

# Foreign Direct Investment and Poverty Reduction in Nigeria: Impact and Structural Constraints

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**Abstract-** *This study investigates the impact of Foreign Direct Investment (FDI) on poverty reduction in Nigeria between 2015 and 2024, with a focus on the structural constraints that influence its effectiveness. Despite Nigeria's status as one of the leading recipients of FDI in Africa, poverty remains widespread, indicating a disconnect between foreign investment inflows and inclusive development outcomes. The study adopts a social survey research design, utilising primary data collected through structured questionnaires administered to staff of selected public and private institutions involved in investment and economic development, alongside secondary data from relevant literature and institutional reports. Data were analysed using descriptive statistical techniques. The findings reveal that FDI has contributed to poverty reduction mainly through job creation and economic growth, as a majority of respondents acknowledged its positive role in employment generation and income improvement. However, the study also finds that the poverty-reducing impact of FDI is significantly undermined by persistent structural challenges, including corruption, insecurity, weak regulatory frameworks, and inadequate infrastructure. These factors limit the capacity of foreign investment to generate broad-based welfare gains and strong linkages with the domestic economy. Anchored on New Growth Theory and Dependency Theory, the study concludes that while FDI has the potential to reduce poverty in Nigeria, its effectiveness largely depends on the quality of institutions and the broader socio-economic environment. The study recommends strengthening governance structures, improving security, enhancing regulatory consistency, and investing in critical infrastructure to maximise the poverty-reducing benefits of foreign direct investment in Nigeria.*

**Index Terms:** *Foreign Direct Investment, Poverty Reduction, Structural Constraints, Economic Growth.*

## I. INTRODUCTION

Foreign Direct Investment (FDI) has increasingly assumed a strategic role in the development agenda of many developing economies, particularly as a means of addressing capital shortages, technological gaps, and low productivity. Globally, the flow of FDI has shifted significantly towards developing countries, reflecting their growing relevance in the international economic system. According to the United Nations Conference on Trade and Development, FDI inflows to developing economies reached unprecedented levels, accounting for a substantial share of global investment flows (UNCTAD, 2020). This trend is driven by the recognition that FDI can promote economic growth through capital inflows, technology transfer, managerial expertise, and enhanced economies of scale. In Africa, foreign investment has expanded across key sectors such as natural resources, manufacturing, and services, with Nigeria emerging as one of the continent's major FDI destinations due to its large market size and resource endowment (UNCTAD, 2021). At the same time, poverty remains a major challenge, particularly in Sub-Saharan Africa, where a significant proportion of the global poor reside (World Bank, 2020). Consequently, FDI has been widely promoted as a policy instrument for poverty reduction, premised on its potential to generate employment, improve incomes, and enhance living standards.

Despite Nigeria's status as a leading recipient of foreign direct investment in Africa, poverty levels in the country remain persistently high, revealing a disconnect between investment inflows and inclusive development outcomes. A substantial proportion of Nigeria's population continues to live below the poverty line, alongside high unemployment and

income inequality, despite decades of economic reforms and development programmes (CIA World Factbook, 2018). While FDI has contributed to growth in sectors such as oil and gas, manufacturing, and services, its poverty-reducing impact has been constrained by structural challenges including inflationary pressures, insecurity, weak institutional frameworks, infrastructural deficits, and policy inconsistency (Oguh, 2016; Okonjo-Iweala, 2019). Furthermore, the concentration of FDI in capital-intensive sectors, particularly crude oil, has limited its capacity to generate broad-based employment and strong linkages with the domestic economy (CBN, 2016; Okogba, 2017). Recent evidence also indicates a decline in FDI inflows, reflecting worsening investment conditions and global shifts away from fossil-fuel-based investments (NBS, 2024). These realities underscore the presence of deep-seated structural constraints that undermine the effectiveness of FDI as a tool for poverty reduction in Nigeria, necessitating a focused examination of both its impact and the factors limiting its poverty-alleviating potential.

## II. STATEMENT OF PROBLEM

Despite Nigeria's sustained inflow of Foreign Direct Investment (FDI) over the years, poverty remains pervasive and deeply entrenched across the country. Nigeria has consistently ranked among the top recipients of FDI in Africa, with inflows largely directed into sectors such as oil and gas, manufacturing, and services (UNCTAD, 2021). However, these inflows have not translated into meaningful poverty reduction outcomes. Available statistics indicate that over 62 percent of Nigeria's estimated 206 million population live in extreme poverty, while more than 70 percent fall below the national poverty line (CIA World Factbook, 2018). In addition, unemployment stood at about 16.5 percent, reflecting limited job creation despite sustained foreign capital inflows. This situation presents a troubling paradox in which substantial foreign investment coexists with widespread deprivation, suggesting that the expected trickle-down effects of FDI on income, employment, and living standards have remained weak or uneven (World Bank, 2020).

The persistence of poverty in the face of continued FDI inflows is further explained by structural constraints that undermine the effectiveness of foreign investment in Nigeria. Macroeconomic instability, particularly rising inflation, has eroded real incomes and reduced the welfare gains associated with economic growth. Inflation rose sharply to about 18.3 percent in 2016 after several years of single-digit rates, weakening purchasing power and discouraging productive investment (Oguh, 2016). In addition, insecurity, infrastructural deficits, weak institutional frameworks, and policy inconsistency have constrained the ability of FDI to generate broad-based employment and strong linkages with the domestic economy (Okonjo-Iweala, 2019; CBN, 2016). Recent data also reveal a sharp decline in FDI inflows, falling from about \$9.64 billion to \$5.12 billion, representing a decline of approximately 46 percent, further limiting its potential contribution to poverty reduction (NBS, 2024). These trends underscore the core problem confronting Nigeria: despite attracting foreign investment, structural weaknesses continue to prevent FDI from effectively reducing poverty, thereby necessitating a focused empirical investigation into its impact and the constraints shaping its outcomes.

## III. RESEARCH QUESTION

The study seeks to provide answers to the following research questions:

- i. To what extent has foreign direct investment impacted poverty reduction in Nigeria between 2015 and 2024?
- ii. What challenges have affected the effectiveness of foreign direct investment in promoting poverty reduction in Nigeria during the study period?

## IV. OBJECTIVES OF THE STUDY

The objective area of this study focuses on evaluating the extent to which foreign direct investment has contributed to poverty reduction in Nigeria between 2015 and 2024.

- i. Assess the impact of foreign direct investment on poverty reduction in Nigeria from 2015 to 2024,
- ii. Analyse the challenges affecting the effectiveness of foreign direct investment in promoting poverty reduction in Nigeria

## V. LITERATURE REVIEW

### Conceptual Clarifications

#### Foreign Direct Investment

Foreign Direct Investment (FDI) refers to a cross-border investment in which an investor from one country acquires a lasting interest and a significant degree of control in an enterprise operating in another country. Unlike portfolio investment, FDI is long term in nature and involves not only capital inflows but also the transfer of technology, managerial expertise, skills, and organizational practices to the host economy. According to definitions adopted by international institutions such as the IMF, OECD, and UNCTAD, FDI is characterized by ownership of substantial equity and participation in management decision-making processes (OECD, 2023; UNCTAD, 2024). In the Nigerian context, FDI has been viewed as a vital development instrument capable of supplementing domestic savings, enhancing productive capacity, and fostering economic growth through job creation and technology transfer (Ogunniyi & Igberi, 2016; Okafor, 2021). However, the document emphasizes that the benefits of FDI are not automatic, as its effectiveness depends largely on host-country conditions such as institutional quality, macroeconomic stability, regulatory frameworks, and absorptive capacity, which ultimately determine whether foreign investment translates into broad-based development and poverty reduction.

#### Poverty

Poverty is a complex and multidimensional phenomenon that extends beyond income deprivation to include lack of access to basic human needs, opportunities, and capabilities required for a decent standard of living. While traditional definitions focus on insufficient income to meet minimum consumption needs, contemporary perspectives emphasize deprivation in education, health, housing, sanitation, and social participation (World Bank, 2022; UNDP, 2023). Drawing on the capability approach, poverty is conceptualized as a state of capability deprivation that limits individuals' freedom to lead lives they value, as articulated by Sen, who highlights restrictions in access to education, healthcare, and basic services as core dimensions of poverty (Sen, 1999; Sen, 2015). In

developing countries such as Nigeria, poverty is further shaped by structural and institutional factors including unemployment, income inequality, weak social protection systems, regional disparities, and vulnerability to economic shocks. The document underscores that poverty in Nigeria is persistent and widespread, reflecting not only low income levels but also systemic failures in governance, service delivery, and economic inclusion, thereby reinforcing the need for development strategies such as FDI to be deliberately structured toward inclusive growth and poverty reduction outcomes.

## VI. EMPIRICAL REVIEW

### Relationship between Foreign Direct Investment and Poverty Reduction

Empirical studies examining the relationship between foreign direct investment and poverty reduction present mixed and often context-dependent findings. Several cross-country and country-specific studies suggest that FDI can contribute to poverty reduction through economic growth, employment creation, and productivity enhancement. Bharadwaj (2014), using data from developing countries, found that FDI significantly reduced poverty by stimulating income growth, while Fowowe and Shuaibu (2014) similarly reported a poverty-reducing effect of FDI using a generalized method of moments approach. WojLazreg and Zouari (2019) also established a significant long-run relationship between FDI and poverty reduction in Tunisia. However, other studies report weak or adverse relationships, particularly in countries with structural and institutional deficiencies. In Nigeria, Nkoro and Uko (2022) and Adigun and Funmilayo (2021) found that FDI was associated with increased poverty levels, arguing that the concentration of foreign investment in capital-intensive sectors and weak domestic linkages undermined its poverty-reducing potential. These divergent findings indicate that the relationship between FDI and poverty reduction is neither automatic nor uniform, but largely dependent on country-specific structural and institutional conditions.

### Impact of Foreign Direct Investment on Poverty Reduction

The impact of foreign direct investment on poverty reduction has been widely investigated, with studies producing conflicting results across regions and time periods. Some empirical works affirm a positive impact of FDI on poverty reduction, particularly when foreign investment is complemented by improvements in human capital and institutional quality. Utama (2015) found that FDI significantly reduced poverty in ASEAN countries, while Soumaré (2015) reported welfare-enhancing effects of FDI in North African economies. In the Nigerian context, Timothy et al. (2021) observed that although FDI increased poverty in the short run, it exerted a positive long-run effect on poverty reduction when human development factors were considered. Conversely, several studies argue that FDI has either an insignificant or negative impact on poverty reduction. Madueke, Anisiobi, and Joan (2022) and Okoli (2022) found that FDI inflows exacerbated poverty in Nigeria, attributing this outcome to the dominance of capital-intensive foreign investments and limited employment generation. These findings suggest that the impact of FDI on poverty reduction is conditional, shaped by sectoral composition, absorptive capacity, and the inclusiveness of economic growth.

### Challenges Associated with Foreign Direct Investment in Poverty Reduction

A substantial body of literature identifies structural and institutional challenges as key factors limiting the effectiveness of foreign direct investment in reducing poverty. Insecurity has been widely documented as a major deterrent to both FDI inflows and their developmental impact. Iyaji (2021) and Silva et al. (2022) demonstrated that persistent security challenges in Nigeria significantly reduce investor confidence and weaken the capacity of FDI to generate sustainable economic benefits. Corruption and weak governance structures also feature prominently in the literature, with Omodero (2019) arguing that corruption distorts the distributional benefits of FDI and undermines welfare outcomes. Additionally, infrastructural deficits, policy inconsistency, and macroeconomic instability have been identified as major constraints on the poverty-reducing potential of FDI (Oladele & Funmilayo, 2021). The dominance of

foreign investment in extractive industries further limits employment creation and local value addition, reinforcing inequality and poverty. In sum, the literature suggests that without supportive institutions, security, and inclusive policies, FDI alone is insufficient to achieve meaningful poverty reduction.

## VII. THEORETICAL REVIEW

The relationship between foreign direct investment and poverty reduction is strongly grounded in New Growth Theory, whose major proponents include Romer and Lucas. Romer (1986) and Lucas (1988) argue that economic growth is driven endogenously through the accumulation of human capital, technological innovation, and knowledge spillovers rather than exogenous factors. Within this theoretical framework, foreign direct investment is viewed as a catalyst for long-term economic growth because it facilitates the transfer of advanced technology, managerial expertise, and skills to host economies. These transfers enhance productivity, stimulate industrial expansion, and create employment opportunities, thereby increasing income levels and reducing poverty. Proponents of this theory maintain that when FDI is integrated into a conducive macroeconomic environment supported by strong institutions and human capital development, it can generate inclusive growth that translates into improved welfare outcomes for the poor (Romer, 1990; Lucas, 1988). In the context of developing economies such as Nigeria, New Growth Theory suggests that FDI can help overcome domestic savings and technology constraints, provided that supportive policies and absorptive capacity exist to ensure that growth benefits are widely distributed.

In contrast, Dependency Theory, advanced by scholars such as Prebisch, Frank, and Dos Santos, offers a critical perspective on the role of foreign direct investment in developing countries. Prebisch (1950) and Frank (1967) argue that the global economic system is structured in a way that perpetuates the dependence of developing countries on developed economies, thereby reinforcing inequality and underdevelopment. From this standpoint, FDI is often seen as a mechanism through which multinational corporations extract surplus value from host countries,

concentrate investment in capital-intensive sectors, and weaken domestic industries. Dependency theorists contend that such investment patterns limit employment generation, deepen income inequality, and constrain poverty reduction, especially where institutional frameworks are weak and economic structures are poorly diversified (Dos Santos, 1970). Applied to Nigeria, this theory helps explain why substantial FDI inflows, particularly in the oil and gas sector, have not translated into significant poverty reduction. Together, New Growth Theory and Dependency Theory provide a robust analytical framework for this study by explaining both the potential of FDI to reduce poverty and the structural constraints that may hinder its effectiveness.

### VIII. METHODOLOGY

A social survey research design was adopted to obtain relevant information from a large population through a representative sample of respondents with adequate knowledge of foreign direct investment and its implications for poverty reduction in Nigeria. The study population comprised staff of key public and private institutions involved in investment and economic development, including the Federal Ministry of Industry, Trade and Investment, the Nigerian Investment Promotion Commission, MTN Nigeria Headquarters in Abuja, China Harbour Engineering, and Avatar New Energy Material Co. Ltd. Although the total target population was estimated at 10,300 staff, accessibility constraints made it impracticable to study all members. Consequently, probability sampling techniques combining simple random and stratified sampling were employed to ensure fairness and adequate representation across different demographic and organisational characteristics. Using the Taro Yamane formula, a sample size of 400 respondents was determined. Primary data were collected through structured questionnaires and complemented with in-depth interviews, while secondary data were sourced from books, journals, and institutional records. The questionnaires were proportionately distributed among the selected organisations, and the data collected were analysed using descriptive statistics, with results presented in frequency and simple percentage tables for clarity and ease of interpretation.

### IX. RESULTS AND FINDINGS

Table 1: Demographic Characteristics of Respondents

Variable	Category	Frequency	Percent (%)
Gender	Male	227	57.9
	Female	101	42.1
	Total	328	100.0
Age	18–25	65	19.9
	26–35	147	44.9
	36–45	65	19.9
	46 years and above	51	15.3
	Total	328	100.0
Educational Level	Primary	44	13
	Secondary	65	20
	Tertiary	219	77
	Total	328	100.0
Place of Work	Ministry of industry trade and investment	180	55
	Nigeria investment promotion Commission	110	33
	MTN Nigeria	15	5
	China Harbour Engineering	13	4
	Avatar New Energy Material Co. LTD	10	3
	Total	328	100%

Source: Author's Fieldwork, 2025

Table 1 presents the demographic characteristics of the respondents involved in the study. The gender distribution shows that male respondents constituted the majority, accounting for 227 respondents representing 57.9 per cent, while female respondents accounted for 101 respondents representing 42.1 per cent. This indicates a fairly balanced gender representation, although males were more dominant in

the surveyed institutions. In terms of age, respondents within the 26–35 age bracket formed the largest group, accounting for 176 respondents or 44.9 per cent, suggesting that the workforce involved in foreign direct investment–related activities is largely youthful and economically active. This was followed by respondents aged 18–25 and 36–45 years, each accounting for 19.9 per cent, while those aged 46 years and above constituted the smallest proportion at 15.3 per cent.

With respect to educational attainment, the majority of respondents possessed tertiary education, accounting for 219 respondents or 77 per cent, indicating a high level of educational qualification among the study participants and suggesting their capacity to provide informed responses on foreign direct investment and poverty-related issues. Secondary education holders accounted for 20 per cent, while those with primary

education formed the smallest group at 13 per cent. Regarding place of work, more than half of the respondents, representing 55 per cent, were drawn from the Federal Ministry of Industry, Trade and Investment, followed by the Nigerian Investment Promotion Commission with 33 per cent. Respondents from MTN Nigeria, China Harbour Engineering, and Avatar New Energy Material Co. Ltd. constituted smaller proportions, reflecting the distribution of staff across the selected organisations. Overall, the demographic profile indicates that the respondents were suitably positioned and sufficiently knowledgeable to provide reliable data for the study.

Research One: To what extent has foreign direct investment impacted poverty reduction in Nigeria between 2015 and 2024?

Table 2: Respondents views on the impact of Foreign Direct Investment on Poverty reduction in Nigeria

S/N.	Responses	SA	A	U	D	SD	Total
1	FDI has contributed to poverty reduction through job creation in Nigeria	173 (53%)	93 (28%)	3 (1%)	23 (7%)	36 (11%)	328 100%
2	FDI has addressed the problem of income inequality in Nigeria	182 (56%)	84 (26%)	2 (1%)	33 (10%)	27 (8)	328 100%
3	FDI has improved access to basic services ( healthcare, education) for the poor in Nigeria?	187 (57%)	40 (12%)	6 (2%)	35 (11%)	60 (18%)	328 100%
4	FDI has contributed to economic growth in Nigeria, which in turn has reduced poverty	194 (59%)	70 (21%)	5 (2%)	30 (9%)	29 (9%)	328 100%

Source: Field Survey September, 2025

Table 2 presents respondents’ views on the impact of foreign direct investment on poverty reduction in Nigeria. A clear majority of respondents expressed positive perceptions across all indicators. On job creation, about 53 per cent of respondents strongly agreed and 28 per cent agreed that foreign direct investment has contributed to poverty reduction through employment generation, while only 18 per cent either disagreed or strongly disagreed. This suggests that most respondents perceive job creation as a key channel through which foreign investment contributes to poverty reduction. Similarly, on the issue of income inequality, approximately 56 per cent

strongly agreed and 26 per cent agreed that foreign direct investment has helped to address income inequality in Nigeria, whereas a smaller proportion, about 18 per cent, held opposing views, indicating a generally favourable assessment of FDI’s redistributive effects.

In addition, respondents largely acknowledged the contribution of foreign direct investment to improved access to basic services and overall economic growth. About 57 per cent strongly agreed and 12 per cent agreed that foreign direct investment has improved access to basic services such as healthcare and education for the poor, although a notable minority,

roughly 29 per cent, disagreed or strongly disagreed, suggesting some reservations about the extent of these benefits. Furthermore, about 59 per cent of respondents strongly agreed and 21 per cent agreed that foreign direct investment has contributed to economic growth, which in turn has reduced poverty in Nigeria, while only 18 per cent expressed dissenting views. The findings indicate that respondents generally perceive foreign direct investment as having a positive impact on poverty reduction in Nigeria,

particularly through job creation and economic growth, despite some concerns regarding its effectiveness in improving access to basic services and reducing inequality.

Research Two: What Challenges have affected the Effectiveness of Foreign Direct Investment in promoting Poverty Reduction in Nigeria during the study period?

Table 3: Respondent Opinion and views on challenges faced by Foreign direct investment and poverty reduction in Nigeria?

S/N		SA	A	U	D	SD	Total
5	Do you agree that corruption is a major challenge hindering FDI and poverty reduction in Nigeria?	198 (60%)	30 (9%)	5 (2%)	29 (9%)	66 (20%)	328 100%
6	Do you believe that insecurity has negatively affected FDI towards poverty reduction in Nigeria?	200 (61%)	55 (18%)	4 (1%)	45 (14%)	24 (7%)	328 100%
7	In your opinion do you agree that poor regulatory framework is a challenge to FDI and poverty reduction in Nigeria?	160 (49%)	5 (20%)	3 (1%)	30 (9%)	70 (21%)	328 100%
8	Do you think lack of infrastructure is a major challenge hindering FDI and poverty reduction in Nigeria?	158 (48%)	40 (12%)	6 (2%)	40 (12%)	84 (26%)	328 100%

Source: Field Survey September, 2025

Table 3 presents respondents' opinions on the challenges faced by foreign direct investment in contributing to poverty reduction in Nigeria. The findings reveal that corruption is widely perceived as a major constraint, as about 60 per cent of respondents strongly agreed and 9 per cent agreed that corruption hinders the effectiveness of FDI in reducing poverty, while only about 29 per cent expressed disagreement or strong disagreement. This indicates a strong consensus among respondents that corruption undermines the potential benefits of foreign investment by distorting resource allocation and limiting inclusive development outcomes.

Similarly, insecurity was identified as a significant challenge, with approximately 61 per cent of respondents strongly agreeing and 18 per cent agreeing that insecurity has negatively affected foreign direct investment and its contribution to poverty reduction. Only about 21 per cent of respondents held

opposing views, underscoring the widespread perception that insecurity discourages investment and weakens its developmental impact. In addition, nearly half of the respondents, representing 49 per cent, strongly agreed and 20 per cent agreed that poor regulatory frameworks constitute a major challenge to FDI and poverty reduction, while about 30 per cent disagreed or strongly disagreed. Finally, lack of infrastructure was also highlighted as a critical constraint, with 48 per cent strongly agreeing and 12 per cent agreeing that infrastructural deficits hinder the effectiveness of FDI in reducing poverty, although a considerable proportion, about 38 per cent, expressed dissenting views. Overall, the results suggest that corruption, insecurity, weak regulatory frameworks, and inadequate infrastructure are perceived as key challenges limiting the poverty-reducing potential of foreign direct investment in Nigeria.

## X. DISCUSSION OF FINDINGS

The findings from Table 4.1 reveal that a substantial proportion of respondents perceive foreign direct investment as having contributed positively to poverty reduction in Nigeria, particularly through job creation and economic growth. High levels of agreement that FDI has generated employment opportunities and stimulated economic growth suggest that respondents recognise the growth-enhancing role of foreign investment. This finding is consistent with the assumptions of New Growth Theory, as advanced by Romer and Lucas, which posits that external capital inflows such as FDI promote economic growth through technology transfer, knowledge spillovers, and productivity improvements, ultimately leading to higher income levels and poverty reduction. The positive perception that economic growth driven by FDI has reduced poverty supports the theory's argument that sustained growth can improve welfare outcomes. However, the relatively mixed responses regarding income inequality and access to basic services indicate that although FDI-driven growth exists, its benefits may not be sufficiently inclusive. This suggests that the transmission mechanism proposed by New Growth Theory may be weakened in contexts where complementary factors such as human capital development and effective institutions are inadequate.

Conversely, the findings from Table 3 highlight deep-seated challenges that limit the effectiveness of foreign direct investment in reducing poverty in Nigeria. A clear majority of respondents identified corruption, insecurity, weak regulatory frameworks, and inadequate infrastructure as major constraints facing FDI. These findings strongly align with Dependency Theory, propounded by scholars such as Prebisch and Frank, which argues that structural and institutional weaknesses in developing countries often prevent foreign investment from delivering broad-based development benefits. From this theoretical perspective, FDI tends to concentrate in capital-intensive sectors, reinforce elite interests, and operate within weak governance systems, thereby limiting its capacity to reduce poverty. The strong agreement that corruption and insecurity undermine FDI suggests that foreign investment in Nigeria operates within a

constrained structural environment that distorts its potential welfare gains. Taken together, the findings indicate that while foreign direct investment possesses the capacity to contribute to poverty reduction, as suggested by New Growth Theory, structural constraints emphasised by Dependency Theory significantly mediate its effectiveness. This dual theoretical interpretation underscores the need for institutional strengthening, improved security, and regulatory reforms to ensure that the benefits of foreign direct investment translate into meaningful and inclusive poverty reduction in Nigeria.

## XI. CONCLUSION

Foreign direct investment remains a critical component of Nigeria's development strategy, with the potential to contribute meaningfully to poverty reduction when effectively harnessed. However, the ability of foreign investment to translate into sustained improvements in living standards is largely dependent on the broader economic and institutional environment within which it operates. For foreign direct investment to serve as a genuine instrument of poverty reduction, it must be supported by deliberate policies that promote inclusiveness, strengthen domestic productive capacity, and ensure that investment flows are aligned with national development priorities. Therefore, improving governance structures, strengthening regulatory frameworks, enhancing security, and investing in critical infrastructure are essential steps toward maximising the poverty-reducing potential of foreign direct investment in Nigeria. Without addressing these structural constraints, foreign investment risks reinforcing existing inequalities rather than alleviating poverty. A coherent and integrated policy approach that combines foreign investment attraction with institutional reform and social development is crucial for achieving sustainable and inclusive poverty reduction in Nigeria.

## XII. RECOMMENDATIONS

In line with the findings, this study recommends that the Nigerian government should strengthen institutional and governance frameworks to enhance the poverty-reducing impact of foreign direct investment. This can be achieved by intensifying anti-

corruption measures, ensuring policy consistency, and improving regulatory efficiency across investment-related agencies. Transparent and predictable regulatory environments will not only attract quality foreign investment but also ensure that its benefits are more evenly distributed through employment creation, fair income opportunities, and stronger linkages with local industries.

Also, there is a need for deliberate investment in security and critical infrastructure to improve the effectiveness of foreign direct investment in reducing poverty. Addressing insecurity through improved security architecture and conflict-prevention strategies will boost investor confidence and encourage long-term investments. At the same time, enhanced infrastructure in areas such as power, transport, healthcare, and education will enable foreign investments to operate more productively and integrate better with the domestic economy, thereby promoting inclusive growth and sustainable poverty reduction.

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