Diaspora Cash Flow and Foreign Direct Investment (FDI) in Nigeria: Emerging Challenges

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Abstract

This study investigated the correlation between Diaspora cash flow and Attraction of Foreign Direct Investment (FDI) in Nigeria with emphasis on their emerging challenges. Methodologically, it relies on secondary sources of data which build upon the institutional FDI fitness theory and argues that Diaspora cash flow can easily attract FDI in the country. The findings of the study show that certain internal contradictions pose a great challenge to the attraction of FDI in the country which include lack of respect for contractual obligations and agreements by Nigerian government, high taxation of the formal and informal sector, insecurity, lack of good governance etc. It was recommended that Nigerian government should not only embark on people-oriented economic policy that would address the above internal contradictions to convince the international investors but also enforce the revised National Tax Policy and Tax Laws and Regulation 2017 that streamlined taxes among the federal, states and local governments, to avoid multiple taxations and attract FDI in the country.

Keywords: Diaspora, Cash flow, FDI, Institutional FDI fitness Theory, Emerging Challenges.

1.0 INTRODUCTION

FDI has become one of the most important sources different countries of the world have developed economically. Great inflow of FDI in any country invariably means expansion of economic growth, productivity, wages and employment opportunities. That explains why different countries of the world package their economic policies in a very good way to quickly attract FDI more easily. In fact, FDI has the potential to bring several benefits to the recipient country as quite vividly stated by Blomstrom & Koko (1998, p. 247). According to them:

> The arrival of Multinational Enterprises (MNEs) in a country can foster efficiency through increased competition. It can also produce positive productivity, spillovers as MNEs integrate domestic firms into their production processes through forward

> and backward linkages. In addition, MNEs tend to make new technology available and provide access to new markets, improving the training and qualifications of the local workforce and increasing wages and employment. The extent of these positive outcomes will depend partly on the host country's absorptive capacity.

Interestingly, advanced economies of the world such as United States, Japan, China, United Kingdom, Canada, Republic of South Korea, European Union Countries etc, have played a major role as the source of FDI spread all over the world (see figure 1). Also, FDI can also flow to various countries of the world either to the developed economies, economies in transition or to the developing economies. However, developing economies accounted for a growing share of global FDI inflow in 2017, absorbing 47 percent of the total, compared with 36 percent in 2016 (United Nation Conference on Trade and Development, UNCTAD, 2018). This can be represented diagrammatically (see Table 1).

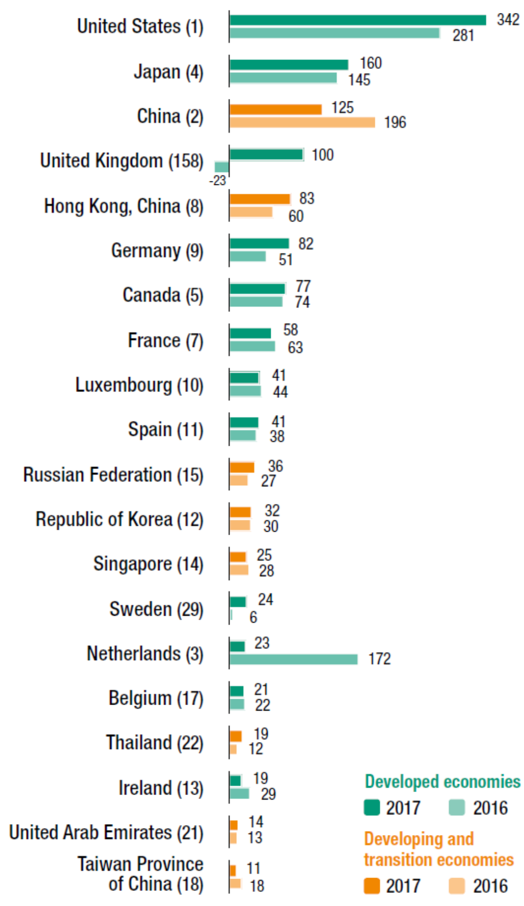

Figure 1: FDI outflows, top 20 home economies 2016 and 2017 (Billions of Dollars)
Source: UNCTAD, FDI/MNE database (2018)

Chikwem (2019)

Instructively, figure 1 shows that in 2017 and 2016, U.S.A outflow of FDI records 342 and 281 respectively. Why Japan records 160 and 145; China 125 and 196; United Kingdom 100 and 23; Hong Kong, China, 83 and 60; Germany, 83 and 51; Canada, 77 and 74 etc.

Table 1: FDI inflows, projections, by group of economies and regions, 2015 to 2017, and projections, 2018 (Billions of Dollars and Per cent).

Group of economies	2015	20164	2017	Projections 2018
World	**1921**	**1868**	**1430**	**1450 to 1 570**
Developed economies	**1141**	**1133**	**712**	**740 to 800**
Europe	595	565	334	~380
North America	511	494	300	~320
Developing economies	**744**	**670**	**671**	**640 to 690**
Africa	57	53	42	~50
Asia	516	475	476	~470
Latin America and the Caribbean	169	140	151	~140
Transition economies	**36**	**64**	**47**	**50 to 60**

Memorandum: Annual growth rate (per cent)

World	**44**	**-3**	**-23**	**(1 to 10)**
Developed economies	**91**	**-1**	**-37**	**(5 to 10)**
Europe	117	-5	-41	~15
North America	96	-3	-39	~5
Developing economies	**9**	**-10**	**0**	**(-5 to 5)**
Africa	8	-6	-21	~ 20
Asia	12	-8	0	~0
Latin America and the Caribbean	-1	-17	8	~-5
Transition economies	**-36**	**78**	**-27**	**(~20)**

Source: UNCTAD, FDI MNE Data Base (www.untad.org/fdistatistics).

Table 1 also shows that FDI inflows to developing economy in 2018 are 640 to 690. While that of Africa stands at 42. Asia stands at 57 while Latin America and the Caribbean 252 etc

However, FDI inflow to West African countries, especially in Nigeria, which is the focus of this study, has fallen drastically since 2015. For instance, the World Investment Report (WIR) 2019, released on June 12, 2019, by United Nation Conference on Trade and Development (UNCTAD) noted that FDI inflow in Nigeria dropped by 43 per cent to $2 billion (UNCTAD, 2019). Though, Nigeria government through the Central Bank of Nigeria (CBN) on June 20th 2019 refutes the above claim, insisting that the FDI into Nigeria hits $2.87bn in the last five months, implying a drastic increase of FDI into the country's economy (Idowu, 2019, Agabi, 2019, Punch, 2019). However, the fact remains that the indicators on ground do not show any growth of FDI in the country. In fact, the CBN might have taken that action to restore investors' confidence. That explains why the National Council of the Manufacturers Association of Nigeria (MAN) on the same June 20th 2019 noted with emphasis that the country's economy is still fragile (lloani & Opoola, 2019, p5).

Nevertheless, this wide gap in the fall of FDI in the country can be filled by the Diasporas who can easily attract FDI in the country because of the advantage of living in most of those developed economies. In fact, it is estimated that 18 million Nigerians who live in Diaspora remits $22 billion every year, almost the size of the National budget. The above view was attested to by Prof. Andrew Nevin, the Chief economist at Price Water (PWC) Nigeria, who stated that,

> Nigerians in Diasporas remittances rise to $25bn in 2018. This surpasses the 2017 remittance of N22 billion, making it the highest in the Sub-Sahara Africa region followed by Senegal and Ghana with $2.2 billion each for the year. Currently, the country is in the top five nations in global remittance (cited in Idowu, 2019).

In the light of this, this study seeks to contribute to the literature on Diasporas cash flow in relation to attraction of FDI in Nigeria with particular reference to their emerging challenges, in seven sections: the first is the introduction, followed by the second and the third sections which examine the conceptual framework and the theoretical underpinning of the study. The fourth and fifth sections, respectively, explore the High Labour Cost in most of the developed Economy/ the Strategic Advantage of attracting FDI in Nigeria and Understanding the emerging challenges of Diaspora cash flow and attraction of FDI in Nigeria. The final section concludes the paper.

2.0 CONCEPTUALIZING DIASPORA, CASH FLOW AND FOREIGN DIRECT INVESTMENT (FDI)

Scholars are yet to agree on the precise definition of Diasporas. However, the Cambridge Online Dictionary (2019) defines Diaspora as a group of people who spread from one original country to other countries, or the act of spreading in this way. Similarly, Brubaker (2005) defines the proliferation of diaspora as a term with a dispersion of the meanings of the term in semantic, conceptual and disciplinary space. For him, there should be criteria to define diaspora. These criteria are dispersion; homeland orientation; and boundary maintenance in order not to be confused in the blooming of Diasporas. However, this study adopts the definition of diaspora as clearly and distinctly stated by Safran (1991) that identifies six basic characteristics in his definition of diaspora. According to him, for something to be called as diaspora, there should be a dispersal from homeland to two or more foreign regions; those people who are away from their homeland have a collective memory about their homeland; they have a belief that they will always be outrageous in their host state; they idealize their putative ancestral home; there is a belief that all members of that society should be committed to the maintenance or restoration of the homeland and a strong ethnic group consciousness with a belief in a common fate.

On the other hand, cash flow can be defined as the total value of the money that is actually received by or paid out by an entity for over a certain time period (Albrecht, 2003) cited in Efeeloo (2020). Similarly, Uremadu (2004) cited in Efeeloo (2020) defines cash flows of an entity as those pool of funds that the firm commits to its non-current assets, inventories, account receivables and marketable securities" that generates profit. The ability of the company to efficiently and effectively choose adequate sources of funds to finance its activities will differentiate a strong cash flow management and poorly managed cash flows.

In the same vein, Nwanyanwu (2015) on his own part defines cash flow as a concept in accounting and finance used to describe the inflow and outflow of cash within an organization. Inflows represent cash receipts while outflows relate to cash expenditures. A high inflow of cash when compared with the outflow provides a company with sufficient cash balance for investment purposes. On the other hand, a low inflow leading to excess of outflow over the inflow reduces organizational operations. Also, in the views of Libby *et al* (2001, p.682), cash flow permits a company to expand its operations, replace needed assets, take advantage of market opportunities and pay dividend to its owners.

Furthermore, cash flow is essentially the movement of money into and out of your business; it's the cycle of cash inflows and cash outflows that determine your business' solvency. Cash flow analysis is the study of the cycle of your business' cash inflows and outflows, with the purpose of maintaining an adequate cash flow for your business, and to provide the basis for cash flow management. Cash flow analysis involves examining the components of your business that affect cash flow, such as accounts receivable, inventory, accounts payable, and credit terms. By performing a cash flow analysis on these separate components, you'll be able to more easily identify cash flow problems and find ways to improve your cash flow (Noor et al, 2012).

Foreign Direct Investment (FDI) on the other hand can be defined as an investment made by a firm or individual in one country into business interests located in another country. Generally, FDI takes place when an investor establishes foreign business operations or acquires foreign business assets, including establishing ownership or controlling interest in a foreign company. Foreign direct investments are distinguished from portfolio investments in which an investor merely purchases equities of foreign-based companies (Chen, 2019).

Similarly, the IMF and OECD define FDI as reflecting the aim of obtaining a lasting interest by a resident entity of one economy (direct investor) in an enterprise that is resident in another economy (the direct investment enterprise). The “lasting interest” implies the existence of a long-term relationship between the direct investor and the direct investment enterprise and a significant degree of influence on the management of the latter. Direct investment involves both the initial transaction establishing the relationship between the investor and the enterprise and all subsequent capital transactions between them and among affiliated enterprises, both incorporated and unincorporated. It should be noted that capital transactions which do not give rise to any settlement, e.g., an interchange of shares (cited in Duce 2003, p.2)

In the same vein, FDI is defined as an investment involving a long-term relationship and reflecting a lasting interest and control by a resident entity in one economy (foreign direct investor or parent enterprise) in an enterprise resident in an economy other than that of the foreign direct investor (FDI enterprise or affiliate enterprise or foreign affiliate). FDI implies that the investor exerts a significant degree of influence on the management of the enterprise resident in the other economy. Such investment involves both the initial transaction between the two entities and all subsequent transactions between them and among foreign affiliates, both incorporated and unincorporated. FDI may be undertaken by individuals as well as business entities (UNCTAD, 2019)

Finally, this study will adopt the definition of FDI as clearly and distinctly stated by World Bank. According to World Bank,

> Foreign direct investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy. As well as the equity that gives rise to control or influence, direct investment also includes investment associated with that relationship, including investment in indirectly influenced or controlled enterprises, investment in fellow enterprises (enterprises controlled by the same direct investor), debt (except selected debt), and reverse investment. Implementation of the Balance of Payments Manual 6th Edition (BPM6) methodology has brought changes to the definition of direct investment by making it consistent with the OECD Benchmark Definition of Foreign Direct Investment, notably the recasting in terms of control and influence, treatment of chains of investment and fellow enterprises, and presentation on a gross asset and liability basis as well as according to the directional principle (world Bank, 2019).

3.0 THEORIZING INSTITUTIONAL FDI FITNESS THEORY

Different third world countries used deferent theories to develop their respective economies such as capital market theory, the eclectic paradigm, location-based approach to FDI theories etc, to attract FDI in their respective economies. However, this study will adopt the institutional FDI fitness theory. This theory was developed by Wilhems & Witter (1998). According to these scholars, this theory postulates that it is the institutions, their policies and implantation, rather than generic inflexible variables that give a country a competitive advantage in the global FDI market (Wilhelms, 1998). Making this clearer, Karau & Mburu (2016, p. 89) noted that countries with high institutional fitness, experience higher inflows of FDI than countries with low institutional fitness. High institutional fitness means that a country's institutions are transparent, well-functioning, reliable and predictable. The term FDI fitness refers to a country's ability to attract, absorb and retain FDI by reacting swiftly to changes and opportunities, creativity and flexibility in carving out a niche in which a country can survive against competitors.

Interestingly, this theory is built on four main FDI fitness institutions. They are government, market, education and socio-cultural fitness (see figure 2).

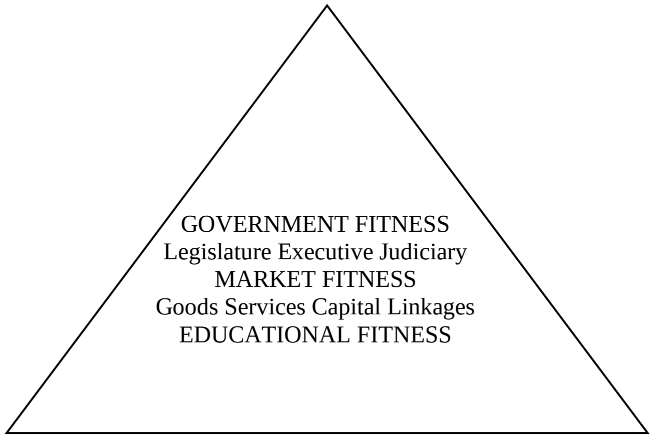

Figure 2: Pyramid of FDI Institutional Fitness
Source: Karua & Mburu (2016)

This pyramid shows that the higher the danger of receptiveness and integration of a country's socio-culture, the greater the capacity for attraction of FDI due to the cultural proximity by foreign investors. Educational fitness creates favourable environment for FDI through information, research, development and technology. Open competitive market with protective regulation attract more FDI than markets subjected to directive regulation. At the top of the pyramid is the government fitness, which is responsible for regulation and coordination of the other three institutions through policies and the implementation that in turn determine FDI inflows (Wilhelms & Witter, 1998; Karau & Mburu, 2016).

When applied to Nigeria's economy, the institutional FDI fitness model suits the analysis of Diaspora cash flow and Attraction of Foreign Direct Investment (FDI) in Nigeria with emphasis on their emerging challenges, as one of the best ways, to quickly attract FDI in Nigeria. This has become necessary because the country's institutions are not transparent, well-functioning, reliable and predictable. The government is not playing a good role to attract FDI, but roles that are hostile to investors. This is exemplified by high insecurity, disregard to rule of law, high taxation etc. As such, this has contributed immensely why most of the country's Diaspora fails to attract investors in the country. This has also contributed why different investors shy away from investing on Nigeria's economy, leading to the fragile nature of the country's economy. Attesting to the above view, a foreign investment broker and managing Director/Chief Executive officer of Footprint to

Africa, Osita Oparaugo, on 8 December 2019 said that investors shun investing in Nigeria because they discovered that the country's government easily discards an agreement reached with foreign investors. According to him: "We must learn to stick to terms of Memoranda of Understandings (MoUs); institutionalise continuity in government policies, projects and programmes even when there is a different party or government in power" (Oparaugo, 2018, p.3).

Furthermore, Popovici & Calin (2014) added, which is applicable to Nigeria, that Government fitness is considered to include economic openness, a low degree of trade and exchange rate intervention, low corruption and greater transparency. More also, Wilhelms & Witter (1980) noted that if policies are hostile and unfavorable towards investors, MNCs will shy away from such countries as the political instability increases the risk burden on their investments. The authors concluded that although the pyramid is represented in a specific order, the four institutional pillars in fact are inter-related and interact in unison in different forms. For example, Government policies shape markets, education and socio-cultural activities; market forces impact on the Government, education and socio-culture; education affects human capital and hence Government, markets and socio-cultural norms and practices; and finally, sociocultural systems are the origin of Government, markets and education, respectively (Wilhelms & Witter, 1998).

High Labour Cost in the Developed Economy and the Strategic Advantage of attracting FDI in Nigeria

There is an increasing cost of labour in most of the developed economy including China. Most of these investors are looking for places they will find cheap labour and it can be a very great opportunity for Nigeria to attract these FDI. This is necessary for the country because of the relevance of these FDI to the social–economic development of the country. This FDI can easily be facilitated by the country's Diasporas. Among other things, these FDI will help to reduce the high rate of unemployment in the country. Ordinarily, FDI inflow into a given country usually creates employment opportunities to that given country. As such, those opportunities are appropriated to reduce youth's unemployment in the given country. In fact, the high rate of youth unemployment in the country is a time bomb. For instance, the Nigeria Bureau of Statistics (NBS) noted that unemployment rate increased from 14.2 percent in the fourth quarter of 2016 to 16.2 percent in the second quarter of 2017, 18.1 per cent in 2017 and 23.1 percent in 2018 (NBS, 2019). This has drastically affected negatively the poverty level of Nigeria. In fact, Nigeria has been declared the poverty capital of the world. For instance, according to the world poverty clock, Nigeria has overtaken India as the poverty capital of the world and that according to the African Development Bank (AFDB), 152 million Nigerians, out of an over population of about 198 million, meet the criteria of absolute poverty which means that 80 percent of Nigerians are extremely poor (cited in Obienyi, 2018, p.5).

Secondly, FDI inflow will help to boost the fragile nature of the country's economy. Though, the country has exited recession over a year ago, the simple fact remains that all the macroeconomic performance indicators are still at the recovery level. For instance, Yelwa (2019, p.5) noted that,

> Nigeria has 43 economic sectors each capable of making the economy strong and buoyant on its own. But none is actually contributing to GDP as it should even the agriculture as celebrated is not performing as it should. What is actually contributing to GDP is oil…until there is an improvement in the productive capacity of all sectors in the economy, the economic fragility will persist.

Similarly, on June 26, 2019, the former Emir of Kano, Mallam Muhammad Sanusi11 warned that Nigeria is at the verge of bankruptcy. According to him:

> When you are spending 70 percent of your revenue on debt services, then you are managing 30 percent. And then you continue subsidizing petroleum products and spending #1.5trn per annum on petroleum subsidy! And then we are subsidizing electricity tariff. And maybe, you have to borrow from the capital market or the central bank of Nigeria to service the shortfall in the electricity tariff. Where is the money to pay salaries? Where is the money for education and other government projects (cited in Popoola, Okon, Onuba & Odogwu, 2019, p.5)

Thirdly, FDI, when fully attracted will enhance local technological capabilities in the country. For instance, countries like Hong Kong, Malaysia, Mexico, Costa Rica, etc, have been found to have grown technologically through FDI. No wonder, Diyamett & Mutambia (2014, p.1) noted that "FDI has been found to be one of the very important ways of building local technological capabilities for developing countries, and an important channel through which international diffusion of knowledge and technology takes place".

All these are clear indications that Nigerian government has to take advantage of the high cost of labour in the developed economy, to remove all the restrictions on FDI inflows, to boost the country's economy to tackle the above problems.

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Understanding/Explaining the emerging challenges of Diaspora cash flow and attraction of FDI in Nigeria

Though Nigerian economy remains a safe haven for the inflow of FDI that may be orchestrated by the country's Diaspora as a result of cheap labour, however the undeniable facts remains that there are emerging challenges that pose a very great challenge to attraction of FDI in Nigeria. First, is disregard to the rule of law. This has posed a great challenge to the attraction of FDI in Nigeria. Nigerian government has been known to be a country that does not respect contractual obligations and agreements with investors, and this has discouraged most of the international investors who want to invest in Nigeria. For instance, PSID (two Irishmen) in 2010 signed a 20-year contract with the Nigerian government to create a new natural gas development refinery, but when Buhari assumed office in 2015, he cancelled the contract. Despite court orders from Nigeria and London secured by PSID against the Nigerian government for breach of contract, loss of income, additional costs and interest accrued after five years of non-payment were conspicuously ignored by the country's government till date. That explains why Ex-British Former Secretary of State for International Development, Priti Patel, on November 2018, warned investors all over the world to keep off from Nigeria. According to him,

> The Nigerian government has continued to flout international law and convention, and it refuses to respect the various court decisions. Investors must consider this long-running scandal and weigh this obinacy against Nigeria's mishandled economic potentials… In Nigeria, the unhappy experience of the firm founded by two Irishmen process and industrial development is a case in point, and demonstrates the risk that businesses will face in Nigeria (Patel, 2018, p.2)

Corroborating the above view, Muda Yusuf, former Director of Lagos chamber of Commerce and Industry (LCCI) also warned that,

> Nigeria's quest to attract foreign investment inflow may continue to be a mirage unless contractual obligations and agreement are respected by the government. The history of compliance to contractual agreement especially from government is not a good story and infractions incurred by the government discouraged investors (Yusuf, 2018, p.1).

This reckless disregard to the rule of law has not only negatively affected the country's international ranking in the ease of doing business, but has also affected the country's FDI inflow. For instance, Nigeria is ranked 146 among 190 economies studied in the ease of doing business report released by the World Bank in 2018, dropping by a spot from its 145th position in 2017 (Olawoyin, 2018; Punch, 2018). Equally, the World Investment Report (WIR) 2019 released on June 12, by United Nation Conference on Trade and Development (UNCTAD) noted that FDI inflow in Nigeria dropped by 43 per cent to $2 billion (UNCTAD, 2019). Though, the above fact has been refuted by the Central Bank of Nigeria (CBN) on June 20th 2019, insisting that the FDI into Nigeria hits $2.87bn in the last five months, implying a drastic increase of FDI into the country's economy (Idowu, 2019, Agabi, 2019, Punch, 2019), but available record contradict the above statement.

Second is insecurity. No investor would like to invest in any country where there is no security. Nigeria as a country is bedeviled with numerous security threats ranging from Boko Haram in the North-East of Nigeria to Herdsmen rampant killings across the country. Also, in the South-East, there is also the growing threat of succession that has engulfed the whole region. Kidnapping, armed robbery, banditry and all types of heinous crimes are on the increase. For instance, the United Nation Development Programme (UNDP) noted on October 7, 2018 that 32,570 Nigerians were killed in eight years in Adamawa, Yobe, and Borno States in the North-East of Nigeria (cited in Amaefule, 2018, p.3). Similarly, in 2018 alone, no fewer than 6,562 Nigerians were slaughtered through the activities of *Boko Haram* insurgents, herdsmen and farmers' clashes, cult clashes, kidnapping, ritual killings and armed robbery, among others. The *Boko Haram* insurgency and herdsmen and farmer's clashes account for the bulk of the deaths (Ndujihe, 2018, p.1). No wonder, the Fund For Peace (FFP) on fragile state index 2019, ranked Nigeria on 26th of June 2019, as the 14th most failed nation in the world, out of a total of 178 countries that were survey (Fund for Peace, 2019).

Thirdly, the formal sector businesses and most of the time, the informal sectors are taxed heavily in Nigeria. While the federal government through the Federal Inland Revenue Services (FIRS) collects taxes on the formal sector businesses, the state Board of Internal Revenue (BIRS) also collect taxes on the same formal sector entrepreneurs. Equally, the local government collects taxes with different designations also on the formal sectors businesses. For instance, Table 1: Taxes payable by the formal companies in Nigeria

APPLICABLE TAX	**TAX RATE**	**GOVERNING LEGISLATION**
Companies Income Tax (CIT)	30% of total profits of a company less allowable deductions	Companies Income Tax Act
Capital Gains Tax CGT	10% of gains realized upon disposal of a chargeable asset	Capital Gain Tax Act
Value Added Tax (VAT)	5% on the supply of goods and services	Value Added Tax Act
Education Tax	2% of assessable profits of company	Education Tax Act

Source: Federal Inland Revenue, Nigeria, 2019.

Also, the state government as well collects exorbitant taxes from the same formal sectors such as development levy, individual Directors personal income tax and graduated tax rates with consolidated allowance of N200, 000 + 20 per Gross Income, subject to a minimum tax of 1 per cent of Gross income is higher.

1. First N300,000 @ 7 per cent
2. Next N300,000 @ 11 per cent
3. Next N500,000 @ 15 per cent
4. Next N500, 000 @ 19 per cent
5. Next N1,6000,000 @ 21 per cent
6. Above N3,200,000 @ 24 per cent

   Source: Enugu State Internal Revenue Service, 2019.

The local government in turn collects one form of taxes or the other also from these formal sectors companies. No wonder, most of the foreign investors shun Nigerian economy citing over taxation. The above view was attested to by Muda Yusuf, former Director General of Lagos Chambers of Commerce and Industry (LCCI), when he raised alarm, stating thus:

> This economy is a dual economy. When I say dual, it is principally the formal sector of the economy and informal sector of the economy. The formal sector of the economy is over taxed. When you talk of taxation, it is not just about the

conventional tax, company tax, etc. Business pay a lot of levies and fees annually (cited in Kolawole, Nnorom, Onuoha & Adegbesan, 2018, p.2)

4.0 CONCLUSION

This article has assessed Diaspora Cash Flow *vis-à-vis* attraction of Foreign Direct Investment (FDI) showcasing the good and the beautiful while papering over the bad and the ugly, including the more fundamental problems of addressing the emerging challenges to boost FDI inflow in Nigeria. Predicating this study in this context, institutional FDI fitness theory, becomes necessary as the fastest way the Nigerian government, as a state, can put good economic policy that will boost FDI inflow in the country. However, the study draws a caveat that unless these enumerated challenges are addressed, attracting FDI through the Diasporas will be a mirage.

Therefore, for a successful attraction of FDI through the Diasporas, urgent steps need to be taken by Nigerian government. First, the Ease of doing business project should be further strengthened. This will help to attract great inflow of FDI through the Diaspora. Second, respect to contractual obligations and agreements with investors must be respected if Nigeria will attract FDI through the Diaspora. Thirdly, there should be moderate taxation of the formal sector to attract FDI in the country through the Diasporas. Finally, Nigerian government should create a conducive atmosphere for FDI to thieve through ending insecurity and corruption in all its forms.

Recommendations

Based on the findings of this study, the study recommends that:

1. There is need for the Nigerian government to embark on people-oriented economic policy that would address the internal contradictions identified in this study in order to convince the international investors.
2. Nigerian government should as well enforce the revised National Tax Policy and Tax Laws and Regulation 2017 that streamlined taxes among the federal, states and local governments, to avoid multiple taxations as this will help to attract FDI in the country.
3. There is also the need for the Nigerian government to work on the security situations in the country as no business thrives on insecurity.
4. The Nigerian government should as well work on power supply as constant power supply attracts FDI.

Finally, governance should be restructured to ensure socio-economic development in the country. In fact, without good governance exhibited by a visionary political leader, that policy of that country may not achieve much. Good governance entails a dedicated and good visionary political leader who designs, formulate and implement policies for the good of his citizens. No wonder, Kofi Annan defines good governance as,

> the single most important factor in eradicating poverty and promoting development. Lack of good governance will continue to promote hunger and underdevelopment and it is through good governance that impact of governmental activities can be felt, particularly in the area of economic growth and development (Annan, 2004, p.15).

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