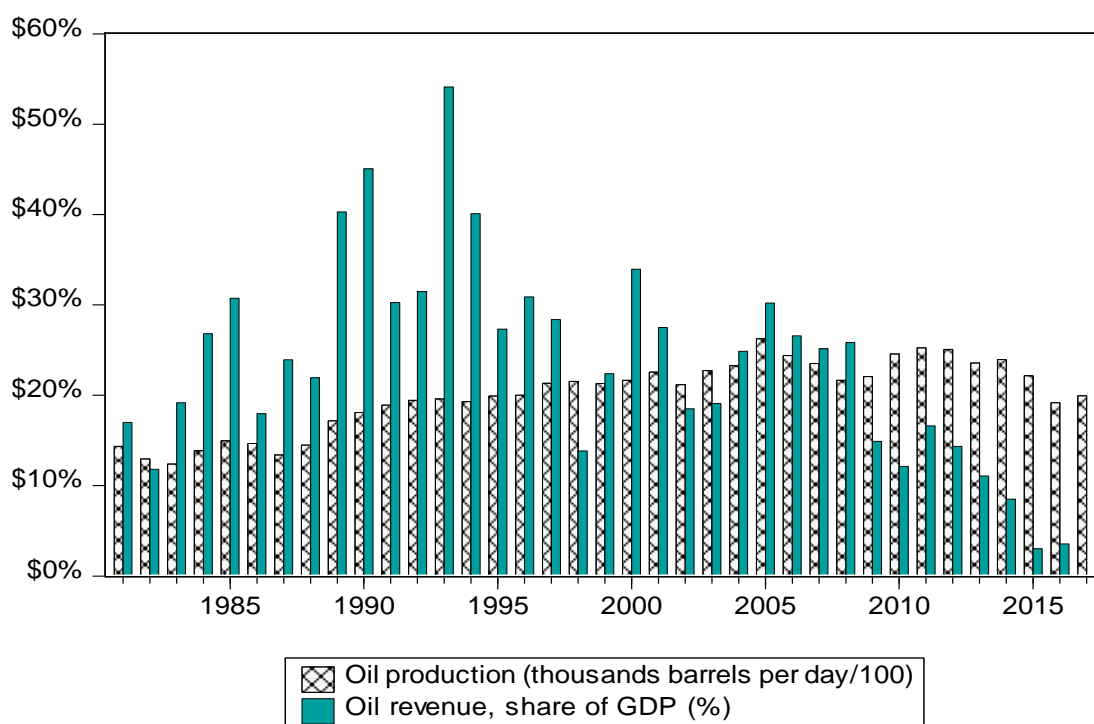


Figure 47: The oil revenues as percentage of GDP and oil production in thousand barrels per day divided by 100, from 1981 to 2017. (Source: Constructed based on data of Nigerian oil revenues and production from The Global Economy)

Oil production in Nigeria includes production of crude oil, natural gas plant liquids, other petroleum products or liquids and by-products, including lease condensate, and refinery processing gain, measured in thousand barrels per day, but divided by 100 in this work for easy comparison with oil revenue. As oil rents or oil revenue is the difference between the total values of crude oil

production at global price and total cost of production. For the period 1981 to 2017, the average value for Nigeria was actually 2,002.1 barrels per day with a minimum of 1,241 thousand barrels/day in 1983 and maximum of 2,627 thousand barrels/day in 2005. While oil revenue as percentage of GDP, from 1981 to 2016 has an average of 23.59% with a minimum 3.02% in 2015 and a maximum value of 54.11% in 1993. From the graph, oil production which has maintained an irregular trend saw a decline from 2014(2,397b/d) to 2015(2,216b/d) which continued to 2016(1,919b/d) but picked up slightly in 2017(1,996b/d), while oil revenue as percentage of GDP was reduced in 2010(12.14%) from 2009(14.91%) but saw an increase in 2011(16.6%), after which it has been on decline till 2015 with more vivid decline from 2014(8.5%) to 2015(3.02%). Although, oil revenue as percentage share of GDP gained little increase in 2016(3.55%) but production was on decline to achieve small rise in 2017 as stated in values above and from the graph. This is as opposed to the paradigm of Global oil prices reduction of June to December of 2014 which was said to cause Nigerian recession of 2016, as oil revenue share of GDP has been falling since 2012 from an increase gained in 2011 and maintained a decline till 2015, with a further but significant decline from 2014 to 2015 before gaining increase in 2016 the year of recession, the increase was as a result of contraction in total GDP, so percentage contribution rose. While production was still in decline in the year of economic recession, 2016 when oil price was stabilizing, but gained slight increase in 2017 when Nigeria exit recession. This shows that terrorism explains reduction in the petroleum sector and Nigerian economic recession as opposed to the sole rationale of fall in global oil prices, between the ends of 2014 to 2016 year of recession.

4.5.17 Effect of Boko Haram on Stock Market

The impact of terrorism activities on volatile financial markets is said to be a popular phenomenon. In as much as share prices, in theory reflect expected future profits or gains of a company, terrorists' incidence will negatively influence the share prices, since expected gain will decrease if security and defense measures increase the production and trade costs, consumers will decrease their consumption. The risk premium will rise due to increased uncertainty about a firm's prospect in the market. Conversely, as a sensitive

and volatile stock market, share prices already reflect and take into account expected terrorist events before any actually occurs. Therefore, the submission is that only single unexpected incidents like 9/11 or an unexpected intensification will lead to negative effects, Schneider et al (2010). However, in the case of Nigeria, it is a case of unexpected intensification, as the terrorists sometimes go into silence for months or few days before their next attack, and the military are their targets as witnessed recently in the second half of 2018, particularly since July, this can portray danger to Nigerian stock market as a result of lack of ability to monitor unexpected terrorist attacks. We shall be examining the effects of terrorism on all components of the Nigerian Stock Market to see how they are inflicted by the terror particularly from 2014.

4.5.17.1 Impact on Stock Market Capitalization, its Percentage Share of GDP and Turnover Ratio

The Stock market capitalization is a key measure of the size and strength of a nation's stock market. It is calculated as the number of traded shares on the stock exchange multiplied by their prices, and reported as percentage of GDP to evaluate size of an economy with its stock market. Though a value of about 50% of GDP indicates a well-developed stock market, however, most countries where stock market rarely exists, the value is close to zero. Large stock market capitalization does not necessarily mean the stock market is active, as it could comprise of a few large companies whose shares are rarely traded. Whereas, market capitalization also known as market value in US billion dollars is the share price multiplied by the number of shares outstanding and their several classes for listed domestic corporations. Excluded are unit trusts, investment funds and stock brokers or firms whose sole business aim is to hold shares of other listed companies. End of the year values are used. Nigerian stock market turnover is the total value of all stock market trades, the market value of all listed companies showing how active the stock market is, it is the value of domestic shares traded divided by their market capitalization, however, a nation may have large number of listed local companies but minimal trades or vice versa, as it is not actually a true reflection of how active a stock market is. Monthly average is multiplied by 12 to annualize values for the stock market turnover.

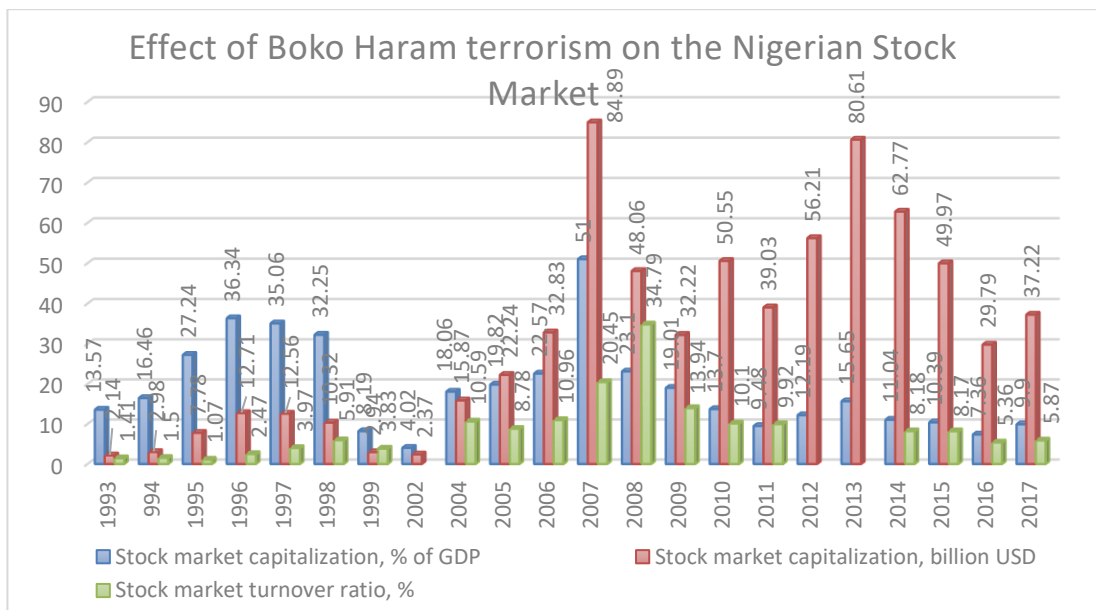


Figure 48: The stock market capitalization values, percentage of GDP and market turnover ratio in Nigeria, from 1993 to 2017. (Source: Constructed based on data of Nigerian stock market capitalization and turnover from The Global Economy).

Although data is missing for year 2000, 2001 and 2003, more so 2002, 2012 and 2013 for turnover ratio. For Nigeria, from 1993 to 2017, stock market capitalization's percentage share of GDP had an average value of 18.93% with a minimum value of 4.02% in 2002 and maximum value at 51% in 2007, and for the same period, the average value for stock market capitalization in US\$ billion was US\$31.64 billion, a minimum of US\$2.14 billion in 1993 and a maximum of US\$84.89 billion in 2007. Whereas for turnover ratio from 1993 to 2017, the average turnover ratio was 8.8% with a minimum of 1.07% in 1995 and maximum of 34.79% in 2008.

From the figure above, the stock market was not really affected after inception of Boko Haram's operation in 2009, although they all achieved their maximum values in the years (2007 and 2008) preceding 2009 as stated above, both stock market capitalization's percentage share of GDP and turnover ratio declined together from 2009(19.01%)(13.94%) to 2010(13.7%)(10.1%) respectively, and further declined simultaneously in 2011(9.48%)(9.92%), but market capitalization value in this period was rising and falling. But, from 2014 to 2016, all the stock market components followed same pattern, though the decline started in 2013 with data of turnover ratio missing, but in 2014

capitalization's percentage of GDP, the value added and turnover ratio which were already in decline, together in 2014 (11.04%) (U\$B62.77) (8.18%) fell further to 2015 (10.39%) (U\$B49.97) (8.17%) respectively, the year after Boko Haram was tagged, then declining further alongside each other in recession of 2016 (7.36%) (U\$B29.79) (5.36%) with higher values as compared to previous years before Nigeria was in recession. While in 2017, when Nigeria exit recession, they all gained increase side by side each other at values (9.9%), (U\$B37.22) and (5.87%) respectively. This indicates that although, Nigerian Stock Market faces irregular trend, but it was further affected by terrorism from 2014 through year of recession and bounced back when recession ended.

4.5.17.2 Implication on Stock Market Return and Stock Market Value Traded as Percentage of GDP

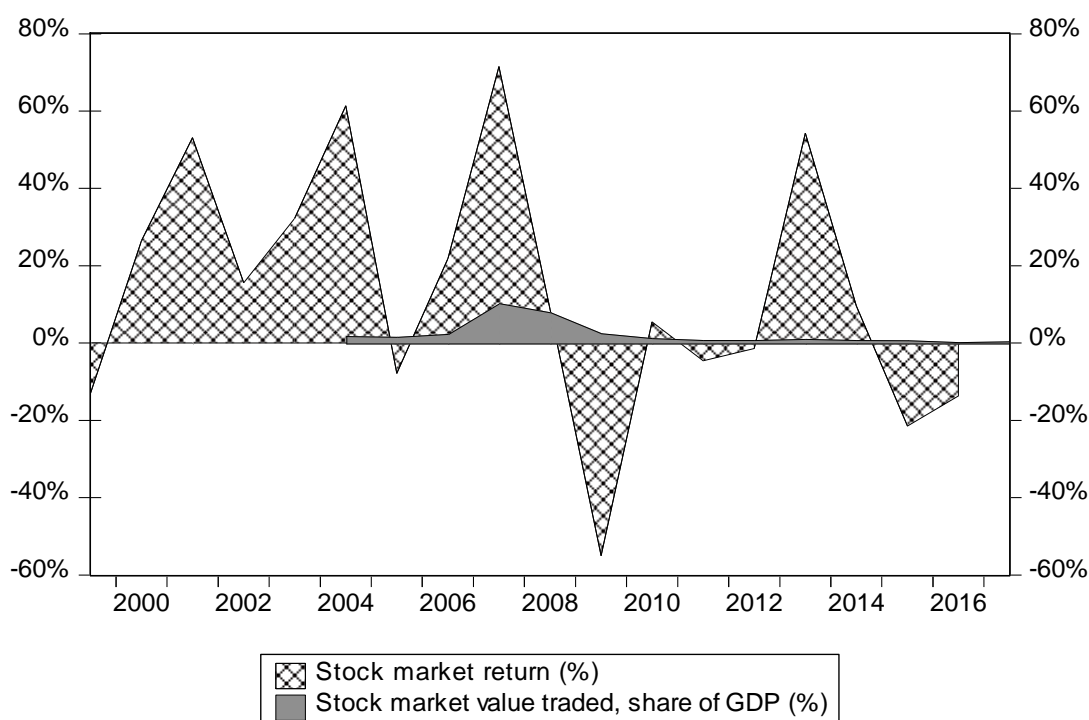


Figure 49: Stock market values traded as percentage of GDP and Stock Market percentage return in Nigeria, 1999 to 2016. (Source: Constructed based on data of Nigerian stock market's value traded and returns from The Global Economy)

The Stock market return is the percentage growth rate of the annual average stock market index. Where annual average stock market index is calculated by estimating the average of the daily available stock market indexes at the end of daily transaction from Bloomberg. For period 1999 to 2016, the average

value was 13.5% with a minimum value of -55.02% in 2009 and a maximum of 71.52% in 2007. Whereby, the stock market value traded as percentage of GDP is the value of total shares traded both domestic and foreign times respective matching prices. Companies which are admitted to listing and trading are included, end of the year values are used and figures are single-counted. Although, data are missing for year 2000, 2002 and 2003, but for 1999 to 2017, the average value was 2.19% with minimum of 0.31% in 1999 and maximum of 10.43% in 2007. From the graph, both value traded and stock market returns attained their maximum values in 2007, and were following same trend from 2004(61.38%)(1.91%) with more obvious and larger changes in values of the stock market's return till 2009(-55.02%)(2.65%) respectively, then returns increased and value traded reduced in 2010(5.43%)(1.38%), both also reduced in 2011(-4.61%)(0.94%), wherefore value traded decreased further while returns increased but still negative in 2012(-1.44%)(0.89%), after that, both components started following same trend, they both increased in 2013(54.26%)(1.21%) then decreased in 2014(9.56%)(0.9%), after which they further decreased simultaneously in 2015(-21.5%)(0.85%) the year after Boko Haram terror, but value added decreased further while stock returns gained increase but was still negative in 2016(-13.71%)(0.37%) in year of recession, then valued added increased in 2017 to 0.59% when Nigeria exit recession. These show the effect of terrorism on stock market returns and value traded especially, aftermath 2014 when both components decreased in 2015 however, stock market returns gained increase but still negative in 2016, the year of recession while value added decreased but gained increase in 2017 when recession ended.

CHAPTER 5

SUMMARY, CONCLUSION, RECOMMENDATION AND IMPLICATION OF STUDY

5.1 Summary

According to Global Terrorism Index, GTI 2018, Nigeria is still the third most terrorized country globally coming after Iraq and Afghanistan. More so GTI 2015, stipulates that many nations which have high terrorism infliction are also infested with significant internal armed conflicts, therefore, it is said that effects of terrorism differ from country to country. Nations in the category of terrorized and facing ongoing armed conflicts make it difficult to reach conclusion on the definite impact or cost of terrorism, as there will be overlapping or mixed implications from both terrorism and armed conflict thereby making conclusion on effects of terrorism complicated as it will be complex to separate the cost and implication of terrorism from armed conflict.

More so, as nations with ongoing conflict make it hard to draw conclusions of the economic impact of terrorism on its structures, it is therefore said that growth and output or income of an economy can be adversely affected by activities of terrorism, however, there is no general conclusion among nations inflicted by terrorism. Existing work indicates that many determinants are significant to the cost and effect of terrorism and they are security, nature of the terrorism itself and strength of the economy in the face of trouble. However, results across countries are mixed, not correlated and contradictory, but the mentioned are germane in the determination and conclusion.

As such, Enders and Sandler (2008 and 2009), have posited in their various studies about terrorism and examining relatively many economies and nations cutting across leagues of nations in all strata of development from the less-developed to developing and developed countries, they submitted that most countries infested by terrorism are those with long history of economic disorder, civil cum domestic war or upheaval resident in their economies. Work from Journal of Peace Research (2013), have enunciated that most economies affected are those countries that fall into the category of resident economic issues prevalent in their polity, a troubled state as with their history and particularly, most of them were colonies or once protectorates of super-powers, which justify the paradigm of low level of developmental rate and uprising in their borders.

More importantly, capacity of an economy is also a significant determinant of the effects and implications of terrorism (Blomberg et al, 2004) in its bordered-land. For economies that run on its full capacity and potential, having remarkable growth, with existing structures of capacity building will not have much consequences from terrorist attack. GTI 2015, further enunciated that countries may not be affected significantly by terrorism, but nations witnessing frequent attacks are likely to have their economies and growth affected. Enders and Sandler (1996), posited that for terrorism not to have impact, it depends on the size of the economy, how large and steady its growth. Countries with large capacity or huge economy may therefore not be affected. The figures below show the summary drawn from this work's methodology, the graphs with multiple plots is an imposition of all the GDP components, indicators, contributors and sectorial valued added as share of GDP of Nigeria from the methodology section without percentage changes of the indicators, the GDP values, GDP per capita and sectors' value added in values of US\$ billions. Bellows are summary of findings from impositions of all data in a graph, to draw conclusion and make recommendations.

5.1.1 Summary 1: The Imposition of the percentage changes in the values for sectors, contributors and indicators of GDP.

From the figure it is obvious that all the indicators declined simultaneously from 2014 to 2015 in percentage change of the values as indicated by the arrow pointing at year 2014 and the declines to year 2015, in the Nigerian economy.

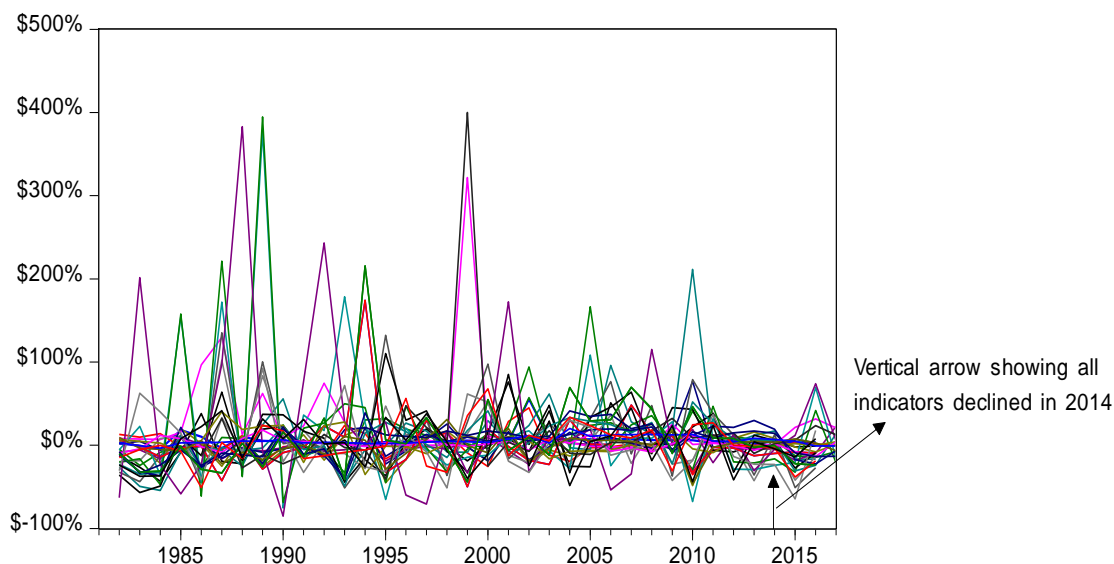


Figure 50: The imposition of the percentage changes in the values of all GDP indicators, components, contributors and sectors' value added as percentage share of GDP, from 1981 to 2017. (Source: Constructed based on data of percentage changes in Nigerian GDP components, contributors and indicators from The Global Economy)

5.1.2 Summary 2: The imposition for the year differenced of all percentage changes in the values for sectors, contributors and indicators of GDP.

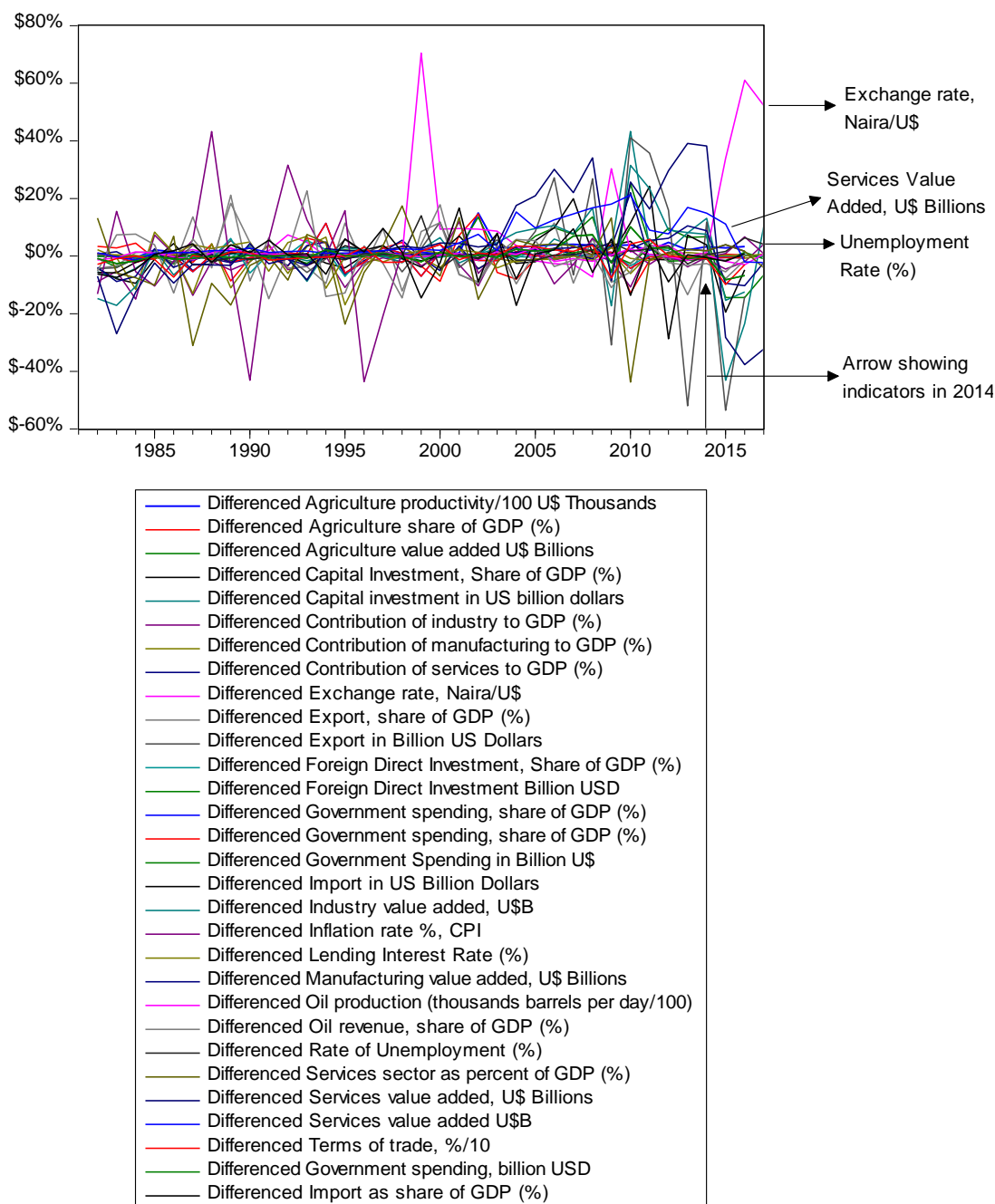


Figure 51: Imposition for the year differenced of all percentage changes in the values of all GDP indicators, components, contributors and sectors' value added as percentage share of GDP, 1981-2017. (Source: Constructed based on data of year differenced of Nigerian GDP components, contributors and indicators from The Global Economy)

Where,

Arrows from top are;

First arrow; Exchange rate

Second arrow; Services value added

Third arrow; Unemployment rate.

From the figure, it is obvious that most of all the indicators declined simultaneously from 2014 to 2015 in year differenced of percentage changes. Although, there have been declines before 2014 in the economy, but the fall of the variables in year 2014 are simultaneous, clear-cut and indicative. First arrow is indicating exchange rate while, second arrow is services value added and third arrow is unemployment rate. The exchange rate drastically increased from 2014, while services value added was already on the decrease but further declined in 2014, however it was positive in value and higher than all other variables, whereas unemployment from 2014 saw an increase but was at a lower value. Inadvertently, all the three variables saw sharp decrease in 2016, the year of recession. The implication is that during contraction arising from aftermath of 2014, unemployment was on the rise, but in the prevalent condition of economic reduction, services value added and exchange rate were on the rise in the values for percentage of year differenced. This shows further devaluation in exchange rate of the Nigerian naira relative to US\$ and positive values in the services sector percentage from previous years, but they however declined in the year of recession, 2016.

5.1.3 Summary 3: Imposition of all actual values of data for sectors, contributors and indicators of GDP

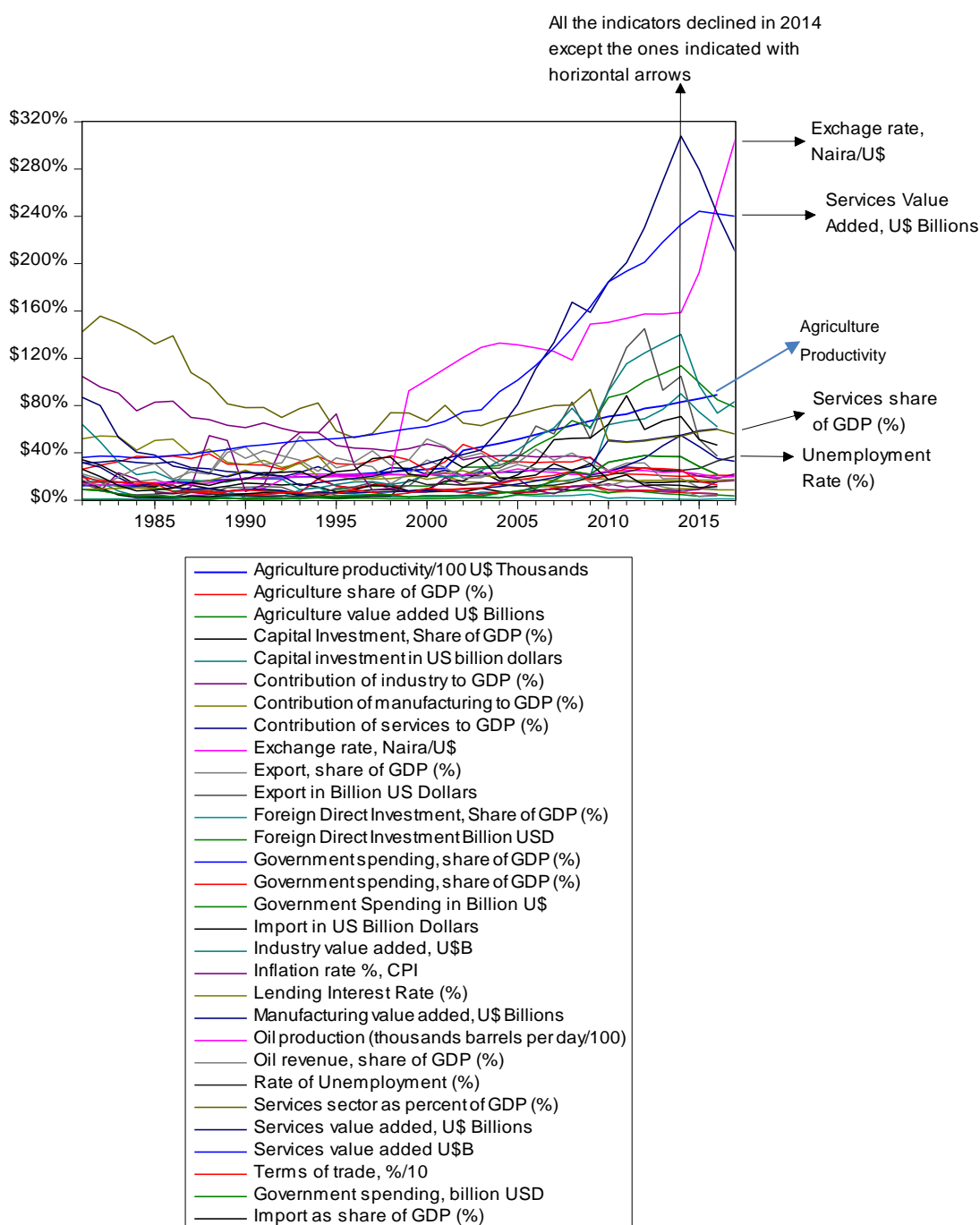


Figure 52: The imposition of the actual values of all GDP indicators, components, contributors and sectors' value added as percentage share of GDP from 1981 to 2017. (Source: Constructed based on data of Nigerian GDP components, contributors and indicators from The Global Economy).

Where, Horizontal arrows from top are;

First arrow; Exchange rate, Naira/US\$

Second arrow; Services value added as share of GDP (US\$)

Third arrow; Agriculture productivity (US\$)

Fourth arrow; Services sector as percentage of GDP (%)

Fifth arrow; Rate of unemployment (%), and

The vertical arrow is indicating year 2014, the declines and increases in the year 2014.

From the figure as indicated by the vertical and horizontal arrows, the vertical cuts across all the variables to show declines and increases from year 2014. While the horizontal arrows are indicating variables that are rising in the prevalent condition marking the beginning of economic decline, with first arrow from up is indicating exchange rate, second arrow is showing services value added as share of GDP in U\$ billions, third arrow is agricultural productivity while fourth is services sector as percentage share of GDP and the fifth arrow is rate of unemployment. It is obvious that most of all the indicators declined simultaneously from 2014 to 2015 in actual values, except for services, agriculture productivity, exchange rate and unemployment that were on the rise. However, as it is known that economic contraction causes increase in unemployment, as both have significant direct relationship in an economy and that justifies the increase in unemployment, but the rise in the exchange rate from 2014 was drastic and it sustained an increase from that year, agricultural productivity has maintained steady increase from inception which continued even in recession while the services sector experienced an increase from same year 2014, although it declined in both components in 2016 the year of economic recession. These form the implication for policy recommendation that Nigeria needs to be more agrarian and service oriented, improve on the sectors to achieve an agricultural- and service-intensive economy, also is the need for devaluation of naira relative to US\$ necessary for economic growth as the variables; agriculture productivity, services sector and exchange rate were increasing despite economic downturn arising from 2014.

5.2 Conclusion

Frey et al (2004) in their study postulated that countries affected by terrorism are actually economies that would not perform beyond their existing economic capacities if terrorism was not present in their domain. Which means they are implying from their studies that the effect of terrorism on an economy is a

function of how productive or how large the economy is. More so, it was further stipulated that implications of terrorism on an economy is not the actual reduction in the performance of the economy, but how such economy would have performed without terrorism prevalent in the system, (Blomberg et al 2004), the determinant of terrorism impact in an economy is also posited to be dependent on the development rate or level of an economy, and this paradigm can be seen in the case of France and United States aftermath the French attack and 9/11 incidents respectively, it was said that these economies were able to regain their economic stabilities soon after the terrorist events, that was why Enders and Sandler, (2008) stipulated that most developed economies regain economic order in quick periods after terrorist attack.

However, Schneider et al (2010), opined, terrorism can have hard cum acute infliction on economy, if the country comes under frequent attacks which can disrupt economic activities. More importantly, it is said that terrorism can have grave effect if it is targeted at capital structures, economic facilities or production infrastructures and amenities meant for capital formation like the case of World Trade Centre when it came under terrorist attack, in that case it was recorded by economists and from economic analysis that the United States' GDP dropped relatively by 1% for days following the attack as direct cost of terrorism, but soon recovered due to the status of the economy before the attack. This is the paradigm with terrorism and developed economies.

Conversely, the case is different with LDCs or developing economies, from the archives of Journal of Peace Research's library, Daniel Meierrieks and Thomas Gries. (2013). Termed "Causality between terrorism and economic growth", enunciated that terrorism have tough implications on countries in Africa and in the league of Islamic countries, because these economies have problems with transparency and orderliness in their polity, more so, that has been the prevailing condition in those countries. This shows categorically, that terrorism paradigm as described to affect countries with some certain economic characteristics, of which Nigeria possesses most, and falls in the categories of economies described to be vulnerable to acute or adverse effects and implications of terrorism, these are the rationale that put the Nigerian

economy at risk of the impacts. Nigeria was once a protectorate and then a colony of the British empire, the country has history of internal crises, it has witnessed civil war in years immediately following its independence from British administration of indirect rule, more so, the country has seen trends of religious and tribal disputes, and more importantly, as much as the economy is large and an emerging market nation, rich in abundant petroleum resources as one of the largest exporter of the products globally, the country has not successfully translated these attendant opportunities to a viable development or have a stable economic growth. One of the main reasons why there have been ongoing armed conflicts in Niger Delta oil rich area in immediate cum successive periods prior to Boko Haram insurgency outset, where the natives turned to armed militancy to request for proper resource allocation from oil proceeds to favour their indigenes and local communities.

All the above features herein highlighted are the germane factors considered and submitted by scholars of terrorism specialty to inflict negative effects from terrorism, if a country of such circumstances were to be infested by terrorists and not only that, most of those prevailing conditions are some of the root causes of insurgency or terrorism in a nation, as aggrieved citizens take to insurgency to showcase their grievances. Therefore, Nigeria does not only fall into the category of the league of terrorized countries to experience hardened effects of terrorism but also in the class of those economies that have the likelihood of having terrorism spring up from its domain. This is the paradigm with Nigeria and Iraq's case, two countries out of the five most terrorism-plagued nations which share some economic features, they are both oil-rich but terrorism-infested economies, and GTI 2015 stipulates that terrorism has inflicted Iraq such that it lost U\$159 billion in GDP, PPP for the period 2005 to 2014. If terrorism can make Iraq lose the ability to earn at full-capacity which is a form of contraction, therefore, terrorism can affect Nigeria significantly. However, the imposed data for the indicators shows that terrorism was one of the rationale behind Nigerian economic downturn, recession, drastic reduction in GDP, income and economic growth from aftermath of Boko Haram terrorism and more so, from the intensification of their operations in 2014 making them the deadliest terrorist organization in the world and putting Nigeria in the

forefront of one of the most terrorized economies, hence the negative implications on the macro-economy of Nigeria. However, for solutions to the imminent economic problem, there is need for Nigeria as a nation to employ certain approaches; increase its potential and capacity as an agrarian cum service-intensive economy and to devalue its currency, as enunciated below.

5.3 Recommendations and Implication of Study

Global Terrorism index (GTI 2015), recommended that aside improving security and welfare of citizens, it is necessary for authorities and private sectors in terrorism-infested nations to be fully aware of the damages, costs and effects of terrorism in an economy as that would help in allocating resources to sectors and sections of the economy that can alleviate direct and indirect costs that can arise from terrorism and consequently lead to improved economic condition. The vertical arrow in the figure 50 above is pointing to year 2014 to indicate the point of declines, as it shows decreases in all the variables from 2014 to the year 2015. From the graphs, as the economic indicators were declining, so also are their value added and percentage share of GDP, in actual figures, their percentage year differenced and percentage changes, however, as the economic components were decreasing, exchange rate was increasing, also is agriculture productivity, services and its valued added to GDP, more so, inflation and unemployment were on the rise, as it is known that recession causes increase in inflation and unemployment, as both have significant or direct relationship in a prevailing economic contraction.

Furthermore, from the figures above, as the arrows are pointing to indicate declines and increases, more importantly are the arrows indicating agriculture productivity, services share of the economy and its value added to GDP were positive and increasing, this shows that, as though it is normal when all productive cum economic activities are declining with the national income, which is seen as recession or economic contraction, it is significant for unemployment, inflation and exchange rate to be on the increase, same as in Nigeria case as all those variables were increasing, however the arrows imposed for indication also show that agricultural productivity was steadily increasing in the imposition of all actual figures, while services sector was

positive in value for percentage in year differenced while in actual value it was increasing, although, at a steady rate while exchange rate increased sharply, this therefore shows that, Nigeria need to take cognizance of its agriculture and service sectors as the important sectors, industries and factors that can lead to economic growth and buoyancy even in the face of terrorism, this then means the services sector is one sector the nation should invest more and encourage FDI to make it further formidable and as such can deliver the country from the grip and implication of the insurgency even as recommended by scholars, hence the need to be a more service-intensive economy or nation.

Sequel to above, the agricultural sector is also a significant sector that can drive the economy, serve as solution to terrorism and push the economy to a stable and steady economic growth. The economy of Nigeria has to look beyond solely relying on its petroleum resources abundance, which has actually made a once agrarian economy to forfeit its agriculture sector's ability to achieve full capacity or attain its full potential of driving the economy forward. More so, as seen in the figures, in the years differenced and percentage changes, as other factors were plummeting, the exchange rate is seen to have a sharp rise, from the year 2014 when Nigeria economy was said to achieve a remarkable growth overtaking South Africa as the largest economy in Africa with the largest GDP, before decline and consequent recession in 2016, this shows therefore that devaluation of Naira can have positive effect on Nigerian economy and its growth, as it will make export cheaper, import expensive and thereby increase income from trade, enhance trade balancing, balance of payment, prevent trade deficit thereby increasing foreign exchange earnings, national income, GDP and all these will translate to economic growth.

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